

TOPBAND 拓邦
Shenzhen Topband Co., Ltd.
Annual Report 2021



Topband's investor relations mini-program

March 2022

Section I Important Notes, Contents and Definitions

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

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

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

There is no significant risk affecting the financial condition and sustainable profitability of the Company, but there may be risks of declining market demand, increased competition in the industry, raw material price fluctuations, changes in export tax rebate policy and foreign exchange rate fluctuations due to the macro environment home and abroad. For detailed risk warnings, please refer to the “Possible Risk Factors” in Section III of this report and investors are advised to pay attention to investment risks.

The profit distribution plan approved by the Board of Directors was as follows: based on 1,256,978,072 shares, a cash dividend of 0.50 yuan (tax included) for every 10 shares should be distributed to all shareholders, with 0 bonus shares (tax included) and no capital increase by way of transfer of reserved funds. If the total share capital of the Company changed due to the share repurchase, exercise of stock options and other reasons before the implementation of the profit distribution plan, the total amount of distribution should be adjusted accordingly in the principle that the distribution ratio per share remains unchanged. Investors are advised to pay attention to the risk that the total distribution may be adjusted due to changes in total share capital.

This report has been prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Chairman's Address

Dear shareholders and all friends who care about Topband:

Topband is a technical company always insisting on one thing - providing customers with intelligent control solutions to benefit everyone based on the core technology of "electronic control, motor, battery, power supply and Internet of Things platform".

All employees made hard efforts in 2021 in the face of many challenges from the external environment. Customers and suppliers gave great trust to us. Finally, the Company exceeded the revenue target set at the beginning of the year and ensured the supply to customers.

Co-creation and sharing of values, and common construction of sustainable ecology . For a long time, Topband has adhered to the core values of "accomplishing customers and achieving common development" and the concept of "equality, health, fairness and justice", and has been working with industrial chain partners to build sustainable development of ecology, achieving mutual benefit and common growth. In 2021, the supply side faced severe difficulties, i.e. the shortage of raw materials accompanied by the price increase. We formulated the priority supply guarantee strategy quickly to ensure the delivery of customer orders by stocking in advance and stock allocation at high prices, and provided supplier empowerment training. Although we lost some profits, we won the trust and support of customers and suppliers. We believe that the more we are in danger, the more we should show our responsibility and truly regard our customers and suppliers as a community of destiny. We insist on embracing partners with common values actively to create a healthier ecological environment.

Adhering to the value of technology and the development of the future market growth under innovation-driven strategy. Topband has always insisted on providing various intelligent solutions for sectors such as tools, household appliances, new energy and industry based on the core technology of "electronic control, motor, battery, power supply and Internet of Things platform ". In the past decade, the R&D investment of the Company accounted for about 7% of its operating revenues, and technology and product innovation boosted the performance growth of the Company continuously. In 2021, the innovative product platform of the Company grew rapidly, further

consolidating its position in the intelligent control industry. The proportion of our independent and controllable business increased steadily. Many innovative products emerged, such as inverters, thermostats, cooking machines, lawn mowers and floor washers, contributing a steady stream of power to the future development of the Company. Topband has truly entered the business model of long-term development under innovation-driven strategy. There is no ceiling for the future development of the Company. As long as we firmly grasp the technology and product innovation, there will be no shortage of market, which is especially worthy of our pride.

Constant evolution of the organization and simulation of vitality to improve organizational capacity. Topband is a self-circulating and self-growing organism, which can adapt to the changes of the external environment quickly and grow continuously. In 2021, we reorganized the process and organization, reduced the decision-making level and determined the mission and vision of each organization, making everyone clear about their respective responsibilities and perform their own duties. We adhered to the employment philosophy of "respecting human nature, identifying needs, giving opportunities, giving full play to value, and achieving common development", and promoted more than 40 BU (Business Unit) general managers from successful practice, allowing more outstanding talents with great ambition, sense of mission and internal drive, market insight and determination, battle control ability and courage to take up management positions. At the same time, we strengthened the construction of cadre and key professional teams, integrated excellent resources and formed a reasonable talent structure to promote the value realization of employees and achieve common development of the Company and individuals. Organizational dividends have been gradually manifested with the improvement of organizational capacity, which will become the greatest wealth of the Company.

Looking forward to 2022, Topband is also welcoming new development opportunities with the development of society towards the trend of "intelligence, low carbonization, regionalization and short chain". The Company formulated a blueprint for the next ten years and strategies for each business unit for the next three years in 2021. To achieve our long-term goals, we will seize the historical opportunities of intelligence, scenarios and green and low carbon systems to innovate the business model actively, focus on independent innovation and provide customers with intelligent solutions through insight into the pain spots of users, scenarios and industries while building

demand insight, resource integration and core platform capabilities. In 2022, we will seize business opportunities and further optimize internal management.

Seizing opportunities to lead industry growth. For mature business, we should go to the front end to gain insight into market opportunities, deeply understand customer needs, seize new opportunities constantly and strive for more orders to ensure the scale advantage of the Company. For growing business, we should improve our ability continuously and give full play to our existing advantages to incubate and market innovative products constantly and achieve commercial success. At the same time, we should continue to expand new tracks and open up new growth points, and finally achieve long-term strategic goals.

Optimization of internal management and improvement of operational efficiency. With the gradual diversification of the Company's business, in order to adapt to the ever-changing business structure and promote the faster development of business, we will deepen the business model of independent operation, clear responsibilities and effective supervision of different business under the control of the Group and the support of the platform, continue to consolidate the results of process reengineering, focus on customer satisfaction and the improvement of operational efficiency, insist on shifting the business focus forward, change the operation mode of middleground and background functions actively, and meanwhile promote the improvement of digitalization, intelligent manufacturing and integrated supply chain continuously to make different businesses grow healthily on the platform of the Company.

Facing the future, the fearless Topband staff will continue to uphold the customer-centered concept and create value for society under the guidance of entrepreneurship. Let's go forward hand in hand, contribute our strength to the intelligent and low-carbon society, and create an intelligent and bright future together.

Chairman of Shenzhen Topband Co., Ltd.



March 22, 2022

Contents

Section I Important Notes, Contents and Definitions	2
Section II Company Profile and Main Financial Indicators.....	9
Section III Discussion and Analysis of the Management.....	15
Section IV Corporate Governance	78
Section V Environmental and Social Responsibility	116
Section VI Important Matters	117
Section VII Share Change and Shareholders	135
Section VIII Information on Preferred Shares.....	148
Section IX Relevant Information of Bonds.....	149
Section X Financial Report	150

Directory of documents for future reference

- I. Accounting statements containing the signatures and seals of the legal representative, the financial head and the accounting department head.
- II. The original audit report bearing the seal of the accounting firm and the signatures and seals of the certified public accountants.
- III. The originals of all the company documents publicly disclosed in newspapers designated by the CSRC during the reporting period and the original manuscripts of announcements.
- IV. The original of the Annual Report 2021 bearing the signature of the chairman.
- V. All the above documents are ready and complete, and are available for reference at the office of the Board of Directors of the Company.

Interpretation

Term	Mean	Definitions
Company, the Company, Topband shares	Mean	Shenzhen Topband Co., Ltd.
Yuan, 10,000 yuan	Mean	Yuan, 10,000 yuan
CSRC	Mean	China Securities Regulatory Commission
Exchange	Mean	Shenzhen Stock Exchange
Reporting period	Mean	From January 1, 2021 to December 31, 2021
Articles of Association	Mean	Articles of Association of Shenzhen Topband Co., Ltd.
Huizhou Topband	Mean	Huizhou Topband Electrical Technology Co., Ltd.
YAKO Automation	Mean	Shenzhen YAKO Automation Technology Co., Ltd.
HCD	Mean	Shenzhen Allied Control System Co., Ltd.
Topband Software	Mean	Shenzhen Topband Software Technology Co., Ltd.
ORVIBO	Mean	Shenzhen ORVIBO Technology Co., Ltd.
Chongqing Yiyuan	Mean	Chongqing Topband Industrial Co., Ltd.
Topband Ningbo	Mean	Ningbo Topband Intelligent Control Co., Ltd.
Meanstone Intelligent	Mean	Shenzhen Meanstone Intelligent Technology Co., Ltd.
HANSC Intelligent	Mean	Shenzhen HANSC Intelligent Technology Co., Ltd.
Hong Kong Topband	Mean	Topband (Hong Kong) Co., Ltd.
Topband Smart Europe	Mean	Topband Smart Europe Company Limited
Topband Mexico	Mean	Topband Mexico Company Limited
Topband Lithium Battery	Mean	Shenzhen Topband Battery Co., Ltd.
IOT	Mean	Internet of Things
ICT	Mean	Information Communications Technology
T-SMART	Mean	Topband One-Stop Smart Home Solution
AI	Mean	Artificial Intelligence
BLDC Motor	Mean	Brushless DC Motor
BG and BU	Mean	Business Group and Business Unit
IPD	Mean	Integrated Product Development
ISC	Mean	Integrated Supply Chain

Section II Company Profile and Main Financial Indicators

I. Company information

Stock abbreviation	Topband	Stock code	002139
Listed stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	Shenzhen Topband Co., Ltd.		
Chinese abbreviation of the Company name	Topband		
Name of the Company in foreign language (if any)	Shenzhen Topband Co., Ltd.		
Legal representative of the Company	Wu Yongqiang		
Registered address	Room 413, Block B, Research Institute of Tsinghua University, High-Tech Industrial Park, Yuehai Street, Nanshan District, Shenzhen		
Postal code of registered address	518057		
Historical changes of registered address of the Company	None		
Office address	Topband Industrial Park, Keji Second Road, Shiyan Subdistrict, Baoan District, Shenzhen		
Postal code of office address	518108		
Company website	http://www.topband.com.cn		
Email	wenzh@topband.com.cn		

II. Contact person and contact information

	Secretary of the Board of Directors
Name	Wen Zhaohui
Address	Topband Industrial Park, Keji Second Road, Shiyan Subdistrict, Baoan District, Shenzhen
Tel	0755-26957035
Fax	0755-26957440
Email	wenzh@topband.com.cn

III. Information disclosure and storage place

Website of the stock exchange for disclosure of the Company's annual report	http://www.cninfo.com.cn
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Name and website of the media for disclosure of the Company's annual report	<i>Securities Times</i> and <i>CNINFO</i> (http://www.cninfo.com.cn)
Location where the Company's annual report is available	Office of the Board of Directors of the Company

IV. Changes in registration

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

V. Other relevant information

Accounting firm engaged by the Company

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

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

applicable not applicable

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

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

applicable not applicable

VI. Main accounting data and financial indicators

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

Yes No

Reasons for retroactive adjustment and restatement

Correction of accounting errors

Unit: Yuan

	2021	2020		Increase or decrease in the current year over the previous year After adjustment	2019	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Operating income (yuan)	7,767,034,835.03	5,560,182,998.21	5,560,182,998.21	39.69%	4,098,855,380.70	4,098,855,380.70
Net profit attributable to shareholders of listed companies (yuan)	564,964,282.18	533,516,814.04	532,161,123.64	6.16%	330,827,437.00	326,982,110.07
Net profit attributable to shareholders of listed company after deducting non-recurring profit and loss (yuan)	432,038,218.88	382,743,934.45	381,388,244.05	13.28%	198,463,874.89	194,618,547.96
Net cash flow from operating activities (yuan)	-224,562,545.86	647,900,708.38	647,900,708.38	-134.66%	404,477,700.20	404,477,700.20
Basic earnings per share (yuan / share)	0.47	0.51	0.51	-7.84%	0.33	0.32
Diluted earnings per share (yuan / share)	0.47	0.51	0.51	-7.84%	0.32	0.32
Weighted average return on net assets	13.11%	19.04%	19.12%	-6.01%	13.92%	13.62%
	End of 2021	End of 2020		Increase or decrease at the end of the current year compared with the end of the previous year After adjustment	End of 2019	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Total assets (yuan)	9,606,992,402.39	6,808,735,037.28	6,774,684,691.87	41.81%	5,121,650,811.96	5,089,457,576.89
Net assets attributable	5,028,315,406.63	3,463,681,980.54	3,457,256,863.83	45.44%	2,510,384,699.83	2,492,678,420.43

to shareholders of listed companies (yuan)						
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Reasons for changes in accounting policies and correction of accounting errors

In view of the Company's plan to split its holding subsidiary Shenzhen Yako Automation Technology Co., Ltd. (hereinafter referred to as Yakotec) for A-share listing, the Company found important early errors in the audit process of share reform of Yakotec and made the following adjustments to its accounting based on the principle of prudence in order to maintain the consistency of IPO audits:

(1) Capitalization adjustment of research and development expenses

R&D projects of Yakotec are divided into research stage and development stage. Projects meeting R&D capitalization conditions were capitalized in previous years. We made retroactive adjustments and expensed the projects capitalized in the previous period in this audit.

(2) Adjustment of share-based payment

Yakotec granted equity to key employees through the shareholding platform. However, it was not recognized as share-based payment, and the corresponding expenses were not accrued. According to the definition in the Accounting Standards for Business Enterprises No.11 - Share-based Payment, share-based payment refers to the transaction in which an enterprise grants equity instruments or undertakes liabilities determined on the basis of equity instruments in order to obtain services from employees and other parties. Therefore, the equity granted to employees by Yakotec was retroactively recognized as share-based payment, and the corresponding expenses were adjusted and accrued. Corrections were made with the retroactive restatement method.

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

Yes No

The lower of the net profit before or after deduction of non-recurring profit and loss was negative

Yes No

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

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

applicable not applicable

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

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

applicable not applicable

There is no difference in net profit and net assets between financial reports disclosed in accordance with foreign accounting standards and those disclosed in accordance with PRC GAAP during the reporting period.

VIII. Main financial indicators by quarters

Unit: Yuan

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	1,697,665,239.89	1,946,380,372.51	1,974,866,843.92	2,148,122,378.71
Net profit attributable to shareholders of listed company	239,380,556.42	188,805,147.61	137,288,117.55	-509,539.40
Net profit attributable to shareholders of listed company after deducting non-recurring profit and loss	153,267,330.93	166,447,189.51	130,866,684.30	-18,542,985.86
Net cash flow from operating activities	-151,010,247.06	-74,695,491.07	50,414,589.82	-49,271,397.56

Whether the above financial indicators or their sums are materially different from the relevant financial indicators in the disclosed quarterly and semi-annual reports of the Company

Yes No

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

applicable not applicable

Unit: Yuan

Items	Amount in 2021	Amount in 2020	Amount in 2019	Description
Profit and loss on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	-789,236.29	-2,162,674.03	-2,689,991.66	
Government subsidies included in current profits and losses (except those that are closely related to the normal business of the Company, conform to national policies and regulations and are continuously enjoyed in a fixed or quantitative manner according to certain standards)	16,456,682.22	27,326,933.85	40,716,240.12	
Gains and losses due to fair value changes arising from the holding of trading financial assets and liabilities, as well as the investment income from the disposal of trading financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the normal business of the Company	133,466,036.23	147,775,030.77	109,833,096.66	
Other non-operating income and expenses other than those mentioned above	-1,787,714.37	43,836.85	4,385,194.03	
Other profit and loss items that meet the definition of non-recurring profit and loss	9,914,763.48	5,602,702.63	4,847,353.13	Financing income
Minus: amount affected by income tax	23,726,354.32	27,106,631.22	23,696,511.92	
Amount affected by minority shareholder's interest (after tax)	608,113.65	706,319.26	1,031,818.25	
Total	132,926,063.30	150,772,879.59	132,363,562.11	--

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

applicable not applicable

The company has no other profit or loss items that meet the definition of non-recurring profit or loss.

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

applicable not applicable

The items of non-recurring profit and loss listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public — Non-Recurring Profits and Losses are not defined as the recurring profit and loss by the Company.

Section III Discussion and Analysis of the Management

I. Conditions of the industry of the Company during the reporting period

1. Basic information of the industry

Intelligent controllers are high-tech products developed by integration of sensing technology, microelectronic technology and power electronic technology based on automatic control technology and computer technology, which serve as a "nerve center" and "brain". Their application covers all walks of life, mainly in the fields of household appliances, smart homes, intelligent buildings, power tools, industry and automation, automotive electronics, new energy and medical equipment. In recent years, intelligent control technology has been continuously integrated with new technologies such as 5G, Internet of Things, artificial intelligence and cloud computing, accompanied with accelerated iteration of all products, continuously improved intelligence, continuous emergence of new products, formats and models and a better development prospect of the intelligent controller industry.

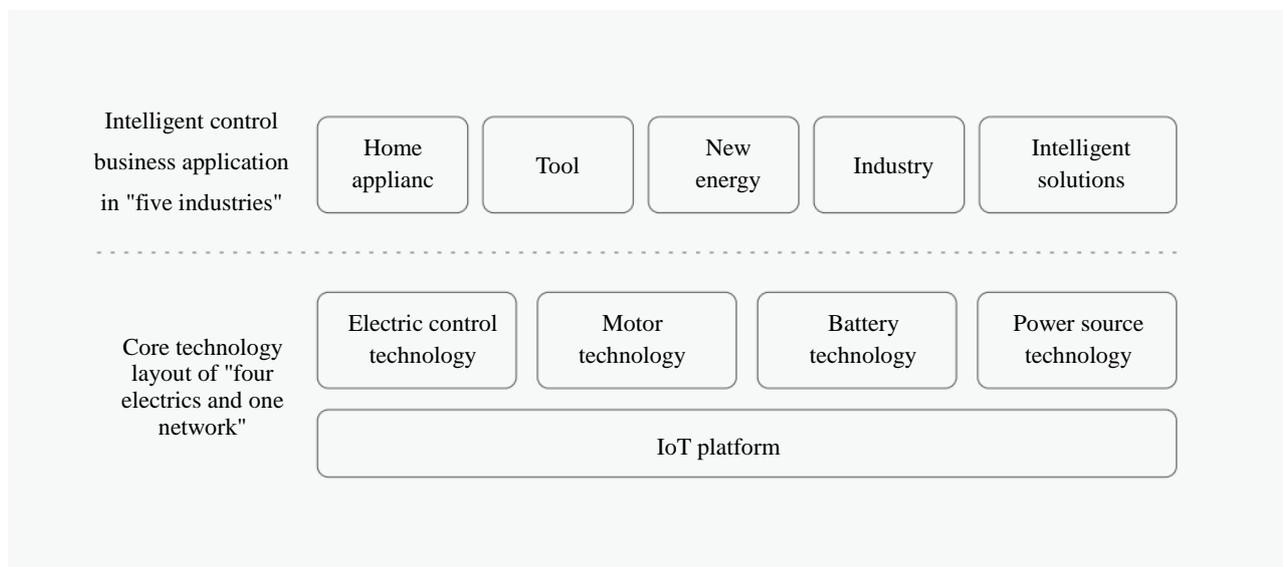
2. Position in the industry

The Company is a global leading provider of intelligent control solutions, focusing on the field of intelligent control, adhering to the value concept of "agile innovation partner" and driving its development with technological innovation. It has formed a comprehensive technical system of "electronic control, motor, battery, power supply and Internet of Things platform" to provide customized intelligent control solutions for downstream customers in industries such as home appliances, tools, new energy, industry and intelligent solutions. Centering on the three unique capabilities, i.e. "platform-based technological innovation capability, partnership customer service capability and systematic quick response capability", the Company keeps forging ahead and has established close cooperative relations with a large number of industry heading customers. It has now become a leader in intelligent control solutions in home appliance and tool industries and an innovation leader in new energy, industry and intelligent solutions.

II. Main businesses during the reporting period

The Company mainly engages in R&D, production and sales of intelligent control system solutions, i.e., providing diversified customized solutions for industries of home appliances, tools, new energy, industrial and

intelligent solutions, etc., with the “four electrics and one network” technology of electric control, motor, battery, power supply and IoT platform as its core. The Company is a global leading provider of intelligent control technology, a pioneer of intelligent control solutions for the home appliances and tool industries, and an innovative leader in new energy, industrial and intelligent solutions.



1. Core technology of the Company: “four electrics and one network”: electric control, motor, battery, power supply technology and IoT platform.

1.1 Electric control technology. The electric control technology is a technology to achieve intelligent control with the microcomputer as the core, including: sensing technology, power electronics, signal processing technology, communication technology, interactive technology, power and energy conversion technology, electromagnetic compatibility and so on. The Company has established hundreds of electric control technology platforms, which completely cover the demand range of products in four major industries.

1.2 Motor technology. The motor technology is a technology that converts electrical energy into kinetic energy. The Company has built dozens of advanced motor technology platforms around various types of motors such as brushless DC motors (BLDC), stepper motors, and servo motors. Among them, the Company takes the lead in the tool motor and motion control industries. Motion control refers to the real-time control of the position, speed and direction of mechanical moving parts, so that such mechanical moving parts move in accordance with the expected trajectory and the specified motion parameters. The motion control system is generally composed of man-machine interaction interface, controller, driver, motor and other components, which are the core components of intelligent manufacturing equipment, and is the premise and basis for the realization of intelligent manufacturing.

1.3 Battery technology. The battery technology is a technology for energy storage and management. Its core technologies include battery material application technology, cell design and manufacturing technology and battery system integration technology. Battery material application technology includes related application technologies of positive and negative electrode materials, electrolytes and diaphragm. Cell design and manufacturing technology includes electrochemical architecture design, coating, lamination/winding, formation and other manufacturing technologies. Battery system integration technology includes a series of technologies such as battery assembly, thermal management, collision and leakage safety, accurate measurement of voltage/current/temperature signals, battery state estimation and cell balance. The technology spans many fields such as material science, electrochemistry, electronics and control engineering. After years of accumulation, the Company has developed complete technical capabilities of design, development, customization and production ranging from cell technology (CELL), battery management technology (BMS) to battery pack (PACK) system.

1.4 Power technology. Power technology is a kind of electric energy conversion technology, which can transform the front-end input into the output required by the load safely, efficiently and intelligently. The Company has analog power, switching power and digital power technology platforms of different power levels and various types, which can provide charging and inversion solutions and various customized power solutions.

1.5 Internet of Things platform. The IoT platform is a technology that integrates perception layer, connection layer and application layer, mainly including connection management, device management and application. The Company has formed a complete technical capability from IoT module, intelligent terminal to APP, and PaaS IoT platform, and has developed solutions for more than ten business scenarios.

2. Main products of the Company: Customized system solutions for five industries, namely home appliances, tools, new energy, industry and intelligent solutions.

2.1 Home appliances

The Company provides brand customers in the home appliance industry with customized product concepts, design, development, manufacturing and delivery services, including the master control, power control, motor drive and control and display control of home appliances.

2.2 Tool intelligent control

The tool industry mainly includes electric tools, garden tools and other professional tools. The Company provides its customers with customized product concepts, design, development, manufacturing and delivery services. The business scope covers electronic controls, motors and batteries, and product forms include

controllers, modules and complete machines.

2.3 New energy business

New energy business is mainly oriented to energy storage and green commuting, in which products and system solutions including inverters, battery cells, battery management systems, battery packs, battery swap cabinets, PACK and motor control are provided for fields such as energy storage of communication base stations, household energy storage, motorcycles and tricycles, other special vehicles, new energy vehicles and the Internet of Things.

2.4 Industry

In the industrial control industry, the Company's main business includes research and development, production, sales of step and servo drives and control products with focus on special industrial intelligent control solutions. The Company mainly provides controllers, drivers and motors for downstream automation equipment customers, which are widely used in 3C electronics, robotics, medical equipment, semiconductor equipment, textile machinery, packaging machinery, etc. We are committed to helping automation equipment manufacturers improve equipment design performance, reduce equipment manufacturing costs, and speed up the development of new equipment.

2.5 Intelligent solutions

In the field of intelligent solutions, comprehensive solutions of "innovative products + AIoT platform + customized service" are provided for the subdivided scenes such as "food, clothing, housing and transportation" and "industry, restaurants, hotels and parks" based on the AIoT (Artificial Internet of Things) technology platform and intelligent product innovation capability of the Company.

III. Core competitiveness analysis

1. Platform-based technological innovation capability. With the technology as DNA and the innovation as the gene of development, the Company has formed a unique innovation leading capability. The Company has accumulated and formed the most complete technology platform in the industry, with capabilities for in-depth understanding of various control mechanisms, independent implementation and industry leading, covering all aspects of core technologies of intelligent control integration solutions, such as: intelligent control algorithms, motor electric control, sensing, man-machine interaction, image recognition, power technology, Android technology, temperature control technology, heating, cooling, etc. The Company has the most abundant product

lines in its industry, each of which has accumulated and formed a complete, mass-production-proven product platform covering white home appliances, small home appliances, power tools, gardening tools, intelligent hardware, smart campus, consumer electronics and other fields, and can quickly provide customers with the best and most guaranteed customized solutions. In addition, the Company has a unique overall solution capacity of “intelligent controller + high efficiency motor + lithium battery” in industry, further strengthening the capacity of the Company to lead the technology.

2. Partnership-based customer service capability. The Company takes “agile innovation partner” as its technology value proposition, and develops partnership with customers with the development concept of value co-creation and value co-win. Relying on the advantage of leading technology capacity and based on the deep insight of customer needs, the Company has formed the partnership-based customer service capacity with the fastest response and the most powerful value creation, established in-depth cooperation partnership with domestic and foreign excellent brand customers in various business fields, and formed a good reputation and brand reputation in the industry. The partnership-based customer service capacity is widely recognized and praised by customers.

3. Systematic rapid response capability. With the development of ICT technology and the accelerated speed of global innovation iteration, the services provided by the Company to customers increasingly need to be more agile in terms of operation. Based on a deep understanding of the intelligent control business, the Company has created a strong platform system from the implementation of IPD concept of R&D and design process, ISC reform of core customers of supply chain system, laboratory and quality assurance system, and intelligent manufacturing platform system, building a customer-centered process-oriented organization and internalizing the strengths and capabilities of the Company into agile capabilities of operation, thus further strengthening the differentiated capabilities of rapid innovation and response, and guarantee sustainable and high-speed growth of the Company.

IV. Main business analysis

1. Overview

The year 2021 is the beginning of the 14th five-year plan. Scientific and technological innovation, peak carbon dioxide emissions and carbon neutralization will be the two important factors in the next stage of economic growth. The Company's intelligent control and lithium battery application business complied with

national economic development and achieved rapid growth during the reporting period.

In 2021, the epidemic at home and abroad still recurred, sometimes had a local rebound, and the impact is still not eliminated. In the face of the complex and changeable business environment such as the rise in the price of raw materials and the shortage of goods under the influence of the epidemic and inflation, the Company's management actively responded, and seized the opportunity of intelligent upgrading, localization transfer and demand concentration enhancement depending on its product power, technological innovation, systematic management ability accumulated for many years. Faced with difficulties and challenges, we chose to share risks and benefits, conduct long-term cooperation with our customers and accomplish customers so as to achieve mutual prosperity and development and boost the development of an intelligent and low-carbon world.

Thanks to the efforts of all Topband staff, operating revenues of the Company achieved a compound growth rate of over 30% in the past five years. The Company achieved operating revenues of 7.767 billion yuan during the reporting period, a year-on-year increase of 39.69%, net profits of 565 million yuan attributable to shareholders of listed companies, a year-on-year increase of 6.16%, and net profits of 432 million yuan attributable to shareholders of listed companies after deduction of non-recurring gains and losses, a year-on-year increase of 13.28%.

Annual operating performance and core operating indicators in 2021:

(I) Revenues more than expected and achievement of annual sales targets

1. Expansion of intelligent scenarios, opening up the space for industry growth

With the accelerated arrival of the intelligent society, the industry development has entered the fast lane and will be a long-term process, the application scenarios of intelligent controllers continue to expand, and the downstream demand will still maintain a high degree of prosperity. External factors such as the epidemic and turbulence in the supply market may affect the rhythm of industry demands in the short term, but will not affect the sustained growth of the industry brought about by intelligence, low carbon and multi-regional development. For mature business, we went to the front end to gain insight into market opportunities, deeply understand customer needs, seize new opportunities constantly and strive for more orders to ensure the scale advantage of the Company. For growing business, we improved our ability continuously and gave full play to our existing advantages to incubate and market innovative products constantly and achieve commercial success. At the same time, we continued to expand new tracks and open up new growth points, and finally achieved long-term strategic goals. Looking forward to the future, we are confident to grasp new opportunities in the market, continue to

deepen the intelligent control industry, lead the industry forward, and become a global leading and respected intelligent control solution provider.

2. Achievement of annual sales targets beyond the expected and consolidation of the leading position of the Company

The epidemic in China and abroad had repeated outbreaks in 2021. Facing the complicated and volatile business environment such as raw material price increase and shortage under the influence of the epidemic and inflation, the management of the Company responded positively, seized the opportunity of intelligent upgrading and demand concentration improvement according to the strategy of "supply guarantee" formulated at the beginning of the year, and implemented the five core strategies unswervingly to seize market share rapidly. In 2021, the five major sectors of the Company achieved good growth year on year, and the customer structure became healthier. The number of head customers exceeded 100, revenues from which accounted for more than 80% of the Company's total operating revenues. We realized the growth of both the number and volume of head customers, laying a solid foundation for the subsequent sustained and steady growth.

3. Shoulder-to-shoulder and distinctive development of all business units

(1) Tool unit: becoming the first business unit of the Company. In 2021, the sales revenue was 2.994 billion yuan, a year-on-year increase of 43.36%.The downstream market of the tool unit is concentrated. With obvious advantages in the unit, the Company has entered the supply system of several head customers. Its market share increased steadily. Product categories expanded horizontally. Except for electric tools, garden tools, utility lights and floor care and cleaning products all achieved rapid growth during the reporting period. The main driving force for the growth of the unit is the continuous expansion of application scenarios, the opening of incremental market, the upgrading of technology in stock market, and the realization of lithium battery and cordless application. The sustained growth of the industry will not be changed by short-term factors such as the epidemic.

(2) Home appliance unit: maintaining a strong growth trend with the growth rate higher than the average of the industry as the basic business of the Company. In 2021, the sales revenue was 2.959 billion yuan, a year-on-year increase of 37.36%.The main reasons included the smooth development of big customers, the increase of the number and volume of customers, and the constant emergence of innovative products, e.g. the rapid growth of innovative intelligent devices, kitchen appliances, purification products and service robots which opened up the growth space of the home appliance unit. For the traditional business, the Company will strengthen the ability to gain insight into market opportunities, deeply understand customer needs, improve its resource

integration ability and internal operational efficiency, and strive for more orders to ensure its scale advantages. For innovative business, we will make use of the core advantages of technological innovation to incubate and market innovative products continuously so as to achieve both commercial success and rapid growth.

(3) New energy unit: In 2021, the sales revenue reached 1.241 billion yuan, up 38.86% year-on-year. Focusing on energy storage, green commuting and other fields, the unit has become the third growth curve of the Company. Relying on years of technology accumulation and stable quality assurance, we can open the market quickly with the advantages of customized solutions and continue the trend of high growth in the future.

Energy storage: In 2021, the sales revenue was 881 million yuan, accounting for about 70% of the new energy unit, a year-on-year growth of 37.74%. The main application fields of energy storage were household energy storage, portable energy storage, standby power for communication and industrial and commercial energy storage. The operating revenue of household energy storage and portable energy storage doubled during the reporting period. It is expected to continue the high growth trend in 2022. In terms of household energy storage, complete lithium battery products were provided for overseas household energy storage and electrical power supply for RVs and yachts. In portable energy storage, inverter products were mainly provided for head customers in China. The proportion of standby power for communication decreased year on year due to the price increase of upstream materials and the limitation of production capacity. Industrial and commercial energy storage accounted for a low proportion. It is expected to build a new growth point in the future.

Green travel. In 2021, the sales revenue reached 360 million yuan, accounting for about 30% of the new energy unit, a year-on-year growth of 41.66%. The main application fields were new energy vehicles and light power. In the field of new energy vehicles, charging pile controllers, electronic water pumps and DC brushless motors were mainly provided. In 2021, the sales revenue was about 100 million yuan, a year-on-year growth of 157.30%. With the popularization of new energy vehicles, it is expected to continue the trend of high growth. In the field of light power, BMS or complete products were mainly provided for swap cabinets, electric motorcycles and tricycles and mobile robots. The growth of the unit was lower than expected due to the influence of upstream materials.

(4) Industrial unit: In 2021, the sales revenue was 295 million yuan, a year-on-year increase of 14.41%. The Company mainly provides controllers, drivers and motors for downstream automation equipment customers, which are widely used in 3C electronics, robotics, medical equipment, semiconductor equipment, textile machinery, packaging machinery, etc. We are committed to helping automation equipment manufacturers improve

equipment design performance, reduce equipment manufacturing costs, and speed up the development of new equipment. Benefiting from domestic substitutions and intelligent upgrading of factories, the unit will usher in a new boom cycle in the future.

(5) Intelligent solutions: In the field of intelligent solutions, comprehensive solutions of "innovative products + AIoT platform + customized service" are provided for the subdivided scenes such as "food, clothing, housing and transportation" and "industry, restaurants, hotels and parks" based on the AIoT (Artificial Internet of Things) technology platform and intelligent product innovation capability of the Company. In 2021, the sales revenue was 221 million yuan, a year-on-year increase of 60.40%, among which the revenue of networked products doubled.

(II) Supply side faced with severe challenges

The supply market was extremely turbulent in 2021. The extensive shortage of raw materials and the continuous sharp increase of prices aggravated the original complex supply and manufacturing pattern. Due to the variety of upstream raw materials of the Company, the uncertainty of supply brought great challenges to its procurement, production and delivery. In comparison with the shortage of materials in 2018, the management of the Company anticipated the severe situation in advance and formulated important strategic measures of "supply guarantee" in time at the beginning of the year. It guaranteed the timely delivery of customer orders to the greatest extent and reduced the impact of shortage and price increase on business delivery greatly by communication with customers in advance about demand plans, stocking in advance, domestic substitutions and stock allocation at high prices. However, the Company failed to achieve the goals of material cost reduction and manufacturing efficiency improvement set at the beginning of the year due to the significant price rise of some raw materials and the serious shortage of supply. Some orders experienced stock allocation at high prices in the second half of 2021, and the costs were not greatly transmitted to downstream and new products, which had a certain impact on the Company's operating profits in the short term. With the gradual decline of raw material prices in the future, its profitability is expected to return to the normal level and the growth rate of profits will also recover gradually.

(3) Adhering to R&D investment and tapping the blue ocean market driven by innovation

The Company adheres to the concept of creating value for customers and society, always takes "technological innovation" as its engine, continuously deepens the technological leading ability and constructs a new driving force for enterprise development. In 2021, the Company continued to promote and deepen the technology accumulation and application of "electronic control, motor, battery, power supply and Internet of

Things platform" in five major industries, and accelerated the integration and application of new technologies such as AI, IOT and 5G and the implementation of more scenarios.

The total R&D investment of the Company was 560 million yuan during the reporting period, up 41.02% year-on-year, accounting for 7.21% of operating revenues. There were nearly 1,600 R&D and technical service personnel. The Company created an innovative cultural atmosphere internally and strengthened the protection of independent and controllable products and independent intellectual property rights externally. The Company and its subsidiaries applied for 2,346 patents, including 868 patents for invention, 1,209 utility models, 193 design patents, 23 foreign patents and 53 PCTs, 85 software copyrights and 276 trademarks accumulatively at the end of the reporting period. The R&D investment of the Company accounted for about 7% of its operating revenues in the past ten years. With a high proportion of continuous R&D investment, a lot of innovative products emerged, such as inverters, thermostats, cooking machines, lawn mowers and floor washers. The proportion of independent and controllable business increased rapidly in 2021, contributing a steady stream of power to the future sustainable development. The Company also started a business model of long-term development driven by innovation.

(IV) Multi-regional common development and accelerated process of internationalization

We are an international company with customers all over the world. Focus on the strategy of “customer intimacy”, we serve customers closely and improve the service responsiveness and the service quality further. We set up more than ten regional operation centers, manufacturing centers, R&D centers and representative offices in many places around the world based on the needs of business development. In 2021, Vietnam Phase II went into production quickly in spite of many difficulties, and overseas operation centers in Germany and North America and manufacturing centers in Romania and Mexico were newly established to accelerate the international layout and realize agile delivery. The current main production capacity layout of the Company is as follows:

The Pearl River Delta: Include the Shenzhen headquarters and Huizhou. Huizhou Subsidiary is the main source of production capacity, with stable production capacity and quality. At the same time, some leased factories have been added to meet the fast-growing demand.

Yangtze River Delta region: Ningbo Operation Base was completed at the end of 2021 and put into service in 2022 and has now entered the capacity climbing period. It will gradually release the capacity. Nantong Lithium Battery Industrial Park is going through property rights delivery according to the agreement and is expected to be put into service in the second half of 2022.

Southeast Asia - Vietnam: Though Vietnam Binh Duong Company (Phase I) was affected by the epidemic in 2021, it overcame many difficulties, including personnel and materials, to help customers realize the agility and safety of the supply chain and contributed an output value of 552 million yuan. Vietnam Dong Nai Company (Phase II) was put into production successfully during the reporting period, and will contribute new capacity in 2022.

Southeast Asia - India: India experienced severe epidemic in 2021. The Company achieved the production capacity target set at the beginning of the year during the reporting period by telecommuting means such as video and internet. During the reporting period, Indian Subsidiary also obtained the BIS product certification of inverter air conditioner controllers in India issued by the Bureau of Indian Standards (BIS for short), and became one of the first enterprises in the world to pass the certification.

(V) Cash flow from operating activities

In 2021, the net cash flow generated by the Company's operating activities was -225 million yuan, down by 134.66% year-on-year, mainly due to the epidemic in combination with the turbulent supply of raw materials and the stocking in advance, stock allocation at high prices and advance payment for the purpose of ensuring the timely delivery of customer products. It is expected that the operating cash flow will improve after stabilization of the supply.

(VI) Capital operation: non-public offering + acquisition + equity incentive

1. Non-public offering of shares, raising funds of 1.05 billion yuan successfully. During the reporting period, the Company privately issued 92,105,263 A-share stocks to 14 subscribers, raising 1.05 billion yuan in total, the privately issued shares were listed on Shenzhen Stock Exchange on June 3, 2021, and the raised funds are intended to be used for the construction of Huizhou No. 2 Industrial Park and supplement the Company's working capital; To speed up the project, the implementation site and mode of some raised funds were changed upon review and approval of the shareholders' meeting of the Company in January 2022.

2. Acquisition of the equity of Ninghui Lithium Battery and expansion of the lithium battery product line with self-owned funds Topband Lithium Battery, a wholly-owned subsidiary of the Company, obtained 90.48% of the equity of Taixing Ninghui Lithium Battery Co., Ltd. through partial equity acquisition and capital increase with its self-owned funds amounting to 33.4 million yuan. The lithium battery product line was expanded through this acquisition, and the cylindrical battery capacity of the Company was improved for use in the light power field.

3. Launch of a new equity incentive plan to enrich the medium- and long-term incentive mechanism of the

Company. During the reporting period, the Company launched a restricted stock incentive plan, granting a total of 33.54432 million restricted stocks to 1,224 employees, and practiced its philosophy of "value co-creation and sharing" with the continuous high growth of performance as the unlocking condition, allowing the core backbone of the Company to truly become its owner and stimulating the internal drive of employees to realize the common growth of individuals and organizations.

(VII) Other factors influencing profits

1. Increase of fair value gains, increasing the Company's non-recurring operating profit. During the reporting period, the book value of the Company's equity investment in ORVIBO increased somewhat than at the end of 2020, and the change in the fair value of the investment increased the Company's non-recurring operating profit by about 93.347 million yuan in 2021.

2. Provision for credit impairment, reducing the Company's current recurring operating profit. With the increasing complexity of the global economic situation, the uncertainty faced by business entities has increased. Individual customers of the Company made overdue payment and had business risks. The Company fully accrued 69.2331 million yuan of provision for credit impairment reserve according to the requirements of accounting standards.

2. Revenue and cost

(1) Composition of operating income

Unit: Yuan

	2021		2020		Year-on-year increase and decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	7,767,034,835.03	100%	5,560,182,998.21	100%	39.69%
By industry					
Intelligent control electronics industry	7,767,034,835.03	100.00%	5,560,182,998.21	100.00%	39.69%
By product					
Tool	2,994,451,368.50	38.55%	2,088,701,558.30	37.57%	43.36%
Home appliances	2,959,263,866.21	38.10%	2,154,454,813.96	38.75%	37.36%
New energy	1,241,478,904.30	15.98%	894,062,480.43	16.08%	38.86%

Industry	295,153,637.29	3.80%	257,988,191.43	4.64%	14.41%
Intelligent solutions	221,269,657.19	2.85%	137,950,247.99	2.48%	60.40%
Other	55,417,401.54	0.71%	27,025,706.10	0.49%	105.05%
By region					
Domestic	3,427,652,622.28	44.13%	2,495,663,711.95	44.88%	37.34%
Foreign	4,339,382,212.75	55.87%	3,064,519,286.26	55.12%	41.60%
By sales model					
Basing production on sales prospects	7,767,034,835.03	100.00%	5,560,182,998.21	100.00%	39.69%

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

√ applicable □ not applicable

Unit: Yuan

	Operating income	Operating cost	Gross profit rate	Increase or decrease of operating income over the same period of last year	Increase or decrease of operating costs over the same period of last year	Increase or decrease of gross profit rate over the same period of last year
By industry						
Intelligent control electronics industry	7,767,034,835.03	6,114,531,354.87	21.28%	39.69%	45.44%	-3.11%
By product						
Tool	2,994,451,368.50	2,322,704,928.43	22.43%	43.36%	53.21%	-4.99%
Home appliances	2,959,263,866.21	2,380,662,056.81	19.55%	37.36%	40.73%	-1.93%
New energy	1,241,478,904.30	971,706,470.22	21.73%	38.86%	41.45%	-1.44%
By region						
Domestic	3,427,652,622.28	2,696,541,712.06	21.33%	37.34%	42.10%	-2.63%
Foreign	4,339,382,212.75	3,417,989,642.81	21.23%	41.60%	48.18%	-3.50%
By sales model						
Basing production on sales prospects	7,767,034,835.03	6,114,531,354.87	21.28%	39.69%	45.44%	-3.11%

When the statistical caliber of the Company's main business data is adjusted in the reporting period, the Company's main business data for the most recent year shall be the data adjusted according to the caliber at the end of the reporting period

applicable not applicable

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

Yes No

Industry classification	Items	Unit	2021	2020	Year-on-year increase and decrease
Intelligent control electronics industry	Sales volume	PCS	174,889,510	138,520,341	26.26%
	Production output	PCS	181,035,707	143,306,093	26.33%
	Inventory	PCS	16,559,826	10,413,629	59.02%

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

applicable not applicable

The sales volume of P>200 yuan was 4.1964 million PCS, and the sales revenue was 1.820 billion yuan;

The sales volume of 100 yuan ≤ P < 200 yuan was 13.7210 million PCS, and the sales revenue was 1.844 billion yuan;

The sales volume of 50 yuan ≤ P < 100 yuan was 24.0538 million PCS, and the sales revenue was 1.776 billion yuan;

The sales volume of P < 50 yuan was 132.9184 million PCS, and the sales revenue was 2.327 billion yuan.

During the reporting period, the sales volume increased by 26.26% year-on-year, mainly due to the increase of customer orders and shipments during the reporting period.

During the reporting period, the production increased by 26.33% year-on-year, mainly due to the increase of customer orders and production capacity during the reporting period.

During the reporting period, the inventory increased by 59.02% year-on-year, mainly due to the increase of production capacity during the reporting period and Spring Festival stock.

(4) Performance of major sales contracts and major procurement contracts signed by the Company up to the reporting period

applicable not applicable

(5) Composition of operating cost

Industry and product classification

Unit: Yuan

Industry classification	Items	2021		2020		Year-on-year increase and decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Intelligent control electronics industry	Operating cost	6,114,531,354.87	100.00%	4,204,293,830.77	100.00%	45.44%

Unit: Yuan

Product classification	Items	2021		2020		Year-on-year increase and decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Tool	Operating cost	2,322,704,928.43	37.99%	1,516,015,580.60	36.06%	53.21%
Home appliances	Operating cost	2,380,662,056.81	38.93%	1,691,624,876.57	40.24%	40.73%
New energy	Operating cost	971,706,470.22	15.89%	686,947,605.50	16.34%	41.45%
Industry	Operating cost	203,688,366.55	3.33%	172,445,418.80	4.10%	18.12%
Intelligent solutions	Operating cost	188,848,535.84	3.09%	114,016,149.82	2.71%	65.63%
Other	Operating cost	46,920,997.03	0.77%	23,244,199.48	0.55%	101.86%

Description

The Company readjusted the statistical caliber of product classification and added the classification of intelligent solutions during the reporting period.

(6) Whether the consolidation scope has changed during the reporting period

Yes No

Nine new companies were included in the scope of consolidation during the reporting period, of which 7 were newly established subsidiaries or sub-subsidiaries and the other 2 were merged enterprises not under the same control.

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

applicable not applicable

(8) Main sales customers and suppliers

Main sales customers of the Company

Total sales amount of top five customers (yuan)	3,027,015,495.94
Proportion of total sales amount of top five customers in total annual sales	38.97%
Proportion of related party sales in the top five customers' sales in the total annual sales	0.00%

Top 5 customers material of the Company

No.	Customer name	Sales amount (yuan)	Proportion of total annual sales
1	No.1	2,146,374,063.53	27.63%
2	No.2	256,155,125.44	3.30%
3	No.3	230,042,772.28	2.96%
4	No.4	200,175,407.21	2.58%
5	No.5	194,268,127.48	2.50%
Total	--	3,027,015,495.94	38.97%

Other information of main customers

applicable not applicable

Main suppliers of the Company

Total purchase amount of top five suppliers (yuan)	1,771,252,023.14
Proportion of total purchase amount of top five suppliers in total annual purchase amount	29.04%
Proportion of purchase amount of related parties in total annual purchase amount of top five suppliers	0.00%

Top 5 suppliers materials of the Company

No.	Supplier name	Purchase amount (yuan)	Proportion of total annual procurement
1	No.1	1,372,501,493.15	22.50%
2	No.2	196,184,134.41	3.22%
3	No.3	73,476,265.45	1.20%
4	No.4	65,385,874.24	1.07%
5	No.5	63,704,255.89	1.04%
Total	--	1,771,252,023.14	29.04%

Other information of main suppliers

applicable not applicable

3. Expenses

Unit: Yuan

	2021	2020	Year-on-year increase and decrease	Description of major changes
Sales expenses	208,562,819.10	132,898,433.70	56.93%	Sales expenses: The sales expenses in the reporting period increased by 75.66 million yuan compared with those in the same period of last year, with an increase rate of 56.93%, mainly due to the increase of salaries of staff, intermediary service fees and business entertainment expenses incurred to achieve income growth within the reporting period.
Management expenses	258,345,031.89	184,057,471.19	40.36%	Management expense: It increased by 74.29 million yuan during the reporting period than during the same period of last year, with an increase of 40.36%. The main reason is that during the reporting period, the Company adjusted its organizational structure to meet the needs of future strategic implementation, resulting in an increase in expenses due to the corresponding increase in the number of employees.
Finance charges	63,785,550.48	176,986,013.49	-63.96%	Financial expenses: The financial expenses in the reporting period decreased by 113.2 million yuan compared with those in the same period of last year, with a reduction rate of 63.96%, mainly due to the reduction of exchange loss caused by the exchange rate change compared with that in the same period of last year and the income offset by cash discount according to the new income standard.
Research and development expenses	449,950,052.11	317,542,654.15	41.70%	R&D expenses: The R&D expenses in the reporting period increased by 132.41 million yuan compared with that in the same period of last year, with an increase rate of 41.70%, mainly due to the increase of R&D resources input by the Company during the reporting period.

4. Research and development investment

applicable not applicable

Name of main R&D project	Project objective	Project progress	Intended goal	Expected impact on the future development of the Company
Research and development of	Frequency conversion technology has been widely applied with the increasing	The development and verification of	Up to 20kw power section is supported. Energy	It can be widely used in the household and

medium and high-power frequency conversion control technology	demand of intelligent and low-carbon society. The project aims to overcome the technical difficulties of high-power, high-efficiency and low-noise frequency conversion, enrich the serial product platforms of medium and high-power electrical appliances in the Company, and further expand the application of its frequency conversion technology.	technology and product platform technology have been completed, and the technology has been mass-produced in a number of products.	efficiency, vibration and noise suppression are at the leading level in the industry. The reliability of products in complex application environments such as high temperature and high humidity is at the leading level in the industry.	commercial electrical appliance solutions of the Company, and will accelerate its exploration and development in the high-end ODM market.
Research and development of mobile robot chassis technology	With intelligent products, aging society and rising labor costs, mobile service robots have been applied rapidly in all walks of life. Mobile robot chassis is the core platform for synthesizing key technologies of various robots as well as the most difficult and valuable part of mobile robot product solutions. In the project, we will research and develop dozens of key technologies, such as robot mapping, positioning, planning, navigation, moving, obstacle avoidance, multi-sensor fusion, machine vision and AI, and an integrated robot chassis product platform, and realize mass production and application in multiple scenes.	Three generations of technology platforms have been developed and are under continuous research and development. The product platform has been applied in dozens of projects.	The mobile robot chassis platform technology of the third generation is at the leading level. The product platform has been applied in mass production in many scenes, such as home, garden and industry, with leading technical level and comprehensive competitiveness.	Through the project, the Company can keep the leading position in the core underlying technology of mobile robots, and further enhance its innovation ability and competitiveness in the development of mobile robot solutions. Some projects will be scaled up successively.
Research and development of Hall-less motor drive and mechatronics technology	Various electric tools and garden tools have been applied widely and rapidly with the development of society in order to improve the work efficiency and reduce the labor intensity. Brushless DC motors and their control technology are the core technologies of electric and garden tools. The project focuses on the research of Hall-less motor control technology and mechatronics technology and the development and realization of high-reliability, low-cost and small-volume tool product solutions, further expanding the leading position of the Company in tool products.	Key technologies have been verified, and the results can be applied to the mass production of products, which are being marketed.	The Hall-less (sensorless) detection estimation algorithm leads the industry in the estimation accuracy of high, medium, low and even zero speed positions. The cost and reliability of the solution using Hall-less technology are improved comprehensively by more than 30%. The performance and cost of mechatronics design are improved comprehensively by more	The technology can be widely used in dozens of products of electric and garden tools, providing advantages in system reliability, cost, volume, weight and grip and further consolidating the leading position of the Company in the tool market.

			than 30%.	
Research and development of control and switch integration technology	There are increasing market demands for product miniaturization, light weight, high reliability and low cost in the application of various hand-held electric and garden tools. The project aims to develop a solution platform of motor control and switch integration. Tool switches and drive controllers are highly integrated through innovative research on structure, circuit and assembly process, thus greatly improving the integration and reliability of the solution and further optimizing the product design, assembly process and comprehensive cost.	Technology and product modules have been tested and verified, and are being marketed.	The solution is optimized by more than 30% in reliability, volume and comprehensive cost.	The technology can be widely applied in electric tools, providing advantages in product reliability, volume and comprehensive cost and further consolidating the leading position of the Company in the tool market.
Research and development of new permanent magnet motor technology	Permanent magnet motors are widely used. The project aims to improve the performance of permanent magnet motors, reduce their noise, and design and develop new permanent magnet motor technology. It intends to improve the stability of motor operation and greatly improve the vibration of motors through the research on the innovative application of permanent magnet structure, enhance the magnetism gathering ability and the magnetic energy product of permanent magnets and realize ultra-low magnetic leakage by optimizing the motor structure and the fixing of magnetic steel, thus achieving the goal of greatly reducing the performance requirements of magnetic steel under the same motor performance.	Technical verification has been completed in the research and development.	The performance and noise level of new permanent magnet motors are at the leading level in the industry. Permanent magnet motors with new structure can be used in mass production in high-efficiency DC brushless motors and other products.	The technology has a wide application prospect in DC brushless motor products of the Company, which can further enhance its competitiveness in the field of high-performance motors and strengthen its strength of application in tools and other fields.
Research on technology platform of large-capacity single lithium iron battery cells	New energy is a revolution in the field of energy, and large-capacity single cells indicate an important development direction of power and energy storage lithium batteries. The project develops a high-capacity and high-energy density battery cell product platform of the Company at the 100Ah level by optimizing the packaging mode of battery cells, increasing their size and capacity	Mass production has been achieved.	The energy density, high and low temperature discharge performance and long cycle life of the product are at the leading level in the industry.	The technology enriches the battery cell and battery product lines of the Company and will help the Company to develop its business in the fields of energy storage and light power.

	and reducing redundant components, which can effectively improve the capacity and energy density of single battery cells, increase the integration efficiency of PACK and reduce the comprehensive cost of battery system.			
Research on technology platform of new sodium ion secondary batteries	Sodium ion secondary batteries have unique advantages in safety, cost, low-temperature capacity retention and over-discharge resistance, and indicate an important future development direction of batteries because of their abundant sodium salt raw materials. The project studies and addresses difficult problems of new sodium cathode materials existing in cell design, application and manufacturing process, develops a technology platform and product platform of sodium ion secondary batteries, and makes a good reserve of new products for the further development of new energy business.	The technical principle has been verified, and the technology is under continuous research and development.	Energy density and cost level rank among the top in the industry.	The successful research and development of the technology platform and product platform will help the Company to launch a series of sodium ion battery products which will supplement the existing series of lithium iron phosphate battery products effectively. It is expected to improve the competitiveness of the Company in the large-scale energy storage application market and gain more market share.
Research on parameter self-tuning technology of servo drivers	The application of servo system is becoming more and more popular with the development of automation and intelligence in the industrial field. The field parameter adjustment of servo motor drive system is a big difficulty in application. It is necessary to study automatic parameter calibration and setting technology so as to improve the debugging efficiency and obtain the best servo drive effect. The research provides convenience for the parameter adjustment of servo motor drive system and allows the debugger to deal with various debugging problems easily.	R&D and mass production have been completed, and the technology is under continuous optimization.	The driver can realize automatic identification and optimization of dozens of important parameters that affect the servo drive effect so that the servo system can achieve the best motion control performance. The products are leading the industry in terms of the ease of use and intelligence.	As one of the representative manufacturers of servo localization, the Company has developed several generations of servo drive, control and motor products. The implementation of the project will accelerate the promotion and application of servo products of the Company.
Research on digital power technology	The social demand for green new energy and efficient power supply technology has risen sharply with the implementation of	A technology and product platform for mass	The technology is at the leading level in the industry in terms of the	The leading technology supports the business breakthrough of the

platform	the national "double carbon" policy. Digital power supply technology is a revolutionary technology of high-power and high-efficiency power supply. The project studies the digital architecture under different power supply topologies, builds related DSP processors and all-digital feedback technology platforms and grasps the core digital power supply algorithm so as to improve the control, management, detection and intelligence level of power supply comprehensively and develop a technology and product platform of medium- and high- power digital power supply.	production has been formed, and the technology is under continuous research and development and upgrading.	high-power (from several kw to tens of kw) power conversion efficiency and reliability in complex application scenes.	Company in the field of high-end digital power supply, and is widely applied in green commuting, energy storage and other new energy sources.
Research and development of embedded artificial intelligence technology	With the extensive application of artificial intelligence technology and the continuous development of product intelligence, how to apply artificial intelligence technology in embedded products such as smart home appliances and innovative hardware has become a hot spot. The project can realize more intelligent automatic recognition and interactive operation in place of users through the research of machine vision and speech recognition algorithm, thus reducing the complexity of use of products by users and greatly improving the user experience. The project will also build an algorithm and implementation platform for embedded AI, and develop innovative products for various application scenes.	Several prototype products have been marketed in the continuous development of the technology platform.	The AI algorithm and performance are at the leading level in the industry, and the embedded AI technology is leading in more than three product applications.	The embedded AI technology will further consolidate the leading position of the Company in the new generation of intelligent control technology, and support the Company in the innovation and creation of more new products and the development of more blue ocean markets.

R&D personnel of the Company

	2021	2020	Change ratio
Number of research and development personnel (person)	1,582	1,345	17.62%
Proportion of research and development personnel	18.73%	21.59%	-2.86%

Academic structure of R&D personnel	—	—	—
Undergraduate	1,059	883	19.93%
Master	113	116	-2.59%
Doctor and above	1	4	-75.00%
Junior college degree and below	409	342	19.59%
Age structure of R&D personnel	—	—	—
Below 30	707	483	46.38%
30 ~ 40	735	716	2.65%
Above 40	140	146	-4.11%

Research and development investment of the Company

	2021	2020	Change ratio
Research and development investment amount (yuan)	559,857,194.43	397,002,480.37	41.02%
Proportion of research and development investment in operating income	7.21%	7.14%	0.07%
Capitalization amount of research and development investment (yuan)	109,907,142.32	79,459,826.22	38.32%
Proportion of capitalized research and development investment in research and development investment	19.63%	20.01%	-0.38%

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

applicable not applicable

The reason why the proportion of total research and development investment in operating income changed significantly compared with that of the previous year

applicable not applicable

The reason and rationality of the great change of research and development investment capitalization rate

applicable not applicable

5. Cash flow

Unit: Yuan

Items	2021	2020	Year-on-year increase and decrease
Subtotal of cash inflow from operating activities	7,877,451,630.46	5,365,550,244.38	46.82%
Subtotal of cash outflow from operating activities	8,102,014,176.32	4,717,649,536.00	71.74%
Net cash flow from operating activities	-224,562,545.86	647,900,708.38	-134.66%
Subtotal of cash inflow from investment activities	591,071,911.81	829,117,841.78	-28.71%
Subtotal of cash outflow from investment activities	1,339,243,115.38	1,210,840,008.02	10.60%
Net cash flow from investment activities	-748,171,203.57	-381,722,166.24	-96.00%
Subtotal of cash inflow from financing activities	2,395,480,159.32	595,643,453.03	302.17%
Subtotal of cash outflow from financing activities	852,767,599.74	390,804,539.83	118.21%
Net cash flow from financing activities	1,542,712,559.58	204,838,913.20	653.13%
Net increase in cash and cash equivalents	539,269,123.28	434,990,514.43	23.97%

Description of main influencing factors of significant changes in relevant data year-on-year

applicable not applicable

1. Net cash flow from operating activities: It decreased by 134.66% in the reporting period compared with that in the same period of last year mainly due to the increased purchase of materials in response to the rising price and shortage of materials, and the cash outflow from operating activities greater than the inflow caused by the increase of various expenses.

2. Net cash flow from investment activities: It decreased by 96.00% in the reporting period compared with that in the same period of last year, mainly due to the successive construction of production bases and the investment in overseas bases and domestic equity investment expenditures leading to the outflow from investment activities exceeding the inflow.

3. Net cash flow from financing activities: It increased by 653.13% in the reporting period compared with that in the same period of last year, mainly due to the receipt of funds raised by non-public offering of shares and equity incentives in the reporting period.

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

applicable not applicable

Net cash flow from operating activities: It was -224.56 million yuan in the reporting period, for the main reasons that the Company greatly increased the stock amount and meanwhile supported suppliers by prepayment and advance payment so as to ensure delivery due to the tight supply of raw materials and the rising prices of raw

materials such as chips in 2021, and that some period expenses were increased in order to achieve its strategic objectives.

V. Analysis of non-main business

√ applicable □ not applicable

Unit: Yuan

	Amount	Proportion in total profit	Explanation of formation reason	Whether it is sustainable
Income from investment	54,827,083.25	8.84%	It mainly refers to the investment income and temporary idle capital financing income generated from the disposal of tradable financial assets of Dynanonic held during the reporting period	Not sustainable
Profit and loss from changes in fair value	85,670,316.15	13.81%	It is mainly caused by the changes in fair value of the shares held by ORVIBO during the reporting period and the profit and loss of fair value changes recognized in the early stage of the transfer out of tradable financial assets of Dynanonic held during the reporting period	Not sustainable
Impairment of assets	-185,588,973.64	-29.92%	The main reason is that the impairment loss of accounts receivable in the reporting period was greater than that in the same period of last year.	Not sustainable
Non-operating income	2,260,355.74	0.36%		
Non-operating expenses	5,538,292.94	0.89%		

VI. Analysis of assets and liabilities

1. Major changes in asset composition

Unit: Yuan

	End of 2021		Beginning of year 2021		Increase or decrease of proportion	Description of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,767,580,056.07	18.40%	1,219,095,476.50	17.99%	0.41%	
Accounts receivable	2,188,161,465.48	22.78%	1,701,111,153.84	25.11%	-2.33%	Accounts receivable: The accounts receivable increased by about 487.05 million yuan in the reporting period compared with those at the beginning of the

						period, with an increase rate of 28.63%.The main reason is that the sales revenue in the reporting period increased greatly compared with that in the same period of last year, resulting in the increase of the corresponding accounts receivable at the end of the period.
Inventory	2,184,402,766.04	22.74%	1,115,312,868.62	16.46%	6.28%	Inventory: increase of 1,069,090,000 yuan than at the beginning of the period, with an increase of 95.86%.The main reason is that the Company increased raw material stock and in-process products and finished products to meet the order delivery in response to the impact of rising prices and shortage of supply of raw materials.
Investment Property	86,975,114.31	0.91%	89,238,265.71	1.32%	-0.41%	
Long-term equity investment	26,119,127.82	0.27%	6,502,528.13	0.10%	0.17%	Long-term equity investment: The long-term equity investment increased by 19.62 million yuan in the reporting period compared with that at the beginning of the period, with an increase rate of 301.68%,mainly due to the increase of equity investment in the reporting period.
Fixed assets	1,299,517,887.54	13.53%	1,096,875,640.94	16.19%	-2.66%	
Construction in progress	495,248,025.93	5.16%	292,474,798.41	4.32%	0.84%	Construction in progress: The cost increased by 202.77 million yuan in the reporting period compared with that at the beginning of the period, with an increase rate of 69.33%,mainly due to the great increase of the investment in project construction of operation centers in various places.

Right-of-use assets	58,168,151.88	0.61%	30,939,385.41	0.00%	0.61%	Right-of-use assets: The Company implemented the new lease standards during the reporting period.
Short-term loans	409,531,107.26	4.26%	402,151,500.00	5.94%	-1.68%	
Contractual liabilities	93,328,006.70	0.97%	72,576,117.56	1.07%	-0.10%	
Long-term loans	475,020,000.00	4.94%	200,000,000.00	2.95%	1.99%	Long-term loans: Long-term loans increased by 275.02 million yuan at the end of the reporting period compared with those at the beginning of the period, with an increase rate of 137.51%, mainly due to the increase of long-term loans from banks during the reporting period.
Lease liabilities	40,290,402.14	0.42%	30,939,385.41	0.00%	0.42%	Lease liabilities: The company implemented the new leasing criteria during the reporting period.

High proportion of overseas assets

√ applicable □ not applicable

Asset details	Reasons for formation	Asset size	Location	Operation mode	Control measures to ensure the safety of assets	Earning position	Proportion of foreign assets to net assets of the Company	Whether there is a significant risk of impairment
Operation Center in India	Investment and establishment	285,430,219.92	Pune, India	R&D, production and sales	Financial supervision, external audit	-902,626.68	5.68%	No
Operation Center in Vietnam	Investment and establishment	371,439,978.15	Binh Duong, Vietnam	R&D, production and sales	Financial supervision, external audit	123,337,066.73	7.39%	No

2. Assets and liabilities measured at fair value

√ applicable □ not applicable

Unit: Yuan

Items	Opening balance	Profit and loss from changes in fair value in the current period	Changes in cumulative fair value included in equity	Impairment accrued in the current period	Purchase amount in the current period	Amount sold in the current period	Other changes	Closing balance
Financial assets								
1. Tradable financial assets (excluding derivative financial assets)	226,491,482.10	85,670,316.15	138,514,207.31		440,000,000.00	537,162,461.51		214,999,336.74
Subtotal of financial assets	226,491,482.10	85,670,316.15	138,514,207.31		440,000,000.00	537,162,461.51		214,999,336.74
Total of the above	226,491,482.10	85,670,316.15	138,514,207.31		440,000,000.00	537,162,461.51		214,999,336.74
Financial liabilities	0.00	0.00	0.00		0.00	0.00		0.00

Contents of other changes

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

Yes No

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

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

VII. Investment analysis

1. General situation

applicable not applicable

Investment in the reporting period (yuan)	Investment amount in the same period of last year (yuan)	Range of change
68,500,000.00	5,250,000.00	1,204.76%

2. Major equity investment obtained during the reporting period

√ applicable □ not applicable

Unit: Yuan

Name of invested company	Main business	Investment mode	Investment amount	Shareholding proportion	Source of capitals	Partner	Term of investment	Product type	Progress as of the balance sheet date	Estimated income	Current investment profit and loss	Whether involved in litigation	Disclosure date (if any)	Disclosure index (if any)
Taixing Ninghui Lithium Battery Co., Ltd.	R D, production and sales of lithium batteries	Acquisition	33,400,000.00	83.50%	Own capitals	No	Not applicable	Not applicable	The industrial and commercial change was completed on February 5, 2021 and included in the scope of consolidation	0.00	-4,005,560.30	No	2021/1/16	http://www.cninfo.com.cn/
Total	--	--	33,400,000.00	--	--	--	--	--	--	0.00	-4,005,560.30	--	--	--

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

□ applicable √ not applicable

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

√ applicable □ not applicable

Unit: Yuan

Security type	Security code	Security abbreviation	Initial investment cost	Accounting measurement model	Book value at the beginning of the period	Profit and loss from changes in fair value in the current period	Changes in cumulative fair value included in equity	Purchase amount in the current period	Amount sold in the current period	Profit and loss in the reporting period	Book value at the end of the period	Accounting subjects	Source of capitals
Domestic and foreign stocks	300769	Dynanon	10,000,000.00	Fair value measurements	31,033,991.99	-30,241,530.48			792,461.51	7,979,584.91	0.00	Tradable financial assets	Own capitals
Other investment in securities held at the end of the period			0.00	--								--	--
Total			10,000,000.00	--	31,033,991.99	-30,241,530.48	0.00	0.00	792,461.51	7,979,584.91	0.00	--	--
Disclosure date of announcement of Board of Directors for approval of securities investment													
Disclosure date of announcement of Shareholders' Meeting for approval of securities investment (if any)													

(2) Derivatives investment

√ applicable □ not applicable

Unit: 1,000 yuan

Name of derivatives investment operator	Relationship	Whether it is connected transaction	Types of derivatives investment	Initial investment amount of derivatives investment	Start date	Termination date	Initial investment amount	Purchase amount during the reporting period	Amount sold during the reporting period	Amount of provision for impairment (if any)	Investment amount at the end of the period	Proportion of investment amount at the end of the period	Actual profit and loss amount in the reporting

												in net assets of the Company at the end of the reporting period	period	
Bank	Non-related party	No	Forward settlement and sale of foreign exchange	33,155.5	2021/1/4	2021/12/31	0	33,155.5	33,155.5			0	0.00%	819.3
Bank	Non-related party	No	Forward settlement and sale of foreign exchange	6,635.5	2021/3/8	2021/12/31	0	6,635.5	6,635.5			0	0.00%	137.6
Total				39,791	--	--	0	39,791	39,791			0	0.00%	956.9
Capital sources of derivatives investment				Export collection										
Litigation (if applicable)				Not applicable										
Disclosure date of announcement of Board of Directors for approval of derivatives investment (if any)				January 14, 2021										
Disclosure date of Shareholders' Meeting announcement for approval of derivatives investment (if any)														
Risk analysis and control measures of derivatives positions in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				<p>1. Market risk: changes in the domestic and international economic situation may cause substantial fluctuations in the exchange rate, and the forward foreign exchange trading business faces certain market risks. The purpose of the Company's forward foreign exchange trading business is to lock in the price of foreign exchange settlement or sale and reduce the impact of exchange rate fluctuations on the Company's profits. The Company will closely track the change of exchange rate. Based on the target exchange rate determined by the business, through the research and judgment of the trend of foreign exchange rate, combined with the Company's forecast of foreign exchange receipt and payment and the bearing capacity of price change caused by exchange rate fluctuation, the Company will determine the plan of signing forward foreign exchange trading contract, and implement dynamic management of the business, so as to ensure the reasonable profit level of the Company.</p> <p>2. Liquidity risk: All forward foreign exchange transactions of the Company are based on reasonable estimation of the Company's future import and export business to meet the demand of trade authenticity.</p> <p>3. Bank default risk: If the cooperative bank fails during the term of the contract due to its bankruptcy, the Company will not be able to deliver the original foreign exchange contract at the contract price, and there is a</p>										

	<p>risk of uncertain income. Therefore, the banks that the Company chooses to carry out foreign exchange trading business are large and medium-sized banks, and the risk of its bankruptcy may bring losses to the Company is very low.4. Operational risk: The Company may have relevant risks due to improper operation of the handling personnel in the forward foreign exchange transaction business. The Company has formulated a relevant management system, and has clarified the operation process and responsible person, which is conducive to preventing and controlling risks.5. Legal risk: The Company's forward foreign exchange trading business may cause legal disputes due to the signing of relevant trading contracts with banks and unclear agreements. The Company will strengthen the legal review of relevant contracts, and select banks with good credit to carry out such business and control risks.</p>
<p>In the case of changes in the market price of the invested derivatives or the fair value of the products during the reporting period, the analysis of the fair value of derivatives should disclose the specific methods used and the setting of relevant assumptions and parameters</p>	<p>The Company carries out the confirmation and measurement in accordance with Chapter 7 Determination of Fair Value of Article 22 of the Accounting Standards for Business Enterprises-Recognition and Measurement of Financial Instruments, and the fair value is basically determined according to the price provided or obtained by pricing service institutions such as banks. The Company's accounting for the fair value of derivatives is mainly the unexpired forward foreign exchange settlement and sale contract signed by the Company and the bank during the reporting period. According to the difference between the exchange rate agreed in the unexpired forward foreign exchange settlement and sale contract at the end of the period and the delivery exchange rate indicated in the forward contract signed by large and medium-sized banks on the balance sheet date with the same term as the remaining term of the forward contract, it is recognized as trading finance assets or liabilities. During the reporting period, the actual profit and loss of forward foreign exchange contracts of the Company was 9,569,000 yuan.</p>
<p>Whether the accounting policies and accounting principles of the Company's derivatives in the reporting period have changed significantly compared with those in the previous reporting period</p>	<p>None</p>
<p>Special opinions of independent directors on derivatives investment and risk control of the Company</p>	<p>None</p>

5. Usage of raised capitals

applicable not applicable

(1) Overall usage of raised capitals

applicable not applicable

Unit: 1,0000 yuan

Year of raising capitals	Ways of raising capitals	Total amount of raised capitals	Total amount of raised capitals used in the current period	Total amount of raised capitals used	Total amount of raised capitals for change of purpose during the reporting period	Cumulative total amount of raised capitals with changed purposes	Cumulative proportion of total amount of raised capitals with changed purposes	Total amount of unused raised capitals	Purpose and destination of unused raised capitals	Amount of raised capitals which have been idle for more than two years
2019	Public offering of convertible bonds	56,543.65	16,188.44	38,800.5	0	0	0.00%	17,743.15	Temporary replenishment and deposit in the special account for raised capitals	0
2021	Non-public offering of shares	103,684.71	34,539.87	34,539.87	0	0	0.00%	69,144.84	Temporary replenishment and deposit in the special account for raised capitals	0
Total	--	160,228.36	50,728.31	73,340.37	0	0	0.00%	86,887.99	--	0

General use of raised capitals

1. Actual amount and time of arrival of funds raised

(1) Public offering of convertible corporate bonds to raise funds in 2019

The Company publicly issued 5.73 million convertible corporate bonds on March 7, 2019, each with a par value of 100 yuan, with a total amount of 573 million yuan, through priority placement to original shareholders, offering of the balance after priority placement to original shareholders (including the part for which the original shareholders gave up priority placement) to public investors online through the trading system of Shenzhen Stock Exchange, and stand-by underwriting of the part with the subscription amount less than 573 million yuan by lead underwriters with the approval in the Reply of China Securities Regulatory Commission on the Approval of Public Offering of Convertible Corporate Bonds by Shenzhen Topband Co., Ltd. (ZJXK [2018] No.1842). Funds with a total amount of 573,000,000.00 yuan were raised, and the net funds raised were 565,436,509.42 yuan after deduction of all the issuance costs amounting to 7,563,490.58 yuan.

The funds arrived on March 13, 2019. Ruihua Certified Public Accountants (Special General Partnership) verified the arrival and issued the Capital Verification Report (RHYZ [2019] No.48270001).

(2) Non-public offering of shares to raise funds in 2021

Shenzhen Topband Co., Ltd. issued 92,105,263 RMB common stocks to specific targets in private at the price of 11.40 yuan per stock, with a par value of 1 yuan per stock, with the approval in the Reply of China Securities Regulatory Commission on the

Approval of Non-public Offering of Shares by Shenzhen Topband Co., Ltd. (ZJXK [2020] No.1865). The total amount of funds raised was 1,049,999,998.20 yuan, and the net funds actually available for use were 1,036,847,068.71 yuan after deduction of all the issuance costs amounting to 13,152,929.49 yuan (tax-exclusive).

The funds arrived on May 10, 2021. Baker Tilly China Certified Public Accountants (Special General Partnership) verified the arrival and issued the Capital Verification Report (TZYZ [2021] No. 29460).

2. Usage amount and balance of funds raised in 2021

(1) Use of capitals raised by public issuing of convertible bonds in 2019

As of December 31, 2021, the Company has invested 388,005,000 yuan in capital-raising projects. Among them, 361,770,100 yuan was directly invested in the capital-raising projects, and 26,234,800 yuan was returned before the capitals were put in place. On December 31, 2021, 150,000,000 yuan idle raised capitals have been used to temporarily supplement the working capital; as of December 31, 2021, the balance of the raised capitals account is 33,976,600 yuan (including interest income).

(2) Non-public offering of shares to raise funds in 2021

As of December 31, 2021, the Company has invested 345,398,700 yuan in capital-raising projects. Among them, funds of 300 million yuan were used for direct and permanent replenishment of the working capital of the Company, and 45.3987 million yuan input before the arrival of the funds raised was returned. On December 31, 2021, 690,000,000 yuan idle raised capitals have been used to temporarily supplement the working capital; as of December 31, 2021, the balance of the raised capitals account is 1,336,400 yuan (including interest income).

(2) Situation of projects committed when raising capitals

√ applicable □ not applicable

Unit: 1,0000 yuan

Committed investment projects and investment direction of over raised capitals	Whether the project has been changed (including some changes)	Total committed investment of raised capitals	Total investment after adjustment (1)	Investment amount in this reporting period	Accumulated investment by the end of the period (2)	Investment progress by the end of the period (3)=(2)/(1)	The date when the project is ready for use	Benefits achieved during the reporting period	Whether the expected benefits are achieved	Where there is any significant change in the feasibility of the project
Committed investment projects										
Topband East China Operation Center	No	56,543.65	56,543.65	16,188.44	38,800.5	68.62%			Not applicable	No
Topband Huizhou No. 2 Industrial Park Project	No	73,684.71	73,684.71	4,539.87	4,539.87	6.16%			Not applicable	No
Replenish the Company's working capital	No	30,000	30,000	30,000	30,000	100.00%			Not applicable	No
Subtotal of committed investment projects	--	160,228.36	160,228.36	50,728.31	73,340.37	--	--		--	--
Investment direction of over raised capitals										

None										
Total	--	160,228.36	160,228.36	50,728.31	73,340.37	--	--	0	--	--
Situation and reason of failing to reach the planned progress or expected income (by specific project)	None									
Description of major changes in project feasibility	None									
Amount, use and progress of over raised capitals	Not applicable									
Change of implementation location of investment projects with raised capitals	Not applicable									
Adjustment of implementation mode of investment projects with raised capitals	Not applicable									
Upfront investment and replacement of investment projects with raised capitals	Applicable									
	<p>1. The Company invested 26,234,800 yuan in advance in the operation center project of Topband East China with self-raised capitals. Ruihua Certified Public Accountants (special general partnership) conducts a special audit on the above matters, and issues the Authentication Report on the Report of Shenzhen Topband Co., Ltd. on the Investment Projects with Self-raised Capitals in Advance (RHHZ [2019] No. 48250027). On July 25, 2019, the 25th Meeting of the 5th Board of Directors of the Company deliberated and passed the proposal on using raised capitals to replace self-raised capitals invested in advance. As of December 31, 2021, the Company has completed the replacement of self-raised capitals invested in advance.</p> <p>2. The Company invested 45.3987 million yuan in Topband Huizhou No. 2 Industrial Park Project with self-raised funds in advance. Baker Tilly China Certified Public Accountants (Special General Partnership) conducted a special audit on the matter above, and issued the Authentication Report of Pre-investment of Shenzhen Topband Co., Ltd. in the Investment Project of Funds Raised with Self-raised Funds (TZYZ [2021] No.31911).The 10th meeting of the 7th Board of Directors was held to review and approve the Proposal on Replacement of Pre-invested Self-raised Funds with Funds Raised on June 8, 2021.The Board of Supervisors, independent directors and sponsors of the Company had all expressed their clear consent to the replacement of pre-invested self-raised funds completed by December 31, 2021.</p>									
Temporary replenishment of working capital with idle capitals raised	Applicable									
	<p>1. On June 8, 2021, the Company held the 10th Meeting of the 7th Board of Directors, deliberated and passed the Proposal on Temporarily Replenishing Working Capital with Some Idle Raised Capitals, and agreed that the Company should temporarily replenish working capital with no more than 950,000,000 yuan of idle capitals raised,</p>									

	<p>with a period of not more than 12 months. As of December 31, 2021, 84,000 yuan of temporary supplementary current assets have been used.</p> <p>The Board of Supervisors, Independent Directors and Sponsor Institutions of the Company all expressed their clear consent on the matter.</p>
Amount and reasons of the balance of raised capitals in project implementation	Not applicable
Purpose and whereabouts of unused raised capitals	<p>1. On June 8, 2021, the Company held the 10th Meeting of the 7th Board of Directors, deliberated and passed the Proposal on Temporarily Replenishing Working Capital with Some Idle Raised Capitals, and agreed that the Company should temporarily replenish working capital with no more than 950,000,000 yuan of idle capitals raised, with a period of not more than 12 months. As of December 31, 2021, 84,000 yuan of temporary supplementary current assets have been used.</p> <p>2. The 10th meeting of the 7th Board of Directors was held on June 8, 2021, at which the Proposal on Increasing the Amount of Idle Raised Funds to Buy Bank Financial Products was reviewed and approved. It was agreed to increase the amount of idle raised funds by no more than 850 million yuan to buy financial products. The accumulated amount of funds that can be used to buy bank financial products totaled 1.6 billion yuan after the increase, of which idle raised funds were not more than 1 billion yuan and idle self-owned funds not more than 0.6 billion yuan. The funds can be used on a rolling basis within the amount above. Funds of 350 million yuan for temporary replenishment of the working capital had been used to purchase large-amount certificates of deposit by December 31, 2021.</p>
Problems or other situations in the usage and disclosure of raised capitals	None

(3) Change of projects with raised capitals

applicable not applicable

During the reporting period, there is no change for the project with raised capitals.

VIII. Sale of major assets and equity

1. Sale of major assets

applicable not applicable

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

2. Sale of major equity

applicable not applicable

IX. Analysis of major holding and equity participating companies

√ applicable □ not applicable

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

Unit: Yuan

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Shenzhen YAKO Automation Technology Co., Ltd.	Subsidiary	R&D, production, sales, import and export of electronic parts and components	14.286 million yuan	370,049,120.13	286,722,962.27	296,759,371.59	34,873,937.86	29,933,264.92
Huizhou Topband Electrical Technology Co., Ltd.	Subsidiary	R&D, production, sales, import and export of electronic parts and components	300 million yuan	3,901,127,952.63	1,412,363,549.26	5,202,426,420.34	124,342,463.12	120,745,030.05
Topband (Vietnam) Co., Ltd	Subsidiary	R&D, production, sales, import and export of electronic parts and components	USD 12.50 million	371,439,978.15	267,782,559.04	552,234,399.01	123,561,320.20	123,337,066.73

Situation of acquisition and disposal of subsidiaries during the reporting period

√ applicable □ not applicable

Company name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production and operations and results
Topband (Qingdao) Intelligent Control Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
Shenzhen Tengyi Industrial Co., Ltd.	Acquisition through M A	No significant impact on the results of the

		Report
Shenzhen Zhongli Consulting Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
Taixing Ninghui Lithium Battery Co., Ltd.	Acquisition through M A	No significant impact on the results of the Report
Tulu Innovation (Hong Kong) Limited	Newly established and acquired	No significant impact on the results of the Report
Shenzhen Topband Automotive Electronics Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
Huizhou Yako Automation Technology Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
Q.B.PTE.LTD	Newly established and acquired	No significant impact on the results of the Report
TOPBAND MEXICO,S.DE R.L.DE C.V.	Newly established and acquired	No significant impact on the results of the Report
TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	Newly established and acquired	No significant impact on the results of the Report
TUNNU INNOVATION,INC	Newly established and acquired	No significant impact on the results of the Report
Nantong Topband Youneng Technology Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report

Description of major shareholding companies

None

X. Situation of structured entity controlled by the Company

applicable not applicable

XI. Prospects for the future development of the Company

(I) Social development trend and 2030 vision

1. Intelligence

The development of IOT, 5G, AI and other new technologies and the expansion of application fields will open up space for growth and accelerate the process of social intelligence continuously. It is estimated that the economic value of technological impact will exceed USD 60 trillion by 2030. We will continue to explore the future world with innovative technologies and expand new opportunities for industry intelligence in various

application scenes in medicine, food, housing, transportation, enterprises and cities.

2. Low carbon

The climate crisis caused by greenhouse gases is deepening year by year, accelerating energy conservation and carbon reduction in countries all over the world. It is estimated that China's accumulated investment in energy production, energy use and ecology will reach 300 trillion yuan by 2050. We will seize the market opportunities brought by the double carbon policy and help the world to develop with low carbon based on intelligent control technology.

3. Multi-regional development

The global supply chain is going towards multi-regional development. It is required that R&D and product delivery should be fast, and the quality should be reliable and stable as terminal products become more and more complicated, individualized and differentiated. The advantages of China's industrial clusters and engineer dividends have accelerated the trend of transfer. With the influence of international trade conflicts, the industry has gradually shown the trend of development mainly in China and towards Vietnam, India, Indonesia and other regions. The Company will actively expand new opportunities in many regions.

4. Short chain

The industrial chain is shortened in value and the products directly address the needs of users. The traditional value chain is transformed into a new value chain. We will explore new opportunities with more partners and users boldly.

Description of 2030 vision of the Company

"In 2030, the Company will provide intelligent solutions through insight into users, scenes and industry pain points, making the world smarter and lower-carbon and greatly increasing the proportion of solution revenues."

The future will be an intelligent society, and intelligentization will be a long-term, lasting and far-reaching change having a wide influence, and will deeply affect modern life, and change product forms at the same time. We will seize the historical opportunity of intelligent, scene-based and green- and low-carbon development, innovate the business model actively, realize transformation from components to products to solutions, innovate home appliance business around "electronic control, motor, battery, power supply, Internet of Things platform and five industries", find the blue ocean market, maintain the dominant position of tool business and the leading market share, accelerate the development of new energy and industrial business, and achieve scale growth.

(II) Development strategy of the Company

1. Focus on strategy and sustained and effective growth

A vision blueprint for the next ten years was formulated in 2021 based on the medium-term development goal of the Company in 2025, in which the long-term development goal in 2030 was made clear. The Company will continue to focus on scale growth, deepen the implementation of the four strategic policies - "customer intimacy, innovation drive, fine operation and organizational evolution", build a pyramid profit model, enhance its leading position in global intelligent control solution providers, and achieve sustained and effective growth.

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

2. Innovation drive and continuous enhancement of the competitiveness of technologies and products

The Company will adhere to innovation drive, maintain R&D investment continuously, strengthen basic and cutting-edge technology research, and set up technical control points; strengthen the construction of product lines and build more high-quality product platforms; promote the protection of intellectual assets such as patents and trade secrets, and build technical barriers; cultivate the engine of innovation and growth, and strengthen the cultivation of innovative talents.

It will meanwhile seize the development opportunities such as "intelligence" and "low-carbon development", actively explore innovative services such as the Internet of Things and green commuting, consolidate and expand the core technical capabilities of "electronic control, motor, battery, power supply and Internet of Things platform", enhance the market and product development capabilities, and explore more high-value markets.

3. Fine operation and improvement of quality and efficiency

The Company will deepen the implementation of the fine operation strategy, optimize business processes such as strategy, market, R&D, sales, procurement and after-sales service continuously, and improve the end-to-end efficiency.

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

The Company will implement the organizational evolution strategy, strengthen the construction of talent teams, increase the number of talents in key positions rapidly, strengthen the capacity building of middleground and background, better empower the Iron Triangle team, and build a customer-centered process-oriented

organization.

5. Acceleration of global layout and construction of global delivery capability

The Company will continue to strengthen the customer intimacy strategy. To meet customer demands for fast delivery and delivery with proximity, the Company has established operation centers, manufacturing centers, R&D centers and representative offices in many places around the world based on business needs. During the reporting period, it completed the construction of Ningbo Industrial Park, realized the rapid commissioning of the plant in Binh Duong, Vietnam, and accelerated the construction of plants in Mexico and Romania. At the same time, the Company has strengthened the integration of supply chain based on global layout advantages and enhanced the local purchasing ability.

(III) Business plan for 2022

1. Realization of scale growth: The Company will continue to implement the head customer strategy, give full play to platform advantages and increase the share of overseas plants to achieve scale growth of various industries based on the core technology of "electronic control, motor, battery, power supply and Internet of Things platform", and meanwhile increase the proportion of high-value products and independent and controllable businesses;

2. Improvement of profitability: The Company will improve its full-cost efficiency, increase efficiency and reduce costs to improve its profitability, and meanwhile improve the cash flow from operating activities through "three reductions and one optimization", process optimization and promotion of the level of digitalization and automation;

3. Organizational evolution: The Company will incubate BUs on a large scale, build corporate culture of a fearless organization, strengthen the sense of mission and internal drive of all Topband employees, stimulate their creativity and release their potential to accomplish them.

(IV) Fund demand and utilization plan

Since the Company is in the stage of rapid development, it has a huge fund demand in equipment upgrading and capacity expansion. The Company has a good credit standing, so it is able to get strong support from the bank in a timely manner. In 2022, taking into account its own development situation and development strategy, the Company has raised the funds required for its development through reasonable use of various ways.

(V) Risks faced by the Company and countermeasures

1. External risks such as the macro environment

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

2. Risk of technology upgrading

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

3. Exchange rate risk

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

(4) Other risks

There are many uncertainties in the current macro environment at home and abroad, and there are some factors that are unfavorable to the operation of the Company. For example, the Sino-US trade war, the recurrence of COVID-19, the shortage of raw materials or the price rise, the lack of manpower and customer credit risk will increase the uncertainty of the Company's operation.

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

√ applicable □ not applicable

Time of reception	Location of reception	Method of reception	Type of reception object	Reception object	Main contents of interview and materials provided	Index of basic information of investigation
2021/1/19 2021/1/20 2021/1/21	Conference room of the Company	Field survey	Organizations	Fuguo Fund Management Co., Ltd., Zhonggeng Fund Management Co., Ltd., Shenzhen Yitong Investment Co., Ltd., Wanhe Securities Co., Ltd. and Shenzhen Capital Fortune	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn

				Investment Management Co., Ltd.		
2021/1/26 2021/1/27 2021/1/29	Conference room of the Company	Telephone and field survey	Organizations	HTF Fund Management Co., Ltd., Xingquan Fund Management Co., Ltd., Sinosafe Fund Management Co., Ltd., Taiping Asset Management Co., Ltd., Huabao Fund Management Co., Ltd., Guotai Asset Management Co., Ltd., Changjiang Asset Management Co., Ltd., Shanghai Panjing Investment Management Co., Ltd., Dajia Asset Management Co., Ltd., Bank of Communications Co., Ltd., New China Asset Management Co., Ltd., Guosheng Securities Co., Ltd. and Tianfeng Securities Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; No information provided.	http://www.cninfo.com.cn
2021/3/9	Conference room of the Company	Telephone survey	Organizations	Tianfeng Securities Co., Ltd., Great Wall Securities Co., Ltd., Zhongtai Securities Co., Ltd., Guotai Junan Securities Co., Ltd., China Merchants Fund Management Co., Ltd., Guohai Securities Asset Management Branch, Harvest Fund Management Co., Ltd., HSBC Jinxin Fund Management Co., Ltd., China Post Capital Fund Management Co., Ltd., Sinowise Investment Management Co., Ltd., Zhongrong Fund Management Co., Ltd., China CICC Wealth Management Securities Co., Ltd., GTS Fund Management Co., Ltd., Yinhua Fund Management Co., Ltd., Xingquan Fund Management Co., Ltd., Southwest Securities Investment Department, Tianzhi Fund Management Co., Ltd., Tianhong Fund Management Co., Ltd., Tianfeng International Securities Co., Ltd., Taixin Fund Management Co., Ltd., Shenzhen Qianhai Prudence Investment Asset Management Co., Ltd., Shenzhen Qianhai Guhe Asset Management	Learn about the operation and financial situation of the Company; no information provided.	http://www.cninfo.com.cn

			<p>Co., Ltd., Shenzhen Qianhai Dengcheng Asset Management Co., Ltd., Shenzhen Hongding Wealth Management Co., Ltd., Shenzhen Gangli Investment Consulting Co., Ltd., Shenzhen Fengling Capital Management Co., Ltd., Shanghai Zhunjin Investment Management Co., Ltd., Shanghai Yuyi Asset Management Co., Ltd., Shanghai Life Insurance Co., Ltd., Shanghai Panjing Investment Management Center, Shanghai Mingyu Asset Management Co., Ltd., Shanghai Chengrui Investment Management Co., Ltd., Shandao Investment Management Co., Ltd., Sansheng Group Co., Ltd., Rongtong Fund Management Co., Ltd., Fund Management Co., Ltd., Nuode Fund Management Co., Ltd., Minsheng Royal Fund Management Co., Ltd., Junhe Capital Management Co., Ltd., Jiutai Fund Management Co., Ltd., BOCOM Schroders Fund Management Co., Ltd., Jiangsu Hengdao Capital Management Co., Ltd., Hunan Yuancheng Investment Management Co., Ltd., Hotland Innovation Asset Management Co., Ltd., Heyong Investment Management Co., Ltd., Hangzhou Lequ Investment Management Co., Ltd., Guoxin Investment Co., Ltd., SDIC UBS, Guotai Asset Management Co., Ltd., China Life AMP Asset Management Co., Ltd., Guangdong Tengrun Investment Co., Ltd., Founder Fubon Fund Management Co., Ltd., Dunhe Asset Management Co., Ltd., Dongzheng Ronghui Asset Management Co., Ltd., Soochow Asset Management Co., Ltd., Springs Capital</p>	
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				Investment Management Co., Ltd., Dacheng Fund Management Co., Ltd., Caitong Fund Management Co., Ltd., Bohai Huijin Securities Asset Management Co., Ltd., Beixin Ruifeng Fund Management Co., Ltd., Beijing Yuanlesheng Asset Management Co., Ltd., Beijing Jiashu Asset Management Co., Ltd., Beijing Fengpei Investment Management Co., Ltd., Anxin Fund Management Co., Ltd., Vontobel Asset Management Asia Pacific Limited, Point Poplar Management Co., Ltd., Shenzhen Qianhai Junjie Asset Management Co., Ltd. and Tongtai Fund Management Co., Ltd.		
2021/3/9	Conference room of the Company	Telephone survey	Organizations	China Securities Co., Ltd., Zhongtai Securities Co., Ltd., Anxin Fund Management Co., Ltd., Beijing Zeming Investment Co., Ltd., Fuyun investment, TruValue Asset Management Co., Ltd., Chunhou Fund Management Co., Ltd., Topsperity Securities Co., Ltd., Soochow Securities Co., Ltd., Everbright Securities Co., Ltd., Guangdong Yuancheng Private Equity Securities Investment Fund Co., Ltd., Guokai Securities, China Life AMP Asset Management Co., Ltd., Guoxin Investment, HFT Fund Management Co., Ltd., Sequoia Capital, Sinosafe Property Insurance Asset Management Co., Ltd., Harvest Fund Management Co., Ltd., BOCOM Schroeder Fund Management Co., Ltd., Mingyu Assets, ABC-CA Fund Management Co., Ltd., Lion Fund Management Co., Ltd., ABC Wealth Management, Ping An Annuity Insurance Company of China, Ltd.,	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn

				<p>Ping An Asset Management Co., Ltd., Qianhai Life Insurance Co., Ltd., Rose Capital, Shanghai Tongyuan Investment Co., Ltd., Shanghai Xinlan Investment Management Co., Ltd., China International Fund Management Co., Ltd., Shenwan Hongyuan Securities Co., Ltd., Shenzhen Wangzheng Asset Management Co., Ltd., Taiping Fund Management Co., Ltd., Taixin Fund Management Co., Ltd., Tianhong Fund Management Co., Ltd., Western Leadbank Fund Management Co., Ltd., Western Securities Co., Ltd., Xingzheng Global Fund Management Co., Ltd., Sunshine Tianhong Fund, Yonghe Capital, Investment Department of Yuntong Automobile Group, Great Wall Wealth Asset Management Co., Ltd., Changjiang Endowment Insurance Co., Ltd., Changsheng Fund Management Co., Ltd., China Merchants Fund Management Co., Ltd., Zhejiang Chujiu Investment Management Co., Ltd., Zhonghai Fund Management Co., Ltd., Zhong Ou Asset Management Co., Ltd., CITIC Prudential Fund Management Co., Ltd., Bank of China Investment Management Co., Ltd. and China CITIC Bank.</p>		
<p>2021/3/10 2021/3/11</p>	<p>Conference room of the Company</p>	<p>Field survey</p>	<p>Organizations</p>	<p>Proxim Hong Kong Co., Ltd., Haocheng Asset Management Co., Ltd., Wanlian Securities Co., Ltd., Guosen Securities Co., Ltd., Huatai Securities Co., Ltd., ZTF Securities Co., Ltd., Wenyuan Capital Management Co., Ltd. and Caitong Fund Management Co., Ltd.</p>	<p>Learn about the operation, financial situation and strategic planning of the Company; no information provided.</p>	<p>http://www.cninfo.com.cn</p>

2021/3/15 2021/3/16 2021/3/17 2021/3/18	Conference room of the Company	Telephone and field survey	Organizations	Mondrian Asset Management Co., Ltd., New Thinking (Hong Kong) Investment Management Co., Ltd., Zongcai Investment Management Co., Ltd., Shanghai Jiuge Investment Management Co., Ltd., Shanghai Panjing Investment Management Center, Chunhou Fund Management Co., Ltd., Anxin Securities Co., Ltd., Huachuang Securities Co., Ltd., Ruiyuan Fund Management Co., Ltd. and Industrial Securities Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
2021/4/15	Conference room of the Company	Telephone survey	Organizations	Tianfeng Securities Co., Ltd., SDIC UBS Fund Management Co., Ltd., First State Cinda Fund Management Co., Ltd., Penghua Fund Management Co., Ltd., Zhengyi Asset Management Co., Ltd., Zhonggeng Fund Management Co., Ltd., Yinhua Fund Management Co., Ltd., Fuguo Fund Management Co., Ltd., Shanghai Xitai Investment Management Co., Ltd., Kaifeng Investment Management Co., Ltd., Shenzhen Fengling Capital Management Co., Ltd., Wangzheng Investment Management Co., Ltd., Guangdong Huayin Tianxia Fund Management Co., Ltd., Shanghai Shengyu Equity Investment Fund Management Co., Ltd., Everbright PGIM Fund Management Co., Ltd., Guangzhou Yourong Equity Investment Management Co., Ltd., Honghua Capital Management (Shenzhen) Co., Ltd., Furong Fund Management Co., Ltd., Huabao Fund Management Co., Ltd., Beijing Dingsa Investment Co., Ltd., Yihe Jiufu Investment Management Co., Ltd., ICBC Credit Suisse Fund Management Co., Ltd.,	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn

				Tianhong Fund Management Co., Ltd. and Jinxiu Zhonghe (Beijing) Capital Management Co., Ltd.		
2021/4/26 2021/4/27	Conference room of the Company	Telephone survey	Organizations	Tianfeng Securities Co., Ltd., Great Wall Securities Co., Ltd., Tianfeng Securities Asset Management Branch, Xingquan Fund Management Co., Ltd., Junhe Capital, Harvest Fund Management Co., Ltd., Fuguo Fund Management Co., Ltd., China Life Asset Management Co., Ltd., China Merchants Fund Management Co., Ltd., Huatai Securities Asset Management Department, Ruiyuan Fund Management Co., Ltd., Shanghai Fosun High Technology (Group) Co., Ltd., Sinosafe Property Insurance Asset Management Co., Ltd., Taikang Asset Management Co., Ltd., Southern Asset Management Co., Ltd., Bank of China Investment Management Co., Ltd., Founder Fubon Fund Management Co., Ltd., Taiping Asset Management Co., Ltd., Hangzhou Guangtian Investment Management Co., Ltd., Shenzhen Fengling Capital Management Co., Ltd., GTS Fund Management Co., Ltd., Jiuyan Asset Management Co., Ltd., Shenzhen Qianhai Evolutionism Asset Management Co., Ltd., Beijing Xinhan Capital Management Co., Ltd., Hongshang Capital Equity Investment Co., Ltd., Shenzhen Hongding Wealth Management Co., Ltd., Shanghai Tuling Asset Management Co., Ltd., China Merchants Securities Asset Management Co., Ltd., Vontobel Asset Management Asia Pacific Limited, Pebble Capital	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn

			<p>Management Co., Ltd., Qianhe Capital Management Co., Ltd., Zhejiang Yingrui Investment Management Co., Ltd., Huatai Insurance Group Co., Ltd., Hangzhou Lequ Investment Management Co., Ltd., Prudential Fund Management Co., Ltd., Hengyue Fund Management Co., Ltd., Shanghai Pertrust Capital Management Co., Ltd., HFT Fund Management Co., Ltd., Yihe Jiufu Investment Management Co., Ltd., Shenzhen Xishan Capital Management Co., Ltd., Shenzhen Yitong Investment Management Co., Ltd., Hangzhou Micang Capital Management Co., Ltd., Hong Kong Innovation Fund Management Co., Ltd., Beijing Keywise Capital Management Co., Ltd., Guotai Asset Management Co., Ltd., Topsperity Securities Asset Management Co., Ltd., Hubei Zhongjing Capital Investment Development Co., Ltd., Shenzhen Qianhai Guhe Asset Management Co., Ltd., Point72, Shanghai Zhunjin Investment Management Co., Ltd., Bank of China Investment Management Co., Ltd., Minsheng Royal Fund Management Co., Ltd., Ningbo Liansheng Investment Co., Ltd., Huashang Fund Management Co., Ltd., Qingdao Yinsheng Asset Management Co., Ltd., Wealth Management Subsidiary of Agricultural Bank of China, Orient Jiafu (Ningbo) Asset Management Co., Ltd., Orient Securities Co., Ltd., Shanghai Self-Operated Branch of Guojin Securities, Shenzhen Qianhai Prudence Investment Asset Management Co.,</p>		
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			<p>Ltd., Shenzhen Headquarters of Huaneng Guicheng Trust Co., Ltd., Rosefinch Fund Management Co., Ltd., Asset Management Branch of Guohai Securities, Galaxy Securities Co., Ltd., Beijing Chengsheng Investment Management Co., Ltd., Shenzhen Qianhai Evolutionism Asset Management Co., Ltd., Shanghai Gaoyi Asset Management Co., Ltd., Taiping Asset Management Co., Ltd., Boyan Capital Management Co., Ltd., GTS Fund Management Co., Ltd., Beijing Xinhan Capital Management Co., Ltd., Fengrui Asset Management Co., Ltd., Beijing Fengpei Investment Management Co., Ltd., SDIC UBS Fund Management Co., Ltd., Manulife, Shenzhen Pengcheng Jishi Investment Management Co., Ltd., Shanghai Zhuoshang Asset Management Co., Ltd., Honghua Capital Management (Shenzhen) Co., Ltd., Beijing Zuoyou Investment Co., Ltd., Shenzhen Qianhai Dengcheng Asset Management Co., Ltd., PICC Asset Management Co., Ltd., CICC Asset Management Department, Hotland Innovation Asset Management Co., Ltd., TruValue Asset Management Co., Ltd., Jingtai Lifeng Asset Management Co., Ltd., ABC-CA Fund Management Co., Ltd., Beijing Carrie's Wealth Investment Management Co., Ltd., Qianhai First Seafront Fund Management Co., Ltd., Guoxin Investment Co., Ltd., Teda Dingsheng Asset Management Co., Ltd., Pengyang Fund Management Co., Ltd., Zhonghai Fund Management Co.,</p>	
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				Ltd., Shanghai Loujiang Investment Management Center, Minsheng Royal Fund Management Co., Ltd., Beijing CUFU Long Ma Capital Investment Co., Ltd., Fuanda Fund Management Co., Ltd., BlackRock Asset Management North Asia Limited, Xingyin Fund Management Co., Ltd., Anxin Fund Management Co., Ltd., Teda Manulife Fund Management Co., Ltd., Guotai Yuanxin Asset Management Co., Ltd., Sinosafe Fund Management Co., Ltd., Orient Fund Management Co., Ltd., Panjing Investment Management Co., Ltd. and Tianzhi Fund Management Co., Ltd.		
2021/5/11 2021/5/12 2021/5/13	Conference room of the Company	Telephone and field survey	Organizations	BlackRock Fund Management Co., Ltd., Kaiji Securities Co., Ltd., Harvest Fund Management Co., Ltd., Rongtong Fund Management Co., Ltd., Tianhong Fund Management Co., Ltd., EFund management Co., Ltd., GTS Fund Management Co., Ltd., Zhong Ou Fund Management Co., Ltd., Dajia Asset Management Co., Ltd., Fuguo Fund Management Co., Ltd., Shanghai Fusheng Asset Management Partnership, China Securities Co., Ltd., Guokai Securities Co., Ltd., Guangdong Hongchang Private Equity Securities Investment Management Co., Ltd., Hongta Hongtu Fund Management Co., Ltd., Huabao Fund Management Co., Ltd., Huaxia Wealth Management Co., Ltd., CCB Principal Asset Management Co., Ltd., Penghua Fund Management Co., Ltd., Ping An Asset Management Co., Ltd., Qianhai Kaiyuan Fund Management	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn

				Co., Ltd., Rixing Asset Management Co., Ltd., Zhuque Fund Management Co., Ltd., New China Asset Management Co., Ltd., First Beijing Investment Co., Ltd., Hezhong Asset Management Co., Ltd. and Highclere.		
2021/5/18 2021/5/19 2021/5/20 2021/5/21	Conference room of the Company	Field Telephone survey	Organizations	BlackRock Fund Management Co., Ltd., HTF Fund Management Co., Ltd., Guosheng Securities Co., Ltd., HFT Fund Management Co., Ltd., First State Cinda Fund Management Co., Ltd., Huatai Baoxing Fund Management Co., Ltd., Shenzhen Jindou Investment Co., Ltd., Zhonghai Fund Management Co., Ltd., Shenzhen Qianhai Evolutionism Asset Management Co., Ltd., Anhui Zhongjue Investment Management Co., Ltd., Guotai Junan Securities Co., Ltd., Harvest Fund Management Co., Ltd. and Point72 Hong Kong Limited.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
2021/6/4	Conference room of the Company	Telephone survey	Organizations	Greenwoods Asset Management, Springs Capital (Beijing) Investment Management Co., Ltd., Harvest Fund Management Co., Ltd., Baichuan Wealth (Beijing) Investment Management Co., Ltd., Beijing Fengpei Investment Management Co., Ltd., BlackRock Institutional Trust Co., Ltd., Brilliance Capital Management Co., Ltd., Guangxi Junjing Ggarden Engineering Co., Ltd., Guangzhou Zhaoshi Investment Partnership (Limited Partnership), Guojin Fund Management Co., Ltd., Huabao Securities Co., Ltd., Huaneng Guicheng Trust Co., Ltd., Shenzhen Qianhai Huaqiang Financial Holding Co., Ltd., Huarong		

			<p>Securities Co., Ltd., CCB Principal Asset Management Co., Ltd., Jiangsu Ruihua Investment Management Co., Ltd., Keywise Capital Management (Tianjin) Co., Ltd., Keywise Capital Management (Hong Kong) Co., Ltd., Kunlun Health Insurance Co., Ltd., Minsheng Royal Fund Management Co., Ltd., Shanghai Luyong Asset Management Co., Ltd., Shanghai Lubao Investment Management Co., Ltd., Shanghai Shunzhu Asset Management Co., Ltd., Shanghai Tongyuan Investment Development Co., Ltd., Shanghai Yinye Investment Co., Ltd., Shanghai Yuanhao Investment Management Co., Ltd., Shanghai Zhengxingu Investment Management Co., Ltd., Shanghai Chongyang Strategic Investment Co., Ltd., Shanghai Zhuoshang Asset Management Co., Ltd., Shenzhen Jinguang Asset Management Co., Ltd., Shenzhen Lianxi Yongshi Asset Management Co., Ltd., Shenzhen Lingji Capital Management Co., Ltd., Shenzhen Mingda Asset Management Co., Ltd., Shenzhen Mingji Investment Management Co., Ltd., Shenzhen Ruisibo Investment Management Co., Ltd., Taiping Asset Management Co., Ltd., Taixin Fund Management Co., Ltd., New China Pension Co., Ltd., New Idea Investment Co., Ltd., Xinghua Fund Management Co., Ltd., Industrial Securities Co., Ltd., AIA Life Insurance Co., Ltd., Yuanda Securities Investment Trust Co., Ltd., CMB International Finance Co., Ltd., Zheshang Fund Management Co., Ltd., PICC Asset</p>		
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				Management Co., Ltd., China Life Asset Management Co., Ltd., CITIC CLSA Securities Co., Ltd., BOC International Securities Co., Ltd., Zhuhai Hengqin Yuexin Asset Management Co., Ltd. and CITIC Securities Co., Ltd.		
2021/6/8 2021/6/9	Conference room of the Company	Field and telephone survey	Organizations	Southern Asset Management Co., Ltd., Huachuang Securities Co., Ltd., HFT Fund Management Co., Ltd., Springs Capital (Beijing) Investment Management Co., Ltd., Manulife Asset Management Hong Kong Co., Ltd., Sinosafe Property Insurance Co., Ltd., Fuguo Fund Management Co., Ltd., Shenzhen Kaifeng Investment Management Co., Ltd., CITIC Prudential Life Insurance Co., Ltd., Maxwealth Fund Management Co., Ltd., Everbright Securities Co., Ltd., CPIC Fund Management Co., Ltd., Manulife Asset Management (Thailand) Co.,Ltd, Point72 asset management, Ruiyuan Fund Management Co., Ltd., Founder Fubon Fund Management Co., Ltd., Taiping Fund Management Co., Ltd., Qunyi Securities Investment Trust Co., Ltd., Nuode Fund Management Co., Ltd., Taikang Asset Management Co., Ltd., Shanghai Fosun High Technology (Group) Co., Ltd., Tianchong Capital Management Co., Ltd. and Fuanda Fund Management Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
2021/6/24 2021/6/25	Conference room of the Company	Telephone survey	Organizations	CITIC Asset Management Co., Ltd., Anhui Conch Venture Capital Co., Ltd., Anhui Mingze Investment Management Co., Ltd., Baoer Taiping Co., Ltd., PKU Founder Life Asset Management Center,	Learn about the operation, financial situation and strategic planning of the	http://www.cninfo.com.cn

			<p>Beijing Fengpei Investment Management Co., Ltd., Beijing Hongcheng Investment Management Co., Ltd., Beijing Xingshi Investment Management Co., Ltd., Caitong Securities Asset Management Co., Ltd., Dajia Asset Management Co., Ltd., Topsperity Securities Co., Ltd., Northeast Securities Co., Ltd., Oriental Alpha Fund Management Co., Ltd., Orient Fund Management Co., Ltd., Orient Securities Co., Ltd., ICBC Credit Suisse Fund Management Co., Ltd., Everbright PGIM Fund Management Co., Ltd., Everbright Securities Asset Management Co., Ltd., GF Fund Management Co., Ltd., Guohai Franklin Fund Management Co., Ltd., CPIC Fund Management Co., Ltd., China Life AMP Asset Management Co., Ltd., HFT Fund Management Co., Ltd., Evergrande Life Insurance Co., Ltd., Sinosafe Fund Management Co., Ltd., Huachuang Securities Co., Ltd., Huafu Securities Co., Ltd., Huatai (Shanghai) Asset Management Co., Ltd., Harvest Fund Management Co., Ltd., CCB Principal Asset Management Co., Ltd., Nuode Fund Management Co., Ltd., Penghua Fund Management Co., Ltd., Ping An Fund Management Co., Ltd., Ping An Asset Management Co., Ltd., AXA SPDB Fund Management Co., Ltd., Qianhai Kaiyuan Fund Management Co., Ltd., Shanghai Aijian Trust Co., Ltd., Shanghai Chengzhou Asset Management Co., Ltd., Shanghai Fengchi Asset Management Co., Ltd., Shanghai</p>	Company; no information provided.
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			<p>Chaos Investment (Group) Co., Ltd., Shanghai Lanmo Investment Management Co., Ltd., Shanghai Liuhe Investment Co., Ltd., Shanghai Panjing Investment Management Center (Limited Partnership), Shanghai Panhou Investment Management Co., Ltd., Shanghai Puyi Asset Management Co., Ltd., Shanghai Ruiyi Investment Development Center, Shanghai Tongben Investment Management Center (Limited Partnership), Shanghai Tongyuan Investment Development Co., Ltd., Shanghai Xueshi Asset Management Co., Ltd., BOS Asset Management Co., Ltd., Shenwan Hongyuan Securities Co., Ltd., Shenzhen Orient Harbor Investment Management Co., Ltd., Shenzhen Fengling Capital Management Co., Ltd., Shenzhen Foresight Asset Management Company (Limited Partnership), Pacific Asset Management Co., Ltd., Tianzhi Fund Management Co., Ltd., Western Securities Co., Ltd., Southwest Securities Co., Ltd., New China Fund Management Co., Ltd., Industrial Bank Co., Ltd., Industrial Securities Co., Ltd., Xingzheng Securities Asset Management Co., Ltd., EFund Management Co., Ltd., Galaxy Fund Management Co., Ltd., GTS Fund Management Co., Ltd., Changjiang Securities (Shanghai) Asset Management Co., Ltd., China Merchants Fund Management Co., Ltd., China Merchants Securities Asset Management Co., Ltd., PICC Pension Company Limited, Zhong Ou Fund Management Co., Ltd.,</p>	
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				CITIC Prudential Fund Management Co., Ltd., CITIC Securities Co., Ltd., BOC International Securities Co., Ltd., BOC Fund Management Co., Ltd. and Rosefinch Fund Management Co., Ltd.		
2021/7/27 2021/7/28 2021/7/29 2021/7/30	Conference room of the Company	Field and telephone survey	Organizations	Tianfeng Securities Co., Ltd., Fuguo Fund Management Co., Ltd., Xingquan Fund Management Co., Ltd., Harvest Fund Management Co., Ltd., Huatai-PineBridge Investments Management Co., Ltd., CITIC Securities Asset Management Department, Wealth Management Subsidiary of Agricultural Bank of China, Loyal Valley Capital Co., Ltd., China Merchants Securities Asset Management Co., Ltd., Changjiang Endowment Insurance Co., Ltd., Changan Funds Management Co., Ltd., GTS Fund Management Co., Ltd., Yinhua Fund Management Co., Ltd., Yihe Jiufu Investment Management Co., Ltd., Industrial Securities Co., Ltd., Southwest Securities Investment Department, Taiping Asset Management Co., Ltd., Taiping Fund Management Co., Ltd., Sichuan Jinduo Investment Co., Ltd., Simu Gongchang Siyuan No.1 Securities Investment Funds, Shenzhen Xishan Capital Management Co., Ltd., Shenzhen Wangzheng Asset Management Co., Ltd., Shenzhen Yitong Investment Management Co., Ltd., Shenzhen Jinzhihao Fund Management Co., Ltd., Shenzhen Guanghuiyuan Asset Management Co., Ltd., Shenzhen Fengling Capital Management Co., Ltd., SWS MU Fund Management Co.,	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn

			<p>Ltd., China International Fund Management Co., Ltd., Shanghai Xingrang Asset Management Center (Limited Partnership), Shanghai Tongyuan Investment Development Co., Ltd., Shanghai Jujing Investment Co., Ltd., Shanghai Chaos Investment Co., Ltd., Rongtong Fund Management Co., Ltd., Qingdao Yinsheng Asset Management Co., Ltd., Qingdao Luoji Fund Management Co., Ltd., AXA SPDB Fund Management Co., Ltd., Ningbo Liansheng Investment Co., Ltd., Southern Asset Management Co., Ltd., Greenland Finance Holding Group, Sinosafe Property Insurance Asset Management Co., Ltd., Hunan Yuancheng Investment Management Co., Ltd., Guoxin Investment Co., Ltd., SDIC UBS Fund Management Co., Ltd., Guangzhou Jinkong Asset Management Co., Ltd., Granford Capital Management Co., Ltd., Sunrise Asset Management Co., Ltd., Perseverance Asset Management Co., Ltd., Founder Fubon Fund Management Co., Ltd., TruValue Asset Management Co., Ltd., Ivy Shanghai Assets Management Co., Ltd., Brilliance Capital Management Co., Ltd., Beijing Kendall Square Capital Management Co., Ltd., Beijing Dingsa Investment Co., Ltd., Anxin Fund Management Co., Ltd., Vontobel Asset Management Asia Pacific Limited, TX Capital Rays Capital, BlackRock Asset Management Co., Ltd., Bosheng Investment Holding Group Co., Ltd., Orient Capital Management Co., Ltd., Shenzhen Yitong</p>	
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			<p>Investment Co., Ltd.;</p> <p>China Securities Co., Ltd., Zhongtai Securities Co., Ltd., China CICC Wealth Management Securities Co., Ltd., CICC Capital Operation Co., Ltd., Guosen Securities Co., Ltd., Harvest Fund Management Co., Ltd., Fuguo Fund Management Co., Ltd., Point72, First State Cinda Fund Management Co., Ltd., Dalian Tonghe Investment Co., Ltd., Hony Capital Co., Ltd., Guotai Asset Management Co., Ltd., Yude Investment Co., Ltd., Beijing Shitianfeng Investment Management Co., Ltd., Guhe Asset Management Co., Ltd., Fosun Asset Management Co., Ltd., Dalian Tonghe Investment Co., Ltd., Guosheng Securities Co., Ltd., Tengyue Capital Management Co., Ltd., Changan Fund Management Co., Ltd., Shenwan Hongyuan Securities Co., Ltd., Guotai Junan Securities Co., Ltd., Hengsheng Fund Management Co., Ltd., Guojin Securities Co., Ltd., Shenzhen Gentai Investment Management Co., Ltd., Orient Securities Co., Ltd., Zheshang Securities Co., Ltd., Nightyone, Manulife, Guoyuan Securities Co., Ltd., Haitong Asset Management Co., Ltd., Shanghai Trust Bridge Partners Management Co., Ltd., Hongta Securities Co., Ltd., Jiulong Asset Management Co., Ltd., Fulida Fund Management (Zhuhai) Co., Ltd., China Asset Management Co., Ltd., Changxin Asset Management Co., Ltd., Shanghai Panjing Investment Management Co., Ltd., Bosera Funds Management Co., Ltd., CPIC Fund Management Co., Ltd., HTF</p>	
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				Fund Management Co., Ltd., Yinhua Fund Management Co., Ltd., China Merchants Securities Co., Ltd., Shenzhen Wukong Investment Management Co., Ltd.		
2021/9/7 2021/9/9	Conference room of the Company	Field and telephone survey	Organizations	China Asset Management Co., Ltd., China CICC Wealth Management Securities Co., Ltd., Credit Suisse (Hong Kong) Co., Ltd., Fuda Fund Management (China) Co., Ltd., BlackRock Fund Management Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
2021/9/21 2021/9/22 2021/9/23	Conference room of the Company	Field and telephone survey	Organizations	Tianfeng Securities, Harvest Fund, Xingquan Fund, Zhonggeng Fund, BlackRock Fund Management, HFT Fund Management, SDIC UBS Fund, Boseru Funds, Taikang Asset Management, First State Cinda Fund, BOC Fund, Ping An Annuity Insurance, Hillhouse Investment, EFund, Southern Asset, BOCOM Schroders Fund, Deppon Self-operated, ABC Wealth Management, Ningbo Liansheng Investment, Rongtong Fund, Caitong Fund, Huaneng Guicheng Trust, Hengtou Securities, CITIC Securities, Haizhengsong Investment; PICC, Zhongshan Securities, Baixi Private Equity Fund Management, Shanghai Dazheng Investment, Nanjing Double-Safeguard Asset Management, AXA SPDB Fund, Shenzhen Wangzheng Asset Management, Orient Fund, Zhejiang Minong Investment, Anxin Fund, Shanghai Jinyin Investment, Founder Fubon Fund, China Life AMP Asset, New China Pension, Guotai Junan Securities, Shanghai Hehe, Changjun Capital, Orient	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn

			<p>Jiafu (Ningbo) Asset Management, Guoxin Investment, Dantai Capital Limited. New China Fund, Orient Securities, Western Securities, Jiutai Fund, Qianhai Taihang Capital Management, Oriental Alpha Fund, Rongtong Fund, Anhui Conch Venture Capital, Hotland Innovation, Prudential Fund, Ren Bridge (Beijing) Asset Management, Yongan Insurance, Infore Capital, Shanghai Chaos Investment.</p> <p>Huachuang Securities, Huatai Pine-Bridge Investments, New China Fund, Lion Fund, Efund, Ping An Fund, China International Fund, Golden Eagle Fund, Furong Fund Management, Shanghai Panhou Investment, Southern Asset, Beijing Fengpei Investment, Qianhai Alliance Asset Management, Essence Fund, Minsheng Royal Fund, Harvest Fund, Orient Securities, Western Securities, Zheshang Securities, Jiutai Fund, Qianhai Taihang Capital Management, Oriental Alpha Fund, Rongtong Fund, Anhui Conch Venture Capital, Hotland Innovation, Prudential Fund, Sangeng Asset Management, Ren Bridge (Beijing) Asset Management, Yongan Insurance, Infore Capital Management, Fosun Asset Management, Chaos Investment, Yinhua Fund, Deppon Securities, Shenzhen Hechuang Asset Management, Everbright Securities, Shanghai Changjian Investment, CPIC Fund, Huatai Securities, Zhongrong International Trust, Huatai Pine-Bridge Investments, Anxin Fund, BOC</p>	
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				<p>International Securities, Southern Asset, Sinosafe Fund, Shanghai Gaoyi Asset Management, Ningbo Huanfang Quantitative Investment Management, TruValue Asset Management, China Merchants Securities, Industrial Securities, Shanghai Securities, Beijing Zundao Asset Management, Taiping Asset Management, ABC Wealth Management, Shenwan Asset Management, Beijing Hongcheng Investment, Mingya Fund, Shanghai Fusheng Asset Management, CICC Fund, Bank of China Investment Management Co., Ltd., Guohai Securities, Generali China Asset Management, Yinhua Fund, China Life Endowment Insurance, PKU Founder Life Management, Beijing Zundao Asset Management, Universal Wisdom Investment, Huatai Baoxing, Shanghai Tongyuan Investment, Shenzhen Yujin Fund, Shanghai Panjing Investment, Dajia Asset Management, Shanda Capital, Efund, Hotland Innovation, Nuode Fund.</p> <p>Zheshang Securities: ICBC Credit Suisse Fund, Shenzhen Happy Time Fund.</p> <p>CITIC Securities: Neuberger Berman</p>		
2021/9/27 2021/9/30	Conference room of the Company	Field and telephone survey	Organizations	<p>Citi Orient Securities: Harvest Fund, AIA Insurance, Guotai Securities Investment Trust Company, Fangying Yanjiuxing Investment, Houhua Investment Trust Asset Management, Green Court Capital Management, Matthews International Capital Management, Yingde Gases Group, Power Corporation of Canada.</p>	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn

				Deppon Securities: Shanghai Fosun Technology. Guosen Securities: Fenghe Asia.		
2021/10/14 2021/10/15	Conference room of the Company	Field survey	Organizations	Huachuang Securities, HTF Fund, Yinhua Fund, China Post Fund.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
2021/10/27 2021/10/28	Conference room of the Company	Field telephone survey	Organizations	Tianfeng Securities, Zhongtai Securities, Guosen Securities, CITIC Securities, Everbright Securities, CICC Securities, Huachuang Securities, Guotai Junan Securities, Shenwan Hongyuan Securities, Changjiang Securities, Guosheng Securities, CMB Wealth Management, BlackRock Fund, HTF Fund, Xingquan Fund, Harvest Fund, Harvest Fund, HFT Fund, Yinhua Fund, Ping An Fund, Baichuang Capital, Fuguo Fund, Chang An Fund, Southern Asset, Baoying Fund, Huatai-PineBridge, Guotai Asset Management, China International Fund, Hongta Hongtu Fund, Hotland Innovation Fund, Lion Fund, Greenwoods Asset, Maoding Asset, Vontobel Fund, Jinda Investment, Value Investment, Guhe Asset, Boseru Funds, Deppon Securities, Beixin Ruifeng, Rongtong Fund, Lubao Investment, Dacheng Fund, CCB Principal Asset, Fosun Asset Management, Qianhai Kaiyuan Fund, Shenzhen Fengling Capital, Shanghai Yongjian Asset Management, Tibet Yuancheng Asset Management, Xinyang Fund, Cigna CMB Asset	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn

				Management, Shenzhen Ruifu Asset Management, Shanghai Universal Wisdom Investment, Shouyuan Investment, Lingze Capital, Founder Fubon Fund, Panjing Investment, Cephei Capital, First State Cinda Fund, Jiangsu Ruihua Investment, Panhou Dynamic (Shanghai) Capital Management, DH Fund Management, Jiutai Fund, Foresight Fund, Tengyue Fund.China Securities, Ping An Annuity, Ping An Fund, Wanjia Asset, Springs Capital, Pacific Asset Management, BOCOM Schroders Fund, Huabao Fund, Oriental Alpha Fund, Xinyuan Asset Management, HFT Fund, GTS Fund, Rongtong Fund, CPIC Fund, Industrial Securities, Guotai Junan Securities, Shenwan Hongyuan Securities.		
2021/11/12	Conference room of the Company	Field survey	Organizations	Yongan Guofu, Orient Securities Asset Management, Lead Wolf Fund, Ruiyuan Fund	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn

Section IV Corporate Governance

I. Basic situation of corporate governance

Since its listing, the Company has revised the *Articles of association, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Board of Supervisors* and established a series of corporate governance systems such as *the Management System of Raised Funds and the Management System of Public Information Disclosure* in strict accordance with the requirements of relevant laws and regulations such as *the Company Law, the Securities Law, the Code on the Governance of Listed Companies, the Guidelines for the Articles of Association of Listed Companies and the Stock Listing Rules of Shenzhen Stock Exchange*. During the reporting period, the corporate governance was in line with the requirements of *the Code on the Governance of Listed Companies* and other normative documents on corporate governance issued by the CSRC.

1. About shareholders and the General Meeting of Shareholders: The Company has convened and held the General Meeting of Shareholders in strict accordance with the provisions and requirements of *the Rules of Procedure of the General Meeting of shareholders and the Normative Opinions of the General Meeting of Shareholders of the Listed Company*, so as to ensure that all shareholders, especially minority shareholders can enjoy equal status and fully exercise their rights.

2. The relationship between the controlling shareholder and the listed company: The controlling shareholder regulates his behavior in strict accordance with the Code on *the Governance of Listed Companies and the Articles of Association*, and is able to exercise his rights and assume corresponding obligations according to law. The controlling shareholder of the Company is an individual who does not have other investment projects and does not directly or indirectly interfere with the Company's decision-making and business activities beyond the General Meeting of Shareholders. The Board of Directors, the Board of Supervisors and the corresponding departments of the Company can operate normally and have independence.

3. About directors and the Board of Directors: All the directors of the Company can carry out work in accordance with *the Rules of Procedure of the Board of Directors, the Independent Director System, and the Guidelines on the Conduct of Directors of Listed Companies in the SME Board*, attend relevant meetings seriously, actively participate in training, and be familiar with relevant laws and regulations. The Company elects directors

in strict accordance with the recruitment procedures prescribed in *the Articles of Association*. At present, the Company has 3 independent directors and 6 non-independent directors. The composition of the Board of Directors complies with the requirements of laws and regulations and the *Articles of Association*.

4. Supervisors and the Board of Supervisors: The Board of Supervisors is formed in strict accordance with relevant provisions of *the Company Law* and *the Articles of Association*. The Company's supervisors can, in accordance with *the Rules of Procedure of the Board of Supervisors*, conscientiously perform their duties, supervise the legality and compliance of the Company's financial status and major matters in good faith and responsibly, and safeguard the legitimate rights and interests of the Company and its shareholders.

5. Performance evaluation and incentive and restraint mechanisms: The Company has established a series of performance evaluation and incentive and restraint mechanisms, and the appointment of senior executives is open and transparent and complies with the requirements of relevant laws and regulations.

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

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

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

Yes No

No.

II. The independence of the Company from the controlling shareholder and actual controller in terms of ensuring the Company's assets, personnel, finance, organization, business, etc.

The controlling shareholder of the Company is a natural person, and the controlling shareholder has no other investment. The Company and the controlling shareholder are completely separated in terms of business,

personnel, assets, finance, etc. The Company has stable production and operation, and can operate independently and normatively.

1. Independent business: The business of the Company is independent from the controlling shareholder, with a complete and independent production, supply and marketing system, and is not dependent on shareholders or any other related parties.

2. Personnel independence: The Company has an independent staff team, and has established a sound personnel management system. The Company's chairman, general manager, deputy general managers, board secretary, chief financial officer and other senior executives work full-time in the Company and receive remuneration. They have not held any positions except directors and supervisors in the shareholder units holding more than 5% of the shares of the Company and their subordinate enterprises, or held any positions in other enterprises with the same or similar business as the Company. Personnel management is independent.

3. Independent assets: The Company has independent production and operation sites, production systems, supporting facilities, land use rights and house ownership, which are not shared with the controlling shareholder.

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

5. Financial independence: The Company has set up an independent financial accounting department and established an independent accounting system and financial management system, and carries out independent financial operations under the requirements of relevant accounting systems. The Company has separate bank accounts, and conducts independent tax declaration and performs payment obligations according to law.

III. Competition in the same industry

applicable not applicable

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

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

Meeting session	Meeting type	Investor participation ratio	Meeting date	Date of disclosure	Meeting resolution
2020 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	26.49%	March 30, 2021	March 31, 2021	1. Reviewed and approved the <i>Proposal on 2020 Annual Report and Summary</i> ; 2. Reviewed and approved the <i>Proposal on 2020 Final Financial Report</i> ; 3. Reviewed and approved the <i>Proposal on 2020 Profit Distribution Plan</i> ; 4. Reviewed and approved the <i>Proposal on 2020 Work Report of the Board of Directors</i> ; 5. Reviewed and approved the <i>Proposal on 2020 Work Report of the Board of Supervisors</i> ; 6. Reviewed and approved the <i>Proposal on Remuneration of Company Directors in 2020</i> ; 7. Reviewed and approved the <i>Proposal on Remuneration of Company Supervisors in 2020</i> ; 8. Reviewed and approved the <i>Proposal on Application for Comprehensive Credit Line from Banks by the Company and Its Subsidiaries in 2021</i> ; 9. Reviewed and approved the <i>Proposal on Renewing the Employment of Audit Institution in 2021</i> ; 10. Reviewed and approved the <i>Proposal on Increasing the Registered Capital of the Company</i> ; 11. Reviewed and approved the <i>Proposal on Changing Business Scope of the Company</i> ; 12. Reviewed and approved the <i>Proposal on Amendment of the Articles of Association</i> ; 13. Reviewed and approved the <i>Proposal on By-election of Independent Directors of the Company</i> .
First Extraordinary General Meeting of Shareholders in 2021	Extraordinary General Meeting of Shareholders	28.12%	May 10, 2021	May 11, 2021	1. Reviewed and approved the <i>Proposal on Extending the Validity Period of the Resolution of the Shareholders' Meeting for Non-public Offering of Stocks of the Company in 2020</i> ; 2. Reviewed and approved the <i>Proposal on Requesting the Shareholders' Meeting to Extend the Validity Period of Authorization to the Board of Directors of the Company for Handling Matters Related to the 2020 Non-public</i>

					Offering of Stocks.
Second Extraordinary General Meeting of Shareholders in 2021	Extraordinary General Meeting of Shareholders	37.85%	November 1, 2021	November 2, 2021	1. Reviewed and approved the <i>Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft) and Its Summary</i> ; 2. Reviewed and approved the <i>Proposal on Administrative Measures for the Implementation and Evaluation of the Company's 2021 Restricted Stock Incentive Plan</i> ; 3. Reviewed and approved the <i>Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's 2021 Restricted Stock Incentive Plan</i> ; 4. Reviewed and approved the <i>Proposal on Increasing the Registered Capital of the Company</i> ; 5. Reviewed and approved the <i>Proposal on Amendment of the Articles of Association</i> .
Third Extraordinary General Meeting of Shareholders in 2021	Extraordinary General Meeting of Shareholders	31.92%	December 27, 2021	December 28, 2021	Reviewed and approved the <i>Proposal on Foreign Investment of and Signing of Investment Agreement by Wholly Owned Subsidiaries</i>

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

applicable not applicable

V. Information of directors, supervisors and senior management

1. Overview

Name	Position	Position status	Gender	Age	Commencement date of tenure	Termination date of tenure	Number of shares held at the beginning of the period (shares)	Stock option	Number of restricted shares granted (shares)	Number of additional shares held in the current period	Number of shares reduced in the current period	Other changes (shares)	Number of shares held at the end of the period (shares)	Reasons for increase or decrease of shares

										(shares)	(share s)			
Wu Yongqiang	Chairman of the Board	Incumbent	Male	57	2011/8/29	2023/9/13	212,008,715	0	0	0	0	0	212,008,715	Not applicable
Ji Shuhai	Director	Incumbent	Male	60	2011/8/29	2023/9/13	27,318,642	0	0	0	0	0	27,318,642	Not applicable
Zheng Sibin	Director and deputy general manager	Incumbent	Male	56	2011/8/29	2023/9/13	5,243,970	240,000	533,000	0	0	773,000	6,016,970	The second exercise period of stock options in 2018 met the exercise conditions, and restricted shares were granted according to the restricted stock incentive plan in 2021.
Ma Wei	Director and deputy general manager	Incumbent	Male	47	2011/8/29	2023/9/13	7,634,934	300,000	616,000	0	0	916,000	8,550,934	The second exercise period of stock options in 2018 met the exercise conditions, and restricted shares

														were granted according to the restricted stock incentive plan in 2021.
Peng Ganquan	Director	Incumbent	Male	50	2011/8/29	2023/9/13	3,896,900	360,000	400,000	0	0	760,000	4,656,900	The second exercise period of stock options in 2018 met the exercise conditions, and restricted shares were granted according to the restricted stock incentive plan in 2021.
Wu Hang	Director	Incumbent	Male	38	2014/9/12	2023/9/13	0	0	0	0	0	0	0	Not applicable
Huang Yuegang	Independent Director	Incumbent	Male	64	2020/9/14	2023/9/13	0	0	0	0	0	0	0	Not applicable
Hua Xiuping	Independent Director	Incumbent	Female	44	2017/9/09	2023/9/13	0	0	0	0	0	0	0	Not applicable
Li Xumeng	Independent	Incumbent	Male	56	2021/3/31	2023/9/13	0	0	0	0	0	0	0	Not applicable

	Director													le
Shi Yun	Independent Director	Appointment and removal	Male	44	2017/9/09	2021/3/31	0	0	0	0	0	0	0	Not applicable
Wen Zhaohui	Deputy General Manager and Secretary of the Board of Directors	Incumbent	Female	48	2011/8/29	2023/9/13	2,108,127	180,000	183,000	60,000	0	363,000	2,531,127	The second exercise period of stock options in 2018 met the exercise conditions, and restricted shares were granted according to the restricted stock incentive plan in 2021.
Xiang Wei	Finance Chief Director	Incumbent	Male	45	2019/1/10	2023/9/13	301,500	120,000	183,000	0	0	303,000	604,500	The second exercise period of stock options in 2018 met the exercise conditions, and restricted shares were granted according to the

														restricted stock incentive plan in 2021.
Dai Huijuan	Supervisor	Incumbent	Female	46	2011/8/29	2023/9/13	319,612.00	0.00	0.00	0.00	0.00	0.00	319,612.00	Not applicable
Kang Weiquan	Supervisor	Incumbent	Male	38	2014/8/21	2023/9/13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Not applicable
Chen Jinzhou	Supervisor	Incumbent	Male	44	2017/2/15	2023/9/13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Not applicable
Total	--	--	--	--	--	--	258,832,400.00	1,200,000.00	1,915,000.00	60,000.00	0.00	3,115,000.00	262,007,400.00	--

Whether there is any demission of directors and supervisors and dismissal of senior management during the term of office in the reporting period

Yes No

Mr. Shi Yun applied to resign as an independent director of the seventh Board of Directors of the Company for personal reasons on March 31, 2021. The Company has completed the by-election of independent directors.

Changes in directors, supervisors and senior executives of the Company

applicable not applicable

Name	Position	Type	Date	Reason
Shi Yun	Independent director	Outgoing	March 31, 2021	Resignation
Li Xumeng	Independent director	Be elected	March 31, 2021	By-election of independent directors

2. Employment status

Professional background and main work experience of the Company's current directors, supervisors and senior executives and their main responsibilities in the Company

(1) Members of the Board of Directors

Wu Yongqiang, male, born in 1965, holds a master's degree and has no right of permanent residence abroad. He is a local leading talent recognized by Shenzhen City. He has won the titles "Shenzhen Young Science and Technology Leader" awarded by Shenzhen Municipal Government and "Top Ten Outstanding Young People" in

Nanshan District, Shenzhen. He served successively as lecturer of Harbin Institute of Technology and vice chairman of the Company. Now he serves as chairman of the Board of Directors of the Company, chairman of the Board of Directors of Shenzhen Topband Software Technology Co., Ltd., executive director of Shenzhen Topband Battery Co., Ltd., executive (managing) director of Shenzhen Hongru Investment Management Co., Ltd., partner of Shenzhen Hongru Investment Enterprise (Limited Partnership), executive director of Shenzhen Yankai Electric Technology Co., Ltd., executive director and general manager of Ningbo Topband Intelligent Control Co., Ltd., and director of Topband (Hong Kong) Co., Ltd.

Zheng Sibin: Male, born in 1966, master's degree, certified public accountant. He has no right of permanent residence abroad. He served successively as office director and deputy factory director of Zhejiang Songyang Brewery, financial supervisor of Nantai Electronics (Shenzhen) Co., Ltd., and manager and chief financial officer of the financial department of the Company. Now he serves as director, deputy general manager and general manager of the business unit of the Company, supervisor of Shenzhen Topband Software Technology Co., Ltd. and supervisor of Chongqing Topband Industrial Co., Ltd.

Ma Wei: Male, born in 1974. He holds a bachelor's degree and has no right of permanent residence abroad. He served successively as technical development engineer of Shenzhen Huafa Electronics Co., Ltd., technical development engineer and general manager of the Company. Now he serves as director, deputy general manager and general manager of the business unit of the Company.

Ji Shuhai: Male, born in 1962, master's degree, senior engineer. He has no right of permanent residence abroad. He served successively as engineer of Guangzhou Wanbao Electrical Appliance Group Company and chairman and general manager of the Company. Now he serves as director and general manager of Shenzhen Shuofang Precision Machinery Co., Ltd.

Peng Ganquan: Male, born in 1972, master's degree. He has no right of permanent residence abroad. He served successively as engineer of Hunan Instrument and Meter General Factory, development engineer, technical director and deputy general manager of the electrical business unit of the Company. Now he serves as director of the Company, general manager and executive director of Shenzhen Allied Control System Co., Ltd., and director of Topband India Private Limited.

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

Huang Yuegang: Male, born in October 1958, graduated from Jilin University of Finance and Economics

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

Hua Xiuping: Female, born in 1978, Ph.D. She has no right of permanent residence abroad. She served successively as researcher of China Finance Forty Forum, visiting scholar of School of Oriental and African Studies, University of London funded by British Academy of Sciences, guest editor of European Finance Journal, part-time vice president and partner of Junrun Capital. She is currently an independent director of the Company, professor of finance and doctoral supervisor in Nottingham University Business School (China), and an independent director of the Bank of Dongguan Co., Ltd., Ningbo Fubang Jingyi Group Co., Ltd. and Ningbo Yuyao Rural Commercial Bank Co., Ltd.

Li Xumeng: Male, born in 1966, Chinese nationality, no permanent residence abroad, Ph.D. in business management. He served as a consultant in Beijing Shangheng Zhiben Management Consulting Co., Ltd. and Shanghai Danfu Business Consulting Center. He is currently a researcher at Zhuoyuehui Innovation Development (Shenzhen) Co., Ltd.

(2) Members of the Board of Supervisors

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

Chen Jinzhou: Male, born in 1978, permanent resident of Hong Kong, China, and doctor of The Chinese University of Hong Kong. He served successively as electronic engineer of Hong Kong Productivity Council, senior researcher of Beijing Noitom Technology Co., Ltd., and senior chief engineer of Johnson Electric. Now he serves as deputy general manager of the microelectronics business unit of the Company and supervisor of the

board of supervisors of the Company.

Kang Weiquan, male, born in 1984, bachelor's degree. He has no right of permanent residence abroad. He once served as cost accountant of Shenzhen Yihe Precision Industry Holding Co., Ltd. Now he serves as cost accountant and employee representative supervisor at the Company.

(3) Senior executives

Wu Yongqiang, general manager. See the resumes of the members of the Board of Directors.

Zheng Sibin, deputy general manager. See the resumes of the members of the Board of Directors.

Ma Wei, deputy general manager. See the resumes of the members of the Board of Directors.

Wen Zhaohui: Female, born in 1974, bachelor's degree, accountant. She has no right of permanent residence abroad. She served successively as supervisor of the financial department and manager and chief financial officer of the financial department at Shenzhen Topband Co., Ltd., director of Shenzhen Dynanonic Co., Ltd., and director of Shenzhen Zhongzhi Yingke Electric Technology Co., Ltd. Now she serves as deputy general manager, secretary of the Board of Directors of the Company and director of Shenzhen Yuchengxin Power Technology Co., Ltd. Ms. Wen Zhaohui has been honored as "New Fortune Golden Secretary" for five consecutive years. She won the titles of "Excellent Secretary" awarded by Shenzhen Securities Regulatory Bureau and "Securities Times Top 100 Board Secretaries" in 2015, 2016 and 2017, and was selected into "New Fortune Hall of Fame of Golden Secretaries in 2019".

Xiang Wei: male, born in 1977, bachelor's degree, senior management accountant and international accountant. He has no right of permanent residence abroad. He served successively as chief accountant of North China Aluminum Co., Ltd., accounting officer and subsidiary financial manager of Yiyang Jewelry Industry Co., Ltd., and deputy financial manager and financial manager of Shenzhen Topband Co., Ltd. Now he serves as chief financial officer of the Company.

Positions in the shareholders' units

applicable not applicable

Positions in other units

applicable not applicable

Name of staff	Names of other companies	Positions held in other companies	Commencement date of tenure	Termination date of tenure	Are remuneration and allowances received from other companies

Wu Yongqiang	Shenzhen Topband Software Technology Co., Ltd.	Executive director	September 18, 2014		No
Wu Yongqiang	Shenzhen Topband Battery Co., Ltd.	Executive director and general manager	April 29, 2009		No
Wu Yongqiang	Shenzhen Hongru Investment Management Co. Ltd.	Executive (Managing) Director	August 20, 2015		No
Wu Yongqiang	Shenzhen Hongru Investment Enterprise (Limited Partnership)	Partner	September 2, 2015		No
Wu Yongqiang	Shenzhen Topband Suzhou Intelligent Technology Co., Ltd.	Executive director and general manager	February 7, 2017		No
Wu Yongqiang	Shenzhen YAKO Automation Technology Co., Ltd.	Chairman of the Board	December 24, 2022		No
Wu Yongqiang	Shenzhen Topband Automation Technology Co., Ltd.	Executive director	November 24, 2016		No
Wu Yongqiang	Shenzhen Yankai Electrical Technology Co., Ltd.	Executive director and general manager	May 5, 2019		No
Wu Yongqiang	Topband (Qingdao) Intelligent Control Co., Ltd.	Executive director and general manager	March 29, 2021		No
Wu Yongqiang	Ningbo Topband Intelligent Control Co., Ltd.	Executive director and general manager	August 28, 2017		No
Ji Shuhai	Shenzhen Shuofang Precision Machinery Co., Ltd.	Executive director and general manager	May 24, 2010		Yes
Peng Ganquan	Shenzhen Allied Control System Co., Ltd.	Executive director and general manager	December 20, 2016		No
Peng Ganquan	Shenzhen Topband Automotive Electronics	General	September 7, 2021		No

	Co., Ltd.	Manager			
Peng Ganquan	TOPBAND INDIA PRIVATE LIMITED	Director	December 11, 2015		No
Zheng Sibin	Shenzhen Topband Software Technology Co., Ltd.	Supervisor	February 26, 2004		No
Zheng Sibin	Chongqing Topband Industrial Co., Ltd.	Supervisor	March 12, 2008		No
Hua Xiuping	Ningbo Fubang Jingye Group Co., Ltd.	Independent director	March 28, 2020		Yes
Hua Xiuping	Ningbo Yuyao Rural Commercial Bank Co., Ltd.	Independent director	February 17, 2022		Yes
Hua Xiuping	Bank of Dongguan Co. Ltd.	Independent director	June 1, 2020		Yes
Hua Xiuping	Nottingham University Business School (China)	Associate Professor of Finance	July 1, 2016		Yes
Li Xumeng	Zhuoyuehui Innovation Development (Shenzhen) Co., Ltd.	Researcher	June 1, 2018		Yes
Huang Yuegang	Shenzhen Aoya Design Co., Ltd.	Independent director	July 6, 2021		Yes
Huang Yuegang	Guizhou Tyre Co., Ltd.	Independent director	March 1, 2019		Yes
Dai Huijuan	Huizhou Topband Electrical Technology Co., Ltd.	Executive director and general manager	November 14, 2011		No
Dai Huijuan	Shenzhen Topband Automotive Electronics Co., Ltd.	Supervisor	September 7, 2021		No
Description of employment in other units	None				

Punishments imposed by securities regulatory authorities on current and outgoing directors, supervisors and senior executives of the company in recent three years

applicable not applicable

3. Remuneration of directors, supervisors and senior executives

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

1. Decision-making procedure and determination basis of the remuneration: According to the "Salary Management System for Directors, Supervisors and Senior Executives" approved by the resolution of the General Meeting of Shareholders of the Company, salaries shall be paid to the directors, supervisors and senior executives of the Company. After the salary and assessment committee formulates a salary scheme for directors, it shall be submitted to the Board of Directors for deliberation and application shall be to the General Meeting of Shareholders for approval.

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

Remuneration of directors, supervisors and senior executives during the reporting period

Unit: 1,0000 yuan

Name	Position	Gender	Age	Position status	Total pre-tax remuneration received from the Company	Is remunerations received from related parties of the Company
Wu Yongqiang	Chairman of the Board	Male	57	Incumbent	157.7	No
Ji Shuhai	Director	Male	60	Incumbent	8.4	No
Zheng Sibin	Director and deputy general manager	Male	56	Incumbent	167.87	No
Ma Wei	Director and deputy general manager	Male	48	Incumbent	166.9	No
Peng Ganquan	Director	Male	50	Incumbent	160.15	No
Wu Hang	Director	Male	38	Incumbent	8.4	No
Li Xumeng	Independent director	Male	56	Incumbent	6.3	No
Hua Xiuping	Independent director	Female	44	Incumbent	8.4	No

Shi Yun	Independent director	Male	44	Incumbent	2.1	No
Wen Zhaohui	Deputy General Manager and Secretary of the Board of Directors	Female	48	Incumbent	89.96	No
Xiang Wei	Chief financial officer	Male	45	Incumbent	74.03	No
Dai Huijuan	Supervisor	Female	46	Incumbent	96.12	No
Kang Weiquan	Supervisor	Male	38	Incumbent	34.11	No
Chen Jinzhou	Supervisor	Male	44	Incumbent	89.09	No
Huang Yuegang	Independent director	Male	64	Incumbent	8.4	No
Total	--	--	--	--	1,077.93	--

VI. Performance of duties by directors during the reporting period

1. Conditions of the Board of Directors during the reporting period

Meeting session	Meeting date	Date of disclosure	Meeting resolution
The Fifth Meeting of the Seventh Board of Directors	January 14, 2021	January 16, 2021	1. Reviewed and approved the <i>Proposal on the Acquisition of 83.5% Equity of Taixing Ninghui Lithium Battery Co., Ltd. by Subsidiaries through Equity Transfer and Capital Increase</i> ; 2. Reviewed and approved the <i>Proposal on Developing Forward Foreign Exchange Trading Business</i> ; 3. Reviewed and approved the <i>Proposal on Signing the Purchase Framework Agreement with Shenzhen Jizhiguang Electronics Co., Ltd.</i> ; 4. Reviewed and approved the <i>Proposal on Cancelling the Awarded but Unexercised Stock Options of Ex-employees under the 2018 Stock Option Incentive Plan</i> .
The Sixth Meeting of the Seventh Board of Directors	March 5, 2021	March 9, 2021	1. Reviewed and approved the <i>Proposal on 2020 Annual Report and Summary</i> ; 2. Reviewed and approved the <i>Proposal on 2020 Work Report of the Board of Directors</i> ; 3. Reviewed and approved the <i>Proposal on 2020 Work Report of the General Manager</i> ; 4. Reviewed and approved the <i>Proposal on 2020 Final Financial Report</i> ; 5. Reviewed and approved the <i>Proposal on 2020 Profit Distribution Plan</i> ; 6. Reviewed and approved the <i>Proposal on 2020 Annual Internal Control Evaluation Report</i> ; 7. Reviewed and approved the <i>Proposal on Remuneration of Company Directors in 2020</i> ; 8. Reviewed and approved the

			<p><i>Proposal on Remuneration of Senior Management of the Company in 2020</i>; 9. Reviewed and approved the <i>Proposal on Special Report on Deposit and Actual Use of Raised Funds in 2020</i>; 10. Reviewed and approved the <i>Proposal on the Second Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights</i>; 11. Reviewed and approved the <i>Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan</i>; 12. Reviewed and approved the <i>Proposal on Adjusting the Exercise Price of the 2018 Stock Option Incentive Plan</i>; 13. Reviewed and approved the <i>Proposal on Using Part of Idle Raised Funds and Self-owned Funds to Purchase Bank Financial Products</i>; 14. Reviewed and approved the <i>Proposal on Application for Comprehensive Credit Line from Banks by the Company and Its Subsidiaries in 2021</i>; 15. Reviewed and approved the <i>Proposal on Renewing the Employment of Audit Institution in 2021</i>; 16. Reviewed and approved the <i>Proposal on Social Responsibility Report in 2020</i>; 17. Reviewed and approved the <i>Proposal on Provision for Asset Impairment in 2020</i>; 18. Reviewed and approved the <i>Proposal on Increasing the Registered Capital of the Company</i>; 19. Reviewed and approved the <i>Proposal on Changing Business Scope of the Company</i>; 20. Reviewed and approved the <i>Proposal on Amendment of the Articles of Association</i>; 21. Reviewed and approved the <i>Proposal on the Notice of Holding the 2020 Annual General Meeting of Shareholders</i></p>
The Seventh (Extraordinary) Meeting of the Seventh Board of Directors	March 18, 2021	March 19, 2021	<p>1. Reviewed and approved the <i>Proposal on Adding Temporary Proposals at the 2020 Annual General Meeting of Shareholders of the Company</i>; 2. Reviewed and approved the <i>Proposal on By-election of Independent Directors of the Company</i></p>
The Eighth (Extraordinary) Meeting of the Seventh Board of Directors	April 21, 2021	April 23, 2021	<p>1. Reviewed and approved the <i>Proposal on Requesting the Shareholders' Meeting to Extend the Validity Period of Authorization to the Board of Directors of the Company for Handling Matters Related to the 2020 Non-public Offering of Stocks</i>; 2. Reviewed and approved the <i>Proposal on Extending the Validity Period of the Resolution of the Shareholders' Meeting for Non-public Offering of Stocks of the Company in 2020</i>; 3. Reviewed and approved the <i>Proposal on Convening the First Extraordinary Shareholders' Meeting of the Company in 2021</i></p>
The Ninth Meeting of the Seventh Board of Directors	April 26, 2021	April 27, 2021	<p>1. Reviewed and approved the <i>Proposal on the Full Text and Main Body of the First Quarter Report of 2021</i>; 2. Reviewed and approved the <i>Proposal on Adjusting the Exercise Price of</i></p>

			<i>the 2018 Stock Option Incentive Plan</i> ; 3. Reviewed and approved the <i>Proposal on Formulating the Management System of Subsidiaries</i> ; 4. Reviewed and approved the <i>Proposal on Formulating the Internal Control Management System</i> ; 5. Reviewed and approved the <i>Proposal on Amending the Management System of Public Information Disclosure</i> ; 6. Reviewed and approved the <i>Proposal on the Company Opening a Special Account for Funds Raised from Non-public Offerings and Signing a Supervision Agreement for Raised Funds</i> .
The Tenth Meeting of the Seventh Board of Directors	June 8, 2021	June 9, 2021	1. Reviewed and approved the <i>Proposal on Increasing the Amount of Idle Raised Funds to Buy Bank Financial Products</i> 2. Reviewed and approved the <i>Proposal on Using Part of Idle Raised Funds for Temporary Supplementation of Working Capital</i> 3. Reviewed and approved the <i>Proposal on Replacement of Pre-invested Self-raised Funds with Raised Funds</i>
The Eleventh Meeting of the Seventh Board of Directors	July 26, 2021	July 28, 2021	1. Reviewed and approved the <i>Proposal on Semi-annual Report and Summary in 2021</i> ; 2. Reviewed and approved the <i>Proposal on Semi-annual Special Report on Deposit and Use of Raised Funds in 2021</i> ;
The Twelfth Meeting of the Seventh Board of Directors	August 17, 2021	August 18, 2021	1. Reviewed and approved the <i>Proposal on Increasing Investment in Wholly Owned Subsidiaries and Foreign Investment</i>
The Thirteenth (Extraordinary) Meeting of the Seventh Board of Directors	September 20, 2021	September 22, 2021	1. Reviewed and approved the <i>Proposal on the 2021 Restricted Stock Incentive Plan (Plan) of the Company</i>
The Fourteenth Meeting of the Seventh Board of Directors	October 13, 2021	October 14, 2021	1. Reviewed and approved the <i>Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft) and Its Summary</i> ; 2. Reviewed and approved the <i>Proposal on Administrative Measures for the Implementation and Evaluation of the Company's 2021 Restricted Stock Incentive Plan</i> ; 3. Reviewed and approved the <i>Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's 2021 Restricted Stock Incentive Plan</i> ; 4. Reviewed and approved the <i>Proposal on Increasing the Registered Capital of the Company</i> ; 5. Reviewed and approved the <i>Proposal on Amendment of the Articles of Association</i> ; 6. Reviewed and approved the <i>Proposal on Convening the Second Extraordinary Shareholders' Meeting in 2021</i>
The Fifteenth (Extraordinary) Meeting of	October 27, 2021		1. Reviewed and approved the <i>Proposal on the Third Quarter Report of 2021</i>

the Seventh Board of Directors			
The Sixteenth (Extraordinary) Meeting of the Seventh Board of Directors	November 2, 2021	November 3, 2021	1. Reviewed and approved the <i>Proposal on Adjusting the Number of Stock Options Granted under the 2021 Restricted Stock Incentive Plan and List of Incentive Objects</i> ; 2. Reviewed and approved the <i>Proposal on Granting Restricted Shares to Incentive Objects</i>
The Seventeenth (Extraordinary) Meeting of the Seventh Board of Directors	December 7, 2021	December 9, 2021	1. Reviewed and approved the <i>Proposal on Foreign Investment of and Signing of Investment Agreement by Wholly Owned Subsidiaries</i> ; 2. Reviewed and approved the <i>Proposal on Adjusting the Number of Stock Options Granted under the 2021 Restricted Stock Incentive Plan and List of Incentive Objects</i> ; 3. Reviewed and approved the <i>Proposal on Convening the Third Extraordinary Shareholders' Meeting in 2021</i>

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

Attendance of directors at board meetings and the general meetings of shareholders							
Names of directors	Number of board meetings that shall be attended during this reporting period	Number of board meetings that shall be attended on the spot	Number of board meetings attended by means of communication	Number of times of entrusted attendance at board meetings	Number of times of absence from board meetings	Did any of them fail to attend board meetings in person for two consecutive times	Number of the general meetings of shareholders attended
Wu Yongqiang	13	13	0	0	0	No	4
Ji Shuhai	13	0	13	0	0	No	4
Ma Wei	13	13	0	0	0	No	4
Peng Ganquan	13	13	0	0	0	No	4
Zheng Sijin	13	13	0	0	0	No	4
Wu Hang	13	0	13	0	0	No	4
Shi Yun	3	0	3	0	0	No	1
Huang Yuegang	13	1	12	0	0	No	4
Hua Xiuping	13	0	13	0	0	No	4
Li Xumeng	10	0	10	0	0	No	3

Description of absence from board meetings for two consecutive times

Not applicable

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

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

Yes No

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

4. Other descriptions of directors' performance of duties

Were the relevant suggestions of directors to the Company adopted

Yes No

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

Not applicable

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

Names of committees	Information about members	Number of meetings held	Meeting date	Meeting content	Important opinions and suggestions put forward	Other performance of duties	Details of objections (if any)
Audit Committee	Huang Yuegang, Hua Xiuping, Shi Yun	2	2021/1/21	Deliberation: 1. Proposal on the Work Report of the Audit Department in the Fourth Quarter of 2020 and the Work Plan for the First Quarter of 2021; 2. Proposal on the Work Summary of the Audit Department in 2020 and the Work Plan for the Next Year; 3. Proposal on the Audit Work Schedule of Topband's 2020 Annual Report; 4. Proposal on Financial Department Providing Preliminary Examination Opinions on Financial and Accounting Statements in 2020.	The Audit Committee audited the matters under consideration in strict accordance with the Working Rules of the Audit Committee under the Board of Directors and relevant laws and regulations, fully communicated with the Financial Department and the audit institution, and unanimously agreed to the relevant proposal.	Not applicable	Not applicable
			2021/3/5	Deliberation: 1. Proposal on Opinions of 2020 Financial and Accounting Report of the Company; 2. Proposal on 2020 Internal Control Evaluation Report of the Company; 3. Proposal on Renewing the Employment of Baker Tilly China Certified Public Accountants as the Audit Institution in 2021; 4. Proposal on Provision for Asset Impairment in 2020		Not applicable	Not applicable
		2021/4/26	Deliberation: 1. Proposal on Opinions of Financial and Accounting Statements of the Company for the First Quarter of 2021; 2. Proposal on First Quarter Work Report and Second Quarter Work Plan of	Not applicable		Not applicable	

				<i>Audit Department in 2021</i>			
			2021/7/27	Deliberation: 1. Proposal on Opinions of Financial and Accounting Report of the Company for the Second Quarter of 2021; 2. Proposal on the Second Quarter Work Report and Third Quarter Work Plan of Audit Department in 2021.		Not applicable	Not applicable
			2021/10/27	Deliberation: 1. Proposal on Opinions of Financial and Accounting Report of the Company for the Third Quarter of 2021; 2. Proposal on the Third Quarter Work Report and Fourth Quarter Work Plan of the Audit Department in 2021		Not applicable	Not applicable
Nomination committee	Shi Yun, Wu Yongqiang, Huang Yuegang	1	2021/3/17	Reviewed and approved the Proposal on By-election of Independent Directors of the Company	The Nominating Committee examined the qualifications of candidates carefully and unanimously agreed to the relevant proposal.	Not applicable	Not applicable
Salary and Assessment Committee	Hua Xiuping, Wu Yongqiang, Huang Yuegang	2	2021/3/5	Deliberation: 1. Proposal on Remuneration of Company Directors in 2020 2. Proposal on Remuneration of Senior Management of the Company in 2020	The Remuneration and Appraisal Committee under the Board of Directors reviewed the matters under consideration in strict accordance with the Working Rules of Remuneration and Appraisal Committee under the Board of Directors and relevant laws and regulations, and unanimously agreed to the relevant proposal.	Not applicable	Not applicable
			2021/10/13	Deliberation: Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft) and Its Summary; 2. Proposal on Administrative Measures for the Implementation and Evaluation of the Company's 2021 Restricted Stock Incentive Plan; 3. Proposal on the List of Incentive Objects under the Company's 2021 Restricted Stock Incentive Plan; N/A			
Strategy Committee	Wu Yongqiang,	0	-	-	Not applicable	Not applicable	Not applicable

	Zheng Sibin, Peng Ganquan, Ma Wei, Li Xumeng						
Nomination committee	Li Xumeng, Wu Yongqiang, Huang Yuegang	1	2021/3/17	<i>Proposal on By-election of Independent Directors of the Company</i>	The Nominating Committee examined the qualifications of candidates carefully and unanimously agreed to the relevant proposal.	Not applicable	Not applicable

VIII. Work of the Board of Supervisors

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

Yes No

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

IX. Information on the Company's employees

1. Number, professional composition and education level of employees

Number of on-the-job employees in the parent company at the end of the reporting period (persons)	2,235
Number of on-the-job employees in major subsidiaries at the end of the reporting period (persons)	6,210
Total number of on-the-job employees at the end of the reporting period (persons)	8,445
Total number of salaried employees in the current period (persons)	8,454
Number of retired employees paid by the parent company and major subsidiaries (persons)	6
Professional composition	
Major composition category	Number of persons of professional composition (persons)
Production personnel	5,001
Sales personnel	546
Technical personnel	1,582
Financial personnel	84
Administrative personnel	606

Logistics personnel	626
Total	8,445
Education level	
Education level category	Number (persons)
Bachelor's degree or above	2,608
Junior college level	1,205
Below junior college level	4,632
Total	8,445

2. Salary policy

According to the relevant national labor laws and policies and the actualities of the Company, the Company has formulated salary management regulations, and the salary is assessed and paid in accordance with the salary management regulations. The Company strictly abides by *the Labor Law* and relevant national and local labor laws and regulations, signs labor contracts with employees, and pays various employee insurance premiums according to the regulations. The overall salary of the Company consists of the following three parts: fixed salary, performance salary and welfare allowance. Fixed salary includes basic salary, post salary and confidential salary; performance salary includes a performance bonus, a year-end bonus and a special bonus; benefits include statutory benefits, company benefits and allowances.

3. Training plan

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

In 2021, the talent development department of the Company and other relevant departments carried out a series of training. In order to help new employees better adapt to the new work environment and operating posts, understand relevant systems of the Company and integrate themselves into the enterprise culture, the human resource center of the Company has specially arranged a systemic training plan for "Topband New Employee Training", and the training covers the company profile, welfare, corporate culture, information system, finance,

and intellectual property rights, legal basis, ISC core ideas and professional mental health, etc."Topband Newcomer Training" has become a systematic newcomer training plan of the Company. In 2021, the Company held 14 sessions of new employee training and 94 sessions of employee training in Shenzhen and Huizhou.

In addition to SAP system training and TC system training, the Company will also hold various professional training for different positions from time to time, including financial, legal, patent, customs, procurement and supply chain training, sales training, R&D training, manufacturing and quality training, as well as subject exchange and sharing of various professional modules and technologies. The Company's training topics in 2021 covered R&D modules, manufacturing and quality modularization, power IC technology, trademarks, customs knowledge, PCB design specifications, prevention and response of workplace-related psychological problems, project management, supply chain strategy and plan change, supplier negotiation and other topics. To meet employees' needs of self-competence improvement and make full use of the Company's internal wisdom, the Company invited internal lecturers for development according to the needs of students during the reporting period, including skills such as *PPT Production*, management such as the *Improvement of Team Cohesion*, mental health such as *Mental Health Sandplay Experience*, *Flower Arrangement Experience*, *Learning Photography* and other interest courses, which won unanimous praise within the Company. The Company will also seek for external high-quality training and communication opportunities actively to improve the professional ability of employees effectively. In 2021, external communication topics of the Company covered innovative methodology (TRIZ), electromagnetic compatibility (EMC) design and test case analysis, electronic product reliability and DOE test design, etc.

In terms of the training of leadership promotion, the Company designed and implemented training camps for management ability and leadership promotion at all levels in 2021, realizing the full coverage of training of management cadres at all levels from grass-roots reserve cadres, grass-roots team leaders to middle-level supervisors and managers, and then to managers of BUs of the Company, with an aim to improve the comprehensive ability of its management and provide talent guarantee for its strategic implementation.

During the reporting period, Topband adhered to the concept of mutual benefit, mutual trust, mutual assistance and common development with its supplier partners over the years, and started from five major areas, including supply chain, quality, management, HR and EAP, and set up a supplier communication platform initially, which was committed to the common growth of the Company and suppliers.

The Company always pays more attention to the training plan. In order to improve the pertinence of training and enhance the professional ability of personnel in all departments of the Company, the module heads of all the

departments of the Company and the talent development department of the human resources center of the Company have jointly formulated the 2022 annual training plan. In order to improve the internal implementation ability of each department, the module heads of all departments and the corresponding lecturers ensure that the training plan will be carried out in an effective and orderly manner, and the talent development department of the human resources center will supervise and manage the implementation. The training plan for 2022 covers topics such as management, professional technical theory and practice, negotiation, customer development and management. In terms of course design, teaching method, training system, instructor team and other resources, the Company has effectively guaranteed the opportunities for employees to learn and grow, safeguarding the career development of employees.

4. Information on labor outsourcing

applicable not applicable

X. Profit distribution of the Company and conversion of capital accumulation fund into share capital

Profit distribution policy during the reporting period, especially the formulation, implementation or adjustment of the cash dividend policy

applicable not applicable

During the reporting period, the Board of Directors of the Company formulated the profit distribution proposal in 2020 after detailed consultation and listening to the opinions of the shareholders of the Company in combination with the Company's profit situation and investment situation in 2020 and the investment and expenditure plans in 2021, which was deliberated and approved by the 6th Meeting of the 7th Board of Directors and the Annual General Meeting of Shareholders in 2020. The profit distribution plan of the Company in 2020 was based on the total share capital of 1,120,377,889 shares (excluding 14,838,920 shares of treasury stock that have been repurchased) of the Company and the cash dividends of 0.5 yuan (including tax) for every 10 shares was distributed to all shareholders. Besides, no share capital was converted from the accumulation fund and no bonus share was given. The profit distribution plan above was implemented on April 9, 2021. The 2020 annual profit distribution plan complied with laws, regulations, *the Articles of Association and the Company's Shareholders' Dividend Plan for the Next Three Years (2020-2022)*. The profit distribution decision-making procedure complied with relevant laws, regulations and rules.

Special explanation of cash dividend policy	
Whether it met the requirements of the Articles of Association or the resolution of the General Meeting of Shareholders:	Yes
Whether the dividend standard and proportion were definite and clear:	Yes
Whether the relevant decision-making procedures and mechanisms were complete:	Yes
Whether the Independent Director performed their duties and played their due roles:	Yes
Whether the medium and small shareholders had the opportunity to fully express their opinions and demands and whether their legitimate rights and interests have been fully protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures were compliant and transparent:	Not applicable

The Company made a profit during the reporting period and the profit of the parent company available for shareholders' distribution was positive, but no cash dividend distribution proposal was proposed

applicable not applicable

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

applicable not applicable

Number of bonus shares send for every 10 shares (shares)	0
Number of dividend paid for every 10 shares (yuan) (including tax)	0.50
Number of conversion for every 10 shares (shares)	0
Share capital base of the distribution proposal (shares)	1,256,978,072
Cash dividend amount (yuan) (including tax)	62,848,903.60 ¹
Cash dividend amount (yuan) by other means (such as share repurchase)	0
Total cash dividends (including other means) (yuan)	62,848,903.60
Distributable profit (yuan)	1,064,111,338.27
Proportion of total cash dividends (including other means) in total profit distribution	100%
Cash dividend situation of this time	
If the development stage of the Company is a growth period and there are major capital expenditure arrangements, the minimum proportion of cash dividends in this profit distribution should reach 20% during profit distribution	

Detailed description of the profit distribution or capital accumulation fund conversion proposal

Profit distribution proposal in 2021: It was based on 1,256,978,072 shares of the Company's total share capital and the cash dividends of 0.5 yuan (including tax) for every 10 shares were distributed to all shareholders. Besides, no share capital was converted from the accumulation fund and no bonus share was given. The accumulated undistributed profits remaining after the implementation of the profit distribution plan will be carried forward to subsequent years. If the total share capital of the Company changed due to the share repurchase, exercise of stock options and other reasons before the implementation of the profit distribution plan, the total amount of distribution should be adjusted accordingly in the principle that the distribution ratio per share remains unchanged.

Note 1: The dividend amount is the estimated amount calculated based on the share capital and dividend ratio at the end of the reporting period. The specific dividend amount is subject to the subsequent actual dividend.

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

applicable not applicable

1. Stock incentive

1. Implementation of the stock option incentive plan in 2018

On October 26, 2018, the 7th Meeting of the 6th Board of Directors and the 5th Meeting of the 6th Board of Supervisors of the Company deliberated and approved the *Proposal on the Company's 2018 Stock Option Incentive Plan (Draft) and Its Abstract*, which was approved by the Company's first Extraordinary General Meeting of Shareholders in 2018. The grant registration was completed on January 4, 2019 and a total of 684 incentive objects were granted 42.887 million stock options. Among them, 684 incentive objects were all directors, middle and senior executives and core technology (business) backbones of the Company. The grant price was 3.80 yuan/share and the grant date was November 27, 2018. The stock option was locked within 12 months from the date of grant. After meeting the exercise conditions, the incentive objects could apply for exercise in three phases within 48 months after the date of grant.

On July 26, 2019, the 15th Meeting of the 6th Board of Directors and the 12th Meeting of the 6th Board of Supervisors of the Company deliberated and approved the Proposal on Adjustment of the Exercise Price of the Stock Option Incentive Plan in 2018. As the Company implemented the equity distribution in 2018, the exercise price was adjusted from 3.80 yuan/share to 3.70 yuan/share.

On March 30, 2020, the 22nd Meeting of the 6th Board of Directors of the Company deliberated and approved the *Proposal on the First Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights and the Proposal on Adjustment of the Incentive Objects and the Number of*

Stock Options of 2018 Stock Option Incentive Plan". There were 606 incentive objects in the first exercise period of the 2018 stock option incentive plan and a total of 12.0147 million stock options meeting the exercise conditions could be exercised, and the Company planned to adopt the independent exercise mode. Since the announcement on March 31 to the exercise date, the 7 incentive objects, such as Fang Dikui and Zhang Rong, resigned and left the Company due to personal reasons. 142,000 stock options granted but not exercised by them could not be exercised and would be canceled by the Company. The review procedure for adjusting the number of these options would be performed in the future.

As of May 21, 2020, 606 incentive objects in the first exercise period have completed the exercise of 12.0147 million stock options, increasing the Company's share capital by 12,014,700 yuan.

As of August 6, 2021, 567 incentive objects in the second exercise period have completed the exercise of 10.9506 million stock options, increasing the Company's share capital by 10.9506 million yuan.

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

2. Implementation of the 2021 Restricted Stock Incentive Plan:

(1) The Company held the 13th (extraordinary) meeting of the 7th Board of Directors on September 20, 2021, which reviewed and approved the Proposal on the Company's 2021 Restricted Stock Incentive Plan and agreed to grant a total of no more than 34 million restricted shares to incentive objects. The stocks under the Plan came from the shares repurchased by the Company's special account and A-share common stocks offered directly to incentive objects by the Company, among which 14,838,920 shares in the Company's special securities account for repurchase will be used as part of the stock source for the implementation of the Plan and the rest will be offered directly to incentive objects. The restricted sale period of the restricted shares granted is 12, 24 and 36 months from the date of their registration, and the restricted sale will be lifted in the proportion of 30%, 30% and 40%.

(2) The Company held the 14th meeting of the 7th Board of Directors and the 11th meeting of the 7th Board of Supervisors on October 13, 2021, which reviewed and approved the Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft) and Its Summary, the Proposal on Administrative Measures for the Implementation and Evaluation of the Company's 2021 Restricted Stock Incentive Plan, and the Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's 2021 Restricted Stock Incentive Plan and agreed to grant 34 million restricted shares to 1,250

incentive objects. The 11th meeting of the 7th Board of Supervisors of the Company reviewed and approved the relevant proposal and checked the list of incentive objects under the Incentive Plan. Independent directors expressed their independent opinions on this and lawyers issued legal opinions.

(3) The Company publicized the names and positions in the list of incentive objects under the Incentive Plan in the Company's internal OA office system on October 15, 2021. The publicity period was from October 15, 2021 to October 24, 2021. No organization or individual raised any objection to the list of incentive objects during the publicity period. On October 26, 2021, the Company disclosed the Audit Opinions and Publicity Statement of the Board of Supervisors on the List of Incentive Objects under the 2021 Restricted Stock Incentive Plan. The Board of Supervisors of the Company believed that the proposed incentive objects under the Incentive Plan did not have any situation making them incapable of being incentive objects according to relevant laws and regulations and met the participation qualification conditions for the scope of incentive objects under the Incentive Plan of the Company.

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

(5) On November 2, 2021, the Company held the 16th (extraordinary) meeting of the 7th Board of Directors and the 13th (extraordinary) meeting of the 7th Board of Supervisors, which reviewed and approved the *Proposal on Adjusting the Number of Stock Options Granted under the 2021 Restricted Stock Incentive Plan and List of Incentive Objects and the Proposal on Granting Restricted Shares to Incentive Objects*. In view of the demission of the incentive object Ou Li specified in the Incentive Plan and the fact that Wang Cheng, Shen Zhiwen and Tian Conghui et al. voluntarily gave up the subscription of restricted shares to be granted by the Company for personal reasons, the Board of Directors of the Company decided to cancel the restricted shares to be granted to them. After the cancellation, the number of restricted shares to be granted under the Incentive Plan was reduced from 34 million to 33.951 million, and the number of incentive objects from 1,250 to 1,246. November 2, 2021 was determined as the grant date, and

33.951 million restricted shares were granted to 1,246 eligible incentive objects. The Board of Supervisors of the Company reviewed the list of incentive objects, and independent directors expressed their independent opinions and lawyers issued legal opinions.

(6) On December 7, 2021, the Company held the 17th (extraordinary) meeting of the 7th Board of Directors and the 14th (extraordinary) meeting of the 7th Board of Supervisors, which reviewed and approved the *Proposal on Adjusting the Number of Stock Options Granted under the 2021 Restricted Stock Incentive Plan and List of Incentive Objects*. In view of the fact that 22 incentive objects such as Li Xiang, Yu Dingguo and Lu Yuanshan specified in the Incentive Plan voluntarily gave up their subscription of all the restricted shares granted to them for personal reasons and ten incentive targets such as Liao Ximmeng, Wang Cao and Liu Xiaoshi voluntarily gave up their subscription of some of the restricted shares granted to them for personal reasons in the process of capital payment before share registration after the Board of Directors of the Company confirmed November 2, 2021 as the grant date under the 2021 Restricted Stock Incentive Plan, the Board of Directors of the Company adjusted the objects and the number of shares granted under the 2021 Restricted Stock Incentive Plan according to the authorization of the second extraordinary shareholders' meeting of the Company in 2021. After adjustment, the number of incentive objects under the 2021 Restricted Stock Incentive Plan decreased from 1,246 to 1,224, and the number of restricted shares granted decreased from 33.951 million to 33.54432 million. The Board of Supervisors of the Company reviewed the list of incentive objects, and independent directors expressed their independent opinions and lawyers issued legal opinions.

(7) On December 16, 2021, Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. confirmed that the Company had completed the grant registration of 187.054 billion restricted shares (new) and 14.83892 million restricted shares (repurchased) involved in the 2021 Restricted Stock Incentive Plan. The shares above were listed on December 17, 2021.

For details of the implementation of the 2021 Restricted Stock Incentive Plan, please check the Company's announcements in *Securities Times* and *Juchao Information Network* (<http://www.cninfo.com.cn>) on September 22, October 14, November 2, November 3, December 9, December 16 and December 20, 2021.

Equity incentives obtained by directors and senior management of the Company

applicable not applicable

Unit: share

Name	Position	Number of stock	Number of new	Number of shares	Number of shares	Number of exercised	Number of stock	Market price at the	Number of	Number of	Number of new	Grant price of	Number of
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		options held at the beginning of the year	stock options granted during the reporting period	exercisable during the reporting period	exercise d during the reporting period	shares and exercise price during the reporting period (yuan/share)	options held at the end of the period	end of the reporting period (yuan/share)	restricted stocks held at the beginning of the period	shares unlocked in the current period	restricted stocks granted during the reporting period	restricted stocks (yuan/share)	restricted stocks held at the end of the period
Zheng Sibin	Director, deputy general manager and BG general manager	560,000	0	240,000	240,000	3.65	320,000	18.69	0	0	533,000	7.23	533,000
Ma Wei	Director, deputy general manager and BG general manager	700,000	0	300,000	300,000	3.65	400,000	18.69	0	0	616,000	7.23	616,000
Peng Ganquan	Director and BG General Manager	840,000	0	360,000	360,000	3.65	480,000	18.69	0	0	400,000	7.23	400,000
Wen Zhaohui	Deputy General Manager and Secretary of the Board of Directors	420,000	0	180,000	180,000	3.65	240,000	18.69	0	0	183,000	7.23	183,000
Xiang Wei	Chief financial	280,000	0	120,000	120,000	3.65	160,000	18.69	0	0	183,000	7.23	183,000

	1 officer												
Total	--	2,800,000	0	1,200,000	1,200,000	--	1,600,000	--	0	0	1,915,000	--	1,915,000
Remarks (if any)	During the reporting period, the exercise conditions corresponding to the second exercise period of the 2018 Stock Option Incentive Plan were met, and all the options of the directors and senior management above were exercised in the corresponding proportions. At the same time, the 2021 Restricted Stock Incentive Plan had not reached the unlocking period, and all stocks were restricted.												

Appraisal system and incentive methods of senior executives

The performance appraisal of the key management of the Company based on its operating benefits and strategic objectives was conducted according to the Company's annual production, operation and management capacity building, the achievement of objectives of managers' responsibilities and the principles of distribution on the basis of labor, combination of responsibilities, rights and benefits, combination of the income level with the Company's performance and objectives of the work in charge, equal attention to incentives and constraints, and combination of result appraisal with process management. The salary distribution of senior management was determined according to the appraisal results so as to promote the Company's long-term development and achievement of strategic objectives.

The salary of senior management of the Company was subject to the annual salary system, which consisted of basic annual salary, annual performance salary and long-term equity incentive. The basic annual salary was mainly determined according to the average salary level of senior management of the Company in the previous year, with reference to the characteristics of the same industry, market salary and other factors. The annual performance salary was submitted to the Board of Directors for consideration and distribution after assessment according to the year-end management, operating efficiency and operating quality. Long-term equity incentive was formulated by the Company's administrative measures for periodical equity incentive assessment.

2. Implementation of employee stock ownership plan

applicable not applicable

3. Other employee incentives

applicable not applicable

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

1. Construction and implementation of internal control

During the reporting period, the Company updated and improved the internal control system on the basis of daily supervision and special supervision of internal control and the actual situation of the Company according to the *Basic Standards for Enterprise Internal Control* and its supporting guidelines in combination with its internal control system and evaluation method, and revised and formulated the *Administrative Measures for Seals, Certificates and Qualification Documents and the Management System for Conference Confidentiality*. At the same time, the Company set up an internal audit institution to supervise and inspect the implementation of relevant systems in collaboration with the audit committee according to the management requirements, so as to ensure the implementation of its rules and regulations effectively, reduce operational risks and strengthen internal control. It continuously optimized the organizational structure, clarified the responsibilities of various departments and corresponding posts, and controlled the implementation of internal control involved in the whole process of operation and management activities such as control decision-making, execution, supervision and feedback effectively to avoid internal control loopholes.

The Company established a set of rigorous, scientific and effective internal control system appropriate for its practical conditions, and formulated effective internal control evaluation standards. It prevented risks in operation and management effectively and promoted the realization of internal control objectives through the operation, analysis and evaluation of the internal control system.

2. Details of major defects in internal control found during the reporting period

Yes No

XIII. Management and control of subsidiaries by the Company during the reporting period

Company name	Integration plan	Integration progress	Problem encountered in integration	Measures taken to solve the problem	Progress of solving the problem	Subsequent plan for solving the problem
Taixing Ninghui Lithium Battery Co., Ltd.	1. Reorganization and adjustment of the organizational structure; 2. Check,	Completion of all work as planned	Employees needed a process of adaptation for full recognition of the corporate	Several all-staff meetings were held to publicize and provide training in	Employees have basically recognized Topband's culture and can abide by	Active training and cultural integration

confirmation and delivery of claims and debts; 3. Check of fixed assets and inventories to ensure the consistency between accounts and items; 4. Organization and improvement of the sales customer files.		culture.	Topband's corporate culture, various rules and regulations and core values of the Company.	various systems consciously. The operation of the Company has gradually got on the right track.	
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XIV. Internal control self-evaluation report or internal control audit report

1. Internal control self-evaluation report

Date of disclosure of the full text of the internal control evaluation report	March 22, 2022	
Index for disclosure of the full text of the internal control evaluation report	CNINFO (http://www.cninfo.com.cn)	
The ratio of the total assets of the unit included in the evaluation scope to the total assets in the consolidated financial statement of the Company	100.00%	
The ratio of the operating income of the unit included in the evaluation scope to the operating income in the consolidated financial statements of the Company	100.00%	
Defect identification criteria		
Category	Financial report	Non-financial report
Qualitative standard	<p>Signs of major financial report defects include:</p> <p>(1) Fraud of directors, supervisors and senior management of the Company;</p> <p>(2) Correction of the published financial report by the Company;</p> <p>(3) Significant misstatements in the current financial report discovered by certified public accountants but not recognized by internal</p>	<p>Qualitative criteria for the evaluation of internal control defects of non-financial reports determined by the Company:</p> <p>Non-financial report defects are mainly identified based on the degree of their influence on the effectiveness of business processes and the possibility of their occurrence.</p> <p>Defects with small possibility of</p>

	<p>control of the Company;</p> <p>(4) Ineffective supervision of the audit committee and the audit department on external financial reports and internal control of financial reports of the Company.</p> <p>Signs of important financial report defects include:</p> <p>(1) Failure to select and apply accounting policies in accordance with generally accepted accounting standards;</p> <p>(2) Failure to establish anti-fraud procedures and control measures;</p> <p>(3) Failure to establish or implement the corresponding control mechanism for the accounting treatment of unconventional or special transactions and lack of corresponding compensatory control;</p> <p>(4) Existence of one or more defects in the control of the final financial reporting process and failure to reasonably guarantee the authenticity and completeness of the financial statement prepared.</p> <p>General defects refer to other control defects except the above-mentioned major defects and important defects.</p>	<p>occurrence, which will reduce the work efficiency or effect or increase the uncertainty of the effect or make it deviate from the expected goal, are general defects;</p> <p>Those with relatively high possibility of occurrence, which will greatly reduce the work efficiency or effect or greatly increase the uncertainty of the effect or make it deviate significantly from the expected goal, are important defects.</p> <p>Those with high possibility of occurrence, which will reduce the work efficiency or effect seriously or increase the uncertainty of the effect seriously or make it deviate seriously from the expected goal, are major defects.</p>
Quantitative standard	<p>In quantitative standards, the consolidated operating income and total assets are measurement indicators. Internal control defects with losses or possible losses incurred related to the income statement are measured by the consolidated operating income. Such a defect is identified as a general one if the financial report misstatement amount caused by it alone or together with other defects is less than 0.5% of the consolidated operating income, an important one if the same is more than 0.5% but less than 1% of the consolidated operating income, and a major one if the same is more than 1% of the consolidated operating income.</p> <p>Internal control defects with losses or possible losses incurred related to the asset management are measured by total</p>	<p>In quantitative standards, the operating income and total assets are measurement indicators. Internal control defects with losses or possible losses incurred related to the income statement are measured by the consolidated operating income. Such a defect is identified as a general one if the financial report misstatement amount caused by it alone or together with other defects is less than 0.5% of the consolidated operating income, an important one if the same is more than 0.5% but less than 1% of the consolidated operating income, and a major one if the same is more than 1% of the consolidated operating income.</p> <p>Internal control defects with losses or possible losses incurred related to the</p>

	consolidated assets. Such a defect is identified as a general one if the financial report misstatement amount caused by it alone or together with other defects is less than 0.5% of total consolidated assets, an important one if the same is more than 0.5% but less than 1% of total consolidated assets, and a major one if the same is more than 1% of total consolidated assets.	asset management are measured by total consolidated assets. Such a defect is identified as a general one if the financial report misstatement amount caused by it alone or together with other defects is less than 0.5% of total consolidated assets, an important one if the same is more than 0.5% but less than 1% of total consolidated assets, and a major one if the same is more than 1% of total consolidated assets.
Number of major defects in financial reports (defects)		0
Number of major defects in non-financial reports (defects)		0
Number of major defects in financial reports (defects)		0
Number of major defects in non-financial reports (defects)		0

2. Internal control audit report

applicable not applicable

The deliberation opinion paragraph in the internal control audit report	
Baker Tilly International Accounting Firm (Special General Partnership) deems that as of December 31, 2021, the Company maintained effective internal control related to financial reports in all material aspects in accordance with the <i>Basic Code of Internal Control of Enterprises</i> and relevant norms.	
Disclosure of internal control audit report	Disclosure
Disclosure date of the full text of internal audit report	March 22, 2022
Index of full-text disclosure of internal audit report	CNINFO (http://www.cninfo.com.cn)
Opinion type of internal control audit report	Standard and unqualified opinion
Were there major defects in the non-financial report	No

Did the accounting firm issue an internal control audit report with a non-standard opinion

Yes No

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

Board of Directors

Yes No

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

Not applicable

Section V Environmental and Social Responsibility

I. Major environmental issues

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

Yes No

Administrative punishment for environmental problems during the reporting period

Name of company or subsidiary	Reason for punishment	Violation	Punishment result	Influence on production and operation of listed companies	Rectification measures of the Company
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Refer to other environmental information disclosed by key pollutant discharge companies

applicable not applicable

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

applicable not applicable

Reasons for not disclosing other environmental information

Not applicable

II. Social responsibility

The full text of the Report on Environment, Social Responsibility and Corporate Governance in 2021 was published on CNINFO (<http://www.cninfo.com.cn>) on March 22, 2022.

III. Consolidation and expansion of the achievements of poverty alleviation and rural revitalization

The Company has not carried out targeted poverty alleviation work in the reporting year and there was no follow-up targeted poverty alleviation plan.

Section VI Important Matters

I. Performance of commitments

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

√ applicable □ not applicable

Reasons for commitments	Commitment Party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Share reform commitments						
Commitments made in the acquisition report or the equity change report						
Commitments made in asset restructuring						
Commitments made during the initial public offering or refinancing	Wu Yongqiang	Commitments to horizontal competition	Mr. Wu Yongqiang, the actual controller of the Company, has promised that during the period of being the controlling shareholder and/or actual controller of the Company, he would not directly or indirectly engage in any business which was the same, similar or substantially competitive with the main business of the Company at present and in the future.	June 12, 2007	Long-term effective	Fulfill the commitment strictly
	Ji Shuhai	Commitments to horizontal competition	Ji Shuhai, a director of the Company as a shareholder, has promised not to directly or indirectly engage in any business which was the same, similar or substantially competitive with the main business of the Company at present and in the future	June 12, 2007	Long-term effective	Fulfill the commitment strictly

			in any way during his term of office.			
	All directors and senior executives of the Company	Other commitments	<p>1. I would not deliver benefits to other organizations or individuals free of charge or under unfair conditions and not damage the interests of the Company in other means.</p> <p>2. I fully supported and cooperated with the Company in regulating the duty consumption behavior of directors and senior executives. Any duty consumption behaviors would occur within the scope necessary for fulfilling my duty to the Company. I strictly accepted the supervision and management of the Company to avoid extravagance or excessive consumption.</p> <p>3. I would strictly abide by the relevant laws and regulations, the regulations and rules of the CSRC, the stock exchange and other regulatory institutions as well as the requirements of the Company's rules and regulations on the code of conduct of directors and senior executives. Besides, I would not use the Company's assets to engage in investment and consumption activities unrelated to the performance of my duties.</p> <p>4. I would try my best to make the Company implement the compensation demand return measures.</p> <p>5. I would work hard to link the compensation system formulated by the Board of Directors or the Compensation Committee with the implementation of the Company's compensation return measures. At the same time, I would vote in favor of the compensation system proposal when the Board of Directors and the General Meeting</p>	April 29, 2020	On-going	Fulfill the commitment strictly

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

			<p>the Board of Directors or the Compensation Committee with the implementation of the Company's compensation return measures.4. I would work hard to link the exercise conditions (if any) of the corporate equity incentive to be published in the future with the implementation of the Company's compensation return measures.5. I would support the relevant proposals related to the implementation of the Company's compensation return measures and would vote for them (if I have voting right).6. After the issuance of this commitment, if there are other requirements in the relevant provisions of the regulatory institution on the compensation return measures and its commitment and the above commitments could not meet the relevant requirements of the regulatory institution, I promise that I would issue a supplementary commitment in accordance with the relevant provisions at that time.7. If I violate the above commitments, I would make an explanation and apologize publicly at the General Meeting of Shareholders and the designated newspapers and magazines designated by the CSRC. I voluntarily accept the self-discipline supervision measures taken by the stock exchange and China Association for Public Companies. If my breach of the commitment causes losses to the Company or the shareholders, I shall be liable for compensation in accordance with the law.</p>			
	Wu Yongqiang	Other commitments	If Huizhou Topband, a wholly-owned subsidiary of	July 30, 2020	On-going	Fulfill the commitment

			Shenzhen Topband Co., Ltd., failed to bid for the land usage right of the plot DN-02-16 at the southeast of the intersection of Dongxin Avenue and Xing'an Road of Dongjiang High-tech Industrial Park in HZZK Hi-tech Industrial Development Zone to be used by "Huizhou Topband No. 2 Industrial Park Project" and Huizhou Topband was required to purchase or lease other lands while the Company would suffer from heavy losses, I would compensate for such losses (such as overpayment of land-transferring fees, rents).			strictly
Equity incentive commitment	Peng Ganquan, Zheng Sibin, Ma Wei, Wen Zhaohui and Xiang Wei	Other commitments	I promise that I would not transfer all the Company's shares (including the shares obtained from exercise and other shares) within six months after the exercise of the stock option incentive plan in 2018.		Six months after exercise	Fulfill the commitment strictly
Other commitments to medium and small shareholders of the Company						
Whether the commitment was fulfilled on schedule	Yes					
If the commitment was not fulfilled within the time limit, the specific reasons for the failure and the next work plan shall be explained in detail	Not applicable					

2. If there is a profit forecast for the assets or projects of the Company and the reporting period is still in the profit forecast period, the Company will explain why the assets or projects reached the original profit forecast

applicable not applicable

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

applicable not applicable

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

III. External guarantee in violation of regulations

applicable not applicable

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

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

applicable not applicable

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

applicable not applicable

VI. Descriptions of changes in accounting policy and accounting estimate or corrections of major accounting errors in comparison with the financial report of the previous year

applicable not applicable

1. Descriptions of corrections of accounting errors in the previous period

In view of the Company's plan to split its holding subsidiary Shenzhen Yako Automation Technology Co., Ltd. (hereinafter referred to as Yakotec) for A-share listing, the Company found important early errors in the audit process of share reform of Yakotec and made the following adjustments to its accounting based on the principle of prudence in order to maintain the consistency of IPO audits:

(1) Capitalization adjustment of research and development expenses

R&D projects of Yakotec are divided into research stage and development stage. Projects meeting R&D capitalization conditions were capitalized in previous years. We made retroactive adjustments and expensed the projects capitalized in the previous period in this audit.

(2) Adjustment of share-based payment

Yakotec granted equity to key employees through the shareholding platform. However, it was not recognized as share-based payment, and the corresponding expenses were not accrued. According to the definition in the Accounting Standards for Business Enterprises No.11 - Share-based Payment, share-based payment refers to the transaction in which an enterprise grants equity instruments or undertakes liabilities determined on the basis of equity instruments in order to obtain services from employees and other parties. Therefore, the equity granted to employees by Yakotec was retroactively recognized as share-based payment, and the corresponding expenses were adjusted and accrued. Corrections were made with the retroactive restatement method.

2. Influence of corrections of accounting errors in the previous period on the financial statement

(1) Specific impact on items in the consolidated balance sheet at the end of 2020:

Unit: Yuan

Items	December 31, 2020		
	Amount of the report item before adjustment	Adjustment amount	Amount of the report item after adjustment
Other current assets	68,175,222.37	2,121,222.39	70,296,444.76
Intangible assets	309,794,540.63	-30,514,971.23	279,279,569.40
Development expenditure	68,518,375.79	-5,656,596.57	62,861,779.22
Total assets	6,808,735,037.28	-34,050,345.41	6,774,684,691.87
Capital reserves	956,734,039.75	12,636,853.09	969,370,892.84
Undistributed profit	1,324,944,369.91	-19,061,969.80	1,305,882,400.11
Minority equity	84,992,151.43	-27,625,228.70	57,366,922.73
Net profit attributable to the parent company	533,516,814.04	-1,355,690.40	532,161,123.64
Profits and losses of minority shareholders	17,678,270.05	-3,262,712.60	14,415,557.45

According to the table above, other current assets increased by 2,121,222.39 yuan, intangible assets decreased by 30,514,971.23 yuan, development expenditures decreased by 5,656,596.57 yuan, capital reserve increased by 12,636,853.09 yuan, undistributed profits decreased by 19,061,969.80 yuan and interests in minority shares decreased by 27,625,228.70 yuan in the consolidated balance sheet on December 31, 2020.

(2) Specific impact on items in the consolidated income statement in 2020:

Unit: Yuan

Items	2020		
	Amount of the report item before adjustment	Adjustment amount	Amount of the report item after adjustment
Management expenses	181,296,178.33	2,761,292.86	184,057,471.19
Research and development expenses	313,618,277.57	3,924,376.58	317,542,654.15
Operating profit	628,132,789.53	-6,685,669.44	621,447,120.09
Total profits	626,166,509.85	-6,685,669.44	619,480,840.41
Income tax expenses	74,971,425.76	-2,067,266.44	72,904,159.32
Net profit	551,195,084.09	-4,618,403.00	546,576,681.09
Net profit attributable to the parent company	533,516,814.04	-1,355,690.40	532,161,123.64
Net profit attributable to minority shareholders	17,678,270.05	-3,262,712.60	14,415,557.45

According to the table above, management expenses increased by 2,761,292.86 yuan, research and development expenses increased by 3,924,376.58 yuan, operating profits decreased by 6,685,669.44 yuan, the total profit decreased by 6,685,669.44 yuan, income tax expenses decreased by 2,067,266.44 yuan, and net profits decreased by 4,618,403.00 yuan in the consolidated income statement in 2020.

(3) There was no impact on items in the balance sheet of the parent company at the end of 2020 and those in the income statement of the parent company in 2020.

VII. Description of changes in the consolidated statements compared with the financial report of the previous year

applicable not applicable

35 subsidiaries and sub-subsidiaries were included in this consolidated statement. See Note VIII (I) for details. Nine new companies were included in the scope of consolidation during the reporting period, of which seven were newly established subsidiaries or sub-subsidiaries and the other two were merged enterprises not under the same control. See Note VII (III) for details.

VIII. Appointment and dismissal of accounting firms

Accounting firms currently employed

Name of domestic accounting firms	BAKER TILLY International Accounting Firm (Special General Partnership)
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Remuneration of the domestic accounting firm (10,000 yuan)	80
Continuous years of audit services of the domestic accounting firm	3
Name of the certified public accountant of the domestic accounting firm	Chen Zhigang, Zhao Yang
Continuous years of audit services of the certified public accountant of the domestic accounting firm	3

Whether to change the current employment of the accounting firm

Yes No

Employment of internal control audit accounting firm, financial consultant or sponsor

applicable not applicable

IX. Delisting after disclosure of the annual report

applicable not applicable

X. Matters related to bankruptcy reorganization

applicable not applicable

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

XI. Major litigation and arbitration matters

applicable not applicable

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

XII. Punishment and rectification

applicable not applicable

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

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

applicable not applicable

XIV. Major related transactions

1. Related transactions connected with the daily operation

applicable not applicable

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

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

applicable not applicable

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

3. Related transactions of joint foreign investment

applicable not applicable

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

4. Related creditor's right and debt transaction

applicable not applicable

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

5. Transactions with associated financial companies

applicable not applicable

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

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

applicable not applicable

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

7. Other major related transactions

applicable not applicable

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

XV. Major contracts and their performance

1. Trusteeship, contracting and lease

(1) Trusteeship

applicable not applicable

The Company had no trusteeship during the reporting period.

(2) Contracting

applicable not applicable

The Company had no contracting during the reporting period.

(3) Lease

applicable not applicable

The Company had no lease during the reporting period.

2. Material guarantee

applicable not applicable

Unit: 1,0000 yuan

External guarantee of the Company and its subsidiaries (excluding guarantee for subsidiaries)										
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Guarantee of the Company to its subsidiaries										
Name of guarantee object	Date of disclosure of the relevant announcement	Guarantee amount limit	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects

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

Total amount of the corporate guarantee (i.e. the sum of the first three items)			
Total amount of guarantee approved at the end of the reporting period (A3+B3+C3)	41,000	Total actual balance of guarantee at the end of the reporting period (A4+B4+C4)	22,000
The proportion of the total actual amount of guarantee (A4+B4+C4) in the Company's net assets		4.38%	
Including:			

Description of details of complex guarantee

3. Cash asset management entrusted by others

(1) Entrusted financial management

applicable not applicable

Overview of entrusted financial management during the reporting period

Unit: 1,0000 yuan

Specific types	Capital source of entrusted financing	Amount of entrusted financial management	Unexpired balance	Overdue amount not recovered	Accrued impairment amount of overdue and unrecovered wealth management
Bank financial products	Other	42,740	400	0	0
Total		42,740	400	0	0

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

applicable not applicable

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

applicable not applicable

(2) Entrusted loans

applicable not applicable

There was no entrusted loan during the reporting period.

4. Other major contracts

applicable not applicable

The Company had no other major contract during the reporting period.

XVI. Description of other major matters

applicable not applicable

1. Matters of the private issuing of stock in 2020

(1) On April 28, 2020, the 23rd Meeting of the 6th Board of Directors of the Company deliberated and approved the Proposal on the Plan of the Company's Private Issuing of Stock and other relevant proposals. It was proposed to approve the private issuing of stock to raise funds of not more than 1.05 billion yuan, which would be used for the Topband Huizhou No. 2 Industrial Park Project and the supplementary working capital.

(2) On May 20, 2020, the Company held the Annual General Meeting of Shareholders in 2019 to review and approve the matter.

(3) On June 17, 2020, the Company issued "the announcement on Receiving the Acceptance Form of Administrative License Application of the CSRC" and the CSRC accepted the Company's application for the private issuing of stock.

(4) On July 9, 2020, the Company issued "the announcement on receiving the Notice of the First Batches of Feedbacks on the Review of the Administrative License Project of the CSRC".

(5) On July 14, 2020, the Company replied to the feedback and announced the Reply to the Feedback of the Application Document regarding the Private Issuing of Stock.

(6) On August 25, 2020, the Company issued the Announcement on the Approval and Reply of the CSRC for the Private Issuing of Stock, and the application for this private issuing was approved with a reply by the CSRC.

(7) On April 29, 2021, the Company privately issued 92,105,263 A-share stocks to 14 subscribers at an issue price of 11.40 yuan/share, and the total amount of the funds raised was 1,049,999,998.20 yuan. On May 11, 2021, BAKER TILLY International Accounting Firm (Special General Partnership) verified that the funds raised in this offering reached the issuer's account and issued the Capital Verification Report of Shenzhen Topband Co., Ltd. (TZYZ [2021] No. 29460).

(8) On June 1, 2021, the Company issued the Report of Shenzhen Topband Co., Ltd. on the *Issuance of*

Privately Issued A-Share Stocks and the Listing Announcement, and 92,105,263 new shares were issued in this non-public offering and listed on Shenzhen Stock Exchange on June 3, 2021, with a sales restriction period of 6 months.

(9) The Company issued the *Suggestive Announcement on the Listing and Circulation of Restricted Shares Offered Non-publicly* on December 1, 2021. 92,105,263 restricted shares were offered non-publicly and listed and circulated on December 3, 2021.

For details, please check the announcements disclosed by the Company in the *Securities Times* and *CNINFO* (<http://www.cninfo.com.cn>) on April 29, 2020, May 21, 2020, June 17, 2020, July 9, 2020, July 14, 2020, August 25, 2020, June 1, 2021, and December 3, 2021.

2. Restricted stock incentives in 2021

(1) The Company held the 13th (extraordinary) meeting of the 7th Board of Directors on September 20, 2021, which reviewed and approved the *Proposal on the Company's 2021 Restricted Stock Incentive Plan* and agreed to grant a total of no more than 34 million restricted shares to incentive objects.

(2) The Company held the 14th meeting of the 7th Board of Directors on October 13, 2021, which reviewed and approved the *Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft) and Its Abstract*, the *Proposal on Administrative Measures for the Implementation and Evaluation of the Company's 2021 Restricted Stock Incentive Plan*, and the *Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's 2021 Restricted Stock Incentive Plan* and agreed to grant 34 million restricted shares to 1,250 incentive objects. The 11th meeting of the 7th Board of Supervisors of the Company reviewed and approved the relevant proposal and checked the list of incentive objects under the Incentive Plan. Independent directors expressed their independent opinions on this and lawyers issued legal opinions.

(3) The Company publicized the names and positions in the list of incentive objects under the Incentive Plan in the Company's internal OA office system on October 15, 2021. The publicity period was from October 15, 2021 to October 24, 2021. No organization or individual raised any objection to the list of incentive objects during the publicity period. On October 26, 2021, the Company disclosed the Audit Opinions and Publicity Statement of the Board of Supervisors on the List of Incentive Objects under the 2021 Restricted Stock Incentive Plan. The Board of Supervisors of the Company believed that the proposed incentive objects under the Incentive Plan did not have any situation making them incapable of being incentive objects according to relevant laws and regulations and met

the participation qualification conditions for the scope of incentive objects under the Incentive Plan of the Company.

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

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

(6) On December 7, 2021, the Company held the 17th (extraordinary) meeting of the 7th Board of Directors, which reviewed and approved the *Proposal on Adjusting the Number of Stock Options Granted under the 2021 Restricted Stock Incentive Plan and List of Incentive Objects*. In view of the fact that 22 incentive objects such as Li Xiang, Yu Dingguo and Lu Yuanshan specified in the Incentive Plan voluntarily gave up their subscription of all the restricted shares granted to them for personal reasons and ten incentive targets such as Liao Xinneng, Wang Cao and Liu Xiaoshi voluntarily gave up their subscription of some of the restricted shares granted to them for personal reasons in the process of capital payment before share registration after the Board of Directors of the

Company confirmed November 2, 2021 as the grant date under the 2021 Restricted Stock Incentive Plan, the Board of Directors of the Company adjusted the objects and the number of shares granted under the 2021 Restricted Stock Incentive Plan according to the authorization of the second extraordinary shareholders' meeting of the Company in 2021. After adjustment, the number of incentive objects under the 2021 Restricted Stock Incentive Plan decreased from 1,246 to 1,224, and the number of restricted shares granted decreased from 33.951 million to 33.54432 million. The Board of Supervisors of the Company reviewed the list of incentive objects, and independent directors expressed their independent opinions and lawyers issued legal opinions.

(7) On December 16, 2021, Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. confirmed that the Company had completed the grant registration of restricted shares (new and repurchased) involved in the 2021 Restricted Stock Incentive Plan, which were listed on December 17, 2021.

XVII. Major matters of subsidiaries of the Company

applicable not applicable

1. On January 14, 2021, the 5th Meeting of the 7th Board of Directors deliberated and approved the *Proposal on the Subsidiary's Acquisition of 83.5% of the equity in Taixing Ninghui Lithium Battery Co., Ltd. through Equity Transfer and Capital Increase*, agreeing that the wholly-owned subsidiary of the Company, Topband Lithium Battery, will use its own or self-raised funds of 15.40 million yuan to acquire 70% of the equity in Taixing Ninghui Lithium Battery Co., Ltd. (hereinafter referred to as "Ninghui Lithium") and increase the capital of the Target Company by 18 million yuan, and the registered capital of the Ninghui Lithium will increase from 22 million yuan to 40 million yuan. After the completion of this transaction, Topband Lithium Battery will hold 83.5% of the equity in Ninghui Lithium Battery. This matter has finished the industrial and commercial change on February 5, 2021 and included in the scope of the Company's consolidated statements.

2. The plots numbered DX-41-02-01 and DX-41-02-02 with a total area of 49,674 square meters in Huizhou Zhongkai High-Tech Zone, which was acquired by Huizhou Topband, the Company's subsidiary, in March 2021, will be used for the construction of Huizhou No. 2 Industrial Park.

3. On September 7, 2021, the Company invested in the establishment of a wholly-owned subsidiary, Shenzhen Topband Automotive Electronics Co., Ltd. with a registered capital of 10 million yuan, which was included in the scope of consolidated statements from the date of establishment.

4. On September 24, 2021, the Company increased the capital of Hong Kong Topband and set up Topband

Intelligent Europe Company by investing abroad in Romania, and obtained the registration document issued by Romania's National Business Registration Office. The wholly-owned sub-subsidiary in Romania has now completed the registration.

5. On November 11, 2021, the Company increased the capital of Hong Kong Topband and set up Topband Mexico Co., Ltd. by investing abroad in Mexico, and obtained the registration document issued by Mexico's Public Business Registration Office. The wholly-owned sub-subsidiary in Mexico has now completed the registration.

6. Shenzhen Topband Battery Co., Ltd. (hereinafter referred to as "Topband Lithium Battery"), a wholly-owned subsidiary of the Company, signed an Investment Agreement and a Supplementary Agreement with effective conditions with the Management Committee of Nantong Economic and Technological Development Zone on December 7, 2021. The Company planned to set up a new company in Nantong, invest in the construction of lithium battery projects with its own funds or self-raised funds, and purchase the plant asset at No.69 Zhongyang Road, Nantong Economic and Technological Development Zone with the basic construction completed for the construction of square aluminum shell cells, pouch cells, large cylindrical cells and battery PACK production lines.

Section VII Share Change and Shareholders

I. Share change

1. Share change

Unit: share

	Before this change		Increase and decrease of change this time (+, -)					After this change	
	Quantity	Proportion	Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Other	Subtotal	Quantity	Proportion
I. Shares with non-tradable conditions	198,249,297	17.46%	18,705,400			11,658,920	30,364,320	228,613,617	18.19%
1. Shares held by the state		0.00%							0.00%
2. Shares held by state-owned legal persons		0.00%							0.00%
3. Shares held by other domestic capital	198,249,297	17.46%	18,705,400			11,658,920	30,364,320	228,613,617	18.19%
Including: shares held by domestic legal persons		0.00%							0.00%
Shares held by domestic natural persons	198,249,297	17.46%	18,705,400			11,658,920	30,364,320	228,613,617	18.19%
4. Shares held by foreign investment		0.00%							0.00%
Including: shares held by overseas legal persons		0.00%							0.00%
Shares held by overseas natural persons		0.00%							0.00%

II. Shares without non-tradable conditions	936,967,512	82.54%	92,105,263			-708,320	91,396,943	1,028,364,455	81.81%
1. RMB ordinary share	936,967,512	82.54%	92,105,263			-708,320	91,396,943	1,028,364,455	81.81%
2. Domestic listed foreign shares		0.00%							0.00%
3. Overseas listed foreign shares		0.00%							0.00%
4. Other		0.00%							0.00%
III. Total number of shares	1,135,216,809	100.00%	110,810,663			10,950,600	121,761,263	1,256,978,072	100.00%

Reasons for share change

applicable not applicable

The change in the company's share capital during the reporting period was due to the joint effect of the following: the second exercising period of the stock option incentive plan in 2018 met the relevant conditions, and the incentive objects increased by 10,950,600 shares through independent exercise; non-publicly issued shares increased by 92,105,263 shares; according to the restricted stock incentive plan in 2021, 18,705,400 shares was privately issued to some incentive objects.

Approval of share change

applicable not applicable

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

On March 5, 2021, the 6th Meeting of the 7th Board of Directors and the 6th Meeting of the 7th Board of Supervisors of the Company deliberated and approved the Proposal on the Second Exercise Period of the Second Phase Stock Option Incentive Plan Meeting with the Exercise Conditions and Exercisable Rights, the Proposal on Adjusting the Incentive Objects and the Number of Stock Options in the 2018 Stock Option Incentive Plan, and the Proposal on Adjusting the Exercise Price of the 2018 Stock Option Incentive Plan, the board of supervisors of the Company expressed verification opinions on the adjustment of the exercise price of the 2018 stock option incentive plan and the list and number of incentive objects involved in the second exercise period of granting stock options, and the independent directors expressed their independent opinions, agreeing that 569 incentive objects would exercise their rights independently in the second exercise period, and the total number of

exercisable stock options was 10,985,100. As of August 6, 2021, 10,950,600 stock options involving 567 incentive objects that meet the exercising conditions has been exercised, increasing the number of shares.

2. The Company has performed the following decision-making procedures for this non-public offering:

(1) On April 28, 2020 and May 20, 2020, the Company held the 23rd Meeting of the 6th Board of Directors and the 2019 Annual General Meeting of Shareholders respectively, which deliberated and approved the Proposal on the Scheme for the Company's Non-Public Offering of Shares, the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Non-Public Offering of Shares and other proposals related to the non-public offering of shares.

(2) On April 21, 2021 and May 10, 2021, the company held the eighth (extraordinary) meeting of the seventh board of directors, the seventh (extraordinary) meeting of the seventh board of supervisors, and the first extraordinary general meeting in 2021, reviewing and approving the Proposal on Requesting the General Meeting of Shareholders to Extend the Validity Period of Authorizing the Company's Board of Directors to Handle Matters Related to the Non-public Issuance of Shares in 2020, the Proposal on Extending the Validity Period of the Resolutions of the General Meeting of Shareholders on the Non-public Issuance of Shares in 2020, and other proposals related to the non-public offering of shares.

(3) On August 10, 2020, the Company's application for non-public offering of shares was approved by the issuance examination committee of the CSRC. On August 18, 2020, the Company received the Reply on Approving the Non-Public Offering of Shares by Shenzhen Topband Co., Ltd. (ZJXX [2020] No. 1865) as issued by the China Securities Regulatory Commission. On April 29, 2021, the Company privately issued 92,105,263 ordinary shares (A shares) in RMB to 14 specific investors. On May 20, 2021, the Company obtained the Confirmation of Acceptance of Share Registration Application as issued by Shenzhen Branch of China Securities Depository and Clearing Company Limited, and the relevant shares were officially included in the register of shareholders of the Company after they were registered in the account.

3. According to the restricted stock incentive plan in 2021, the company has executed the following decision-making procedures:

For details, please refer to "Section 6 Important Matters XVI: Explanation of Other Important Matters".

Transfer of share change

applicable not applicable

1. For the second exercise period of the 2018 stock option incentive plan, the exercise of 10,985,100 stock

options was approved. As of the end of the reporting period, 10,950,600 additional shares for stock option exercise had been registered under the names of incentive objects respectively.

2. The securities registration formalities for the Company's non-public offering of 92,105,263 shares (RMB ordinary shares) were completed in Shenzhen Branch of China Securities Depository and Clearing Company Limited, and such shares were listed on Shenzhen Stock Exchange on June 3, 2021.

3. According to the restricted stock incentive plan in 2021, it was approved to issue 18,705,400 shares to 1,026 incentive objects. As of the end of the reporting period, 18,705,400 new restricted shares had been registered in the names of each incentive object.

4. According to the restricted stock incentive plan in 2021, it was approved to grant 14,838,920 shares in the company's special securities account for repurchase to 198 incentive objects. As of the end of the reporting period, the 14,838,920 shares in the restricted stock repurchase portion had been registered in the names of each incentive object.

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

applicable not applicable

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

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

applicable not applicable

2. Changes in non-tradable shares

applicable not applicable

Unit: share

Name of shareholder	Number of non-tradable shares at the	Increase number of non-tradable shares in the	Desterilization number of non-tradable	Number of non-tradable shares at the end	Reasons for non-trading	Date of lifting sales restriction

	beginning of the period	current period	shares in the current period	of the period		
Wu Yongqiang	159,006,536	0	0	159,006,536	Executives lock-in shares	Not applicable
Ji Shuhai	24,613,981	0	4,125,000	20,488,981	Executives lock-in shares	Not applicable
Ma Wei	5,726,200	841,000	0	6,567,200	Executive lock-up shares and restricted shares of restricted stock	Released from trading restrictions according to the stock incentive plan
Peng Ganquan	2,922,674	670,000	0	3,592,674	Executive lock-up shares and restricted shares of restricted stock	Released from trading restrictions according to the stock incentive plan
Zheng Sibin	3,932,977	713,000	0	4,645,977	Executive lock-up shares and restricted shares of restricted stock	Released from trading restrictions according to the stock incentive plan
Wen Zhaohui	1,581,095	363,000	0	1,944,095	Executive lock-up shares and restricted shares of restricted stock	Released from trading restrictions according to the stock incentive plan
Dai Huijuan	239,709	0	0	239,709	Executive lock-up shares and restricted shares of restricted stock	Released from trading restrictions according to the stock incentive plan
Xiang Wei	226,125	273,000	0	499,125	Executive lock-up shares and restricted shares of restricted stock	Released from trading restrictions according to the stock incentive plan

Incentive objects of restricted stock incentive plan	0	31,629,320	0	31,629,320	Stock-option-incentive restricted shares	Released from trading restrictions according to the stock incentive plan
Total	198,249,297	34,489,320	4,125,000	228,613,617	--	--

II. Issuance and listing of securities

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

applicable not applicable

Names of stocks and their derivative securities	Issuing date	Issue price (or interest rate)	Issued quantity	Listing date	Number of shares approved for listing and trading	Transaction termination date	Disclosure index	Date of disclosure
Stock category								
Topband	2021/4/29	11.4	92,105,263	2021/06/03	92,105,263		http://www.cninfo.com.cn	2021/6/1
Topband	2021/12/16	7.23	18,705,400	2021/12/17	0		http://www.cninfo.com.cn	2021/12/16
Convertible bonds, separate-bargaining convertible bonds and corporation bonds								
Other derivative securities								

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

1. Matters of the private issuing of stock in 2021

(1) Matters related to the company's non-public offering of shares in 2021 have been reviewed and approved by the 23rd meeting of the 6th Board of Directors, the 8th (extraordinary) meeting of the 7th Board of Directors, the 7th (extraordinary) meeting of the 7th Board of Supervisors, and the annual general meeting in 2019 and the first extraordinary general meeting in 2021.

(2) On August 18, 2020, with the approval of the *Reply on the Non-public Issuance of Shares by Shenzhen Topband Co., Ltd.* (ZJXK [2020] No. 186) issued by the China Securities Regulatory Commission, the company adopted an inquiry method to privately issue 92,105,263 RMB common stocks (A-shares) to 14 investors.

(3) On June 3, 2021, with the approval of the Shenzhen Stock Exchange, the company's non-public issuance of 92,105,263 new shares was listed on the Stock Exchange with a 6-month restricted stock trade period.

(4) On December 3, 2021, the restricted stock trade period of the company's non-public offering of stocks

expired, and the company applied to the Shenzhen Stock Exchange and China Securities Depository and Clearing Corporation Limited in November 2021 for the lifting of the sales restriction. The application was approved by Shenzhen Stock Exchange and China Securities Depository and Clearing Corporation Limited, releasing a total of 92,105,263 shares from trading restrictions.

2. New stocks in the restricted stock incentive plan in 2021

(1) The restricted stock incentive plan in 2021 was reviewed and approved by the thirteenth (extraordinary) meeting of the seventh board of directors, the fourteenth meeting of the seventh board of directors, the second extraordinary general meeting of shareholders in 2021, the 16th (extraordinary) meeting of the seventh board of directors, the 17th (extraordinary) meeting of the seventh board of directors, allowing to grant a total of 33,544,320 restricted shares to 1,224 incentive objects. Among them, 14,838,920 shares in the company's special account for repurchase were issued to 198 incentive objects; 187,054 million new shares were issued to 1,026 incentive objects.

(2) On December 16, 2021, upon review and confirmation by the Shenzhen Stock Exchange and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the company granted and registered the 187,054 million restricted (new) shares involved in the restricted stock incentive plan in 2021, and 14,838,920 restricted (repurchased) shares. Those shares were listed on December 17, 2021. The restricted shares granted by the incentive plan were locked up after the grant registration, and 30%, 30% and 40% were unlocked from the first trading day after 12 months, 24 months, and 36 months since the grant date to the last trading day within 24 months, 36 months, and 48 months since the grant date, respectively.

2. Description of changes in the total number of shares and shareholder structure of the Company and changes in the structure of assets and liabilities of the Company

applicable not applicable

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

During the reporting period, the stock option incentive in 2018 was exercised in the second period, adding the capital stock of 10,950,600 shares and 92,105,263 non-publicly issued shares; according to the restricted stock incentive plan in 2021, additional 18,705,400 shares was issued to incentive objects, jointly resulting in the increase of the company's general capital by 121,761,263 shares, namely, changing from 1,135,216,809 shares to 1,256,978,072 shares.

2. Changes in the structure of assets and liabilities of the Company

As of the end of the period, the company's general capital was 1,256,978,072 shares, and the total assets increased to 9,607,792,402.39 yuan, with the asset-liability ratio of 46.74%. At the end of 2020, the company's total assets were 6,803,891,928.56 yuan, with the asset-liability ratio of 48.12%.

3. Existing situation of internal staff shares

applicable not applicable

III. Shareholders and actual controllers

1. Number of shareholders and shareholding situation of the Company

Unit: share

Total number of common shareholders at the end of the reporting period	63,350	Total number of common shareholders at the end of the previous month before the disclosure date of the annual report	89,748	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)	0	The total number of preferred shareholders whose voting rights were restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 8)	0	
Shareholding situation of shareholders holding more than 5% or top 10 shareholders								
Name of shareholder	Nature of shareholders	Shareholding proportion	Number of shares held at the end of the reporting period	Increase and decrease in the reporting period	Number of shares without non-tradable conditions	Number of shares without non-tradable conditions	Pledge, marking or freezing	
							Share status	Quantity
Wu Yongqiang	Domestic natural person	16.87%	212,008,715	0	159,006,536	53,002,179	Pledge	36,010,000
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	7.77%	97,714,150	83,440,590	0	97,714,150		
Ji Shuhai	Domestic natural person	2.17%	27,318,642	0	20,488,981	6,829,661		
Xie Renguo	Domestic	1.68%	21,149,588	4,543,788	0	21,149,588		

	natural person							
Agricultural Bank of China Limited - Cathay Pacific Smart Car Equity Securities Investment Fund	Other	1.48%	18,657,912	18,657,912	0	18,657,912		
First State Investment Management (UK) Limited - First State Global Umbrella Fund: First State Greater China Growth Fund	Overseas legal person	1.43%	17,948,155	-9,508,200	0	17,948,155		
Industrial and Commercial Bank of China Limited - China Europe Times Pioneer Stock Initiated Securities Investment Fund	Other	1.26%	15,899,200	15,899,200	0	15,899,200		
China Construction Bank Corporation - China Europe Mingrui New Normal Hybrid Securities Investment Fund	Other	0.94%	11,805,300	11,805,300	0	11,805,300		
Bank of China Limited - Cathay Pacific Intelligent Equipment Equity Securities Investment Fund	Other	0.85%	10,692,650	10,692,650	0	10,692,650		
Basic Endowment Insurance Fund 1206 Portfolio	Other	0.84%	10,576,756	10,576,756	0	10,576,756		
The top 10 shareholders of strategic investors or general legal persons due to placement of new shares (if any) (see Note 3)	Not applicable							
Description of the above shareholders' relationship or concerted action	Except for Agricultural Bank of China Limited - Cathay Pacific Smart Car Equity Securities Investment Fund and Bank of China Limited - Cathay Pacific Intelligent Equipment Equity Securities Investment Fund, which are managed by the same fund manager, and Industrial and Commercial Bank of China Limited - China Europe Times Pioneer Stock Initiated Securities Investment Fund and China Construction Bank Corporation - China Europe Mingrui New Normal Hybrid Securities Investment							

	Fund, which are managed by the same fund manager, the company does not know whether there is an associated relationship between other shareholders or whether it falls under the “persons acting in concert” specified in the <i>Measures for the Administration on Acquisition of Listed Companies</i> .		
Description of the above shareholders' entrusting / entrusted voting rights and waiver of voting rights	Not applicable		
Special explanations for the existence of special repurchase accounts among the top 10 shareholders (if any) (see Note 11)	Not applicable		
Shareholding of the top 10 shareholders without non-tradable conditions			
Name of shareholder	Number of shares held without non-tradable conditions at the end of the reporting period	Types of shares	
		Types of shares	Quantity
Hong Kong Securities Clearing Company Ltd.	97,714,150	RMB ordinary share	97,714,150
Wu Yongqiang	53,002,179	RMB ordinary share	53,002,179
Xie Renguo	21,149,588	RMB ordinary share	21,149,588
Agricultural Bank of China Limited - Cathay Pacific Smart Car Equity Securities Investment Fund	18,657,912	RMB ordinary share	18,657,912
First State Investment Management (UK) Limited - First State Global Umbrella Fund: First State Greater China Growth Fund	17,948,155	RMB ordinary share	17,948,155
Industrial and Commercial Bank of China Limited - China Europe Times Pioneer Stock Initiated Securities Investment Fund	15,899,200	RMB ordinary share	15,899,200
China Construction Bank Corporation - China Europe Mingrui New Normal Hybrid Securities Investment Fund	11,805,300	RMB ordinary share	11,805,300
Bank of China Limited - Cathay Pacific Intelligent Equipment Equity Securities Investment Fund	10,692,650	RMB ordinary share	10,692,650
Basic Endowment Insurance Fund 1206 Portfolio	10,576,756	RMB ordinary share	10,576,756
Shanghai Pudong Development Bank Co., Ltd. - China Europe Innovation 18-month Closed Operation Hybrid Securities Investment Fund	9,623,700	RMB ordinary share	9,623,700
Description of the relationship or	Except for Agricultural Bank of China Limited - Cathay Pacific Smart Car Equity Securities Investment		

concerted action between the top 10 shareholders with unlimited tradable shares and between the top 10 shareholders with unlimited tradable shares and the top 10 shareholders	Fund and Bank of China Limited - Cathay Pacific Intelligent Equipment Equity Securities Investment Fund, which are managed by the same fund manager, and Industrial and Commercial Bank of China Limited - China Europe Times Pioneer Stock Initiated Securities Investment Fund, China Construction Bank Corporation - China Europe Mingrui New Normal Hybrid Securities Investment Fund and Shanghai Pudong Development Bank Co., Ltd. - China Europe Innovation 18-month Closed Operation Hybrid Securities Investment Fund, which are managed by the same fund manager, the company does not know whether there is an associated relationship between other shareholders or whether it falls under the “persons acting in concert” specified in the <i>Measures for the Administration on Acquisition of Listed Companies</i> .
Description of the participation of the top 10 common shareholders in securities margin trading (if any) (see Note 4)	Not applicable

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

Yes No

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

2. Controlling shareholders of the Company

Nature of controlling shareholder: controlling by natural person

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Whether the right of residence in other countries or regions was obtained
Wu Yongqiang	China	No
Main position and occupation	Since 2009, holding the post of the Chairman and General Manager of Shenzhen Topband Co., Ltd.	
Equity of other domestic and foreign listed companies holding shares or participating in shares during the reporting period	None	

Change of controlling shareholders during the reporting period

applicable not applicable

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

3. The actual controller of the Company and the person acting in concert

Nature of actual controller: foreign natural person

Type of actual controller: natural person

Name of actual controller	Relationship with actual controller	Nationality	Whether the right of residence in other countries or regions was obtained
Wu Yongqiang	Oneself	China	No
Main position and occupation	Since 2009, holding the post of the Chairman and General Manager of Shenzhen Topband Co., Ltd.		
Situation of listed companies both at home and abroad that have been held in the past 10 years	None		

Change of actual controller during the reporting period

applicable not applicable

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

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



The actual controller controlled the Company through trust or other asset management methods

applicable not applicable

4. The accumulative pledged shares of the company's controlling shareholder or the first majority shareholder and its persons acting in concert account for 80% of the total shares.

applicable not applicable

5. Other corporate shareholders holding more than 10% shares

applicable not applicable

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

applicable not applicable

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

Implementation progress of share repurchase

applicable not applicable

Progress in the implementation of the reduction of share repurchase through centralized bidding

applicable not applicable

Section VIII Information on Preferred Shares

applicable not applicable

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

Section IX Relevant Information of Bonds

applicable not applicable

Section X Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Date of signing of audit report	March 18, 2022
Name of audit Institution	BAKER TILLY International Accounting Firm (Special General Partnership)
Document number of audit report	TZYZ [2022] No. 12262
Name of certified public accountant	Chen Zhigang, Zhao Yang

Text of audit report

TZYZ [2022] No. 12262

All shareholders of Shenzhen Topband Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of Shenzhen Topband Co., Ltd. (hereinafter referred to as "Topband Company"), including the consolidated and parent company's balance sheets as of December 31, 2021, the consolidated and parent company's income statements, the consolidated and parent company's cash flow statements and the consolidated and parent company's statements of changes in shareholders' equity for 2021, and the relevant notes to the financial statements.

In our opinion, the attached financial statements prepared in all material respects in accordance with the Accounting Standards for Business Enterprises fairly reflect the consolidated and parent company's financial position as of December 31, 2021, and the consolidated and parent company's operating results and cash flows for 2021.

II. Basis for the Formation of the Audit Opinion

We have carried out the audit according to the Audit Standards for Chinese Certified Public Accountants. Our responsibility under these standards is further described in "Certified Public Accountants' Responsibility for the Financial Statements" in the audit report. According to the Code of Professional Ethics of Chinese Certified Public Accountants, we are independent from Topband Company and have performed other responsibilities in terms of professional ethics. We believe that the audit evidence obtained by us is sufficient and appropriate and

has provided a basis for the expression of our audit opinion.

III. Key Audit Matters

Key audit matters are those which, in our professional judgment, we deem to be the most important for the audit of the financial statements for the current period. These matters shall be handled in the context of the audit of the financial statements as a whole and the formation of an audit opinion, and we do not separately express an opinion on these matters.

Key Audit Matters	How are the matter handled in the audit
1. Revenue recognition	
<p>In 2021, the operating income of Topband Company is 7,767,034,800 yuan. Considering that operating income is a key operating indicator of the Topband Company, whether the sales revenue of products is included in the appropriate accounting period may be potentially misstated, so we regard the recognition of operating income as a key audit matter.</p> <p>Please refer to the accounting policies described in "(28) Income" in "III. Important Accounting Policies and Accounting Estimates", "(41) Operating Income and Operating Cost" in "VI. Notes to Items in the Consolidated Financial Statements" and "(4) Operating Income and Operating Cost" in "XVII. Annotations to Major Items in the Parent Company's Financial Statements" in the notes to the financial statements.</p>	<p>The main audit procedures we have carried out for revenue recognition include, but are not limited to the following:</p> <p>(1) Understand, evaluate and test the effectiveness of the design and operation of internal control related to the sales and collection of Topband Company;</p> <p>(2) Understand revenue recognition policies through interviews with the management, check relevant terms of major customer contracts, analyze and evaluate whether the revenue recognition policies actually implemented are appropriate, and recheck whether relevant accounting policies are consistently used;</p> <p>(3) Inquire and understand the background information of major customers or new customers through open channels, such as industrial and commercial registration information, and confirm whether there is any potential unidentified related party relationship between major customers and Topband Company and its related parties;</p> <p>(4) Analyze the rationality of changes in the sales structure of major products, compare with the gross profit rate in the same period in history and in the same industry, analyze changes in the gross profit rate of major products and major customers, and recheck the rationality of sales revenue;</p> <p>(5) Verify the balance of accounts receivable of major customers in combination with the audit of accounts receivable, and perform substitution tests for customers who did not reply;</p> <p>(6) Take samples to check the relevant documents of</p>

	<p>sales revenue transactions, such as sales contracts (orders), delivery notes, receipts (warehouse receipts), customs declarations, statements of account and sales invoices, so as to verify whether the confirmed sales revenue is true;</p> <p>(7) Spot-check sales revenue transactions recorded before and after the balance sheet date to check the supporting vouchers of revenue recognition under each mode, so as to evaluate whether sales revenue is recorded in the appropriate accounting period.</p>
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Audit Report (Continued)

TZYZ [2022] No. 12262

Key Audit Matters	How are the matter handled in the audit
2. Impairment of accounts receivable	
<p>At the end of 2021, the book value of accounts receivable of Topband Co., Ltd. was 2,188,161,500 yuan. Due to the large book value of accounts receivable, the assessment of bad-debt provision involved significant accounting estimates and judgments of the management. Therefore, the bad-debt provision for accounts receivable was regarded as a key audit item.</p> <p>Please refer to the accounting policies described in "(11) Receivables" in "III. Important Accounting Policies and Accounting Estimates", "(4) Accounts Receivable" in "VI. Notes to Items in the Consolidated Financial Statements" and "(1) Receivables" in "XVII. Notes to Major Items in the Parent Company's Financial Statements" in the notes to the financial statements.</p>	<p>The main audit procedures we have carried out for the impairment of accounts receivable include, but are not limited to the following:</p> <p>(1) Understand, evaluate and test the effectiveness of the design and operation of internal control related to the credit policy and accounts receivable management of Topband Company;</p> <p>(2) Analyze the rationality of the accounting policies for the bad debt provision of accounts receivable, including the basis for determining the combination of accounts receivable, the expected credit loss rate, the judgment of a single item with a significant amount, the judgment of a single item with bad debt provision, and check whether it conforms to relevant accounting policies;</p> <p>(3) Obtain the aging analysis table and bad debt provision table of accounts receivable, analyze and check the rationality and accuracy of the aging division and bad debt provision of accounts receivable;</p> <p>(4) Analyze and calculate the ratio between the amount of bad debt provision and the balance of accounts receivable on the balance sheet date, compare the amount of previous bad debt provision and the actual amount incurred, and analyze whether the amount of bad debt provision of accounts receivable is sufficient;</p> <p>(5) Analyze the rationality of the scale of accounts receivable of major customers in combination with the credit period of accounts receivable. At the same time, understand the reasonable cause for the accounts receivable beyond the</p>

	credit period, so as to identify whether there is any situation that affects the assessment result of bad debt provision for accounts receivable of Topband Company.
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IV. Other Information

The management of Topband Company (hereinafter referred to as the "Management") is responsible for other information. Other information includes information covered in the 2021 Annual Report, but does not include the financial statements and our audit report.

Our audit opinion on the financial statements does not cover other information, nor do we issue any form of authentication conclusions on other information.

In conjunction with our audit of the financial statements, it is our responsibility to read other information and, in doing so, consider whether other information is materially inconsistent or appears to be materially misstated with the financial statements or what we have learned in the course of our audit. Based on the work we have performed, if we determine that there is a material misstatement of other information, we shall report that fact. In this regard, we have nothing to report.

V. Responsibilities of the Management and the Governance Body for Financial Statements

The Management is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises, causing them to realize fair presentation and designing, implementing and maintaining necessary internal control so that the financial statements contain no misstatement caused by fraud or errors.

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

The Governance Body is responsible for overseeing the financial reporting process of Topband Company.

V. Responsibilities of Certified Public Accountants for Auditing the Financial Statements

Our objective is to obtain reasonable assurance as to whether the financial statements contain no misstatement caused by fraud or errors on the whole and to issue an audit report including an audit opinion.

Reasonable assurance is a high level of assurance, but cannot guarantee that a certain material misstatement can always be detected in an audit carried out according to audit standards. A misstatement may be caused by fraud or errors. Misstatements are generally deemed to be material if it is reasonably expected that they may, individually or collectively, influence the economic decisions made by the users of the financial statements according to the financial statements.

We have exercised our professional judgment and maintained our professional skepticism in carrying out the audit according to audit standards. At the same, we have carried out the following work:

(1) We have identified and assessed the risks of material misstatements caused by fraud or errors in the financial statements; have designed and implemented audit procedures to cope with such risks; and have obtained sufficient and appropriate audit evidence as a basis for the expression of the audit opinion. Because fraud may involve collusion, falsification, intentional omission, misrepresentation or precedence over internal control, the risk of failure to detect material misstatements caused by fraud is higher than the risk of failure to detect material misstatements caused by errors.

(2) We have understood the internal control related to the audit to design appropriate audit procedures, but our purpose is not to express our opinion on the effectiveness of internal control.

(3) We have evaluated the appropriateness of the accounting policies chosen by the Management and the reasonableness of the accounting estimates and relevant disclosure made by it.

(4) We have reached a conclusion on the appropriateness of the use of the going concern assumption. At the same time, according to the received audit evidence, we have reached a conclusion on the existence or non-existence of material uncertainty about any matter or situation that may cast considerable doubt on Topband Company's ability to continue as a going concern. If our conclusion is that material uncertainty exists, the audit standards require us to bring relevant disclosure in the financial statements to the attention of the users of the statements in the audit report; if such disclosure is inadequate, we shall express a non-unqualified opinion. Our conclusion is based on the information that was available as of the date of the audit report. However, future matters or situations may cause Topband Company to lose the ability to continue as a going concern.

(5) We have evaluated the overall presentation, structure and content of the financial statements and have evaluated whether the financial statements fairly present relevant transactions and matters.

(6) We have obtained sufficient and appropriate audit evidence for the financial information on the entity or business activities of Topband Company to express our audit opinion on the financial statements. We are

responsible for guiding, supervising and implementing the group's audit and bear full responsibility for the audit opinion.

We have communicated with the Governance Body about the planned audit scope, timing and significant audit discovery, including internal control defects identified by us in the audit and deserving attention.

We have also provided the Governance Body with a statement that we have complied with the professional ethics requirements relating to our independence and have communicated with the Governance Body about all relationships and other matters that may reasonably be believed to affect our independence, as well as relevant precautions.

From the issues we have communicated with the Governance Body, we have determined which issues are the most important to the audit of the financial statements for the current period and thus constitute key audit matters. We describe these matters in our audit report, unless laws and regulations prohibit public disclosure of such matters or, in rare circumstances, we determine that we shall not communicate a certain matter in our audit report if it is reasonably expected that the negative consequences of communicating such matter in our audit report will exceed the benefits derived in the public interest.

Beijing, China
March 18, 2022

Chinese Certified Public Accountants:
(Project Partners)

Chinese Certified Public Accountants:

II. Financial Statements

The unit of statements in the financial notes is: Yuan (RMB)

1. Consolidated balance sheet

Prepared by: Shenzhen Topband Co., Ltd.

December 31, 2021

Unit: Yuan

Items	December 31, 2021	December 31, 2020
Current assets:		
Monetary capital	1,767,580,056.07	1,219,095,476.50
Settlement of provisions		

Loans to other banks		
Tradable financial assets	214,999,336.74	226,491,482.10
Derivative financial assets		
Notes receivable	161,659,470.21	39,477,930.63
Accounts receivable	2,188,161,465.48	1,701,111,153.84
Receivables financing	36,902,507.85	246,656,027.27
Prepayments	41,320,285.02	17,735,229.99
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	50,156,221.82	40,728,126.64
Including: interest receivable		
Dividends receivable		
Repurchase of financial assets for resale		
Inventory	2,184,402,766.04	1,115,312,868.62
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	113,071,619.93	70,296,444.76
Total current assets	6,758,253,729.16	4,676,904,740.35
Non-current assets:		
Loans and advances granted		
Debt investment	0.00	
Other debt investment		
Long-term receivables		
Long-term equity investment	26,119,127.82	6,502,528.13
Other equity instrument investment		
Other non-current financial assets		
Investment property	86,975,114.31	89,238,265.71
Fixed assets	1,299,517,887.54	1,096,875,640.94
Construction in progress	495,248,025.93	292,474,798.41
Productive biological assets		
Oil and gas assets		

Right-of-use assets	58,168,151.88	
Intangible assets	435,639,773.29	279,279,569.40
Development expenditure	66,358,407.48	62,861,779.22
Goodwill	110,732,042.84	108,637,368.48
Long-term deferred expenses	95,151,616.38	72,077,671.09
Deferred tax assets	102,787,097.36	55,192,974.75
Other non-current assets	72,041,428.40	34,639,355.39
Total non-current assets	2,848,738,673.23	2,097,779,951.52
Total assets	9,606,992,402.39	6,774,684,691.87
Current liabilities:		
Short-term loans	409,531,107.26	402,151,500.00
Borrowing money from the central bank		
Borrowed funds		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,231,106,148.24	715,574,653.91
Accounts payable	1,511,284,996.56	1,549,906,339.72
Advance receipt	353,895.16	487,267.17
Contractual liabilities	93,328,006.70	72,576,117.56
Financial assets sold for repurchase		
Deposit absorption and interbank deposit		
Acting trading securities		
Acting underwriting securities		
Employee compensation payable	198,863,796.02	175,503,764.12
Taxes payable	16,254,542.45	60,256,015.60
Other payables	318,632,275.66	57,160,615.93
Including: Interest payable		
Dividends payable		
Service charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one	47,721,695.74	

year		
Other current liabilities	107,064,543.82	
Total current liabilities	3,934,141,007.61	3,033,616,274.01
Non-current liabilities		
Insurance contract reserve		
Long-term loans	475,020,000.00	200,000,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	40,290,402.14	
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	14,385,200.00	14,624,770.00
Deferred tax liabilities	26,280,456.34	11,819,861.30
Other non-current liabilities		
Total non-current liabilities	555,976,058.48	226,444,631.30
Total liabilities	4,490,117,066.09	3,260,060,905.31
Owner's equity:		
Share capital	1,256,978,072.00	1,135,216,809.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	2,140,053,149.74	969,370,892.84
Minus: treasury shares	242,525,433.60	80,017,965.68
Other comprehensive income	-91,831,496.88	-24,555,229.97
Special reserve		
Surplus reserves	186,397,631.76	151,359,957.53
General risk provision		
Retained Earnings	1,779,243,483.61	1,305,882,400.11
Total owner's equity attributable to the parent company	5,028,315,406.63	3,457,256,863.83
Minority equity	88,559,929.67	57,366,922.73
Total owners' equity	5,116,875,336.30	3,514,623,786.56

Total liabilities and owners' equity	9,606,992,402.39	6,774,684,691.87
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Legal Representative: Wu Yongqiang Accounting Head: Xiang Wei Accounting Department Head: Luo Muchen

2. Balance sheet of the parent company

Unit: Yuan

Items	December 31, 2021	December 31, 2020
Current assets:		
Monetary capital	1,110,855,192.86	705,163,083.52
Tradable financial assets	187,011,836.74	102,133,982.10
Derivative financial assets		
Notes receivable	50,356,382.14	6,939,021.98
Accounts receivable	1,496,921,254.34	896,265,475.70
Receivables financing	13,909,195.16	217,543,679.19
Prepayments	11,308,739.07	6,953,106.28
Other receivables	141,619,648.22	41,159,647.12
Including: interest receivable		
Dividends receivable		
Inventory	343,548,795.39	209,965,269.91
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	14,074,292.52	12,054,327.33
Total current assets	3,369,605,336.44	2,198,177,593.13
Non-current assets:		
Debt investment	0.00	
Other debt investment		
Long-term receivables		
Long-term equity investment	2,947,556,465.89	2,200,934,231.94
Other equity instrument investment		
Other non-current financial assets		
Investment property		
Fixed assets	145,229,190.35	120,829,877.70
Construction in progress	6,486,761.99	2,392,458.84

Productive biological assets		
Oil and gas assets		
Right-of-use assets	554,157.99	
Intangible assets	161,311,708.12	132,732,792.93
Development expenditure	43,638,980.21	44,248,718.56
Goodwill		
Long-term deferred expenses	20,573,462.40	27,739,322.93
Deferred tax assets	55,938,073.37	27,692,977.98
Other non-current assets	8,160,527.96	6,997,597.90
Total non-current assets	3,389,449,328.28	2,563,567,978.78
Total assets	6,759,054,664.72	4,761,745,571.91
Current liabilities:		
Short-term loans	153,591,779.50	102,151,500.00
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	990,389,640.00	696,684,142.33
Accounts payable	368,537,246.64	471,203,775.42
Advance receipt		
Contractual liabilities	37,061,438.92	29,103,190.50
Employee compensation payable	105,820,526.01	91,953,399.79
Taxes payable	10,652,318.75	28,211,920.73
Other payables	568,675,865.75	299,042,515.61
Including: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	326,602.76	
Other current liabilities	38,799,661.21	
Total current liabilities	2,273,855,079.54	1,718,350,444.38
Non-current liabilities		
Long-term loans		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		

Lease liabilities	221,776.58	
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	9,053,500.00	10,535,500.00
Deferred tax liabilities	20,935,893.00	8,106,676.00
Other non-current liabilities		
Total non-current liabilities	30,211,169.58	18,642,176.00
Total liabilities	2,304,066,249.12	1,736,992,620.38
Owner's equity:		
Share capital	1,256,978,072.00	1,135,216,809.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	2,189,685,216.22	1,007,315,299.41
Minus: treasury shares	242,525,433.60	80,017,965.68
Other comprehensive income	370,109.41	5,569,575.04
Special reserve		
Surplus reserves	186,369,113.30	151,331,439.07
Undistributed profit	1,064,111,338.27	805,337,794.69
Total owners' equity	4,454,988,415.60	3,024,752,951.53
Total liabilities and owners' equity	6,759,054,664.72	4,761,745,571.91

3. Consolidated income statement

Unit: Yuan

Items	2021	2020
I. Total operating income	7,767,034,835.03	5,560,182,998.21
Including: operating income	7,767,034,835.03	5,560,182,998.21
Interest income		
Premium earned		
Service charge and commission income		
II. Total operating costs	7,124,228,676.16	5,037,468,985.99

Including: Operating cost	6,114,531,354.87	4,204,293,830.77
Interest expense		
Service charge and commission payment		
Surrender value		
Net compensation expenditure		
Net reserve amount set aside for insurance liability contracts		
Policy dividend payment		
Reinsurance expenses		
Taxes and surcharges	29,053,867.71	21,690,582.69
Sales expenses	208,562,819.10	132,898,433.70
Management expenses	258,345,031.89	184,057,471.19
Research and development expenses	449,950,052.11	317,542,654.15
Finance charges	63,785,550.48	176,986,013.49
Including: Interest expenses	24,677,917.47	41,611,921.13
Interest income	8,722,530.08	7,457,090.20
Plus: other income	26,208,046.69	35,265,593.47
Return on investment (loss marked with "-")	54,827,083.25	258,578,241.24
Including: income from investment in associated enterprises and joint ventures	-2883,400.31	-360,946.80
Income from derecognition of financial assets measured at amortized cost		
Exchange gains (loss marked with "-")		
Net exposure hedge gain (loss marked with "-")		
Loss from fair value change (income marked with "-")	85,670,316.15	-105,561,454.64
Credit impairment loss (loss marked with "-")	-85,593,629.08	10,647,224.22
Asset impairment loss (loss marked with "-")	-99,995,344.56	-99,263,678.59

Income from disposal of assets (loss marked with "-")	-404,389.75	-932,817.83
III. Operating profit (loss marked with "-")	623,518,241.57	621,447,120.09
Plus: non-operating income	2,260,355.74	3,091,552.14
Minus: non-operating expenses	5,538,292.94	5,057,831.82
IV. Total profit (total loss marked with "-")	620,240,304.37	619,480,840.41
Minus: income tax expense	48,127,689.76	72,904,159.32
V. Net profit (net loss marked with "-")	572,112,614.61	546,576,681.09
(I) Classification according to business continuity		
1. Net profit from continuing operation (net loss marked with "-")	572,112,614.61	546,576,681.09
2. Net profit from termination of operation (net loss marked with "-")		
(II) Classification according to ownership		
1. Net profit attributable to the shareholders of the parent company	564,964,282.18	532,161,123.64
2. Profits and losses of minority shareholders	7,148,332.43	14,415,557.45
VI. Net after-tax amount of other comprehensive income	-67,276,266.91	-21,495,467.91
Net after-tax amount of other comprehensive income attributable to the owner of the parent company	-67,276,266.91	-21,495,467.91
(I) Other comprehensive income that cannot be reclassified into profits or losses		
1. Remeasurement of changes in defined benefit plans		
2. Other comprehensive income that cannot be transferred to profits and losses under the equity method		
3. Changes in the fair value of other equity instrument investments		

4. Changes in fair value of the enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that is reclassified into profits and losses	-67,276,266.91	-21,495,467.91
1. Other comprehensive income transferable to profits and losses under the equity method		
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedge reserve		
6. Difference in translation of foreign-currency financial statements	-62,076,801.28	-27,065,042.95
7. Others	-5,199,465.63	5,569,575.04
Net after-tax amount of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	504,836,347.70	525,081,213.18
Total consolidated income attributable to the owners of the parent company	497,688,015.27	510,665,655.73
Total consolidated income attributable to minority shareholders	7,148,332.43	14,415,557.45
VIII. Earnings per share:		
(I) Basic earnings per share	0.47	0.51
(II) Diluted earnings per share	0.47	0.51

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

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

4. Income statement of the parent company

Unit: Yuan

Items	2021	2020
I. Operating income	4,564,044,890.75	3,382,368,020.38
Minus: operating cost	3,792,141,796.05	2,795,048,150.10
Taxes and surcharges	12,625,707.59	9,802,314.00
Sales expenses	130,293,799.46	85,887,555.58
Management expenses	151,795,451.87	116,464,465.35
Research and development expenses	186,514,426.05	139,910,160.61
Finance charges	37,274,271.38	137,498,249.51
Including: Interest expenses	12,147,542.62	34,251,784.01
Interest income	5,763,930.72	5,563,022.74
Plus: other income	8,563,323.92	19,920,775.54
Return on investment (loss marked with "-")	69,299,464.03	260,450,508.23
Including: income from investment in associated enterprises and joint ventures	-527,468.28	-360,946.80
Income from derecognition of financial assets measured at amortized cost (loss marked with "-")	0.00	0.00
Net exposure hedge gain (loss marked with "-")	0.00	0.00
Loss from fair value change (income marked with "-")	85,670,316.15	-105,561,454.64
Credit impairment loss (loss marked with "-")	-12,263,755.40	12,890,980.63
Asset impairment loss (loss marked with "-")	-8,393,828.43	-6,126,212.74
Income from disposal of assets (loss marked with "-")	870,158.85	-286,627.68
II. Operating profit (loss marked with "-")	397,145,117.47	279,045,094.57

Plus: non-operating income	406,354.97	2,033,271.44
Minus: non-operating expenses	3,621,199.53	2,747,958.93
III. Total profit (total loss marked with "-")	393,930,272.91	278,330,407.08
Minus: income tax expense	43,553,530.65	37,572,949.14
IV. Net profit (net loss marked with "-")	350,376,742.26	240,757,457.94
(I) Net profit from continuing operation (net loss marked with "-")	350,376,742.26	240,757,457.94
(II) Net profit from termination of operation (net loss marked with "-")		
V. Net after-tax amount of other comprehensive income	-5,199,465.63	5,569,575.04
(I) Other comprehensive income that cannot be reclassified into profits or losses	0.00	0.00
1. Remeasurement of changes in defined benefit plans	0.00	0.00
2. Other comprehensive income that cannot be transferred to profits and losses under the equity method	0.00	0.00
3. Changes in the fair value of other equity instrument investments	0.00	0.00
4. Changes in fair value of the enterprise's own credit risk	0.00	0.00
5. Others	0.00	0.00
(II) Other comprehensive income that is reclassified into profits and losses	-5,199,465.63	5,569,575.04
1. Other comprehensive income transferable to profits and losses under the equity method	0.00	0.00
2. Changes in the fair value of other debt investments	0.00	0.00
3. Amount of financial assets	0.00	0.00

reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment	0.00	0.00
5. Cash flow hedge reserve	0.00	0.00
6. Difference in translation of foreign-currency financial statements	0.00	0.00
7. Others	-5,199,465.63	5,569,575.04
VI. Total comprehensive income	345,177,276.63	246,327,032.98
VII. Earnings per share:		
(I) Basic earnings per share	0.28	0.23
(II) Diluted earnings per share	0.28	0.23

5. Consolidated cash flow statement

Unit: Yuan

Items	2021	2020
I. Cash flow from operating activities:		
Cash received from selling goods and providing services	7,379,366,133.60	5,029,358,595.65
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from the central bank		
Net increase in funds borrowed from other financial institutions		
Cash from receipt of original insurance contract premiums		
Receipt of net cash for reinsurance operations		
Net increase in savings and investment funds of the insured		
Cash from receipt of interest, service charges and commissions		
Net increase in borrowed funds		
Net increase in funds from		

repurchase operations		
Net cash received for acting trading securities		
Tax rebates received	408,342,014.70	236,631,627.27
Receipt of other cash related to operating activities	89,743,482.16	99,560,021.46
Subtotal of cash inflow from operating activities	7,877,451,630.46	5,365,550,244.38
Cash paid for purchasing goods and accepting services	6,328,279,127.11	3,505,711,340.07
Net increase in customer loans and advances		
Net increase in deposits with central banks and interbanks		
Cash for payment of claims under original insurance contracts		
Net increase in lending funds		
Cash for payment of interest, service charges and commissions		
Cash for payment of policy dividends		
Cash paid to and for employees	1,315,339,474.82	915,077,720.87
Various taxes paid	156,592,618.79	113,556,882.14
Other cash paid in connection with operating activities	301,802,955.60	183,303,592.92
Subtotal of cash outflow from operating activities	8,102,014,176.32	4,717,649,536.00
Net cash flow from operating activities	-224,562,545.86	647,900,708.38
II. Cash flow from investing activities:		
Cash received from investment recovery	526,447,603.26	591,409,909.06
Cash received as return on an investment	57,710,483.56	235,969,188.04
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	6,913,824.99	1,738,744.68
Net cash recovered from the disposal of subsidiaries and other		

business units		
Other cash received relating to investment activities		0.00
Subtotal of cash inflow from investment activities	591,071,911.81	829,117,841.78
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	854,193,345.35	573,790,008.02
Cash paid for investment	470,500,000.00	617,034,000.00
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other business units	14,549,770.03	0.00
Other cash paid in connection with investment activities		20,016,000.00
Subtotal of cash outflow from investment activities	1,339,243,115.38	1,210,840,008.02
Net cash flow from investment activities	-748,171,203.57	-381,722,166.24
III. Cash flow from financing activities:		
Cash received from absorbing investment	1,341,854,327.60	44,442,375.30
Including: cash received by subsidiaries' absorption of minority shareholders' investment	21,246,898.25	
Cash received from loans	1,026,376,959.97	499,724,833.34
Other cash received in connection with financing activities	27,248,871.75	51,476,244.39
Subtotal of cash inflow from financing activities	2,395,480,159.32	595,643,453.03
Cash paid to repay debts	726,099,200.02	274,767,315.35
Cash paid to distribute dividends, profits or pay interest	86,470,656.52	77,989,846.88
Including: dividends and profits paid by subsidiaries to minority shareholders	5,197,835.08	4,061,400.15
Other cash paid in connection with financing activities	40,197,743.20	38,047,377.60

Subtotal of cash outflow from financing activities	852,767,599.74	390,804,539.83
Net cash flow from financing activities	1,542,712,559.58	204,838,913.20
IV. Impact of exchange rate fluctuations on cash and cash equivalents	-30,709,686.87	-36,026,940.91
V. Net increase in cash and cash equivalents	539,269,123.28	434,990,514.43
Plus: balance of cash and cash equivalents at the beginning of the period	1,196,835,834.92	761,845,320.49
VI. Balance of cash and cash equivalents at the end of the period	1,736,104,958.20	1,196,835,834.92

6. Cash flow statement of the parent company

Unit: Yuan

Items	2021	2020
I. Cash flow from operating activities:		
Cash received from selling goods and providing services	4,281,179,459.86	3,371,191,145.42
Tax rebates received	257,161,861.26	156,974,447.43
Receipt of other cash related to operating activities	686,667,031.96	981,628,989.96
Subtotal of cash inflow from operating activities	5,225,008,353.08	4,509,794,582.81
Cash paid for purchasing goods and accepting services	3,729,736,400.30	2,594,237,500.42
Cash paid to and for employees	456,452,513.20	401,882,971.23
Various taxes paid	74,299,409.46	42,011,867.61
Other cash paid in connection with operating activities	1,073,422,053.80	823,048,596.85
Subtotal of cash outflow from operating activities	5,333,910,376.76	3,861,180,936.11
Net cash flow from operating activities	-108,902,023.68	648,613,646.70
II. Cash flow from investing activities:		
Cash received from investment recovery	50,792,461.51	171,209,909.06
Cash received as return on an	69,826,932.31	237,841,455.03

investment		
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	3,706,391.67	9,857,495.16
Net cash recovered from the disposal of subsidiaries and other business units	0.00	0.00
Other cash received relating to investment activities	0.00	0.00
Subtotal of cash inflow from investment activities	124,325,785.49	418,908,859.25
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	132,018,239.35	101,947,971.74
Cash paid for investment	465,477,642.93	503,777,500.00
Net cash paid for acquiring subsidiaries and other business units	0.00	0.00
Other cash paid in connection with investment activities	0.00	20,016,000.00
Subtotal of cash outflow from investment activities	597,495,882.28	625,741,471.74
Net cash flow from investment activities	-473,170,096.79	-206,832,612.49
III. Cash flow from financing activities:		
Cash received from absorbing investment	1,320,607,429.35	44,442,375.30
Cash received from loans	371,000,000.00	102,151,500.00
Other cash received in connection with financing activities	12,264,121.98	18,199,609.19
Subtotal of cash inflow from financing activities	1,703,871,551.33	164,793,484.49
Cash paid to repay debts	623,151,500.00	166,767,315.35
Cash paid to distribute dividends, profits or pay interest	68,705,946.59	67,753,957.44
Other cash paid in connection with financing activities	27,128,147.14	28,680,695.64
Subtotal of cash outflow from financing activities	718,985,593.73	263,201,968.43

Net cash flow from financing activities	984,885,957.60	-98,408,483.94
IV. Impact of exchange rate fluctuations on cash and cash equivalents	-14,047,341.55	-14,118,735.18
V. Net increase in cash and cash equivalents	388,766,495.58	329,253,815.09
Plus: balance of cash and cash equivalents at the beginning of the period	696,490,741.04	367,236,925.95
VI. Balance of cash and cash equivalents at the end of the period	1,085,257,236.62	696,490,741.04

7. Consolidated statement of changes in owner's equity

Current amount

Unit: Yuan

Items	2021														
	Owner's equity attributable to the parent company												Minority equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	General risk provision	Undistributed profit	Other			Subtotal
	Preferred shares	Perpetual bonds	Other												
I. Ending balance of last year	1,135,216,809.00				956,734,039.75	80,017,965.68	-24,555,229.97	0.00	151,359,957.53	0.00	1,324,944,369.91	0.00	3,463,681,980.54	84,992,151.43	3,548,674,131.97
Plus: Changes in accounting policies															
Early error correction					12,636,853.09						-19,061,969.80		-6,425,116.71	-27,625,228.70	-34,050,345.41
Merger of enterprises under the same control															
Other															
II. Balance at the beginning of the current year	1,135,216,809.00				969,370,892.84	80,017,965.68	-24,555,229.97	0.00	151,359,957.53	0.00	1,305,882,400.11		3,457,256,863.83	57,366,922.73	3,514,623,786.56
III. Amount of increase or decrease in the current period	121,761,263.00				1,170,682,256.90	162,507,467.92	-67,276,266.91	0.00	35,037,674.23	0.00	473,361,083.50		1,571,058,542.80	31,193,006.94	1,602,251,549.74

owners (or shareholders)															
4.Other															
(IV) Internal carryover of owner's equity															
1.Conversion of surplus reserves to additional capital (or share capital)															
2.Conversion of surplus reserves to additional capital (or share capital)															
3.Losses covered with surplus reserve															
4.Change of defined benefit plans carried forward to retained earnings															
5.Other comprehensive income carried forward to retained earnings															
6.Other															

(V) Special reserve															
1. Withdrawal in the current period															
2. Use in the current period															
(VI) Others					-11,687,659.91								-11,687,659.91	29,242,509.59	17,554,849.68
IV. Ending balance of the current period	1,256,978,072.00				2,140,053,149.74	242,525,433.60	-91,831,496.88		186,397,631.76		1,779,243,483.61		5,028,315,406.63	88,559,929.67	5,116,875,336.30

Amount of the previous period

Unit: Yuan

Items	2020													Minority equity	Total owners' equity
	Owner's equity attributable to the parent company														
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	General risk provision	Undistributed profit	Other	Subtotal		
	Preferred shares	Perpetual bonds	Other												
I. Ending balance of last year	1,018,775,769.00			104,535,879.24	456,556,282.32	60,009,612.52	-3,059,762.06		127,284,211.74		866,301,932.11		2,510,384,699.83	124,782,540.90	2,635,167,240.73
Plus: Changes in accounting policies															
Early error correction					12,636,853.09						-17,706,279.40		-5,069,426.31	-24,362,516.10	-29,431,942.41
Merger of															

enterprises under the same control															
Other															
II. Balance at the beginning of the current year	1,018,775,769.00			104,535,879.24	469,193,135.41	60,009,612.52	-3,059,762.06		127,284,211.74		848,595,652.71	2,505,315,273.52	100,420,024.80	2,605,735,298.32	
III. Amount of increase or decrease in the current period (decrease marked with "-")	116,441,040.00			-104,535,879.24	500,177,757.43	20,008,353.16	-21,495,467.91		24,075,745.79		457,286,747.40	951,941,590.31	-43,053,102.07	908,888,488.24	
(I) Total comprehensive income							-21,495,467.91				532,161,123.64	510,665,655.73	14,415,557.45	525,081,213.18	
(II) Capital invested and reduced by owners	116,441,040.00			-104,426,340.00	540,143,546.42	20,008,353.16						532,149,893.26		532,149,893.26	
1. Ordinary shares invested by owners	12,014,700.00				32,428,355.38							44,443,055.38		44,443,055.38	
2. Capital contributed by	104,426,340.00			-104,426,340.00	498,506,425.85							498,506,425.85		498,506,425.85	

holders of other equity instruments															
3.Amount of share-based payment included in owner's equity					9,208,765.19							9,208,765.19		9,208,765.19	
4.Other						20,008,353.16						-20,008,353.16		-20,008,353.16	
(III) Profit distribution								24,075,745.79		-74,874,376.24		-50,798,630.45	-4,061,400.15	-54,860,030.60	
1.Withdrawal of surplus reserve								24,075,745.79		-24,075,745.79					
2.Withdrawal of general risk provision															
3.Distribution to owners (or shareholders)										-50,798,630.45		-50,798,630.45	-4,061,400.15	-54,860,030.60	
4.Other															
(IV) Internal carryover of owner's equity															
1.Conversion of surplus reserves to additional															

capital (or share capital)																			
2. Conversion of surplus reserves to additional capital (or share capital)																			
3. Losses covered with surplus reserve																			
4. Change of defined benefit plans carried forward to retained earnings																			
5. Other comprehensive income carried forward to retained earnings																			
6. Other																			
(V) Special reserve																			
1. Withdrawal in the current																			

period															
2.Use in the current period															
(VI) Others				-109,539.24	-39,965,788.99							-40,075,328.23	-53,407,259.37	-93,482,587.60	
IV. Ending balance of the current period	1,135,216,809.00				969,370,892.84	80,017,965.68	-24,555,229.97		151,359,957.53		1,305,882,400.11	3,457,256,863.83	57,366,922.73	3,514,623,786.56	

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

Current amount

Unit: Yuan

Items	2021											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
I. Ending balance of last year	1,135,216,809.00				1,007,315,299.41	80,017,965.68	5,569,575.04		151,331,439.07	805,337,794.69		3,024,752,951.53
Plus: Changes in accounting policies												
Early error correction												
Other												
II. Balance at the beginning of the current year	1,135,216,809.00				1,007,315,299.41	80,017,965.68	5,569,575.04		151,331,439.07	805,337,794.69		3,024,752,951.53
III. Amount of	121,761,263.00				1,182,369,916.81	162,507,467.92	-5,199,465.63		35,037,674.23	258,773,543.58		1,430,235,464.07

increase or decrease in the current period (decrease marked with "-")												
(I) Total comprehensive income							-5,199,465.63			350,376,742.26		345,177,276.63
(II) Capital invested and reduced by owners	121,761,263.00				1,182,369,916.81	162,507,467.92						1,141,623,711.89
1. Ordinary shares invested by owners	121,761,263.00				1,130,665,320.69							1,252,426,583.69
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in owner's equity					51,704,596.12	242,525,433.6						-190,820,837.48
4. Other						-80,017,965.68						80,017,965.68
(III) Profit distribution									35,037,674.23	-91,603,198.68		-56,565,524.45
1. Withdrawal of surplus reserve									35,037,674.23	-35,037,674.23		
2. Distribution to owners (or shareholders)										-56,565,524.45		-56,565,524.45
3. Other												

(IV) Internal carryover of owner's equity												
1.Conversion of surplus reserves to additional capital (or share capital)												
2.Conversion of surplus reserves to additional capital (or share capital)												
3.Losses covered with surplus reserve												
4.Change of defined benefit plans carried forward to retained earnings												
5.Other comprehensive income carried forward to retained earnings												
6.Other												
(V) Special reserve												
1.Withdrawal in the current period												
2.Use in the current												

period												
(VI) Others												
IV. Ending balance of the current period	1,256,978,072.00				2,189,685,216.22	242,525,433.60	370,109.41		186,369,113.30	1,064,111,338.27		4,454,988,415.60

Amount of the previous period

Unit: Yuan

Items	2020											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
I. Ending balance of last year	1,018,775,769.00			104,535,879.24	457,944,801.38	60,009,612.52			127,255,693.28	639,454,712.99		2,287,957,243.37
Plus: Changes in accounting policies												
Early error correction												
Other												
II. Balance at the beginning of the current year	1,018,775,769.00			104,535,879.24	457,944,801.38	60,009,612.52			127,255,693.28	639,454,712.99		2,287,957,243.37
III. Amount of increase or decrease in the current period (decrease marked	116,441,040.00			-104,535,879.24	549,370,498.03	20,008,353.16	5,569,575.04		24,075,745.79	165,883,081.70		736,795,708.16

with "-")												
(I) Total comprehensive income							5,569,575.04			240,757,457.94		246,327,032.98
(II) Capital invested and reduced by owners	116,441,040.00			-104,426,340.00	540,143,546.42	20,008,353.16						532,149,893.26
1. Ordinary shares invested by owners	12,014,700.00				32,428,355.38							44,443,055.38
2. Capital contributed by holders of other equity instruments	104,426,340.00			-104,426,340.00	498,506,425.85							498,506,425.85
3. Amount of share-based payment included in owner's equity					9,208,765.19							9,208,765.19
4. Other						20,008,353.16						-20,008,353.16
(III) Profit distribution									24,075,745.79	-74,874,376.24		-50,798,630.45
1. Withdrawal of surplus reserve									24,075,745.79	-24,075,745.79		
2. Distribution to owners (or shareholders)										-50,798,630.45		-50,798,630.45
3. Other												

(IV) Internal carryover of owner's equity												
1. Conversion of surplus reserves to additional capital (or share capital)												
2. Conversion of surplus reserves to additional capital (or share capital)												
3. Losses covered with surplus reserve												
4. Change of defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Other												
(V) Special reserve												
1. Withdrawal in												

the current period												
2.Use in the current period												
(VI) Others				-109,539.24	9,226,951.61							9,117,412.37
IV. Ending balance of the current period	1,135,216,809.00				1,007,315,299.41	80,017,965.68	5,569,575.04		151,331,439.07	805,337,794.69		3,024,752,951.53

III. Basic information of the Company

(I) Basic information of the Company

Registered Chinese name of the Company: 深圳拓邦股份有限公司

Address: Room 413, Area B, Tsinghua University Research Institute, High-tech Industrial Park, Yuehai Street, Nanshan District, Shenzhen

Legal representative: Wu Yongqiang

Registered capital: CNY 1,256,978,072.00 yuan

Capital stock: CNY 1,256,978,072.00 yuan

Company type: company limited by shares (listing)

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

Business term: sustainable operation

(II) Historical development of the Company

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

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

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

On July 15, 2002, with the approval of SFG (2002) No. 24 issued by Shenzhen Municipal People’s Government, it was agreed that Shenzhen Topband Electronic Technology Co., Ltd. would be reorganized into a joint stock limited company jointly by five shareholders, namely Wu Yongqiang, Ji Shuhai, Zhuhai Tsinghua

Science and Technology Park Venture Capital Co., Ltd., Qi Hongwei and Li Xianqian. After the reorganization, the total share capital of the Company is 21 million yuan. Shenzhen Pengcheng Accounting Firm issued the Capital Verification Report (SPSYZ (2002) No. 67) to verify the share capital of the Company. On August 16, 2002, the Company was approved by Shenzhen Administration for Industry and Commerce to register the change of industry and commerce, in exchange for the business license of enterprise legal person with Registration No. 4403012049338. The business period is from February 9, 1996 to February 9, 2046.

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

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

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

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

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

On April 7, 2010, the Company held a meeting of the Board of Directors to deliberate and approve the profit distribution plan for 2009: Based on the total share capital of 140 million shares as of December 31, 2009, the

Company will pay cash dividends of 1.50 yuan (tax included) per 10 shares, and based on the total share capital of 140 million shares as of December 31, 2009, 2 shares will be added per 10 shares. After the increase by conversion, the total share capital of the Company increased from 140 million shares to 168 million shares.

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

According to the resolutions of 1st Extraordinary General Meeting of Shareholders of the Company in 2014, after the approval of ZJXK [2014] No. 1425 of China Securities Regulatory Commission, the Company's non-public offering did not exceed 36,935,679 new shares. On February 5, 2015, the Company privately issued 23,521,768 ordinary shares (A shares) in RMB to specific investors at the price of 13.63 yuan per share. After the issuance, the registered capital of the Company was increased to 241,921,768.00 yuan.

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

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

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

price of 16.66 yuan per share. The registered capital of the Company was increased to 298,520,813.00 yuan after the issuance.

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

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

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

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and approved by the 28th Meeting of the 5th Board of Directors of the Company held on October 26, 2016, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, those 331,500 shares of restricted stocks that have not been unlocked held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to 453,471,319.00 yuan.

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

fund, and the capital increased by 226,735,659 yuan. After the capital increased, the registered capital of the Company was increased to 680,206,978.00 yuan.

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

The Company held the 2017 Annual General Meeting of Shareholders on April 17, 2018 to review and approve the 2017 equity distribution plan. Based on the existing total capital of 679,860,478 shares, the Company sent 1.0 yuan in cash to all shareholders every 10 shares, and transferred 5 shares to all shareholders with the capital accumulation fund, and the capital increased by 339,930,239.00 yuan. After the capital conversion, the registered capital of the Company was increased to 1,019,790,717.00 yuan.

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

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

According to the *Proposal on Repurchase and Cancellation of Some Restricted Stocks* deliberated and approved by the 15th Meeting of the 6th Board of Directors of the Company held on July 26, 2019, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, the 310,800 restricted stocks that have not been unlocked held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to 1,018,735,692 yuan. With the approval of “SZS [2019] No. 164 Document” issued by Shenzhen Stock Exchange, the Company’s 573 million yuan convertible corporate bonds will be listed and traded in Shenzhen Stock Exchange from April 8,

2019. Since September 16, 2019, bondholders can exercise the right to transfer shares. As of December 31, 2019, the Company has transferred 2,223.00 shares of bonds and increased the share capital by 40,077.00 yuan. After the share transfer, the registered capital of the Company will increase to 1,018,775,769.00 yuan.

The 22nd Meeting of the 6th Board of Directors deliberated and approved the *Proposal on the First Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights* and *Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan*: there are 606 incentive objects in the first exercise period of the 2018 stock option incentive plan in the Company, in total of 12,014,700 shares of stock options, that meet the exercise conditions and can be exercised. The Company plans to adopt the independent exercise mode. As of December 31, 2020, 606 incentive objects in the first exercise period had completed the exercise of 12,014,700 stock options, increased the Company's share capital by 12,014,700 yuan, and the share capital increased to 1,030,790,469.00 yuan after the exercise of the stock options.

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

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

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

(III) The financial report is approved and submitted by the Board of Directors of the Company on March 18, 2022.

(IV) Scope of the Consolidated Financial Statements

There are a total of 35 subsidiary companies included in the scope of the consolidated statement this time, as shown in Note VIII (1); during the reporting period, nine companies were newly included in the scope of consolidation, of which seven were newly-established subsidiaries or grandson companies, and two companies were merged not under the same control, as described in Note VII (3).

IV. Preparation basis of the financial report

1. Preparation basis

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

2. Continuation

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

V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates reminders:

None

1. Statement on compliance with accounting standards for business enterprises

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

Additionally, the presentation and disclosure requirements of the No. 15 Rules for the Preparation and

Presentation of Information Disclosure of Companies Offering Securities to the Public - General Provisions on Financial Reporting (revised in 2014) (hereinafter referred to as “No. 15 Document (revised in 2014)”) and the Notice on Matters Related to the Implementation of the New Accounting Standards for Business Enterprises by Listed Companies (No. 453 letter from Accounting Department [2018]) were taken as reference in these financial statements.

2. Accounting period

The accounting period of the Company is divided into an annual period and an interim period, and an interim period refers to the reporting period shorter than a complete accounting year. The financial year of the Company adopts the Gregorian calendar year, that is, from January 1 to December 31 every year.

3. Operating cycle

The operating cycle of the Company is from January 1 to December 31 of the Gregorian calendar.

4. Recording currency

RMB is the currency of the main economic environment in which the Company and its domestic subsidiaries operate, so the Company and its domestic subsidiaries use RMB as the recording currency. The recording currency for the foreign subsidiaries of the Company shall be determined in accordance with the currency of the main economic environment in which they operate. These financial statements of the Company are stated in RMB.

5. Accounting treatment for business combination under and not under common control

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

The business combination under different control realized step by step through multiple transactions shall be

treated as follows:

1. Adjusting the initial investment cost of long-term equity investment. If the equity held before the acquisition date is calculated with the equity method, it shall be re-measured as per the fair value of the equity at the date of acquisition, and the difference between the fair value and its book value shall be included in the current investment income; if the equity of the Acquiree held before the acquisition date involves changes in other comprehensive income and other equity accounted under the equity method, it shall be transferred to the current income on the acquisition date, excluding other comprehensive income arising from changes in net liabilities or net assets of the defined benefit plan re-measured by the investee.

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

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

1. Judging whether the transactions in the process of disposing equity step by step to losing control over subsidiaries belong to the principle of “package transaction”

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

(1) These transactions were concluded simultaneously or with consideration of mutual influence;

(2) These transactions as a whole can achieve a complete business outcome;

(3) The occurrence of a transaction depends on the occurrence of at least one other transaction;

(4) A transaction is not economical by itself, but it is economical when considered in conjunction with other transactions.

2. Accounting treatment for transactions in the process of disposing equity step by step to losing control over subsidiaries belonging to “package transaction”

If the transactions relating to disposal of equity investment in subsidiaries to losing control over subsidiaries belong to “package transaction”, these shall be treated as a transaction for disposing the subsidiary and losing control; however, the difference between the price of every disposal and the net assets share held in the subsidiary

corresponding to the disposal of investment before losing control shall be recognized as other consolidated income in the consolidated financial statements, which shall be transferred to the current profits and losses at the time of losing control.

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

3. Accounting treatment for transactions in the process of disposing equity step by step to losing control over subsidiaries not belonging to “package transaction”

If no loss of control occurs in the disposal of the investment in the subsidiary, the difference between the disposal price and the net assets share held in the subsidiary corresponding to the disposal of investment in the consolidated financial statements shall be included in the capital reserve (capital premium or share premium). If the capital premium is insufficient to offset, the retained earnings shall be adjusted.

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

6. Compiling method of consolidated financial statements

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

During the combination, the internal equity investment and the owner’s equity of the subsidiaries, the internal investment income and the profit distribution of the subsidiaries, the internal transactions, the internal claims and

debts are offset. The accounting policies adopted by the subsidiaries shall be consistent with those adopted by the parent company.

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

1. Identification and classification of joint venture arrangements

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

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

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

2. Accounting treatment for joint venture arrangement

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

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

8. Standards for determining cash and cash equivalents

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

9. Foreign currency transaction and foreign currency statement translation

1. Foreign currency transaction conversion

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

2. Translation of foreign currency financial statements

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

10. Financial instruments

1. Recognition and de-recognition of financial instruments

The Company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

The trading of financial assets in a conventional manner shall be recognized and derecognized according to the accounting of the trading day. Conventional trading of financial assets refers to the collection or delivery of

financial assets within the time limit specified by laws and regulations or common practice in accordance with the terms of the contract. Trading day refers to the date when the Company promises to buy or sell financial assets.

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

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

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

2. Classification and measurement of financial assets

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

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

(1) Financial assets measured at amortized cost

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

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

Financial assets that meet the following conditions at the same time are classified as financial assets

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

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

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

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

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

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

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

3. Classification and measurement of financial liabilities

The financial liabilities of the Company are classified at the initial recognition as follows: financial liabilities measured at amortized cost and financial liabilities measured at fair value through current profits and losses.

Financial liabilities that meet one of the following conditions can be designated as financial liabilities measured at fair value through current profits and losses at the time of initial measurement: (1) such designation can eliminate or significantly reduce accounting mismatch; (2) according to the company risk management or investment strategy stated in formal written documents, the management and performance evaluation for the financial liabilities portfolio or portfolio of financial assets and financial liabilities is conducted on the basis of fair value, which is reported to key management personnel within the Company on this basis; (3) the financial liabilities include embedded derivatives that need to be split separately.

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

The subsequent measurement of financial liabilities depends on its classification

(1) Financial liabilities measured at amortized cost

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

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

Financial liabilities measured at fair value through current profits and losses include trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at initial recognition as measured at fair value with changes included in the current profits and losses.

4. Set off of financial instruments

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

5. Impairment of financial assets

The Company recognizes the loss provision based on the expected credit loss for the financial assets

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

The Company, taking into account all reasonable and well founded information (including forward-looking information) estimates the expected credit losses of financial assets measured at amortized cost and financial assets (debt instruments) measured at fair value with changes included in other comprehensive income in a single or combined way.

(1) Measurement of expected credit loss

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration; if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company measures its loss provision according to the amount equivalent to the expected credit loss of the financial instrument in the next twelve months. The increased or reversed amount of the loss provisions arising therefrom shall be included in the current profits and losses as impairment losses or gains. The specific assessment of credit risk by the Company is detailed in the Note “9. Risks Associated with Financial Instruments”.

Generally, if it is overdue for more than 30 days, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk of the financial instrument has not increased significantly since the initial recognition.

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

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

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

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

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

Third stage: credit impairment occurs after initial recognition

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

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

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

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

(3) Receivables and lease receivables

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

The Company makes accounting policy choices to adopt a simplified model for expected credit loss, i.e.,

measuring the loss provisions as per the amount equivalent to the expected credit loss throughout the whole duration for receivables including significant financing components and lease receivables regulated by Accounting Standards for Business Enterprises No.21 - Leasing.

6. Transfer of financial assets

If the Company has transferred almost all risks and rewards in the ownership of financial assets to the transferee, it shall terminate the recognition of the financial assets, and if it retains almost all risks and rewards in the ownership of the financial assets, it shall not terminate the recognition of the financial assets.

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

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

11. Notes receivable

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

12. Accounts receivable

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole

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

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

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

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

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

2. Receivables with provision for bad debts by portfolio

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

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

combination with the current situation:

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

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

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

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

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

13. Receivables financing

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value through other comprehensive income: The business model for managing the financial assets by the Company is to collect contractual cash flows and to sell financial assets; The contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

If the Company transfers the receivables held by it in the form of discount or endorsement, which is frequent and involves a large amount, and its management business mode is essentially the collection and sale of the

contractual cash flow, it is classified into financial assets whose changes are measured at fair value and included in other comprehensive income in accordance with the accounting standards of financial instruments.

14. Other receivables

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

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

Items	Basis for determining the portfolios
Risk-free portfolio	This portfolio is a risk-free account receivable.
Aging portfolio	The credit risk of the portfolio is characterized by the aging of receivables.

15. Inventories

1. Classification of inventories

Inventories refer to the finished products or commodities held by a company for sale, the unfinished products in the process of production and outsourced processing, and the materials and supplies consumed for production or rendering of labor service in daily activities of the company.

The Company's inventories mainly include raw materials (including auxiliary materials and wrappage), outside processing materials, unfinished products, self-made semi-finished products, goods on hand and low value consumables.

2. Valuation method of delivered inventories

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

3. The basis for determination of net realizable value of inventories and the method for calculation of inventory revaluation reserves

On the balance sheet date, the inventories are measured at the lower of cost and net realizable value, and the inventory revaluation reserves are calculated at the difference between the cost of inventory category and the net realizable value. The net realizable value of the inventories ready for sale is determined at the estimated sale price

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

Net realizable value refers to the amount of the estimated sale price of the inventories minus the costs, sales expenses and relevant taxes estimated to be incurred up to completion in daily activities. For the provision of inventory revaluation reserve, it is made based on a single inventory item for various inventories and in a combined manner for the inventories which are related to the product line produced and sold in the same region, difficult to be measured separately from other items and for the same or similar end use or purpose.

4. Inventory system

Perpetual inventory system is applied for the inventories.

5. Amortization method of low value consumables and wrappage

Both low value consumables and wrappage are amortized with one-off amortization method when they are received.

1. Classification of inventories

Inventories refer to the finished products or commodities held by a company for sale, the unfinished products in the process of production and outsourced processing, and the materials and supplies consumed for production or rendering of labor service in daily activities of the company.

The Company's inventories mainly include raw materials (including auxiliary materials and wrappage), outside processing materials, unfinished products, self-made semi-finished products, goods on hand and low value consumables.

2. Valuation method of delivered inventories

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

3. The basis for determination of net realizable value of inventories and the method for calculation of inventory revaluation reserves

On the balance sheet date, the inventories are measured at the lower of cost and net realizable value, and the inventory revaluation reserves are calculated at the difference between the cost of inventory category and the net

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

Net realizable value refers to the amount of the estimated sale price of the inventories minus the costs, sales expenses and relevant taxes estimated to be incurred up to completion in daily activities. For the provision of inventory revaluation reserve, it is made based on a single inventory item for various inventories and in a combined manner for the inventories which are related to the product line produced and sold in the same region, difficult to be measured separately from other items and for the same or similar end use or purpose.

16. Contractual assets

None

None

17. Contract costs

None

18. Assets held for sale

The Company classifies corporate components (or non-current assets) that meet the following conditions as the assets held for sale: (1) The corporate components can be sold immediately under current background in accordance with the practice of sales of such assets or disposal portfolio in similar transactions; (2) The sale is very likely to take place and expected to be completed within one year since a resolution has been made on a sale plan and a definite purchase commitment has been obtained (definite purchase commitment refers to a legally binding purchase agreement that is signed by a company with other parties and indicates the important clauses with respect to the transaction price, time and severe penalties for breach of contract to minimize the possibility of major adjustment or revocation of the agreement.).It has been approved by the relevant authority or regulators in accordance with relevant regulations.

The Company adjusted the estimated net residual value of the asset held for sale to the net amount (not more than the original book value of such asset held for sale) reflecting its fair value minus the sales expenses. If the original book value is higher than the adjusted estimated net residual value, the difference between the two was deemed as the asset impairment loss and included in the current profits and losses, and the provision for impairment of assets held for sale shall be made. For the amount of asset impairment loss recognized for the disposal portfolio held for sale, it is necessary to offset the book value of goodwill in the disposal portfolio and then offset the book value of the specified non-current assets in the disposal portfolio applicable for being measured in accordance with the Standard in proportion.

If the net amount of the fair value of the non-current assets held for sale minus the sales expenses increases on the subsequent balance sheet date, the amount written-down previously shall be recovered and reversed within the amount of asset impairment loss recognized after such non-current assets are classified as the assets held for sale. The reversed amount shall be included in the current profits and losses. The asset impairment loss recognized before such non-current assets are classified as the assets held for sale shall not be reversed. If the net amount of the fair value of the disposal portfolio held for sale minus the sales expenses increases on the subsequent balance sheet date, the amount written-down previously shall be recovered and reversed within the amount of impairment loss recognized for the non-current assets applicable for being measured in accordance with the Standard after such disposal portfolio is classified as the assets held for sale. The reversed amount shall be included in the current profits and losses. It is not allowed to reverse the book value of the goodwill that has been written down and the impairment loss recognized for the non-current assets applicable for being measured in accordance with the Standard before such assets are classified as the assets held for sale. The book value of the subsequently reversed amount of the asset impairment loss recognized for the disposal portfolio held for sale shall be increased according to the proportion of the book value of non-current assets applicable for being measured in accordance with the Standard except for the goodwill in the disposal portfolio.

If the Company loses control over its subsidiary for some reasons such as the sale of its investment into its subsidiary, it shall classify the entire investment into its subsidiary as the assets held for sale in the individual financial statement of the parent company and classify all assets and liabilities of the subsidiary as the assets held for sale in the consolidated financial statements provided that the investment into its subsidiary to be sold meets the conditions for classification of assets held for sale.

19. Debt investment

None

20. Other debt investment

None

21. Long-term receivables

None

22. Long-term equity investment

1. Determination of investment cost

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

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

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

(3) Investment costs other than those incurred in business combination: The initial investment cost shall be

the purchase price paid actually if the investment is obtained by paying cash, the fair value of the issued equity securities if by issuing the equity securities, and the value specified in the investment contract or agreement in case of investment from an investor (unless the unfair value is specified in the contract or agreement).

2. Subsequent measurement and recognition methods for profit and loss

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

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

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

When the equity method is applied, the profit and loss on investment shall be recognized and the book value of the long-term equity investment shall be adjusted according to share of the net profit and loss that should be entitled or shared and have been realized by the investee after the long-term equity investment is obtained. When the share of the net profit and loss entitled from the investee is recognized, the proportion attributable to the investor shall be calculated at the shareholding ratio after offsetting the profits and losses of internal transactions with associated enterprises and joint ventures (full amount shall be recognized if the losses of internal transactions are the asset impairment losses) in light of the accounting policies and period of the Company on the basis of the fair value of the identifiable assets of the investee when the investment is obtained, and the net profit of the investee shall be recognized after adjustment. The portion to be distributed shall be calculated with reference to the profits or cash dividends declared to be distributed by the investee, and the book value of the long-term equity investment shall be reduced accordingly. The Company recognizes the net loss incurred by the investee to the extent that the book value of the long-term equity investment and other long-term equity substantially constituting the net investment into the investee are written down to zero, unless the Company is liable for extra losses. The

book value of the long-term equity investment was adjusted and included in the owner's equity for other changes in the owner's equity other than the net profit and loss of the investee.

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

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

4. Disposal of long-term equity investment

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

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

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

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

5. Methods for impairment test and provision of impairment reserve

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

23. Investment property

Measurement model of investment property

Measurement with cost method

Depreciation or amortization method

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

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

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

See Note V (23) "Long-term Assets Impairment" for details of the methods for impairment test and provision of impairment reserve applicable to investment property.

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

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

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

24. Fixed assets

(1) Conditions for recognition

1. Recognition conditions, classification and pricing of fixed assets

The fixed assets of the company refer to the tangible assets that are held for production of goods, rendering of labor services, and leasing or operating management and have a useful life of more than one fiscal year.

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

(2) Depreciation method

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

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

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

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

25. Construction in progress:

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

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

26. Borrowing costs

1. Recognition principle for capitalization of borrowing costs

The borrowing costs of the company that can be directly attributable to the acquisition, construction or production of assets that meet the conditions for capitalization shall be capitalized and included in the cost of the relevant assets, and other borrowing costs shall be recognized as expenses at the time of occurrence and included in the current profits and losses.

2. Period of capitalization of borrowing costs

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

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

(3) The capitalization of borrowing costs shall cease when the purchased, constructed or produced assets that

meet the conditions for capitalization reaches the intended usable or marketable state.

3. Capitalized amount of borrowing costs

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

27. Biological assets

None

28. Oil and gas assets

None

29. Right-of-use assets

On the start date of lease, the Company recognizes right-of-use assets and lease liabilities for leases, except for short-term leases and leases of low-value assets for which the application of the standard provides simplified treatment.

The right-of-use assets shall be initially measured by the Company at the cost, The cost includes:

1. The initial measurement amount of the lease liability;
2. For lease payments paid on or before the starting date of the lease term, if there are lease incentives, the amount of lease incentives already enjoyed shall be deducted;
3. The initial direct expenses incurred by the Company;
4. Estimated costs to dismantle and remove the leased asset, restore the site where the leased asset is located, or restore the leased asset to the state agreed upon in the lease terms. The aforementioned costs are incurred for the

make-to-stock production, and the Accounting Standards for Business Enterprises No. 1 - Inventories shall apply.

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

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

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

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

30. Intangible assets

(1) Valuation method, service life and impairment test

1. Intangible assets include land usage right and software, and shall be initially measured at cost.

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

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

3. In case of evidence of impairment of intangible assets with defined service life on the balance sheet date, corresponding provision for impairment shall be made according to the difference between the book value and the recoverable amount; For intangible assets with uncertain service life and intangible assets that have not reached the serviceable state, the impairment tests shall be carried out every year, whether there are signs of impairment or not. Currently, the Company has no intangible assets with uncertain service life.

(2) Accounting policy of internal R&D expenditure

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

31. Long-term assets impairment

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

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

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

(1) Market price of assets falls sharply in the current period, which is significantly higher than the expected decline due to time or normal use; (2) There are significant changes in current and future economic, technological or legal environment in which the enterprise operates and the market where assets are located, bringing adverse effects on the enterprise; (3) The market interest rate or other market return on investment has been increased in the current period, affecting the discount rate of the enterprise to calculate the present value of the expected future cash flow of the assets and resulting in a significant decrease in the recoverable amount of the assets; (4) There exists evidence showing that the assets have become obsolete or the entity has been damaged; (5) Assets have been or will be idle, terminated or planned to be disposed in advance; (6) Evidence in the internal report of the enterprise shows that economic performance of assets has been or will be lower than the expected, for instance, the net cash flow arising from assets or the realized operating profit (or loss) is far lower (or higher) than the expected amount, etc. (7) Other indications showing that assets may have been impaired.

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

Recoverable amount shall be determined based on the higher of the net amount of fair value of assets minus

the disposal expenses and the present value of expected future cash flow of assets.

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

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

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

32. Long-term deferred expenses

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

33. Contractual liabilities

The Company shall list contractual assets or liabilities in the balance sheet based on the relationship between the performance of obligations and customer payment. Obligation of the Company to transfer commodities or provide services to customers for consideration received or receivable from customers shall be listed as contractual liabilities.

34. Employee compensation

(1) Accounting treatment of short-term compensation

Employee compensation refers to various forms of remuneration or compensation provided by the Company for obtaining services provided by employees or dissolving labor relations. Employee compensation includes short-term compensation, post-employment benefits, dismissal benefits and other long-term employee benefits.

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

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

The Company shall recognize actual short-term compensation as liabilities and include it in the current profits and losses or related asset costs during the accounting period when employees provide services. Where, non-monetary welfare shall be measured at fair value.

(2) Accounting treatment of post-employment benefits

(3) Accounting treatment of dismissal benefits

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

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

Employees of the Company have accepted the social basic endowment insurance organized and implemented by the local labor and social security departments. The Company shall pay endowment insurance premium to the local agency handling with social basic endowment insurance on a monthly basis based on the payment base and proportion of the local social basic endowment insurance. After employee retirement, the local labor and social security department shall pay basic social pension to retired employees. The Company shall recognize amount to be paid according to the above social security provisions as liabilities and include it into the current profits and losses or related asset cost during the accounting period when employees provide services.

35. Lease liabilities

On the beginning date of the lease term, the Company recognizes the present value of the unpaid lease payments as lease liabilities (except for short-term leases and low-value asset leases).When calculating the present

value of lease payments, the Company adopts the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the lessee's incremental loan interest rate shall be used as the discount rate. The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate and includes it in the current profit and loss, unless it is otherwise specified that it shall be included in the relevant asset cost. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profit and loss when they actually occur, unless it is otherwise specified that they shall be included in the relevant asset cost. After the beginning date of the lease term, when the substantial fixed payment amount changes, the expected amount payable for the guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, or the evaluation result or actual exercise of the purchase option, renewal option or termination option changes, the Company shall remeasure the lease liabilities according to the present value of the changed lease payments.

36. Estimated liabilities

None

37. Share-based payment

1. Types of share-based payment

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

2. Determination method of fair value of equity instrument

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

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

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

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

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

(1) Equity-settled share-based payment

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

For equity-settled share-based payment in exchange for other party's services, if the fair value of other party's services can be reliably measured, it shall be measured based on the fair value of other party's services on the acquisition date; In case the fair value of other party's services cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it shall be measured based on the fair value of equity instruments on the acquisition date and shall be included in relevant costs or expenses; besides, the owner's equity shall be increased accordingly.

(2) Cash-settled share-based payment

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

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

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

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

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

Share-based payment refers to the transaction of granting equity instruments or undertaking liabilities determined on the basis of equity instruments to obtain services provided by employees and other parties. Share-based payment can be divided into equity-settled share-based payment and cash-settled share-based payment

Equity-settled share-based payment in exchange for employee services shall be measured at the fair value of equity instruments granted to employees. Cash-settled share-based payment shall be measured at the fair value of the Company's liabilities calculated and determined on the basis of shares or other equity instruments.

38. Preferred shares, perpetual bonds and other financial instruments

None

39. Revenue

Accounting policies adopted for revenue recognition and measurement

1. Revenue recognition

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

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

therefrom.

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

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

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

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

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

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

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

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

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

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

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

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

- ⑤ Customers have accepted the commodities.
- ⑥ Other indications that customers have obtained the control right of commodities.

3. The specific method of revenue recognition of the group

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

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

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

4. Measurement of revenue

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

(1) Variable consideration

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

enterprise shall further consider the possibility and proportion of revenue reversal.

(2) Significant financing components

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

(3) Non-cash consideration

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

(4) Consideration payable to customers

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

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

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

40. Government subsidies

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

2. In case the government subsidies can be included in monetary assets, they shall be measured according to

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

3. Government subsidies calculated by adopting the gross method

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

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

4. Government subsidies calculated by adopting the net method

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

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

5. The Company shall adopt the gross method to calculate the government subsidies received.

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

7. The Company shall include the government subsidies related to its daily activities in other income according to the essence of economic business, and shall include the government subsidies unrelated to its daily activities in non-operating income and expenditure.

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

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

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

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

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

41. Deferred tax assets / Deferred tax liabilities

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

2. Recognition of deferred tax assets shall be limited to the taxable income that is likely to be obtained to offset temporary deductible differences. In case of conclusive evidence showing that sufficient taxable income is likely to be obtained in the future to offset temporary deductible differences, the deferred tax assets not recognized in the previous accounting period shall be recognized on the balance sheet date.

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

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

42. Lease

(1) Accounting treatment of operating lease

(1) Operating lease business recorded by the Company as the lessee

Rental expenditure of operating lease shall be included in relevant asset cost or current profits and losses by adopting the straight-line method in each period of the lease term. Initial direct expenses shall be included in the current profits and losses. Contingent rents shall be included in the current profits and losses at the time of occurrence.

(2) Operating lease business recorded by the Company as the lessor

Rental income of operating lease shall be recognized as the current profits and losses by adopting the straight-line method in each period of the lease term. Initial direct expenses with large amount shall be capitalized at the time of occurrence, and shall be included in the current profits and losses by stages on the same basis as the rental revenue during the whole lease term; Other initial direct expenses with small amount shall be included in the current profits and losses at the time of occurrence. Contingent rents shall be included in the current profits and losses at the time of occurrence.

(2) Accounting treatment of financing lease

(1) Financial lease business recorded by the Company as the lessee

The lower of the fair value of the leased asset and the present value of the minimum lease payment on the beginning date of lease term shall be taken as the entry value of the leased asset, the minimum lease payment shall be taken as the entry value of the long-term accounts payable, and the difference of the above two shall be taken as the unrecognized financing expense at the beginning of the lease term. In addition, initial direct expenses that can be attributed to the leased item in the process of lease negotiation and signing the lease contract shall also be included in leased assets. Balance of the minimum lease payment after deducting the unrecognized financing expenses shall be listed as long-term liabilities or long-term liabilities due within one year.

During the lease term, the unrecognized financing expenses shall be calculated and recognized by adopting the effective interest rate method. Contingent rents shall be included in the current profits and losses at the time of occurrence.

(2) Financial lease business recorded by the Company as the lessor

The sum of the minimum lease receipts and the initial direct expenses on the beginning date of lease term shall be taken as the entry value of the financing lease receivables, and the unguaranteed residual value shall be recorded at the same time at the beginning of the lease term; and the sum of minimum lease collection, initial direct cost and difference between unguaranteed residual value and its present value shall be recognized as unrealized financing income. Balance of financing lease receivables after deducting the unrealized financing income shall be listed as long-term creditor's right or long-term creditor's right due within one year.

During the lease term, the unrealized financing income shall be calculated and recognized by adopting the effective interest rate method. Contingent rents shall be included in the current profits and losses at the time of occurrence.

43. Other important accounting policies and accounting estimation

Hedge accounting

The hedge means the risk management activity where the enterprise designates the financial instruments as the hedge instruments for the risk exposure due to the management of the specific risks such as foreign exchange risk, interest rate risk, price risk, credit risk so that the fair value or the cash flow changes, which is expected to countervail all or part of the fair value or cash flow change of the hedged projects.

1. In the hedge accounting, the hedge is divided into fair value hedge, cash flow hedge, and net investment hedge for overseas operation.

2. Only when the fair value hedge, cash flow hedge, or net investment hedge for overseas operation meet the following conditions at the same time can the hedge accounting method stipulated by the Code for handling.

(1) The hedge relationship is only composed of the hedge instruments and hedged projects that meet the conditions; (2) When the hedge begins, the enterprise officially designates the hedge instruments and hedged projects and prepares the written documents about hedge relationship and the risk management strategies and risk management objectives related to the hedge for the enterprise. These documents at least describe the hedge instrument, hedged projects, nature of the hedged risks, and evaluation methods on hedge effectiveness (including the forming reason analysis for invalid part of the hedge and the confirmation methods of the hedge ratio) etc. (3) The hedge relationship conforms to the requirements of hedge effectiveness.

If the hedge meets the following conditions at the same time, the enterprise shall identify that the hedge relationship conforms to the requirements of hedge effectiveness:

(a) There is the economic relationship between the hedged projects and hedge instruments. The economic relationship makes the value of the hedge instruments and hedged projects change in the reverse direction due to the same hedged risks.

(b) In the value change generated for the hedged projects and hedge instruments, the effect of the credit risk is not dominant.

(c) The hedge ratio of the hedge relationship shall be equal to the ratio between the hedged project quantity of the actual hedge for the enterprise and the actual quantity of the hedge instruments and shall not reflect the unbalance of the relative weight between the hedged projects and hedge instruments, which will cause the hedge invalidation and may generate the accounting results not consistent with the hedge accounting objectives.

The enterprise shall continuously evaluate whether the hedge relationship conforms to the hedge effectiveness requirements when the hedge begins and during the sequent periods, especially for the analysis of the forming reasons why it is expected to affect the hedge relationship due to the invalid part of the hedge during the residual periods of the hedge. The enterprise shall at least evaluate the hedge relationship on the day of balance sheet and when the major changes will happen for relevant situations affecting the hedge effectiveness requirements.

If the hedge relationship does not conform to the hedge effectiveness requirements any more due to the hedge ratio, but the risk management objective to designate the hedge relationship does not change, the enterprise shall re-balance the hedge relationship.

3. Accounting handling of the hedge.

(1) Fair value hedge

If the fair value hedge meets the conditions of the hedge accounting methods, it shall be handled in accordance with the provisions below:

(a) The profit or loss generated by the hedge instrument shall be incorporated into the profits and losses. If the hedge instrument is used to hedge the non-tradable equity instrument investment (or its components) which is measured at fair value with the changes including in other comprehensive income, the profit or loss generated by the hedge instruments shall be incorporated into other comprehensive income.

(b) The profit or loss generated by the hedged projects due to the hedge risk exposure shall be incorporated into the current profit or loss. At the same time, the account value shall be adjusted for the confirmed hedged projects measured at the fair value.

(2) Cash flow hedge

If the cash flow value hedge meets the conditions to apply the hedge accounting methods, it shall be handled in accordance with the provisions below:

(a) If the profit or loss generated by the hedge instrument belongs to the valid part of the hedge as the cash flow hedge reserve, it shall be incorporated into other comprehensive income. The amount of cash flow hedge reserve included in other comprehensive income in each period shall be the change amount of cash flow hedge reserve in the current period.

(b) If the profit or loss generated by the hedge instrument belongs to the invalid part of the hedge (that is, other profit or loss after deducting other comprehensive income), it shall be incorporated into the current profits and losses.

(3) Net investment hedge for overseas operation

As for the net investment hedge for overseas operation, including the hedge of monetary items accounting as part of net investment, it shall be handled in accordance with the provisions similar to the cash flow hedge accounting:

(a) If the profit or loss generated by the hedge instrument belongs to the valid part of the hedge, it shall be incorporated into other comprehensive income.

When all or part of the overseas business is disposed, the above profit or loss of hedge instruments included in other comprehensive income shall be transferred out and incorporated into the current profits and losses.

(b) If the profit or loss generated by the hedge instrument belongs to the invalid part of the hedge, it shall be incorporated into the current profits and losses.

Repurchase shares

If the Company or its subsidiaries shares are acquired due to the reduction of registered capital or reward of employees, the amount actually paid shall be treated as the treasury share, and the record shall be made for reference. If the repurchase shares are cancelled, the capital reserve will be offset by the difference between the total par value of the cancelled shares and the number of cancelled shares and the amount paid for the actual repurchase. If the capital reserve is insufficient to be offset, the retained earnings shall be offset; If the repurchase shares are awarded to the employees of the Company as equity-settled share-based payment, when the employees exercise the right to purchase the shares of the Company or its subsidiaries and receive the price, the cost of treasury shares delivered to the employees and the accumulated amount of capital reserve (other capital reserves)

during the waiting period shall be resold, and the capital reserve (capital premium or share premium) shall be adjusted according to the difference.

44. Important accounting policy and accounting estimation changes

(1) Important accounting policy changes

applicable not applicable

Contents and reasons of the accounting policy change	Approval procedures	Remarks
On December 7, 2018, the Ministry of Finance revised and issued the Accounting Standards for Business Enterprises No. 21 - Lease (CK [2018] No. 35), requiring domestic listed enterprises to implement the new lease standards as of January 1, 2021. According to the revised accounting standards, the Company was required to make corresponding changes to the original accounting policies.	Not applicable	

Impact of changes in new lease standards on the Company:

1. Under the new lease standards, except for short-term leases and low-value asset leases, the lessee will no longer distinguish between financing leases and operating leases, and for all leases, the same accounting treatment will be adopted, and right-of-use assets and lease liabilities must be recognized;

2. For the right-of-use assets, if the lessee can reasonably determine that it will obtain the ownership of the leased assets upon the expiration of the lease term, provision for depreciation shall be made within the remaining service life of the leased assets. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased assets at the expiry of the lease term, the leased assets should be calculated and withdrawn as depreciation over the shorter one of the lease term or the remaining service life. At the same time, the lessee shall determine whether the right-of-use assets are impaired and carry out accounting treatment for the identified impairment losses;

3. For lease liabilities, the lessee shall calculate the interest expenses of the lease liabilities during each period of the lease term and include them in the current profit and loss;

4. For short-term leases and low-value asset leases, the lessee may choose not to recognize right-of-use assets and lease liabilities, and shall include them in the relevant asset cost or current profit and loss according to the straight-line method or other systematic and reasonable methods during each period of the lease term.

Specifically, the implementation of the new lease standards resulted in an increase of 30.94 million yuan in the Company's right-of-use assets and 30.94 million yuan in lease liabilities than at the beginning of the period. Except that, they had no other impact on the data of the statements at the beginning of the period.

(2) Important accounting estimation changes

applicable not applicable

(3) Related items in financial statements at the beginning of the year when the new lease standards are implemented from 2021 at the first time

applicable not applicable

Whether it is needed to adjust the balance sheet account at the beginning of the year

Yes No

Consolidated Balance Sheet

Unit: Yuan

Items	December 31, 2020	January 1, 2021	Adjustment quantity
Current assets:			
Monetary capital	1,219,095,476.50	1,219,095,476.50	
Settlement of provisions			
Loans to other banks			
Tradable financial assets	226,491,482.10	226,491,482.10	
Derivative financial assets			
Notes receivable	39,477,930.63	39,477,930.63	
Accounts receivable	1,701,111,153.84	1,701,111,153.84	
Receivables financing	246,656,027.27	246,656,027.27	
Prepayments	17,735,229.99	17,735,229.99	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	40,728,126.64	40,728,126.64	
Including: interest receivable			
Dividends receivable			
Repurchase of financial assets for resale			

Inventory	1,115,312,868.62	1,115,312,868.62	
Contractual assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	70,296,444.76	70,296,444.76	
Total current assets	4,676,904,740.35	4,676,904,740.35	
Non-current assets:			
Loans and advances granted			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	6,502,528.13	6,502,528.13	
Other equity instrument investment			
Other non-current financial assets			
Investment property	89,238,265.71	89,238,265.71	
Fixed assets	1,096,875,640.94	1,096,875,640.94	
Construction in progress	292,474,798.41	292,474,798.41	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		30,939,385.41	30,939,385.41
Intangible assets	279,279,569.40	279,279,569.40	
Development expenditure	62,861,779.22	62,861,779.22	
Goodwill	108,637,368.48	108,637,368.48	
Long-term deferred expenses	72,077,671.09	72,077,671.09	
Deferred tax assets	55,192,974.75	55,192,974.75	
Other non-current assets	34,639,355.39	34,639,355.39	
Total non-current assets	2,097,779,951.52	2,128,719,336.93	30,939,385.41
Total assets	6,774,684,691.87	6,805,624,077.28	30,939,385.41
Current liabilities:			
Short-term loans	402,151,500.00	402,151,500.00	
Borrowing money from the central bank			
Borrowed funds			
Trading financial liabilities			
Derivative financial liabilities			

Notes payable	715,574,653.91	715,574,653.91	
Accounts payable	1,549,906,339.72	1,549,906,339.72	
Advance receipt	487,267.17	487,267.17	
Contractual liabilities	72,576,117.56	72,576,117.56	
Financial assets sold for repurchase			
Deposit absorption and interbank deposit			
Acting trading securities			
Acting underwriting securities			
Employee compensation payable	175,503,764.12	175,503,764.12	
Taxes payable	60,256,015.60	60,256,015.60	
Other payables	57,160,615.93	57,160,615.93	
Including: Interest payable			
Dividends payable			
Service charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	3,033,616,274.01	3,033,616,274.01	
Non-current liabilities			
Insurance contract reserve			
Long-term loans	200,000,000.00	200,000,000.00	
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		30,939,385.41	30,939,385.41
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income	14,624,770.00	14,624,770.00	
Deferred tax liabilities	11,819,861.30	11,819,861.30	
Other non-current liabilities			

Total non-current liabilities	226,444,631.30	257,384,016.71	30,939,385.41
Total liabilities	3,260,060,905.31	3,291,000,290.72	30,939,385.41
Owner's equity:			
Share capital	1,135,216,809.00	1,135,216,809.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	969,370,892.84	969,370,892.84	
Minus: treasury shares	80,017,965.68	80,017,965.68	
Other comprehensive income	-24,555,229.97	-24,555,229.97	
Special reserve			
Surplus reserves	151,359,957.53	151,359,957.53	
General risk provision			
Undistributed profit	1,305,882,400.11	1,305,882,400.11	
Total owner's equity attributable to the parent company	3,457,256,863.83	3,457,256,863.83	
Minority equity	57,366,922.73	57,366,922.73	
Total owners' equity	3,514,623,786.56	3,514,623,786.56	
Total liabilities and owners' equity	6,774,684,691.87	6,805,624,077.28	30,939,385.41

Adjustment details

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 21 - Lease as issued by the Accounting Department of the Ministry of Finance on December 7, 2018, the new standards shall be implemented for enterprises listed at home and abroad as of January 1, 2021. The standards require that any lessee shall choose one of the following methods to conduct bridging accounting treatment for leases, which shall be uniformly applied to all leases in which it is a lessee: (I) The retroactive adjustment method shall be adopted in accordance with the Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies, Accounting Estimates and Error Correction. (II) The amounts of retained earnings and other relevant items in the financial statements at the beginning of the year in which the standards are first implemented shall be adjusted according to the cumulative impact of the first implementation of the standards, and the information of comparable periods shall not be adjusted. In light of with the actualities, the Company chooses the following: "The amounts of retained earnings and other relevant items in the financial statements at the beginning of the year in which the standards are first implemented shall be adjusted according to the cumulative impact of the first

implementation of the standards, and the information of comparable periods shall not be adjusted." Therefore, the Company measures lease liabilities and right-of-use assets at the present value discounted at the lessee's incremental loan interest rate on the first implementation date according to the remaining lease payments of all lease contracts.

Balance Sheet of Parent Company

Unit: Yuan

Items	December 31, 2020	January 1, 2021	Adjustment quantity
Current assets:			
Monetary capital	705,163,083.52	705,163,083.52	
Tradable financial assets	102,133,982.10	102,133,982.10	
Derivative financial assets			
Notes receivable	6,939,021.98	6,939,021.98	
Accounts receivable	896,265,475.70	896,265,475.70	
Receivables financing	217,543,679.19	217,543,679.19	
Prepayments	6,953,106.28	6,953,106.28	
Other receivables	41,159,647.12	41,159,647.12	
Including: interest receivable			
Dividends receivable			
Inventory	209,965,269.91	209,965,269.91	
Contractual assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	12,054,327.33	12,054,327.33	
Total current assets	2,198,177,593.13	2,198,177,593.13	
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	2,200,934,231.94	2,200,934,231.94	
Other equity instrument investment			
Other non-current financial assets			
Investment property			
Fixed assets	120,829,877.70	120,829,877.70	

Construction in progress	2,392,458.84	2,392,458.84	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	132,732,792.93	132,732,792.93	
Development expenditure	44,248,718.56	44,248,718.56	
Goodwill			
Long-term deferred expenses	27,739,322.93	27,739,322.93	
Deferred tax assets	27,692,977.98	27,692,977.98	
Other non-current assets	6,997,597.90	6,997,597.90	
Total non-current assets	2,563,567,978.78	2,563,567,978.78	
Total assets	4,761,745,571.91	4,761,745,571.91	
Current liabilities:			
Short-term loans	102,151,500.00	102,151,500.00	
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	696,684,142.33	696,684,142.33	
Accounts payable	471,203,775.42	471,203,775.42	
Advance receipt			
Contractual liabilities	29,103,190.50	29,103,190.50	
Employee compensation payable	91,953,399.79	91,953,399.79	
Taxes payable	28,211,920.73	28,211,920.73	
Other payables	299,042,515.61	299,042,515.61	
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	1,718,350,444.38	1,718,350,444.38	
Non-current liabilities			
Long-term loans			
Bonds payable			
Including: Preferred shares			

Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income	10,535,500.00	10,535,500.00	
Deferred tax liabilities	8,106,676.00	8,106,676.00	
Other non-current liabilities			
Total non-current liabilities	18,642,176.00	18,642,176.00	
Total liabilities	1,736,992,620.38	1,736,992,620.38	
Owner's equity:			
Share capital	1,135,216,809.00	1,135,216,809.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	1,007,315,299.41	1,007,315,299.41	
Minus: treasury shares	80,017,965.68	80,017,965.68	
Other comprehensive income	5,569,575.04	5,569,575.04	
Special reserve			
Surplus reserves	151,331,439.07	151,331,439.07	
Undistributed profit	805,337,794.69	805,337,794.69	
Total owners' equity	3,024,752,951.53	3,024,752,951.53	
Total liabilities and owners' equity	4,761,745,571.91	4,761,745,571.91	

Adjustment details

Not applicable

(4) Comparison data declaration at the early stage for the traceability and adjustment for new lease standards implemented from 2021 at the first time

applicable not applicable

45. Others**VI. Tax****1. Main tax type and rate**

Tax type	Taxation basis	Tax rate
VAT (value-added tax)	Revenue from sales of goods	13%、9%、6%、3%
Consumption tax	Paid turnover tax amount	7%
City maintenance and construction tax	Paid turnover tax amount	3%
Corporate income tax	Taxable income	15%、25%、16.5%、25.17%、20%、15.825%、22.46%
Education surcharge	Actually paid goods turnover tax	3%
Local education surcharge	Actually paid goods turnover tax	2%

Explanation shall be made by means of disclosure where there is any taxpayer with different corporate income tax rates

Name of taxpayer	Income tax rate
Shenzhen Topband Co., Ltd.	15.00%
Shenzhen Topband Software Technology Co., Ltd.	15.00%
Shenzhen Topband Automation Technology Co., Ltd.	25.00%
Shenzhen Topband Battery Co., Ltd.	15.00%
Chongqing Topband Industrial Co., Ltd.	25.00%
Topband (Hong Kong) Co., Ltd.	16.50%
Huizhou Topband Electrical Technology Co., Ltd.	15.00%
TOPBAND INDIA PRIVATE LIMITED	25.17%
Shenzhen YAKO Automation Technology Co., Ltd.	15.00%
Shenzhen Allied Control System Co., Ltd.	15.00%
Shenzhen Yansheng Software Co., Ltd.	12.5%
Ningbo Topband Intelligent Control Co., Ltd.	25.00%
Shenzhen Meanstone Intelligent Technology Co., Ltd.	20.00%
Hangzhou Zhidong Motor Technology Co., Ltd.	25.00%
Taixing Ninghui Lithium Battery Co., Ltd.	15.00%
Shenzhen Topband Supply Chain Services Co., Ltd.	25.00%
Shenzhen Topband Investment Co., Ltd.	25.00%
Shenzhen Spark IOT Technology Co., Ltd.	20.00%
Shenzhen Zhongli Consulting Co., Ltd.	20.00%

Shenzhen Tulu Innovation Co., Ltd.	20.00%
TUNNU INNOVATION,INC	29.84%
Shenzhen Senxuan Technology Co., Ltd.	20.00%
Shenzhen Tengyi Industrial Co., Ltd.	20.00%
Topband (Qingdao) Intelligent Control Co., Ltd.	20.00%
Shenzhen Topband Automotive Electronics Co., Ltd.	20.00%
TOPBAND JAPAN Co., Ltd.	22.46%
Tulu Innovation (Hong Kong) Limited	16.50%
Topband (Vietnam) Co.,Ltd	20.00%
TOPBAND SMART DONGNAI(VIETNAM) Co.,ltd	20.00%
Topband Germany GmbH	15.825%
Huizhou Topband Lithium Battery Co., Ltd.	20.00%

2. Tax preference

On October 31, 2017, the Company obtained the Certificate for High-tech Enterprise that is numbered GR201744204652 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission, Shenzhen Municipal Office, SAT and Shenzhen Local Taxation Administration. This Certificate is valid within 3 years from the date of issuance. On February 5, 2021, the Company has received the Certificate for High-tech Enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, and Shenzhen Tax Service, State Taxation Administration, and passed the re-certification of high-tech enterprises. This certification is a renewal of the original certificate that has been expired. According to relevant regulations, the Company will be entitled to the preferential policies stated by China for the high-tech enterprise income tax for three consecutive years after passing the re-certification of high-tech enterprises. That is, the company shall pay its corporate income tax at 15% of corporate income tax rate from 2021 to 2023.

On December 9, 2019, Shenzhen Topband Software Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR201944201381 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission, Shenzhen Municipal Office, SAT and Shenzhen Local Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2019 to 2021 is 15% in accordance with relevant provisions of the *Law of the People's Republic of China on Enterprise Income Tax*, *Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax* and the *Management Measures for the Certification of High-tech*

Enterprises.

On December 23, 2021, Shenzhen Allied Control System Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202144206368 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission, Shenzhen Municipal Office, SAT and Shenzhen Local Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to 2023 is 15% in accordance with relevant provisions of the *Law of the People's Republic of China on Enterprise Income Tax*, the *Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax* and the *Management Measures for the Certification of High-tech Enterprises*.

On December 23, 2021, Shenzhen YAKO Automation Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202144205479 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission, Shenzhen Municipal Office, SAT and Shenzhen Local Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to 2023 is 15% in accordance with relevant provisions of the *Law of the People's Republic of China on Enterprise Income Tax*, the *Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax* and the *Management Measures for the Certification of High-tech Enterprises*.

On December 23, 2021, Shenzhen Topband Battery Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202144203102 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to 2023 is 15% in accordance with relevant provisions of the *Law of the People's Republic of China on Enterprise Income Tax*, the *Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax* and the *Management Measures for the Certification of High-tech Enterprises*.

On December 20, 2021, Huizhou Topband Electrical Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202144003640 and issued by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to 2023 is 15% in accordance with

relevant provisions of the *Law of the People's Republic of China on Enterprise Income Tax*, the *Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax* and the *Management Measures for the Certification of High-tech Enterprises*.

On December 23, 2021, Shenzhen Yansheng Software Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202144207744 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to 2023 is 15% in accordance with relevant provisions of the *Law of the People's Republic of China on Enterprise Income Tax*, the *Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax* and the *Management Measures for the Certification of High-tech Enterprises*.

On September 15, 2020, Shenzhen Yansheng Software Co., Ltd. passed the verification carried out by the Industry and Information Technology Bureau of Shenzhen Municipality on the preferential income tax conditions for the enterprises engaged in software and integrated circuit design in Shenzhen. According to the provisions of No. 68 *Announcement of Ministry of Finance and State Taxation Administration on Corporate Income Tax Policies for Integrated Circuit Design and Software Industry issued by the Ministry of Finance and State Taxation Administration* in 2019, Shenzhen Yansheng Software Co., Ltd. shall be entitled to the preferential tax policy of exemptions in two years and reduction in three years, that is, its corporate income tax shall be exempted from the first to the second year and reduced by 50% at 25% of statutory tax rate from the third to the fifth year until the expiration of the preferential period provided that the preferential period shall be calculated from the profit-making year before December 31, 2018. The company's corporate income tax rate from 2019 to 2021 was 12.5%.

On November 25, 2021, the Taizhou Science & Technology Bureau issued the *Announcement on the Enterprises to be Included in the National High-tech Enterprise Cultivation Library of Taizhou in 2021*, recognizing Ninghui Lithium Battery Co., Ltd. as a high-tech enterprise. On November 30, 2022, at the working net of High-tech Enterprise Identification Management, the Third Batch of High-tech Enterprises for Identification and Filing in 2021 in Jiangsu Province was published. The company's applicable corporate income tax rate from 2021 to 2023 is 15%.

According to CS [2019] No. 13 *Notice on the Implementation of Inclusive Tax Relief Policies for Small and Micro Businesses*, the small and micro businesses shall pay their corporate income taxes at 20% of tax rate, and

reduce the portion of not more than 1 million yuan in their annual taxable incomes by 25% and that of more than 1 million yuan but not more than 3 million yuan in their annual taxable incomes by 50% before including such portion into their taxable incomes. According to *Announcement of the State Taxation Administration on Matters Concerning the Implementation of Preferential Income Tax Policies Supporting the Development of Small Low-Profit Enterprises and Individual Industrial and Commercial Households* (CS [2021] No. 12), the annual taxable income of small and low-profit enterprises shall not exceed 1 million yuan. On the basis of the preferential policies stipulated in Article 2 of the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), the corporate income tax will be halved. The provisions of this Policy apply to Shenzhen Topband Investment Co., Ltd., Shenzhen Senxuan Technology Co., Ltd., Shenzhen Spark IOT Technology Co., Ltd., Shenzhen Tulu Innovation Co., Ltd., Huizhou Topband Lithium Battery Co., Ltd., Shenzhen Meanstone Intelligent Technology Co., Ltd., Shenzhen Zhongli Consulting Co., Ltd., Shenzhen Tengyi Industrial Co., Ltd., and Shenzhen Topband Automotive Electronics Co., Ltd. that are subsidiaries and sub-subsidiaries.

3. Other

VII. Notes to Items of Consolidated Financial Statements

1. Monetary capital

Unit: Yuan

Items	Ending balance	Beginning balance
Cash on hand	1,015,081.13	604,492.12
Bank deposit	1,337,414,181.07	1,196,226,680.89
Other monetary capital	429,150,793.87	22,264,303.49
Total	1,767,580,056.07	1,219,095,476.50
Including: total amount deposited abroad	177,157,407.24	153,809,647.09

Other description:

Other monetary capital mainly includes the large-denomination certificates of deposit of CNY 330,000,000.00 yuan and the fixed-time deposit of CNY 50,000,000.00 yuan. At the end of the period, the other restricted monetary capital amounts to CNY 31,475,097.87. For details, please refer to Note “VI (57)” in this financial report. At the end of the period, there is no amount deposited overseas and with the repatriation restricted.

2. Tradable financial assets

Unit: Yuan

Items	Ending balance	Beginning balance
Financial assets measured at fair value with changes included in the current profits and losses	214,999,336.74	226,491,482.10
Including:		
Financial products	4,000,000.00	112,970,000.00
Investment in equity instruments	210,999,336.74	113,521,482.10
Including:		
Total	214,999,336.74	226,491,482.10

Other description:

3. Derivative financial assets

Unit: Yuan

Items	Ending balance	Beginning balance

Other description:

4. Notes receivable**(1) Notes receivable listed by category**

Unit: Yuan

Items	Ending balance	Beginning balance
Bank acceptance bill	141,695,340.12	33,560,579.23
Commercial acceptance bill	19,964,130.09	5,917,351.40
Total	161,659,470.21	39,477,930.63

Unit: Yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Notes receivable with single provision for bad debts	150,816,667.92	93.09%		0.00%	150,816,667.92	33,560,579.23	84.61%			33,560,579.23

Including:										
Bank acceptance bill	141,695,340.12	87.46%		0.00%	141,695,340.12	33,560,579.23	84.61%			33,560,579.23
Commercial acceptance bill	9,121,327.80	5.63%		0.00%	9,121,327.80					
Notes receivable with provision for bad debts by portfolio	11,189,682.44	6.91%	346,880.15	3.10%	10,842,802.29	6,106,657.79	15.39%	189,306.39	3.10%	5,917,351.40
Including:										
Commercial acceptance bill	11,189,682.44	6.91%	346,880.15	3.10%	10,842,802.29	6,106,657.79	15.39%	189,306.39	3.10%	5,917,351.40
Total	162,006,350.36	100.00%	346,880.15	0.21%	161,659,470.21	39,667,237.02	100.00%	189,306.39	0.48%	39,477,930.63

Single provision for bad debts: 0

Unit: Yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Bank acceptance bill	141,695,340.12	0.00	0.00%	No risk of cashing bank acceptance bill
Commercial acceptance bill	9,121,327.80	0.00	0.00%	Discounted or endorsed notes receivable
Total	150,816,667.92	0.00	--	--

Single provision for bad debts:

Unit: Yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Commercial acceptance bill	11,189,682.44	346,880.15	3.10%	

Provision for bad debts by portfolio: 346,880.15

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Commercial acceptance bill	11,189,682.44	346,880.15	3.10%

Description of the basis for determining the portfolio:

Provision for bad debts by portfolio:

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision

Description of the basis for determining the portfolio:

If the provision for bad debts on notes receivable is based on the general model of expected credit loss, the information about the provision for bad debts shall be disclosed by referring to the disclosure method of other receivables:

applicable not applicable

(2) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in current period:

Unit: Yuan

Category	Beginning balance	Amount changed in current period				Ending balance
		Provision	Recover or reversal	Write-off	Other	
Provision for bad debts - notes receivable	189,306.39	157,573.76				346,880.15
Total	189,306.39	157,573.76				346,880.15

Of which the amount of provision for bad debts reversed or recovered in current period is significant:

applicable not applicable

(3) Notes receivable pledged by the Company at the end of the period

Unit: Yuan

Items	Amount pledged at the end of the period
Bank acceptance bill	2,040,042.80
Commercial acceptance bill	10,000.00
Total	2,050,042.80

(4) Notes receivable endorsed or discounted by the Company at the end of the period but not yet due at the balance sheet date

Unit: Yuan

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill		104,278,163.47

Commercial acceptance bill		9,121,327.80
Total		113,399,491.27

(5) Notes that the Company transferred to accounts receivable at the end of the period due to non-performance by drawer

applicable not applicable

(6) Notes receivable actually written off in current period

applicable not applicable

5. Accounts receivable

(1) Disclosure of accounts receivable by category

Unit: Yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with provision for bad debts by single item	84,081,324.25	3.60%	70,915,243.12	84.34%	13,166,081.13	3,787,463.00	0.21%	3,787,463.00	100.00%	
Including:										
Accounts receivable with a single significant amount and single bad debt provision	82,399,228.55	3.53%	69,233,147.42	84.02%	13,166,081.13					
Accounts receivable with insignificant single amount but single provision made for bad debts	1,682,095.70	0.07%	1,682,095.70	100.00%		3,787,463.00	0.21%	3,787,463.00	100.00%	
Accounts	2,247,009.076	96.40%	72,013,691.92	3.20%	2,174,995,384.35	1,758,425,18	99.79%	57,314,031.63	3.26%	1,701,111,153.84

receivable with provision for bad debts by portfolio	.27					5.47				
Including:										
Accounts receivable with provision for bad debts by aging combination	2,247,009,076.27	96.40%	72,013,691.92	3.20%	2,174,995,384.35	1,758,425,185.47	99.79%	57,314,031.63	3.26%	1,701,111,153.84
Total	2,331,090,400.52	100.00%	142,928,935.04	6.13%	2,188,161,465.48	1,762,212,648.47	100.00%	61,101,494.63	3.47%	1,701,111,153.84

Single provision for bad debts: 70,915,243.12

Unit: Yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Accounts receivable with a single significant amount and single bad debt provision	82,399,228.55	69,233,147.42	84.02%	It is difficult to recover
Accounts receivable with insignificant single amount but single provision made for bad debts	1,682,095.70	1,682,095.70	100.00%	It is difficult to recover
Total	84,081,324.25	70,915,243.12	--	--

Single provision for bad debts:

Unit: Yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision

Provision for bad debts by portfolio: 72,013,691.92

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Accounts receivable with provision for bad debts by aging combination	2,247,009,076.27	72,013,691.92	3.20%
Total	2,247,009,076.27	72,013,691.92	--

Description of the basis for determining the portfolio:

Provision for bad debts by portfolio:

applicable not applicable

Description of the basis for determining the portfolio:

If the provision for bad debts on notes receivable is based on the general model of expected credit loss, the information about the provision for bad debts shall be disclosed by referring to the disclosure method of other receivables:

applicable not applicable

Disclosure by aging

Unit: Yuan

Aging	Book balance
Less than 1 year (including 1 year)	2,268,073,021.54
1 to 2 years	55,023,639.35
2 to 3 years	3,892,587.98
Above 3 years	4,101,151.65
3 to 4 years	3,379,186.52
4 to 5 years	72,198.33
Above 5 years	649,766.80
Total	2,331,090,400.52

(2) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in current period:

Unit: Yuan

Category	Beginning balance	Amount changed in current period				Ending balance
		Provision	Recover or reversal	Write-off	Other	
Provision for bad debts	61,101,494.63	86,416,341.20		4,588,900.79		142,928,935.04
Total	61,101,494.63	86,416,341.20		4,588,900.79		142,928,935.04

Of which the amount of provision for bad debts reversed or recovered in current period is significant: None

(3) Accounts receivable actually written off in current period

Unit: Yuan

Items	Write-off amount
Accounts receivable actually written off	4,588,900.79

Of which the significant write-offs of accounts receivable: None

(4) Accounts receivable of top five ending balances grouped by debtors

Unit: Yuan

Name of Entity	Ending balance of accounts receivable	Proportion to total ending balances of accounts receivable	Ending balance of provision for bad debts
No.1	629,407,436.86	27.00%	19,511,630.53
No.2	86,449,968.60	3.71%	2,679,949.03
No.3	65,830,405.66	2.82%	52,664,324.53
No.4	56,820,453.86	2.44%	1,761,434.07
No.5	46,483,916.71	1.99%	1,441,001.42
Total	884,992,181.69	37.96%	

(5) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

Other description:

(6) Accounts receivable derecognized due to transfer of financial assets

6. Receivables financing

Unit: Yuan

Items	Ending balance	Beginning balance
Bank acceptance bill	26,520,757.05	90,426,713.39
Accounts receivable	10,381,750.80	156,229,313.88
Total	36,902,507.85	246,656,027.27

Changes in increase/decrease in receivables financing and changes in fair value in current period

applicable not applicable

If the provision for bad debts on receivables financing is based on the general model of expected credit loss, the information about the provision for bad debts shall be disclosed by referring to the disclosure method of other receivables:

applicable not applicable

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss in	Expected credit loss for the	Expected credit loss for	

	the next 12 months	entire duration (no credit impairment)	the entire duration (credit impairment occurred)	
Balance as of January 1, 2021	4,843,108.73			4,843,108.73
Reversal in current period	4,521,274.46			4,521,274.46
Balance as of December 31, 2021	321,834.27	-	-	321,834.27

Other description:

7. Prepayments

(1) Prepayments are listed by aging

Unit: Yuan

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	40,538,366.14	98.11%	16,968,264.14	95.68%
1 to 2 years	666,816.83	1.61%	627,825.07	3.54%
2 to 3 years	94,392.13	0.23%	113,188.10	0.64%
Above 3 years	20,709.92	0.05%	25,952.68	0.15%
Total	41,320,285.02	--	17,735,229.99	--

Explanation of the cause for untimely settlement of advance payments aging more than one year with important amounts

(2) Prepayment of top five ending balance grouped by prepaid object

The total amount of prepayments of top five ending balances grouped by debtors in the year was 19,648,064.39 yuan, accounting for 47.55% of the total ending balances of prepayments.

Other description:

None

8. Other receivables

Unit: Yuan

Items	Ending balance	Beginning balance
-------	----------------	-------------------

Other receivables	50,156,221.82	40,728,126.64
Total	50,156,221.82	40,728,126.64

(1) Interest receivable**1) Classification of interest receivable**

applicable not applicable

2) Significant overdue interest

applicable not applicable

3) Provision for bad debts

applicable not applicable

(2) Dividends receivable**1) Classification of interest receivable**

applicable not applicable

2) Important dividends receivable aged over 1 year

applicable not applicable

3) Provision for bad debts

applicable not applicable

Other description:

(3) Other receivables**1) Classification of other receivables by nature of amount**

Unit: Yuan

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Margin, deposit	28,560,062.74	11,276,827.12
Employee personal loan	11,891,648.41	7,886,380.07

Export rebate amount	14,317,249.26	23,817,036.82
Other	638,217.83	187,249.47
Total	55,407,178.24	43,167,493.48

2) Provision for bad debts

Unit: Yuan

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2021	2,439,366.84			
Balance as of January 1, 2021 in the current period	—	—	—	—
Accrued in current period	3,478,279.55			
Cancel after verification in the current period	666,689.97			
Balance as of December 31, 2021	5,250,956.42			

Changes in book balance with significant changes in loss reserves in current period

 applicable not applicable

Disclosure by aging

Unit: Yuan

Aging	Book balance
Less than 1 year (including 1 year)	43,323,546.41
1 to 2 years	2,561,108.59
2 to 3 years	6,626,239.26
Above 3 years	2,896,283.98
3 to 4 years	1,734,261.72
4 to 5 years	1,121,468.00
Above 5 years	40,554.26
Total	55,407,178.24

3) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in current period:

Unit: Yuan

Category	Beginning balance	Amount changed in current period				Ending balance
		Provision	Recover or reversal	Write-off	Other	
Bad-debt provision for other accounts receivable	2,439,366.84	3,478,279.55		666,689.97		5,250,956.42
Total	2,439,366.84	3,478,279.55		666,689.97		5,250,956.42

Of which the amount of provision for bad debts reversed or recovered in current period is significant: None

4) Other receivables actually written off in current period

Unit: Yuan

Items	Write-off amount
Other accounts receivable cancelled after verification	666,689.97

Of which the significant write-offs of other receivables: None

Description of other receivable written off: None

5) Other receivables of top five ending balances grouped by debtors

Unit: Yuan

Name of Entity	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
No.1	Export rebate amount	14,317,249.26	Within 1 year	25.84%	
No.2	Investment margin	5,000,000.00	Within 1 year	9.02%	
No.3	Margin, deposit	3,500,000.00	Within 1 year	6.32%	175,000.00
No.4	Margin, deposit	3,203,622.59	Within 1 year	5.78%	160,181.13
No.5	Margin, deposit	2,030,629.92	Within 1 year	3.66%	101,531.50
Total	--	28,051,501.77	--	50.62%	436,712.63

6) Receivables involving government subsidies applicable not applicable

7) Other receivables derecognized due to transfer of financial assets

□ applicable √ not applicable

8) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

Other description:

9. Inventory

Whether the Company is required to comply with the disclosure requirements of the real estate industry

No

(1) Inventory classification

Unit: Yuan

Items	Ending balance			Beginning balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value
Raw materials	1,373,010,350.15	87,214,891.71	1,285,795,458.44	669,357,860.89	56,781,506.42	612,576,354.47
Products in process	108,042,400.38	14,608.82	108,027,791.56	65,058,584.18		65,058,584.18
Goods on hand	601,322,955.25	15,911,446.54	585,411,508.71	340,321,032.11	9,669,035.83	330,651,996.28
Goods shipped in transit	122,939,046.46	3,114,595.53	119,824,450.93	48,921,114.18	3,963,402.85	44,957,711.33
Self-manufactured semi-finished product	80,789,830.12	3,169,232.84	77,620,597.28	60,865,430.27	3,717,115.68	57,148,314.59
Low-value consumables	97,460.86		97,460.86	84,986.73		84,986.73
Materials entrusted for processing	7,625,498.26		7,625,498.26	4,834,921.04		4,834,921.04
Total	2,293,827,541.48	109,424,775.44	2,184,402,766.04	1,189,443,929.40	74,131,060.78	1,115,312,868.62

(2) Provision for decline in value of inventories and provision for impairment of contract performance cost

Unit: Yuan

Items	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Provision	Other	Reversal or write-off	Other	
Raw materials	56,781,506.42	71,134,786.86		40,701,401.57		87,214,891.71
Products in process		14,608.82				14,608.82
Goods on hand	9,669,035.83	28,074,800.18		21,832,389.47		15,911,446.54
Goods shipped in transit	3,963,402.85	-835,710.32		13,097.00		3,114,595.53
Self-manufactured semi-finished product	3,717,115.68	1,606,859.02		2,154,741.86		3,169,232.84
Total	74,131,060.78	99,995,344.56		64,701,629.90		109,424,775.44

(3) Description of capitalized amount of borrowing costs included in ending balance of inventory

applicable not applicable

(4) Description of current amortization amount of contract performance cost

applicable not applicable

10. Contract assets

applicable not applicable

11. Assets held for sale

applicable not applicable

12. Non-current assets due within one year

applicable not applicable

13. Other current assets

Unit: Yuan

Items	Ending balance	Beginning balance
Input tax of VAT	92,861,498.25	66,429,956.99
Other taxes paid in advance	19,851,631.11	3,837,535.73
Upfront IPO-related fees	358,490.57	
Prepaid and amortized expenses		28,952.04
Total	113,071,619.93	70,296,444.76

Other description:

14. Debt investment

applicable not applicable

15. Other debt investment

applicable not applicable

16. Long-term receivables

(1) Situation of long-term receivables

applicable not applicable

(2) Long-term receivables derecognized due to transfer of financial assets

(3) Amount of assets and liabilities formed by transferring long-term receivables and continuing to be involved

Other description:

17. Long-term equity investment

Unit: Yuan

Investee	Beginning balance (book value)	Changes in increase/decrease in current period								Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Decrease in investment	Profit and loss on investment recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration of distribution for cash dividends or profits	Provision for impairment	Other		

I. Joint venture											
II. Associates enterprises											
Shenzhen Yuchengxin Power Technology Co., Ltd.										9,764,719.19	9,764,719.19
Shenzhen Daka Optoelectronics Co., Ltd.	6,502,528.13			-527,468.28						5,975,059.85	
Pas Electronic Technology (Nanjing) Co., Ltd.		10,000,000.00		-2,032,566.01						7,967,433.99	
Shanghai Yidong Power Technology Co., Ltd.		12,500,000.00		-323,366.02						12,176,633.98	
Subtotal	6,502,528.13	22,500,000.00		-2,883,400.31						35,883,847.01	9,764,719.19
Total	6,502,528.13	22,500,000.00		-2,883,400.31						35,883,847.01	9,764,719.19

Other description:

18. Investment in other equity instruments

applicable not applicable

19. Other non-current financial assets

applicable not applicable

20. Investment property

(1) Investment property with cost measurement model

applicable not applicable

Unit: Yuan

Items	Houses and buildings	Land usage right	Construction in progress	Total
I. Original book value				
1. Beginning	94,945,556.51			94,945,556.51

balance				
2. Increase in current period				
(1) Outsourcing				
(2) Transfer in of inventory, fixed assets and construction in progress				
(3) Increase in business merger				
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance	94,945,556.51			94,945,556.51
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	5,707,290.80			5,707,290.80
2. Increase in current period	2,263,151.40			2,263,151.40
(1) Provision or amortization	2,263,151.40			2,263,151.40
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance	7,970,442.20			7,970,442.20
III. Provision for impairment				

1. Beginning balance				
2. Increase in current period				
(1) Provision				
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance				
IV. Book value				
1. Ending book value	86,975,114.31			86,975,114.31
2. Beginning book value	89,238,265.71			89,238,265.71

(2) Investment property with fair value measurement model

applicable not applicable

(3) Investment property without property certificate of title

applicable not applicable

21. Fixed assets

Unit: Yuan

Items	Ending balance	Beginning balance
Fixed assets	1,299,517,887.54	1,096,875,640.94
Total	1,299,517,887.54	1,096,875,640.94

(1) Fixed assets

Unit: Yuan

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment and others	Total

I. Original book value					
1. Beginning balance	752,994,459.37	525,970,142.85	2,365,946.85	162,218,225.49	1,443,548,774.56
2. Increase in current period	63,665,845.71	192,044,577.70	311,834.38	73,177,944.57	329,200,202.36
(1) Acquisition	1,057,156.18	171,692,846.26	248,060.05	49,732,248.89	222,730,311.38
(2) Transfer in of construction in progress	62,608,689.53	19,865,971.04		354,007.87	82,828,668.44
(3) Increase in business merger			63,774.33	22,320,173.21	22,383,947.54
(4) Other		485,760.40		771,514.60	1,257,275.00
3. Decrease in current period		22,822,527.32	110,521.70	8,303,605.56	31,236,654.58
(1) Disposal or scrap		21,033,077.07	106,452.48	8,146,785.50	29,286,315.05
(2) Other		253,576.96			253,576.96
(3) Impact of exchange rate changes		1,535,873.29	4,069.22	156,820.06	1,696,762.57
4. Ending balance	816,660,305.08	695,192,193.23	2,567,259.53	227,092,564.50	1,741,512,322.34
II. Accumulated depreciation					
1. Beginning balance	100,672,188.32	168,725,723.97	1,905,112.82	75,370,108.51	346,673,133.62
2. Increase in current period	18,166,677.70	57,564,573.12	344,533.32	31,473,025.96	107,548,810.10
(1) Provision	18,047,211.98	57,564,573.12	319,099.85	30,091,013.16	106,021,898.11
(2) Increment from enterprises merged			25,433.47	1,113,847.68	1,139,281.15
(3) Other	119,465.72			268,165.12	387,630.84
3. Decrease in current period		5,827,634.57	50,352.86	6,349,521.49	12,227,508.92
(1) Disposal or scrap		5,665,179.07	50,352.86	6,239,457.04	11,954,988.97
(2) Other		162,455.50		110,064.45	272,519.95
4. Ending balance	118,838,866.02	220,462,662.52	2,199,293.28	100,493,612.98	441,994,434.80
III. Provision for impairment					
1. Beginning balance					
2. Increase in current period					

(1) Provision					
3. Decrease in current period					
(1) Disposal or scrap					
4. Ending balance					
IV. Book value					
1. Ending book value	697,821,439.06	474,729,530.71	367,966.25	126,598,951.52	1,299,517,887.54
2. Beginning book value	652,322,271.05	357,244,418.88	460,834.03	86,848,116.98	1,096,875,640.94

(2) Temporary idle fixed assets

applicable not applicable

(3) Fixed assets leased out through operating lease

applicable not applicable

(4) Fixed assets without certificate of title

applicable not applicable

(5) Disposal of fixed assets

applicable not applicable

22. Construction in progress

Unit: Yuan

Items	Ending balance	Beginning balance
Construction in progress	495,248,025.93	292,474,798.41
Total	495,248,025.93	292,474,798.41

(1) Situation of construction in progress

Unit: Yuan

Items	Ending balance	Beginning balance
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	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Chongqing Yiyuan	16,356,912.92		16,356,912.92	1,950,161.78		1,950,161.78
Decoration of Huizhou Plant	2,966,677.50		2,966,677.50	19,675,613.36		19,675,613.36
Topband (India) Plant	15,671,909.07		15,671,909.07	12,113,644.13		12,113,644.13
Ningbo Topband Industrial Park	342,090,917.50		342,090,917.50	208,173,673.86		208,173,673.86
Decoration project				189,761.68		189,761.68
Test equipment to be commissioned	102,011,463.64		102,011,463.64	34,312,847.55		34,312,847.55
Vietnam Dong Nai Decoration	7,740,644.30		7,740,644.30	14,686,143.94		14,686,143.94
Dormitory renovation of Huizhou plant	953,557.22		953,557.22	1,372,952.11		1,372,952.11
Huizhou YAKO Automation Plant	3,452,853.07		3,452,853.07			
Qingdao Plant	1,086,337.54		1,086,337.54			
Huizhou No.2 Industrial Park	2,916,753.17		2,916,753.17			
Total	495,248,025.93		495,248,025.93	292,474,798.41		292,474,798.41

(2) Changes of major projects under construction in the current period

Unit: Yuan

Project name	Amount budgeted	Beginning balance	Increase in current period	Amount of fixed assets transferred in current period	Other decreases in current period	Ending balance	Proportion of cumulative investment in the project to budget	Project progress	Accumulated amount of interest capitalized	Including : capitalization amount of interest in current period	Capitalization rate of interest in current period	Source of capitals
Chongqing Yiyuan	230,000,000.00	1,950,161.78	14,406,751.14			16,356,912.92	90.17%	90%				Fundraising
Topband	136,004,000.00	12,113,644.13	4,058,258.92		499,993.98	15,671,909.07	84.67%	84%				Other

(India) Plant												
Ningbo Topband Industrial Park	465,704,30 0.00	208,173,67 3.86	133,917,24 3.64			342,090,91 7.50	73.28%	73%				Fund raisin g
Dong Nai Province, Vietnam	75,000,000 .00	11,997,186 .05	45,735,111 .41	57,732,29 7.46			76.97%	77%				Othe r
Total	906,708,30 0.00	234,234,66 5.82	198,117,36 5.11	57,732,29 7.46	499,993 .98	374,119,73 9.49	--	--				--

(3) Provision for impairment of project under construction in current period

applicable not applicable

(4) Engineering materials

applicable not applicable

23. Productive biological assets**(1) Productive biological assets with cost measurement model**

applicable not applicable

(2) Productive biological assets with fair value measurement model

applicable not applicable

24. Oil and gas assets

applicable not applicable

25. Right-of-use assets

Unit: Yuan

Items	Houses and buildings	Total
1. Beginning balance	30,939,385.41	30,939,385.41
2. Increase in current period	44,052,298.83	44,052,298.83
(1) New lease	44,052,298.83	44,052,298.83
3. Decrease in current period	916,406.75	916,406.75
(1) Termination of contract	916,406.75	916,406.75
4. Ending balance	74,075,277.49	74,075,277.49
2. Increase in current period	16,234,413.73	16,234,413.73
(1) Provision	16,234,413.73	16,234,413.73
3. Decrease in current period	327,288.12	327,288.12
(1) Disposal	327,288.12	327,288.12
4. Ending balance	15,907,125.61	15,907,125.61
1. Ending book value	58,168,151.88	58,168,151.88
2. Beginning book value	30,939,385.41	30,939,385.41

Other descriptions: None

26. Intangible assets

(1) Situation of intangible assets

Unit: Yuan

Items	Land usage right	Patent right	Non-patented technology	Software	Trademark	Total
I. Original book value						
1. Beginning balance	124,135,401.05	435,321.58	289,470,671.25	22,316,899.22	9,728,450.00	446,086,743.11
2. Increase in current period	114,095,830.12		106,410,514.06	1,437,032.79		222,580,569.33
(1) Acquisition	114,095,830.12			1,437,032.79		116,170,055.27
(2) Internal R&D			106,410,514.06			106,410,514.06
(3) Increase in business merger						
3. Decrease in current period						
(1) Disposal						
(2) Impact of exchange rate changes						
4. Ending balance	238,231,231.17	435,321.58	395,881,185.31	23,753,932.01	9,728,450.00	668,030,120.07
II. Accumulated amortization						

1. Beginning balance	11,381,245.40	435,321.58	133,292,923.43	17,038,370.79	4,659,312.50	166,807,173.70
2. Increase in current period	4,297,784.55		57,270,050.06	3,049,788.47	965,550.00	65,583,173.08
(1) Provision	4,297,784.55		57,270,050.06	3,049,788.47	965,550.00	65,583,173.08
3. Decrease in current period						
(1) Disposal						
4. Ending balance	15,679,029.95	435,321.58	190,562,973.49	20,088,159.26	5,624,862.50	232,390,346.78
III. Provision for impairment						
1. Beginning balance						
2. Increase in current period						
(1) Provision						
3. Decrease in current period						
(1) Disposal						
4. Ending balance						
IV. Book value						
1. Ending book value	222,552,201.22		205,318,211.82	3,665,772.75	4,103,587.50	435,639,773.29
2. Beginning book value	112,754,155.65		156,177,747.82	5,278,528.43	5,069,137.50	279,279,569.40

The proportion of intangible assets formed through internal R&D in the balance of intangible assets at the end of the period accounted for 15.93%.

(2) Situation of Land usage right without property certificate of title

Unit: Yuan

Items	Book value	Reasons for failure to complete certificate of title
Ningbo Plant	30,898,573.26	Under construction

Other description:

27. Development expenditure

Unit: Yuan

Items	Beginning balance	Increase in current period			Decrease in current period			Ending balance
		Internal	Other		Recognized as	Transferred to		

		development expenditure			intangible assets	current profit and loss		
Intelligent controller project	45,281,204.14	75,909,919.52			77,296,763.57			43,894,360.09
Lithium battery project	3,803,053.77	10,628,061.51			7,755,872.71			6,675,242.57
Motor and control system project		10,500,319.42						10,500,319.42
Other projects	13,777,521.31	12,868,841.87			21,357,877.78			5,288,485.40
Total	62,861,779.22	109,907,142.32			106,410,514.06			66,358,407.48

Other description:

28. Goodwill

(1) Original book value of goodwill

Unit: Yuan

Name of investee or matters forming goodwill	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Resulted from business merger		Disposal		
Shenzhen YAKO Automation Technology Co., Ltd.	107,314,446.71					107,314,446.71
Shenzhen Allied Control System Co., Ltd.	53,768,699.68					53,768,699.68
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,006,892.59					3,006,892.59
Hangzhou Zhidong Motor Technology Co., Ltd.	1,322,921.77					1,322,921.77
Taixing Ninghui Lithium Battery Co., Ltd.		1,962,891.12				1,962,891.12
Shenzhen Tengyi Industrial Co., Ltd.		131,783.24				131,783.24
Total	165,412,960.75	2,094,674.36				167,507,635.11

(2) Provision for impairment of goodwill

Unit: Yuan

Name of investee or matters forming goodwill	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Provision		Disposal		
Shenzhen Allied Control System Co., Ltd.	53,768,699.68					53,768,699.68
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,006,892.59					3,006,892.59
Total	56,775,592.27					56,775,592.27

Information about the asset group or portfolio of goodwill

None

Description of goodwill impairment test process, key parameters (e.g. growth rate during the forecast period, growth rate during the stabilization period, profitability, discount rate, forecast period, etc. when the present value of future cash flow is expected) and method for recognizing impairment loss of goodwill:

None

Impact of goodwill impairment test

None

Other description:

None

29. Long-term deferred expense

Unit: Yuan

Items	Beginning balance	Increase in current period	Current amortization amount	Other reduced amount	Ending balance
Decoration cost	71,797,383.61	50,816,411.50	26,819,984.79	1,029,895.74	94,763,914.58
Other	280,287.48	464,091.69	356,677.37		387,701.80
Total	72,077,671.09	51,280,503.19	27,176,662.16	1,029,895.74	95,151,616.38

Other description:

30. Deferred tax assets / deferred tax liabilities**(1) Deferred tax assets without offset**

Unit: Yuan

Items	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	261,692,978.84	40,332,191.17	149,075,252.50	23,312,424.21
Deductible loss	69,221,226.16	13,336,499.73	43,740,568.84	10,286,420.54
Amortization differences on intangible assets	60,259,563.87	9,038,934.58	36,167,726.46	5,441,721.65
Deferred income	14,150,200.00	2,122,530.00	14,279,770.00	2,141,965.50
Option fee	253,046,279.23	37,956,941.88	93,402,952.30	14,010,442.85
Total	658,370,248.10	102,787,097.36	336,666,270.10	55,192,974.75

(2) Deferred tax liabilities without offset

Unit: Yuan

Items	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Valuation and appreciation of assets of business merger under different control	2,589,919.73	388,487.96	5,279,699.53	791,954.93
Changes in fair value of tradable financial assets	147,744,707.31	22,161,706.10	62,074,391.17	9,311,158.68
Book-tax difference of fixed assets depreciation	10,334,504.12	2,570,545.66	3,830,509.95	863,864.88
Book-tax difference of rental income	4,638,866.49	1,159,716.62	3,411,531.24	852,882.81
Total	165,307,997.65	26,280,456.34	74,596,131.89	11,819,861.30

(3) Deferred tax assets or liabilities listed by net amount after offset

Unit: Yuan

Items	Amount of offset between	Ending balance of	Amount of mutual offset	Beginning balance of
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	deferred tax assets and liabilities at the end of the period	deferred tax assets or liabilities after offset	between deferred tax assets and liabilities at the beginning of the period	deferred tax assets or liabilities after offset
Deferred tax assets		102,787,097.36		55,192,974.75
Deferred tax liabilities		26,280,456.34		11,819,861.30

(4) Details of unrecognized deferred tax assets

Unit: Yuan

Items	Ending balance	Beginning balance
Deductible temporary differences	6,322,216.54	3,393,804.05
Deductible loss	32,682,476.84	14,481,679.98
Total	39,004,693.38	17,875,484.03

(5) Deductible loss of unrecognized deferred tax assets will mature in the following years

Unit: Yuan

Year	Ending amount	Beginning amount	Remarks
2022			
2023			
2024			
2025			
2026	2,183,482.54		
No time limit	30,498,994.30	14,481,679.98	
Total	32,682,476.84	14,481,679.98	--

Other description:

31. Other non-current assets

Unit: Yuan

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advanced engineering funds	22,516,684.86		22,516,684.86	9,807,616.29		9,807,616.29
Prepayment for fixed assets	48,511,362.98		48,511,362.98	24,831,739.10		24,831,739.10
Prepayment for	1,013,380.56		1,013,380.56			

intangible assets						
Total	72,041,428.40		72,041,428.40	34,639,355.39		34,639,355.39

Other description:

32. Short-term loans

(1) Classification of short-term loans

Unit: Yuan

Items	Ending balance	Beginning balance
Credit loan	150,321,259.95	102,151,500.00
Letter of credit	250,000,000.00	300,000,000.00
Bills receivable discounted but not due	9,209,847.31	
Total	409,531,107.26	402,151,500.00

Description of classification of short-term loans

(2) Overdue short-term loans

applicable not applicable

33. Trading financial liabilities

applicable not applicable

34. Derivative financial liabilities

applicable not applicable

35. Notes payable

Unit: Yuan

Category	Ending balance	Beginning balance
Bank acceptance bill	1,231,106,148.24	715,574,653.91
Total	1,231,106,148.24	715,574,653.91

The total amount of notes payable due but unpaid at the end of the period was 0.00 yuan.

36. Accounts payable**(1) Accounts payable listed**

Unit: Yuan

Items	Ending balance	Beginning balance
Less than 1 year (including 1 year)	1,493,504,084.34	1,540,652,638.39
1-2 years (including 2 years)	11,697,003.66	7,398,205.08
2-3 years (including 3 years)	4,533,633.55	484,275.57
Above 3 years	1,550,275.01	1,371,220.68
Total	1,511,284,996.56	1,549,906,339.72

(2) Significant accounts payable aged over 1 year
 applicable not applicable
37. Advances received**(1) Advances received listed**

Unit: Yuan

Items	Ending balance	Beginning balance
Less than 1 year (including 1 year)	353,895.16	487,267.17
Total	353,895.16	487,267.17

(2) Significant advances received aged over 1 year
 applicable not applicable
38. Contractual liabilities

Unit: Yuan

Items	Ending balance	Beginning balance
Advances on sales	93,328,006.70	72,576,117.56
Total	93,328,006.70	72,576,117.56

Amount of and reasons for significant changes in book value during the reporting period

39. Employee compensation payable**(1) Employee compensation payable listed**

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
I. Short-term compensation	174,617,927.43	1,392,579,469.40	1,368,422,777.24	198,774,619.59
II. Post-employment benefits - defined contribution plan	885,836.69	41,106,087.75	41,902,748.01	89,176.43
Total	175,503,764.12	1,433,685,557.15	1,410,325,525.25	198,863,796.02

(2) Short-term compensation listed

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1. Wages, bonuses, allowances and subsidies	173,067,023.16	1,303,110,713.26	1,279,689,007.03	196,488,729.39
2. Employee benefits	261,063.79	30,923,662.71	30,537,277.66	647,448.84
3. Social insurance expense	231,998.20	38,336,814.21	38,422,135.37	146,677.04
Including: medical insurance expense	210,694.44	35,472,068.93	35,541,646.15	141,117.22
Industrial injury insurance expense	13,785.25	892,358.46	902,809.11	3,334.60
Maternity insurance expense	7,518.51	1,972,386.82	1,977,680.11	2,225.22
4. Housing provident fund		19,644,540.36	19,644,540.36	
5. Trade union funds and staff education funds	209.26	41,117.54	41,077.51	249.29
8. Others	1,057,633.02	522,621.32	88,739.31	1,491,515.03
Total	174,617,927.43	1,392,579,469.40	1,368,422,777.24	198,774,619.59

(3) Defined contribution plan listed

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current	Ending balance
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			period	
1. Basic endowment insurance	861,046.07	40,208,215.16	40,982,196.73	87,064.50
2. Unemployment insurance expense	24,790.62	897,872.59	920,551.28	2,111.93
Total	885,836.69	41,106,087.75	41,902,748.01	89,176.43

Other description:

40. Taxes payable

Unit: Yuan

Items	Ending balance	Beginning balance
VAT (value-added tax)	1,412,358.17	12,524,919.27
Corporate income tax	435,351.06	41,728,458.33
Individual income tax	13,324,912.30	5,003,297.27
City maintenance and construction tax	145,831.34	188,254.81
Education surcharge	103,910.96	134,467.71
Property tax	751,908.84	429,548.57
Land use tax		174,669.06
Stamp duty and others	80,269.78	72,400.58
Total	16,254,542.45	60,256,015.60

Other description:

41. Other payables

Unit: Yuan

Items	Ending balance	Beginning balance
Other payables	318,632,275.66	57,160,615.93
Total	318,632,275.66	57,160,615.93

(1) Interest payable

applicable not applicable

(2) Dividends payable

applicable not applicable

(3) Other payables**1) Other payables listed by nature**

Unit: Yuan

Items	Ending balance	Beginning balance
Payment for equipment	28,870,825.20	23,095,663.10
Payment for tooling	965,441.44	654,303.42
Transportation expenses	10,878,639.69	7,252,963.43
Rent and utilities	4,127,402.12	3,105,044.79
Margin, deposit	5,830,893.34	7,034,660.06
Wages for labor dispatching	3,595,257.44	2,150,932.92
Consultation fee	1,283,728.33	1,515,229.67
Fuel card fee	2,977,890.66	1,503,438.82
Payment of decoration	3,254,149.87	6,055,915.48
Restricted share repurchase obligations	242,525,433.60	
Other	14,322,613.97	4,792,464.24
Total	318,632,275.66	57,160,615.93

2) Other significant payables aged over 1 year

applicable not applicable

42. Liabilities held for sale

applicable not applicable

43. Non-current liabilities due within one year

Unit: Yuan

Items	Ending balance	Beginning balance
Long-term loans due within one year	27,209,500.00	
Lease liabilities due within 1 year	20,512,195.74	
Total	47,721,695.74	

Other description:

44. Other current liabilities

Unit: Yuan

Items	Ending balance	Beginning balance
Tax amount to be resold	2,874,899.86	
Notes receivable that have been endorsed or discounted but not derecognized	104,189,643.96	
Total	107,064,543.82	

Changes in short-term bonds payable: None

45. Long-term loans**(1) Classification of long-term loans**

Unit: Yuan

Items	Ending balance	Beginning balance
Credit loan	318,500,000.00	
Pledged borrowings	156,520,000.00	200,000,000.00
Total	475,020,000.00	200,000,000.00

Description of classification long-term loan-term loans:

Additional notes, including interest rate ranges:

46. Bonds payable**(1) Bonds payable** applicable not applicable**(2) Changes in increase or decrease of bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)** applicable not applicable**(3) Description of conversion conditions and time of convertible corporate bond** applicable not applicable

(4) Description of other financial instruments classified as financial liabilities

applicable not applicable

47. Lease liabilities

Unit: Yuan

Items	Ending balance	Beginning balance
Housing and building rents	40,290,402.14	30,939,385.41
Total	40,290,402.14	30,939,385.41

Other description:

48. Long-term accounts payable

Unit: Yuan

Items	Ending balance	Beginning balance
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(1) Long-term payables listed according to the nature of the payment

applicable not applicable

(2) Special payable

applicable not applicable

49. Long-term employee compensation payable**(1) Long-term payroll payable table**

applicable not applicable

(2) Changes in the defined benefit plan

applicable not applicable

50. Estimated liabilities

applicable not applicable

51. Deferred income

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance	Reasons for formation
Governmental subsidies	14,624,770.00	3,120,700.00	3,360,270.00	14,385,200.00	Governmental subsidies related to assets
Total	14,624,770.00	3,120,700.00	3,360,270.00	14,385,200.00	--

Items involving government subsidies:

Unit: Yuan

Liability items	Beginning balance	New subsidy amount in current period	Amount included in non-operating income in current period	Amount included in other income in current period	Amount of write-down costs in current period	Other changes	Ending balance	Asset-related/revenue-related
Special fund for the industrialization of high-efficiency energy-saving rare-earth permanent magnet motor	1,300,000.00			195,000.00			1,105,000.00	Asset-related
R&D equipment project of intelligent home management system such as IoT cloud computing technology	394,500.00			263,000.00			131,500.00	Asset-related
R&D project of key technology for clean energy DC system measurement	225,000.00			50,000.00			175,000.00	Asset-related
Nano lithium iron phosphate power battery project	750,000.00			250,000.00			500,000.00	Asset-related
Key technology research and	561,000.00			204,000.00			357,000.00	Asset-related

development of 18650-2.8A.h high power battery								
Intelligent grid connected project of distributed photovoltaic power station	120,000.00			60,000.00			60,000.00	Asset-related
R&D project of 60A solar charging controller with peak power tracking technology	530,000.00			120,000.00			410,000.00	Asset-related
R&D project of unmanned Robot Cleaner	3,000,000.00			450,000.00			2,550,000.00	Asset-related
Key technology research and development project of rare-earth permanent magnet brushless DC motor and controller with high speed ratio and variable frequency	4,000,000.00						4,000,000.00	Asset-related
Monthly Acceptance Amortization of Huizhou Anti-epidemic National Debt Technical Transformation Project in 2006 for 5 Years	3,744,270.00			832,060.00			2,912,210.00	Asset-related
Monthly Acceptance Amortization of Technical		3,120,700.00		936,210.00			2,184,490.00	Asset-related

Transformation Project of Intelligent Controller in Huizhou Province and Technical Transformation of Lithium Battery Automation Production Line in 2006 for 5 Years								
Total	14,624,770.00	3,120,700.00		3,360,270.00			14,385,200.00	

Other description:

52. Other non-current liabilities

applicable not applicable

53. Share capital

Unit: Yuan

	Beginning balance	Increase and decrease of change this time (+, -)					Ending balance
		Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Other	Subtotal	
Total number of shares	1,135,216,809.00	110,810,663.00			10,950,600.00	121,761,263.00	1,256,978,072.00

Other description:

Note: The share capital increased by CNY 121,761,263.00 yuan in the current period, including CNY 92,105,263.00 yuan due to the non-public issuance of shares, CNY 18,705,400.00 yuan due to the implementation of restricted stock incentives, and CNY 10,950,600.00 yuan due to the exercise of stock options.

54. Other equity instruments

(1) Basic information of preferred shares, perpetual bonds and other financial instruments issued at the end of the period

applicable not applicable

(2) Changes in preferred shares, perpetual bonds and other financial instruments issued at the end of the period

applicable not applicable

55. Capital reserve

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Capital premium (share premium)	936,582,920.43	1,139,848,687.71		2,076,431,608.14
Other capital reserve	32,787,972.41	52,097,203.15	21,263,633.96	63,621,541.60
Total	969,370,892.84	1,191,945,890.86	21,263,633.96	2,140,053,149.74

Other description, including the changes in increase and decrease in current period and the reasons for changes:

Note 1: The share premium increased by CNY 1,139,848,687.71 yuan this year, including: CNY 143,802,067.92 yuan due to the subscription of restricted shares by the company, and CNY 996,046,619.79 yuan, which is transferred to the share premium due to the unlocking of options, and was previously included in other capital reserves as the options tariff.

Note 2: Other capital surplus was increased by 52,097,203.21 yuan during the year, of which: 31,425,929.41 yuan of share-based payment expense was recognized during the period under the stock option plan and issuance of restricted stock; 20,671,273.74 yuan of deferred tax assets was recognized based on the pre-tax deductible stock option expense expected to be exercised in the future. Other capital reserves decreased by CNY 9,575,974.17 yuan this year, including CNY 9,183,384.00 due to the capital premium transferred from the exercise of stock options; CNY 392,590.17 due to the resignation of incentive objects and the resulting reversal of share payment expenses; CNY 11,699,698.63 yuan due to the fact that Shenzhen YAKO Automation Technology Co., Ltd. adjusted the capital increase of minority shareholders, affecting the capital reserve at the merger level; CNY 1,759,546.07 yuan due to the fact that Shenzhen Mintai Intelligent Technology Co., Ltd. adjusted the capital increase of minority shareholders, affecting the capital reserve at the merger level; CNY 1,771,584.91 yuan at the merger level due to the acquisition of Ninghui Lithium Battery Co., Ltd.

56. Treasury shares

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Restricted share repurchase obligations		242,525,433.60		242,525,433.60
Repurchase of company shares in competitive trading	80,017,965.68		80,017,965.68	
Total	80,017,965.68	242,525,433.60	80,017,965.68	242,525,433.60

Other description, including the changes in increase and decrease in current period and the reasons for changes:

Note: The increase of treasury shares in this period is caused by the accrued restricted stock repurchase obligation of CNY 242,525,433.60 yuan due to the implementation of stock ownership incentive by major companies.

57. Other comprehensive income

Unit: Yuan

Items	Beginning balance	Amount incurred in current period						Ending balance
		Amount before income tax in current period	Minus: current profits and losses included in other comprehensive income in the previous period	Minus: current retained earnings included in other comprehensive income in the previous period	Minus: income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
(II) Other comprehensive income that is reclassified into profits and losses	-24,555,229.97	-67,324,542.05			-48,275.14	-67,276,266.91		-91,831,496.88
Translation difference of foreign currency financial statements	-30,124,805.01	-62,076,801.28				-62,076,801.28		-92,201,606.29
Other	5,569,575.04	-5,247,740.77			-48,275.14	-5,199,465.63		370,109.41
Total amount of other comprehensive income	-24,555,229.97	-67,324,542.05			-48,275.14	-67,276,266.91		-91,831,496.88

Other description, including the adjustment to the effective portion of the profit and loss of cash flow hedging transferred to the amount initially recognized for the hedged item:

58. Special reserve

applicable not applicable

59. Surplus reserve

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Statutory surplus reserve	151,359,957.53	35,037,674.23		186,397,631.76
Total	151,359,957.53	35,037,674.23		186,397,631.76

Explanation of the surplus reserve, including the increase or decrease in the current period and the reasons for the change:

60. Undistributed profit

Unit: Yuan

Items	Current period	Prior period
Undistributed profit at the end of last period before adjustment	1,324,944,369.91	866,301,932.11
Total undistributed profit at the beginning of the period (+ for increase, - for decrease)	-19,061,969.80	-17,706,279.40
Undistributed profit at the beginning of last period after adjustment	1,305,882,400.11	848,595,652.71
Plus: net profit attributable to the owners of the parent company in current period	564,964,282.18	532,161,123.64
Minus: withdrawal of statutory surplus reserve	35,037,674.23	24,075,745.79
Common Stock dividends payable	56,565,524.45	50,798,630.45
Undistributed profit at the end of the period	1,779,243,483.61	1,305,882,400.11

Details of undistributed profit at the beginning of adjustment period:

- 1) Due to the retroactive adjustment of *Accounting Standards for Business Enterprises* and related new regulations, the undistributed profit at the beginning of the period was 0.00 yuan.
- 2) Due to the change of accounting policy, the undistributed profit at the beginning of the period was 0.00 yuan.

3) Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was -19,061,969.80 yuan.

4) Due to the change in merger under the same control, the undistributed profit at the beginning of the period was 0.00 yuan.

5) The undistributed profit at the beginning of the period was 0.00 yuan with other adjustments.

61. Operating income and operating costs

Unit: Yuan

Items	Amount incurred in current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	7,717,976,814.04	6,107,767,617.78	5,509,664,078.91	4,183,169,715.86
Other business	49,058,020.99	6,763,737.09	50,518,919.30	21,124,114.91
Total	7,767,034,835.03	6,114,531,354.87	5,560,182,998.21	4,204,293,830.77

Whether the lower of audited net income before or after deducting the non-recurring profit and loss is negative

Yes No

Income-related information:

Unit: Yuan

Contract classification	Intelligent Control Division	Total
Including:		
Tool	2,994,451,368.50	2,994,451,368.50
Home appliances	2,959,263,866.21	2,959,263,866.21
New energy	1,241,478,904.30	1,241,478,904.30
Industry	295,153,637.29	295,153,637.29
Intelligent solutions	221,269,657.19	221,269,657.19
Other	55,417,401.54	55,417,401.54
Total	7,767,034,835.03	7,767,034,835.03
Including:		
Domestic	3,427,652,622.28	3,427,652,622.28
Foreign	4,339,382,212.75	4,339,382,212.75
Total	7,767,034,835.03	7,767,034,835.03
Including:		
Transfer at a certain point	7,767,034,835.03	7,767,034,835.03

Information related to performance obligations:

Not applicable

Information related to the transaction price allocated to the remaining performance obligations:

The amount of income corresponding to the performance obligations that have signed contracts but have not been performed or completed at the end of this reporting period is 0.00 yuan, and 0.00 yuan is expected to be recognized within one year.

Other description:

62. Taxes and surcharges

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
City maintenance and construction tax	9,880,306.75	6,324,873.31
Education surcharge	7,057,104.39	4,517,766.67
Property tax	7,220,449.07	6,798,046.02
Land use tax	768,937.95	761,833.73
Stamp duty	4,088,571.43	3,161,739.96
Other	38,498.12	126,323.00
Total	29,053,867.71	21,690,582.69

Other description:

63. Sales expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Employee compensation	117,940,781.05	84,228,078.15
Low-value consumables	4,721,582.36	1,518,012.92
Business entertainment expenses	16,931,032.05	11,324,256.98
Travel expenses	11,055,029.71	7,151,311.70
Intermediary service expenses	19,280,507.23	12,857,876.78
Exhibition expenses	2,256,350.43	1,883,321.83
Materials expenses	12,365,975.47	4,981,728.64
Mail expenses	3,187,394.23	2,083,622.84
Option fee	4,731,183.73	1,070,281.42

Advertising expenses	4,568,296.26	585,897.69
Customs charges	2,542,454.90	1,315,519.21
Rentals	1,980,077.01	1,144,877.48
Other	7,002,154.67	2,753,648.06
Total	208,562,819.10	132,898,433.70

Other description:

64. Administrative expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Employee compensation	155,978,506.36	101,669,023.72
Decoration cost	17,168,830.94	15,080,374.60
Intermediary service expenses	12,359,796.94	11,006,233.18
Depreciation and amortization	19,379,537.14	15,388,899.93
Rent and utilities	6,233,831.28	4,678,076.32
Low-value consumables	2,819,301.47	4,814,426.22
Property insurance expenses	4,833,375.18	3,943,952.43
Office expenses	8,227,084.07	4,856,861.79
Option fee	10,472,082.30	4,922,832.16
Travel expenses	4,686,846.18	2,851,141.72
Recruitment expenses	2,814,710.51	1,761,794.56
Royalties	3,844,108.79	4,013,172.39
Business entertainment expenses	1,936,130.95	951,643.69
Maintenance fees	2,493,243.02	2,283,380.83
Other	5,097,646.76	5,835,657.65
Total	258,345,031.89	184,057,471.19

Other description:

65. R&D expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Employee compensation	270,040,042.63	209,691,514.52
Depreciation and amortization	67,822,294.92	47,941,714.20

Material expenses	32,453,761.31	17,494,266.42
Option fee	13,876,403.61	4,721,777.37
Tooling expense	19,674,097.73	4,480,409.98
Intermediary service expenses	8,558,169.27	4,028,380.25
Low-value consumables	5,380,174.29	5,367,907.74
Testing expense	6,429,992.15	5,009,617.91
Decoration cost	3,724,447.95	3,624,175.64
Utilities	4,942,111.11	2,880,537.35
Travel expenses	4,141,146.62	3,210,677.11
Rentals	1,266,488.74	1,876,088.61
Other	11,640,921.78	7,215,587.05
Total	449,950,052.11	317,542,654.15

Other description:

66. Financial expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Interest expense	24,677,917.47	41,611,921.13
Minus: interest income	8,722,530.08	7,457,090.20
Exchange gains (loss marked with "-")	44,680,917.00	98,517,832.20
Handling fee and others	3,149,246.09	44,313,350.36
Total	63,785,550.48	176,986,013.49

Other description:

67. Other revenues

Unit: Yuan

Source for other revenues	Amount incurred in current period	Amount incurred in prior period
Governmental subsidies	16,456,682.22	27,326,933.85
Added-value tax refund on demand	8,646,329.13	7,158,399.28
Return of individual income tax service charge	1,105,035.34	766,726.03
Other		13,534.31
Total	26,208,046.69	35,265,593.47

68. Investment revenue

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Long-term equity investment revenue accounted by equity method	-2,883,400.31	-360,946.80
Investment revenue of tradable financial assets during holding period	38,226,720.08	230,366,485.41
Investment revenue of financial products	9,914,763.48	5,602,702.63
Forward foreign exchange contract settlement profit and loss	9,569,000.00	22,970,000.00
Total	54,827,083.25	258,578,241.24

Other description:

69. Net exposure hedging revenue applicable not applicable**70. Fair value change revenue**

Unit: Yuan

Sources of income from change in fair value	Amount incurred in current period	Amount incurred in prior period
Tradable financial assets	85,670,316.15	-105,561,454.64
Total	85,670,316.15	-105,561,454.64

Other description:

71. Credit impairment loss

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Bad debt loss of other receivables	-3,478,279.55	1,590,385.44
Bad debt loss of receivables	-81,957,775.77	9,229,256.64
Bad debt loss of commercial acceptance bill	-157,573.76	-172,417.86
Total	-85,593,629.08	10,647,224.22

Other description:

72. Asset impairment loss

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
II. Loss on inventory valuation and contract performance cost impairment loss	-99,995,344.56	-64,732,329.22
XI. Goodwill impairment loss		-34,531,349.37
Total	-99,995,344.56	-99,263,678.59

Other description:

73. Assets disposal revenue

Unit: Yuan

Source of assets disposal revenue	Amount incurred in current period	Amount incurred in prior period
Revenue from disposal of non-current assets	-415,086.11	-932,817.83
Right-of-use asset derecognition	10,696.36	
Total	-404,389.75	-932,817.83

74. Non-operating income

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period	Amount included in the current non-recurring profit and loss
Accepting donations	22,475.87		22,475.87
Quality deduction income	59,263.20	10,645.00	59,263.20
Other	2,178,616.67	3,080,907.14	2,178,616.67
Total	2,260,355.74	3,091,552.14	2,260,355.74

Government subsidy included in the current profits and losses:

Unit: Yuan

Subsidy project	Grant entity	Grant reasons	Nature type	Whether the subsidy affect the profit and loss of the year	Whether it is the special subsidy	Amount incurred in the current period	Amount incurred in the last period	Asset-related/revenue-related
Added-value tax refund on demand						8,646,329.13	7,158,399.28	Related to revenue
Return of individual income						1,105,035.34	766,726.03	Related to revenue

tax service charge								
Technological transformation supported by 2020 anti-epidemic national debt funds						832,060.00	416,030.00	Asset-related
R&D equipment project of intelligent home management system such as IoT cloud computing technology						263,000.00	263,000.00	Asset-related
Nano lithium iron phosphate power battery project						250,000.00	250,000.00	Asset-related
High rate 18650-2.8Ah power battery key technology research and development project						204,000.00	204,000.00	Asset-related
Special fund for the industrialization of high-efficiency energy-saving rare-earth permanent magnet motor						195,000.00	195,000.00	Asset-related
R&D project of 60A solar charging controller with peak power tracking technology						120,000.00	120,000.00	Related to revenue
Intelligent grid connected project of distributed photovoltaic power station						60,000.00	60,000.00	Asset-related
R&D project of key technology for						50,000.00	50,000.00	Asset-related

clean energy DC system measurement								
R&D project of unmanned Robot Cleaner						450,000.00		Asset-related
Special fund for intelligent controller and lithium battery technology transformation						936,210.00		Related to revenue
Return of unemployment insurance premium							5,991,047.80	Related to revenue
Training replaced for operation subsidy						288,500.00	2,709,000.00	Related to revenue
Support and subsidy for enterprises to expand production and increase efficiency						2,476,845.00	2,511,000.00	Related to revenue
Enterprise development and research funding						1,699,000.00	2,199,800.00	Related to revenue
Export credit insurance subsidy						1,031,335.00	2,052,992.00	Related to revenue
Industrial and commercial electricity subsidy						459,804.80	1,629,404.77	Related to revenue
Two-tax financial subsidy							1,540,000.00	Related to revenue
Position stabilization subsidy						231,269.09	1,311,398.13	Related to revenue
Technical transformation and improvement project funding						150,000.00	950,000.00	Related to revenue

Special funds for foreign trade development of enterprises						543,789.00	655,162.00	Related to revenue
Support and subsidiary for emerging industries							520,000.00	Related to revenue
Denglinghui multiplying plan subsidy							500,000.00	Related to revenue
Industrial Internet development support plan							350,000.00	Related to revenue
Reward for scale growth of industrial enterprises						500,000.00	300,000.00	Related to revenue
2020 Science and Technology Finance Subsidy Scheme Project							296,300.00	Related to revenue
Double promotion funding for technically innovative doubling special funding plan quality brand						340,000.00	280,000.00	Related to revenue
Filing subsidy						50,000.00	270,000.00	Related to revenue
Special fund for Huizhou industry and informatization issued by Zhongkai Economic Development Bureau						250,000.00	250,000.00	Related to revenue
Subsidy for recognition of high-tech enterprises for counseling services							200,000.00	Related to revenue

Steady growth subsidy							200,000.00	Related to revenue
Patent subsidy						287,750.00	169,500.00	Related to revenue
Pre-position training subsidy							127,600.00	Related to revenue
Sub-item funds for energy conservation and emission reduction							56,073.15	Related to revenue
Enterprise high-tech enterprise recognition award subsidy						50,000.00	50,000.00	Related to revenue
Exhibition subsidy						68,400.00	5,000.00	Related to revenue
National Innovation Carrier Support Program						2,000,000.00		Related to revenue
Promotion of financial aid						300,000.00		Related to revenue
Growth incentive fund in 2020						1,600,000.00		Related to revenue
Financial support fund of Xinqiao Town of Songjiang District of Shanghai						170,000.00		Related to revenue
Other projects						599,719.33	658,160.31	Related to revenue
Total						26,208,046.69	35,265,593.47	

Other description:

75. Non-operating expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period	Amount included in the current non-recurring profit and loss
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External donations	300,000.00		300,000.00
Profits and losses on disposal of non-current assets	384,846.54	1,229,856.20	384,846.54
Customer quality deduction expenditure	4,211,737.26	3,257,648.65	4,211,737.26
Other	641,709.14	570,326.97	641,709.14
Total	5,538,292.94	5,057,831.82	5,538,292.94

Other description:

76. Income tax expense

(1) Table of income tax expense

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Current income tax expense	47,133,452.67	93,853,943.96
Deferred tax expense	994,237.09	-20,949,784.64
Total	48,127,689.76	72,904,159.32

(2) Adjustment process of accounting profit and income tax expense

Unit: Yuan

Items	Amount incurred in current period
Total profits	620,240,304.37
Income tax expenses calculated at statutory / applicable tax rates	93,036,045.66
Impact of different tax rates on subsidiaries	-6,293,349.43
Effect of income tax adjustment in previous period	-3,658,050.20
Impact of non-taxable income	79,120.24
Impact of non-deductible costs, expenses and losses	1,332,705.87
Impact of deductible temporary difference or deductible loss of unrecognized deferred tax assets in the current period	2,086,012.87
The impact of changes in tax rates on the initial balance of deferred income tax	716,712.84
Impact of additional deductible expenses	-29,431,470.21
Impact of tax exemption policy for companies in Vietnam	-12,333,706.67
Effects of deductible temporary difference and deductible losses of deferred tax recognized in previous years	531,342.96

Impact of other adjustments	2,062,325.84
Income tax expenses	48,127,689.76

Other description:

77. Other comprehensive income

See Note 57. Other comprehensive income for details.

78. Items of cash flow statement

(1) Other cash received related to operating activities

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Intercourse funds	51,529,019.88	7,457,090.20
Interest income	8,722,530.08	31,929,203.85
Governmental subsidies	16,217,112.22	16,606,451.15
Other	3,784,144.14	5,887,567.72
Deposit and earnest money received	3,213,112.84	12,076,403.76
Housing subsidy for talents	6,277,563.00	25,603,304.78
Total	89,743,482.16	99,560,021.46

Description of other cash received related to operating activities:

(2) Other cash paid related to operating activities

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Service charge	3,149,246.09	2,319,492.32
Management expenses	55,426,043.19	53,061,394.35
Research and development expenses	126,948,109.79	55,001,890.87
Sales expenses	91,330,261.82	47,229,489.36
Margin and deposit expenses	15,969,153.96	9,802,400.50
Other	8,980,140.75	15,888,925.52
Total	301,802,955.60	183,303,592.92

Description of other cash paid related to operating activities:

(3) Other cash received related to investment activities

□ applicable √ not applicable

(4) Other cash paid related to investment activities

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Individual income tax on acquisition of shares		20,016,000.00
Total		20,016,000.00

Description of other cash paid related to investment activities:

(5) Other cash received related to financing activities

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Margins for bills and notes	18,039,024.44	51,476,244.39
Bills receivable discounted but not due	9,209,847.31	
Total	27,248,871.75	51,476,244.39

Description of other cash received related to funding activities:

(6) Other cash paid related to financing activities

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Margins for bills and notes	25,597,956.24	18,039,024.44
Stock issue cost	1,266,137.03	
Repurchase of treasury stock		20,008,353.16
Lease payments paid	13,333,649.93	
Total	40,197,743.20	38,047,377.60

Description of other cash paid related to funding activities:

79. Supplementary information of cash flow statement**(1) Supplementary information of cash flow statement**

Unit: Yuan

Supplementary information	Current amount	Amount of the previous period
1.Adjusting net profit to cash flow from operating activities:	--	--
Net profit	572,112,614.61	546,576,681.09
Plus: Impairment of assets	184,862,507.33	88,616,454.37
Depreciation of fixed assets, depletion of oil and gas assets as well as depreciation of productive biological assets	106,211,599.68	80,597,211.85
Depreciation of right-of-use assets	16,234,413.73	
Amortization of intangible assets	65,392,596.89	54,282,270.44
Amortization of long-term deferred expenses	27,180,925.99	15,207,218.24
Losses from disposal of fixed assets, intangible assets and other long-term assets (income marked with “-”)	415,188.40	932,817.83
Losses on scrapping of fixed assets (income marked with “-”)	374,047.89	1,229,856.20
Loss from fair value change (income marked with “-”)	-85,670,316.15	105,561,454.64
Financial expenses (income marked with “-”)	52,717,851.97	93,764,044.38
Return on investment (loss marked with “-”)	-54,827,083.25	-258,578,241.24
Decrease in deferred tax assets (increase marked with “-”)	-12,739,891.64	-5,331,660.91
Increase in deferred tax liabilities (decrease marked with “-”)	14,523,480.93	-15,619,358.99
Decrease in inventory (increase marked with “-”)	-1,161,081,258.04	-673,392,280.59
Decrease in operating receivables (increase marked with “-”)	-593,959,509.24	-510,665,644.85
Increase in operating payables (decrease marked with “-”)	608,846,276.29	1,115,511,120.73
Other	34,844,008.75	9,208,765.19
Net cash flow from operating activities	-224,562,545.86	647,900,708.38
2.Major investment and financing activities not involving cash receipts and payments:	--	--
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3.Net change in cash and cash equivalents:	--	--
Ending balance of cash	1,736,104,958.20	1,196,835,834.92
Minus: beginning balance of cash	1,196,835,834.92	761,845,320.49
Plus: Ending balance of cash equivalents		
Minus: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	539,269,123.28	434,990,514.43

(2) Net cash paid for acquirement of subsidiaries in the current period

Unit: Yuan

	Amount
Cash or cash equivalents paid in the current period for business combination occurring in the current period	15,587,383.24
Including:	--
Taixing Ninghui Lithium Battery Co., Ltd.	15,365,383.24
Shenzhen Tengyi Industrial Co., Ltd.	222,000.00
Minus: cash and cash equivalents held by the subsidiary on the date of purchase	1,037,613.21
Including:	--
Including:	--
Net cash paid for acquirement of subsidiaries	14,549,770.03

Other description:

(3) Net cash received for disposal of subsidiaries in the current period applicable not applicable**(4) Composition of cash and cash equivalents**

Unit: Yuan

Items	Ending balance	Beginning balance
I. Cash	1,736,104,958.20	1,196,835,834.92
III. Balance of cash and cash equivalents at the end of the period	1,736,104,958.20	1,196,835,834.92

Other description:

80. Notes to items in change statement of owner's equity

Describe the names and adjusted amounts of "other" items that adjusted the closing balance of the previous year:

 applicable not applicable**81. Assets with limited ownership or use right**

Unit: Yuan

Items	Book value at the end of the period	Restricted reasons
Monetary capital	31,475,097.87	Security deposit used for applying to the bank for issuing bills and letters of guarantee, and the funds frozen in labor arbitration
Notes receivable	4,466,422.16	Notes pledged to the bank due to the application to the bank for the issuance of notes
Fixed assets	245,121,797.68	Mortgage housing loan
Total	281,063,317.71	--

Other description:

82. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: Yuan

Items	Foreign currency balance at the end of the period	Conversion rate	Balance converted into RMB at the end of the period
Monetary capital	--	--	
Including: USD	72,228,950.81	6.3757	460,510,131.02
Euro	1,726,388.63	7.2197	12,464,008.00
Hong Kong Dollar	198,996.13	0.8176	162,699.24
Indian rupee	559,042,303.93	0.0857	47,897,413.38
Vietnamese dong	52,702,580,152.00	0.0003	14,756,722.44
Japanese Yen	4,750,644.00	0.0554	263,256.94
Romanian Leu	95,485.52	1.4581	139,230.88
Mexican Peso	104,962.44	0.3116	32,708.77
Accounts receivable	--	--	
Including: USD	163,210,123.54	6.3757	1,040,578,805.41
Euro	1,265,108.55	7.2197	9,133,704.20
Hong Kong Dollar	2,951,083.29	0.8176	2,412,805.72
Vietnamese dong	77,610,399,338.00	0.0003	21,730,911.81
Indian rupee	373,111,525.00	0.0857	31,967,306.99
Receivables financing			
Including: USD	1,510,654.47	6.3757	9,631,479.90
Accounts payable			

Including: USD	14,992,451.78	6.3757	95,587,376.72
Hong Kong Dollar	35,810.06	0.8176	29,278.31
Vietnamese dong	59,184,893,993.00	0.0003	16,571,770.32
Indian rupee	72,157,556.80	0.0857	6,182,287.64
Long-term loans	--	--	
Including: USD			
Euro			
Hong Kong Dollar			

Other description:

(2) Description of overseas business entities, including for important overseas business entities, disclosure of main overseas business locations, recording currency and selection basis as well as disclosure of reasons for changes in recording currency.

applicable not applicable

1. Topband India Private Limited, a subsidiary of the Company, is mainly located in Pune City, Maharashtra, India, with Indian Rupee as the recording currency;
2. Topband (Vietnam) Co., Ltd, a sub-subsidiary of the Company, is mainly located in Binh Duong, Vietnam, with Vietnamese dong as the recording currency;
3. TOPBAND SMART DONGNAI (VIETNAM) Co., ltd, a sub-subsidiary of the Company, is mainly located in Dong Nai, Vietnam, with Vietnamese dong as the recording currency;
4. Topband Germany GmbH, a sub-subsidiary of the Company, is mainly located in Unterföhring, Germany, with Euro as the recording currency;
5. TOPBAND JAPAN Co., Ltd., a sub-subsidiary of the Company, is mainly located in Nagoya, Japan, with Japanese Yen as the recording currency;
6. QBPTE.LTD, the grandson company of Topband, is located in Singapore, with Singapore dollar as the bookkeeping base currency;
7. TOPBAND SMART EUROPE COMPANY LIMITED SRL., the grandson company of Topband, is located in Timisoara, Romania, with Lei as the bookkeeping base currency;
8. TOPBAND MEXICO, S.DE RLDEC.V, the grandson company of Topband, is located in Monterrey, Mexico, with peso as the bookkeeping base currency.

83. Hedging

The qualitative and quantitative information on hedging items, related hedging instruments, and hedged risks is disclosed according to the type of hedging:

84. Government subsidies

(1) Basic information of government subsidies

Unit: Yuan

Category	Amount	Items presented	Amount included in current profit and loss
Technological transformation supported by 2020 anti-epidemic national debt funds	832,060.00	Deferred income	832,060.00
R&D equipment project of intelligent home management system such as IoT cloud computing technology	263,000.00	Deferred income	263,000.00
Nano lithium iron phosphate power battery project	250,000.00	Deferred income	250,000.00
High rate 18650-2.8Ah power battery key technology research and development project	204,000.00	Deferred income	204,000.00
Special fund for the industrialization of high-efficiency energy-saving rare-earth permanent magnet motor	195,000.00	Deferred income	195,000.00
R&D project of 60A solar charging controller with peak power tracking technology	120,000.00	Deferred income	120,000.00
Intelligent grid connected project of distributed photovoltaic power station	60,000.00	Deferred income	60,000.00
R&D project of key technology for clean energy DC system measurement	50,000.00	Deferred income	50,000.00
R&D project of unmanned Robot Cleaner	450,000.00	Deferred income	450,000.00
Special fund for intelligent controller and lithium battery technology transformation	936,210.00	Deferred income	936,210.00
Added-value tax refund on demand	8,646,329.13	Other income	8,646,329.13
Return of individual income tax service charge	1,105,035.34	Other income	1,105,035.34
Training replaced for operation subsidy	288,500.00	Other income	288,500.00
Support and subsidy for enterprises to expand production and increase efficiency	2,476,845.00	Other income	2,476,845.00
Enterprise development and research funding	1,699,000.00	Other income	1,699,000.00

Export credit insurance subsidy	1,031,335.00	Other income	1,031,335.00
Industrial and commercial electricity subsidy	459,804.80	Other income	459,804.80
Position stabilization subsidy	231,269.09	Other income	231,269.09
Technical transformation and improvement project funding	150,000.00	Other income	150,000.00
Special funds for foreign trade development of enterprises	543,789.00	Other income	543,789.00
Reward for scale growth of industrial enterprises	500,000.00	Other income	500,000.00
Double promotion funding for technically innovative doubling special funding plan quality brand	340,000.00	Other income	340,000.00
Filing subsidy	50,000.00	Other income	50,000.00
Special fund for Huizhou industry and informatization issued by Zhongkai Economic Development Bureau	250,000.00	Other income	250,000.00
Patent subsidy	287,750.00	Other income	287,750.00
Enterprise high-tech enterprise recognition award subsidy	50,000.00	Other income	50,000.00
Exhibition subsidy	68,400.00	Other income	68,400.00
National Innovation Carrier Support Program	2,000,000.00	Other income	2,000,000.00
Promotion of financial aid	300,000.00	Other income	300,000.00
Growth incentive fund in 2020	1,600,000.00	Other income	1,600,000.00
Financial support fund of Xinqiao Town of Songjiang District of Shanghai	170,000.00	Other income	170,000.00
Other projects	599,719.33	Other income	599,719.33

(2) Situation of government subsidies refund

applicable not applicable

Other description:

85. Others

VIII. Changes in the scope of consolidation

1. Merger of enterprises under different control

(1) Merger of enterprise under different control occurred in the current period

Unit: Yuan

Name of acquiree	Date of equity acquired	Cost of equity acquired	Ratio of equity acquired	Equity acquired via	Date of purchasing	Basis for determination of acquisition date	Revenue of the acquiree from the date of purchasing	Net profit of acquiree from the acquisition date to the end
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							to the end of the period	of the period
Taixing Ninghui Lithium Battery Co., Ltd.	February 5, 2021	33,400,000.00	83.50%	Merger of enterprises under different control	February 5, 2021	Investment agreement and industrial and commercial change registration	26,725,657.01	-4,005,560.30
Shenzhen Tengyi Industrial Co., Ltd.	February 4, 2021	222,000.00	100.00%	Merger of enterprises under different control	February 4, 2021	Investment agreement and industrial and commercial change registration	16,268,795.85	-4,186,494.10

Other description:

(2) Merging cost and goodwill

Unit: Yuan

Merging cost	Taixing Ninghui Lithium Battery Co., Ltd.	Shenzhen Tengyi Industrial Co., Ltd.
--Cash	33,400,000.00	222,000.00
Total merging cost	33,400,000.00	222,000.00
Minus: share of fair value of the net identifiable assets acquired	19,649,232.19	90,216.76
The amount of which the goodwill/merging cost is less than the share of fair value of the net identifiable assets acquired	1,962,891.12	131,783.24

The determination method of the fair value of the merger cost, the contingent consideration and the description of its changes:

The main reasons for the formation of large-denomination goodwill:

Other description:

(3) Identifiable assets and liabilities of the acquiree

Unit: Yuan

	Taixing Ninghui Lithium Battery Co., Ltd.		Shenzhen Tengyi Industrial Co., Ltd.	
	Fair value on the acquisition date	Book value on the acquisition date	Fair value on the acquisition date	Book value on the acquisition date

Monetary capital	1,037,613.21	1,037,613.21	40,216.76	40,216.76
Accounts receivable	127,205.42	127,205.42		
Inventory	10,795,207.69	10,795,207.69		
Fixed assets	21,244,666.39	21,244,666.39		
Accounts payable	5,204,644.68	5,204,644.68		
Net assets	19,649,232.19	19,649,232.19	90,216.76	90,216.76
Net assets acquired	19,649,232.19	19,649,232.19	90,216.76	90,216.76

Methods for determining the fair value of identifiable assets and liabilities:

Contingent liabilities of the acquiree assumed in a business merger:

Other description:

(4) Gains or losses arising from remeasurement of equity held before the acquisition date at fair value

Was there a transaction that realized business combination step by step through multiple transactions and obtained control during the reporting period

Yes No

(5) Relevant explanations for the inability to reasonably determine the merger consideration or the fair value of the identifiable assets and liabilities of the acquiree on the acquisition date or at the end of the current period

Not applicable

(6) Other description

2. Merger of enterprises under the same control

(1) Merger of enterprise under the same control occurred in the current period

applicable not applicable

(2) Combined cost

Other description:

(3) The book value of the assets and liabilities of the merged party on the combining date

applicable not applicable

3. Reverse purchase

Basic information of the transaction, the basis for the reverse purchase of the transaction, whether the assets and liabilities retained by the listed company constitute the business and its basis, the determination of the merger cost, the amount of the adjustment of the equity when the transaction is processed as an equity transaction and its calculation:

4. Disposal of subsidiaries

Is there single disposal of the investment in a subsidiary which results in loss of control

Yes No

Are there are step-by-step disposal of the investment in a subsidiary through multiple transactions and loss of control in the current period

Yes No

5. Changes in the scope of merger due to other reasons

Explanations for the changes in the scope of the merger caused by other reasons (e.g., establishment of new subsidiaries, or liquidation of subsidiaries, etc.) and relevant circumstances:

1. Newly-established subsidiary (grandson) company

During the reporting period, the company established a total of 7 new subsidiaries (grandson companies), as follows:

No.	Name of subsidiary	Registered place	Registration date	Shareholding proportion (%)	
				Direct	Indirect
1	Q.B.PTE.LTD	Singapore	2020-1-6		100
2	TOPBAND MEXICO,S.DE R.L.DE C.V.	Mexico	2020-9-30		100
3	TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	Romania	2020-03-13		100
4	Tulu Innovation (Hong Kong) Limited	Hong Kong	2020-03-16		100
5	TUNNU INNOVATION,INC	the United States	2020-04-08		100
6	Topband (Qingdao) Intelligent Control Co., Ltd.	Qingdao	2020-09-07	100	

7	Shenzhen Topband Automotive Electronics Co., Ltd.	Shenzhen	2020-10-29	100	
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6. Others

IX. Interests in Other Entities

1. Interests in subsidiaries

(1) Composition of enterprise group

Name of subsidiary	Principal place of business	Registered place	Nature of business	Shareholding proportion		Acquisition method
				Direct	Indirect	
Shenzhen Topband Software Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Automation Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Battery Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Chongqing Topband Industrial Co., Ltd.	Chongqing	Chongqing	Production and sales	100.00%		Establishment
Topband (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Investment	100.00%		Establishment
Huizhou Topband Electrical Technology Co., Ltd.	Huizhou	Huizhou	Production and sales	100.00%		Establishment
TOPBAND INDIA PRIVATE LIMITED	India	India	Sales	100.00%		Establishment
Shenzhen YAKO Automation Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	71.54%		Merger of enterprises under different control
Shenzhen Allied Control System Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Merger of enterprises under different control
Huizhou Topband Lithium Battery Co., Ltd.	Huizhou	Huizhou	Production and sales		100.00%	Establishment
Ningbo Topband Intelligent Control Co., Ltd.	Ningbo	Ningbo	Production and sales	100.00%		Establishment
Shenzhen Meanstone Intelligent Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	77.25%		Merger of enterprises under different control

Shenzhen Yansheng Software Co., Ltd.	Shenzhen	Shenzhen	Production and sales		71.54%	Merger of enterprises under different control
Hangzhou Zhidong Motor Technology Co., Ltd.	Hangzhou	Hangzhou	Production and sales		53.66%	Merger of enterprises under different control
Topband (Vietnam)Co.,ltd	Vietnam	Vietnam	Production and sales		100.00%	Establishment
TOPBAND SMART DONG NAI (VIETNAM) COMPANY LIMITED	Vietnam	Vietnam	Production and sales		100.00%	Establishment
Topband Germany GmbH	Germany	Germany	Sales		100.00%	Establishment
TOPBAND JAPAN Co.,Ltd	Japan	Japan	Sales		100.00%	Establishment
Shenzhen Topband Supply Chain Services Co., Ltd.	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Topband Investment Co., Ltd.	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Spark IOT Technology Co., Ltd.	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Shenzhen Tulu Innovation Co., Ltd.	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Shenzhen Senxuan Technology Co., Ltd.	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Topband (Qingdao) Intelligent Control Co., Ltd.	Qingdao	Qingdao	Sales	100.00%		Establishment
Shenzhen Tengyi Industrial Co., Ltd.	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Taixing Ninghui Lithium Battery Co., Ltd.	Taixing	Taixing	Manufacturing		90.48%	Merger of enterprises under different control
Shenzhen Topband Automotive Electronics Co., Ltd.	Shenzhen	Qingdao	Sales	100.00%		Establishment
Q.B.PTE.LTD	Singapore	Singapore	Sales		100.00%	Establishment
TOPBAND MEXICO,S.DE R.L.DE C.V.	Mexico	Mexico	Sales		100.00%	Establishment
Tulu Innovation (Hong Kong) Limited	Hong Kong	Hong Kong	Sales		100.00%	Establishment
TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	Romania	Romania	Sales		100.00%	Establishment
Huizhou Yako Automation Technology Co., Ltd.	Shenzhen	Shenzhen	Manufacturing		71.54%	Establishment
Shenzhen Zhongli Consulting Co., Ltd.	Shenzhen	Qingdao	Sales		100.00%	Establishment
TUNNU INNOVATION,INC	the United States	the United States	Sales		100.00%	Establishment

Explanation of the shareholding ratio in the subsidiary being different from the voting rights ratio:

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of

the voting rights but not controlling the investee:

For important structured entities included in the consolidation scope, the basis for control:

Basis for determining whether a company is an agent or a principal:

Other description:

(2) Important non-wholly-owned subsidiaries

Unit: Yuan

Name of subsidiary	Shareholding ratio of minority shareholders	Profits and losses attributable to minority shareholders during the current period	Dividends declared and distributed to minority shareholders during the current period	Ending balance of minority equity
Shenzhen YAKO Automation Technology Co., Ltd.	28.46%	8,100,059.05	5,197,835.08	81,331,985.33

Explanation of the shareholding ratio of minority shareholder in subsidiary shareholder being different from the voting rights ratio:

Other description:

(3) Major financial information of important non-wholly-owned subsidiaries

Unit: Yuan

Name of subsidiary	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen YAKO Automation Technology Co., Ltd.	308,879,580.82	61,169,539.31	370,049,120.13	74,267,013.30	9,059,144.56	83,326,157.86	305,948,794.76	10,842,526.28	316,791,321.04	50,893,109.13		50,893,109.13

Unit: Yuan

Name of subsidiary	Amount incurred in current period				Amount incurred in prior period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen	296,759,371.5	29,933,264.9	29,933,264.92	-14,283,982.6	257,988,191.4	43,475,918.2	43,475,918.21	62,625,702.5

YAKO Automatio n Technology Co., Ltd.	9	2		9	3	1		4
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Other description:

(4) Significant restrictions on the use of enterprise group assets and the liquidation of enterprise group debts

applicable not applicable

(5) Financial support or other support provided to structured entities included in the scope of the consolidated financial statements

Other description:

2. Transaction in respect of which the share of the owner's equity of a subsidiary is changed and the subsidiary is still under control

(1) Changes of the share of owner's equity in a subsidiary:

applicable not applicable

(2) The impact of the transaction on the minority shareholders' equity and the owners' equity attributable to the parent company:

applicable not applicable

3. Interests in joint venture arrangements or associated enterprises

(1) Important joint ventures or associated enterprises

Explanation of the shareholding ratio in the joint venture or associated enterprise being different from the voting rights ratio:

Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but having no significant influence:

(2) Major financial information of important joint ventures

applicable not applicable

(3) Major financial information of important associated enterprises

applicable not applicable

(4) Summarized financial information of unimportant joint ventures and associated enterprises

Unit: Yuan

	Ending balance/Amount incurred in the current period	Beginning balance/Amount incurred in the previous period
Joint Venture:	--	--
Sum of the following items calculated according to the shareholding ratio	--	--
Associated enterprises:	--	--
Total book value of investment	29,002,528.13	6,502,528.13
Sum of the following items calculated according to the shareholding ratio	--	--
- Net profit	-2,883,400.31	-360,946.80
- Total comprehensive income	-2,883,400.31	-360,946.80

Other description:

(5) Statement that there is a material limitation on the ability of the joint venture or associated enterprise to transfer funds to the Company

applicable not applicable

(6) Excess losses incurred by the joint venture or an associated enterprise

applicable not applicable

(7) Unconfirmed commitments related to the investment of joint ventures

applicable not applicable

(8) Contingent liabilities related to the investment of joint ventures or associated enterprises

applicable not applicable

3. Important joint operation

applicable not applicable

4. Interests in structured entities not included in the scope of the consolidated financial statements

applicable not applicable

6. Others

applicable not applicable

X. Risks Associated with Financial Instruments

The main financial instruments of the Company include equity investment, debt investment, borrowings, accounts receivable, accounts payable, convertible bonds, etc. For details of each financial instrument, please refer to the relevant items in Note VI. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The Management of the Company manages and monitors these risk exposures to ensure that these risks are controlled within the limited scope.

The Company uses sensitivity analysis technology to analyze the possible impact of reasonable and possible changes in risk variables on current profits and losses or shareholders' equity. Since any risk variable rarely changes in isolation, and the correlation between the variables will have a significant effect on the final amount affected by a change in a risk variable, the following contents are based on the assumption that changes in each variable are made in isolation. The main risks arising from the group's financial instruments include the credit risk, liquidity risk and market risk.

(I) Risk management objective and policy

The Company's risk management objective is to strike an appropriate balance between risks and returns, reduce the negative impact of risks on the Company's business performance to the lowest level, and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic risk management strategy of the Company is to determine and analyze various risks faced by it, establish an appropriate risk bearing bottom line and carry out risk management, and conduct timely and reliable supervision of various risks to control risks within the limited scope.

1. Market risk**(1) Foreign exchange risk**

Foreign exchange risk refers to the risk of loss due to exchange rate fluctuations. The company's exposure to foreign exchange risks is mainly related to US dollars and Hong Kong dollars. Except for the company and its subsidiary, Topband (HK) Co., Limited, which purchases and sells some materials and products in US dollars, euros and Hong Kong dollars, TOPBAND INDIA PRIVATE LIMITED, the subsidiary, uses Indian rupees, Topband (Vietnam) Co., Ltd. and TOPBAND SMART DONGNAI (VIETNAM) Co., Ltd., the grandson companies, use Vietnamese dong, and Topband Germany GmbH, the grandson company, uses euros; TOPBAND JAPAN Co.,Ltd., the grandson company, uses Japanese yen, Q.B.PTE. LTD, the grandson company, uses Singapore dollars, and TOBAND MEXICO, S.DE R.L.DE C.V., the grandson company, uses Mexican pesos; TOBAND SMART EUROPE COMPANY LIMITED S.R.L., the grandson company, uses Romanian Lei, Tunnu Innovation HK Limited, the grandson company, uses Hong Kong dollars, and TUNNU INNOVATION, INC., the grandson company, uses US dollars; other major business activities of Topband are settled in RMB.As of December 31, 2021, the assets and liabilities of the company are all in RMB, except for those described in VI (56) "Foreign currency monetary items" that the assets and liabilities are in U.S. dollars, Hong Kong dollars, euro, Vietnamese dong and Indian rupees. The foreign exchange risks arising from the assets and liabilities of such foreign currency balances may have an impact on the Company's operating results.

The Company pays close attention to the impact of exchange rate fluctuations on the Company's foreign exchange risks. The Company currently does not take any measures to avoid foreign exchange risks.

(2) Other price risks

Investments held by the Company and classified as tradable financial assets are measured at fair value on the balance sheet date. Therefore, the Company is exposed to the risk of changes in the securities market.

2. Credit risk

On December 31, 2021, the maximum credit risk exposure causing the company's financial losses is mainly incurred from the other party's failure to fulfill obligations, which leads the company to financial asset losses, and financial guarantee undertaken by the company, including confirmed carrying amounts of financial assets in consolidated balance sheets; the carrying value only reflects risk exposure of financial instruments measured at fair value rather than the maximum risk exposure, that varies with the fair value in the future.

In order to reduce credit risks, the Company has set up special positions responsible for determining credit limits, conducting credit approval, and implementing other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the Company reviews the recovery of each individual

receivables on each balance sheet date to ensure that adequate provision is made for uncollectible amounts. As a result, the Management of the Company believes that the credit risk assumed by the Company has been significantly reduced.

The Company's working capital is deposited in a bank with a high credit rating, so the credit risk of working capital is low.

The Company has adopted necessary policies to ensure that all sales customers have good credit records. The Company has no other major credit concentration risk.

3. Flow risk

In managing liquidity risks, the Company maintains and monitors cash and cash equivalents deemed sufficient by the Management to meet the Company's operational needs and reduce the impact of cash flow fluctuations. The Management of the Company monitors the use of bank loans and ensures compliance with loan agreements.

XI. Disclosure of Fair Value

1. Ending fair value of assets and liabilities measured at fair value

Unit: Yuan

Items	Ending fair value			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
1. Financial assets measured at fair value and whose changes are included in the current profits and losses			214,999,336.74	214,999,336.74
(1) Debt instrument investment			4,000,000.00	4,000,000.00
(2) Equity instrument investment			210,999,336.74	210,999,336.74
(II) Receivables financing				
1. Financial assets measured at fair value and whose changes are included in other comprehensive income			36,902,507.85	36,902,507.85
(1) Bank acceptance bills			26,520,757.05	26,520,757.05
(2) Accounts receivable			10,381,750.80	10,381,750.80
			251,901,844.59	251,901,844.59

II. Non-continuous fair value measurement	--	--	--	--
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2. The basis for determining the market price of continuous and non-continuous first-level fair value measurement items

applicable not applicable

3. Continuous and non-continuous second-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters

applicable not applicable

4. Continuous and non-continuous third-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters

applicable not applicable

5. Continuous third-level fair value measurement items, adjustment information between beginning and ending book value and sensitivity analysis of unobservable parameters

applicable not applicable

6. For continuous fair value measurement items, if the conversion occurs among different levels in the current period, the reasons for the conversion and the policies for determining the conversion time point

applicable not applicable

7. Technical changes in valuation during the current period and the reasons for such changes

applicable not applicable

8. Fair value of financial assets and financial liabilities not measured at fair value

applicable not applicable

9. Others

applicable not applicable

XII. Related Parties and Related Transactions

1. Information on the parent company of the Enterprise

Name of parent	Registered	Nature of	Registered	The parent company's shareholding	Proportion of the parent company's
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company	place	business	capital	ratio in the Enterprise	voting rights in the Enterprise
Wu Yongqiang	Shenzhen			16.87%	16.87%

Description of the parent company

The ultimate controller of the enterprise is

Other description:

2. Information on the Company's subsidiaries

For the subsidiaries the company, please refer to notes.

3. Information on the joint ventures and associated enterprises of the Enterprise

applicable not applicable

4. Other related parties

Names of other related parties	Relationship between other related parties and the Enterprise
Shenzhen Jizhiguang Electronics Co., Ltd.	A company substantially controlled by the relative of the Company's legal representative
Shenzhen Lianghui Technology Co., Ltd.	A company whose shares are held by the Company
Shenzhen Dynanonic Co., Ltd.	A company whose shares are held by the Company
Foshan Dynanonic Technology Co., Ltd.	A subsidiary of the company whose shares are held by the Company
Shenzhen ORVIBO Technology Co., Ltd.	A company whose shares are held by the Company
Shenzhen HANSC Intelligent Technology Co., Ltd.	A company whose shares are held by the Company
Guangdong Zhongchuang Zhijia Scientific Research Co., Ltd.	A company whose shares are held by the Company
Guangdong Huixin Semiconductor Co., Ltd.	A company whose shares are held by the Company
Fujian Mini Dolphin New Energy Technology Co., Ltd.	A company whose shares are held by the Company
Chengdu Senwei Technology Co., Ltd.	A company whose shares are held by the Company
Shenzhen Youbi Technology Co., Ltd.	A company whose shares are held by the Company
Shanghai Yidong Power Technology Co., Ltd.	A company whose shares are held by the Company
Pas Electronic Technology (Nanjing) Co., Ltd.	A company whose shares are held by the Company

Other description:

5. Related transactions

(1) Related transactions involving the purchase and sale of goods and the provision and acceptance of services

List of goods purchased/services received

Unit: Yuan

Related party	Related transaction content	Amount incurred in current period	Approved transaction limit	Is the transaction limit exceeded	Amount incurred in prior period
Shenzhen Jizhiguang Electronics Co., Ltd.	Raw materials	18,415,795.03	40,000,000.00	No	15,939,982.64
Foshan Dynanonic Technology Co., Ltd.	Raw materials	49,756,548.15		No	13,268,725.49
Shenzhen Dynanonic Co., Ltd.	Raw materials	1,216,814.15		No	

List of goods sold/services provided

Unit: Yuan

Related party	Related transaction content	Amount incurred in current period	Amount incurred in prior period
Shenzhen ORVIBO Technology Co., Ltd.	Goods on hand	32,048,669.89	13,158,867.26

Related transactions involving the purchase and sale of goods and the provision and acceptance of services

(2) Relevant entrusted management/contracting and entrusted management/outsourcing

applicable not applicable

(3) Related lease

applicable not applicable

(4) Related guarantee

applicable not applicable

(5) Related parties' loans at call

applicable not applicable

(6) Asset transfer and debt restructuring of related parties

applicable not applicable

(7) Remuneration of key management personnel

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Remuneration of key management personnel	10,758,300.00	10,583,700.00

(8) Other related transactions

applicable not applicable

6. Payables due to related parties**(1) Item receivable**

Unit: Yuan

Project name	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Shenzhen ORVIBO Technology Co., Ltd.	10,396,665.72	322,296.64	11,456,976.61	355,166.27

(2) Item payable

Unit: Yuan

Project name	Related party	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	Shenzhen Jizhiguang Electronics Co., Ltd.	3,099,592.01	3,600,589.88
Accounts payable	Foshan Dynanonic Technology Co., Ltd.	2,209,999.98	4,573,368.10
Accounts payable	Shenzhen Dynanonic Co., Ltd.	161,905.76	
Notes payable	Shenzhen Jizhiguang Electronics Co., Ltd.	2,376,908.03	1,560,000.00
Notes payable	Foshan Dynanonic Technology Co., Ltd.	30,562,779.66	1,283,800.00
Notes payable	Shenzhen Dynanonic Co., Ltd.	1,374,999.99	

7. Commitment of related parties

applicable not applicable

8. Others**XIII. Share-based payment****1. General situation of share-based payment**

applicable not applicable

Unit: Yuan

Total amount of equity instruments granted by the Company during the current period	33,544,320.00
Total amount of equity instruments exercised by the Company during the current period	44,494,920.00
Total amount of the Company's equity instruments that expired during the current period	80,500.00
The range of the exercise price of the Company's stock options outstanding at the end of the period and the remaining term of the contract	<p>The Company granted 42.8870 million stock options to 684 incentive recipients on November 27, 2018. The performance evaluation and exercise of the Company and the individuals of the incentive objects are conducted by the year, and the evaluation is conducted once each fiscal year. The achievement of the performance evaluation target is taken as the exercise condition of the incentive objects. This plan is valid for a maximum period of 48 months from the date of authorization of stock options to the date on which all options are exercised or cancelled. After the expiration of 12 months from the authorization date of the incentive plan of the current period, the incentive objects shall exercise the stock options by stages according to the exercise proportion of 30%, 30% and 40% within the vesting date. The grant price of the stock options that have not been unlocked at the end of the period is RMB 3.60. On November 2, 2021, the company granted restricted shares to incentive objects at a grant price of 7.23 yuan per share, including 1,224 registered objects and 33,544,320 restricted shares in total. Topband carried out the performance appraisal for companies and the individual incentive objects once in each fiscal year, taking the performance appraisal target as the unlocking condition for restricted stocks. This incentive plan was</p>

	valid from the grant date of restricted shares to the date when all restricted shares were unlocked or canceled, with the maximum time of 48 months. After 12 months from the grant date of the restricted shares granted this time, the incentive objects that meet the unlocking conditions could be unlocked at the exercise ratio of 30%, 30% and 40% within the unlocking day.
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Other description:

Description of share-based payment:

1. Stock options in 2018

On November 27, 2018, the ninth meeting of the sixth Board of Directors of the Company deliberated and passed the *Proposal on Granting Stock Options to Incentive Objects*, granting 42,887,000 stock options to 684 eligible incentive objects at a grant price of RMB 3.80 per share.

On July 26, 2019, the 15th meeting of the sixth Board of Directors of the Company deliberated and passed the *Proposal on Adjusting the Stock Option Exercise Price of the 2018 Stock Option Incentive Plan*, which adjusted the exercise price of the 2018 Stock Option Incentive Plan from RMB 3.80 to RMB 3.70 due to the Company's 2018 annual equity distribution.

On March 30, 2020, the Company held the 22nd Meeting of the 6th Board of Directors, deliberating and approving the *Proposal on the First Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights* and the *Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan*: In the first exercise period of the 2018 stock option incentive plan of the Company, a total of 606 incentive objects with 12,014,700 stock options in total were eligible for exercise. In May 2020, a total of 606 incentive objects with 12,014,700 stock options in total in the first exercise period completed exercise.

On January 16, 2020, given that 76 original incentive objects of the Company, including Huang Xinyu and Yang Shengcang, left office due to personal reasons, according to relevant provisions of the 2018 Stock Option Incentive Plan (Revised Draft), the above personnel did not meet the incentive conditions, and a total of 2,773,000 stock options that were granted to the 76 original incentive objects but were not exercised may not be exercised. The Company completed the cancellation of such stock options on January 29, 2021.

On March 5, 2021, the 6th Meeting of the 7th Board of Directors of the Company deliberated and approved the *Proposal on the Second Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions*

and Exercisable Rights and Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan: there are 567 incentive objects in the second exercise period of the 2018 stock option incentive plan in the Company, in total of 10,950,600 shares of stock options, that meet the exercise conditions and can be exercised. The Company plans to adopt the independent exercise mode. Cheng Xueqing and Lin Qiao, the incentive objects, resigned from the company due to personal reasons, and their 80,500 stock options that have been granted but not yet exercised would not be exercised and would be canceled by the company. On August 6, 2021, 10,950,600 stock options involving 567 incentive objects that meet the exercising conditions had been exercised.

2. Restricted stock in 2021

On October 13, 2021, the company held the 14th meeting of the seventh session of the board of directors, and reviewed and approved the *Proposal on the < Company's Restricted Stock Incentive Plan in 2021 (Draft)> and its Summary, Proposal on the < Appraisal Management Measures for the Implementation of the Restricted Stock Incentive Plan in 2021>* and *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Restricted Stock Incentive Plan in 2021*, agreeing that the company would grant 34 million restricted shares to 1,250 incentive objects.

On November 2, 2021, the company held the 16th (Extraordinary) meeting of the seventh session of the board of directors and the 13th (Extraordinary) meeting of the seventh session of the board of supervisors, to review and approve the *Proposal on Adjusting the Number of Granted Options and List of Incentive Objects in Restricted Stock Incentive Plan in 2021*. In view of the resignation of the incentive objects, Ou Li, Wang Cheng, Shen Zhiwen and Tian Conghui, which voluntarily gave up the subscription of the restricted shares granted due to personal reasons, incentive objects were adjusted from 1,250 to 1,246, and the total restricted shares granted for the first time was changed from 34 million to 33,951,000.

On December 7, 2021, the company held the 17th (extraordinary) meeting of the seventh session of the board of directors, to review and approve the *Proposal on Adjusting the Number of Granted Options and List of Incentive Objects in Restricted Stock Incentive Plan in 2021*. The board of directors believed that after determining November 2, 2021 as the grant date of the restricted stock incentive plan in 2021, in the process of capital payment before the share registration, 22 incentive objects determined in this incentive plan, including Li Xiang, Yu Dingguo and Lu Yuanshan, voluntarily gave up the subscription of all the restricted stocks granted due to personal reasons, and 10 incentive objects, including Ao Xinmeng, Wang Cao, and Liu Xiaoshi, voluntarily gave

up the subscription of some of the restricted stocks granted to them due to personal reasons. With the authorization of the second extraordinary general meeting of shareholders, the board of directors adjusted the grant objects and grant quantities of this incentive plan. After adjustment, the number of incentive objects under the 2021 Restricted Stock Incentive Plan decreased from 1,246 to 1,224, and the number of restricted shares granted decreased from 33.951 million to 33.54432 million.

2. Equity-settled share-based payments

applicable not applicable

Unit: Yuan

Method for determining the fair value of the equity instrument on the grant date	Fair value of equity instruments = (market price on grant date - grant price) * number of shares
Basis for determining the number of exercisable equity instruments	Estimation shall be based on the latest available changes on vesting employee number and other subsequent information.
Reasons for the significant difference between the estimates of the current period and that of the previous period	None
Accumulated amount of equity-settled share-based payments included in capital reserves	110,403,979.07
Total amount of expenses recognized by equity-settled share-based payments in the current period	31,033,339.36

Other description:

3. Cash-settled share-based payments

applicable not applicable

4. Modification and termination of share-based payments

applicable not applicable

5. Others

XIV. Commitments and contingencies

1. Important commitments

Important commitments that existed on the balance sheet date

2. Contingencies**(1) Significant contingencies in the balance sheet****(2) If the company has no important contingencies that need to be disclosed, they should also be explained**

No significant contingencies need to be disclosed by the Company.

3. Other**XV. Events after the balance sheet date****1. Important non-adjustment matters**

applicable not applicable

2. Profit distribution

applicable not applicable

3. Sales return

applicable not applicable

4. Description of other events after the balance sheet date

applicable not applicable

XVI. Other important matters**1. Correction of early accounting errors****(1) Retrospective restatement method**

Contents of accounting error correction	Handling procedure	Affected report item name for each comparison period	Cumulative number affected
(1) Capitalization adjustment of research and development expenses R&D projects of Yakotec are divided into research stage and development stage. Projects meeting R&D capitalization conditions were capitalized in previous years. We made retroactive adjustments and expensed	The proposal was deliberated on the 21st meeting of the 7th session of the board of directors and the 17th	Other current assets	2,121,222.39
		Intangible assets	-30,514,971.23
		Development expenditure	-5,656,596.57
		Total assets	-34,050,345.41
		Capital reserves	12,636,853.09

<p>the projects capitalized in the previous period in this audit.</p> <p>(2) Adjustment of share-based payment</p> <p>Yakotec granted equity to key employees through the shareholding platform. However, it was not recognized as share-based payment, and the corresponding expenses were not accrued. According to the definition in the Accounting Standards for Business Enterprises No.11 - Share-based Payment, share-based payment refers to the transaction in which an enterprise grants equity instruments or undertakes liabilities determined on the basis of equity instruments in order to obtain services from employees and other parties. Therefore, the equity granted to employees by Yakotec was retroactively recognized as share-based payment, and the corresponding expenses were adjusted and accrued. Corrections were made with the retroactive restatement method.</p>	<p>meeting of the 7th session of the board of supervisors. Meanwhile, the audit institution issued a special explanation, and the independent directors expressed their opinions.</p>	Undistributed profit	-19,061,969.80
		Minority equity	-27,625,228.70
		Management expenses	2,761,292.86
		Research and development expenses	3,924,376.58
		Operating profit	-6,685,669.44
		Total profits	-6,685,669.44
		Income tax expenses	-2,067,266.44
		Net profit	-4,618,403.00
		Net profit attributable to the parent company	-1,355,690.40
		Profits and losses of minority shareholders	-3,262,712.60

(2) Prospective application method

applicable not applicable

2. Debt restructuring

applicable not applicable

3. Asset replacement

(1) Non-monetary asset exchange

applicable not applicable

(2) Other asset replacement

applicable not applicable

4. Annuity plan

applicable not applicable

5. Termination of operation

applicable not applicable

6. Division information**1. Determination basis and accounting policy of report segment**

applicable not applicable

(2) Financial information of reportable segments

applicable not applicable

(3) If the company has no reportable segments, or fails to disclose the total assets and liabilities of each segment, the reasons shall be given.

applicable not applicable

(4) Other descriptions

applicable not applicable

7. Other important transactions and matters that have an impact on investors' decisions

applicable not applicable

8. Others

applicable not applicable

XVII. Notes on Main Items in the Financial Statements of the Parent Company**1. Accounts receivable****(1) Disclosure of accounts receivable by category**

Unit: Yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with provision for bad	231,814,138.25	15.06%			231,814,138.25	70,467,909.49	7.62%	597,758.70	99.81%	69,870,150.79

debts by single item										
Including:										
1. Receivables with significant individual amount and individual provision for bad debts	231,795,120.17	15.06%			231,795,120.17	69,868,984.66	7.56%			69,868,984.66
Accounts receivable with insignificant single amount but single provision made for bad debts	19,018.08	0.00%			19,018.08	598,924.83	0.06%	597,758.70	99.81%	1,166.13
Accounts receivable with provision for bad debts by portfolio	1,306,965,149.94	84.94%	41,858,033.85	3.20%	1,265,107,116.09	854,095,677.91	92.38%	27,700,353.00	3.24%	826,395,324.91
Including:										
Accounts receivable with provision for bad debts by combination (aging analysis method)	1,306,965,149.94	84.94%	41,858,033.85	3.20%	1,265,107,116.09	854,095,677.91	92.38%	27,700,353.00	3.24%	826,395,324.91
Total	1,538,779,288.19	100.00%	41,858,033.85	2.72%	1,496,921,254.34	924,563,587.40	100.00%	28,298,111.70	3.06%	896,265,475.70

Single provision for bad debts:

Unit: Yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
1. Receivables with significant individual amount and individual provision for bad debts	231,795,120.17			

Accounts receivable with insignificant single amount but single provision made for bad debts	19,018.08			
Total	231,814,138.25		--	--

Single provision for bad debts:

Provision for bad debts by portfolio:

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Accounts receivable with provision for bad debts by combination (aging analysis method)	1,306,965,149.94	41,858,033.85	3.20%
Total	1,306,965,149.94	41,858,033.85	--

Description of the basis for determining the portfolio:

Provision for bad debts by portfolio:

applicable not applicable

Description of the basis for determining the portfolio:

If the provision for bad debts on notes receivable is based on the general model of expected credit loss, the information about the provision for bad debts shall be disclosed by referring to the disclosure method of other receivables:

applicable not applicable

Disclosure by aging

Unit: Yuan

Aging	Book balance
Less than 1 year (including 1 year)	1,532,571,697.48
1 to 2 years	1,644,720.17
2 to 3 years	3,080,499.38
Above 3 years	1,482,371.16
3 to 4 years	1,481,027.31
4 to 5 years	1,343.85
Total	1,538,779,288.19

(2) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in current period:

Unit: Yuan

Category	Beginning balance	Amount changed in current period				Ending balance
		Provision	Recover or reversal	Write-off	Other	
Provision for bad debts	28,298,111.70	15,465,253.39		1,905,331.24		41,858,033.85
Total	28,298,111.70	15,465,253.39		1,905,331.24		41,858,033.85

Of which the amount of provision for bad debts reversed or recovered in current period is significant:

(3) Accounts receivable actually written off in current period

Unit: Yuan

Items	Write-off amount
Accounts receivable actually written off	1,905,331.24

Of which the significant write-offs of accounts receivable:

Description of accounts receivable written off:

(4) Accounts receivable of top five ending balances grouped by debtors

Unit: Yuan

Name of Entity	Ending balance of accounts receivable	Proportion to total ending balances of accounts receivable	Ending balance of provision for bad debts
No.1	531,632,597.55	34.55%	16,480,610.51
No.2	166,233,853.47	10.80%	
No.3	99,449,573.86	6.46%	3,082,936.79
No.4	44,619,403.18	2.90%	1,383,201.50
No.5	32,095,302.19	2.09%	994,954.37
Total	874,030,730.25	56.80%	--

(5) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

Other description:

(6) Accounts receivable derecognized due to transfer of financial assets**2. Other receivables**

Unit: Yuan

Items	Ending balance	Beginning balance
Other receivables	141,619,648.22	41,159,647.12
Total	141,619,648.22	41,159,647.12

(1) Interest receivable**1) Classification of interest receivable**

applicable not applicable

2) Significant overdue interest

applicable not applicable

3) Provision for bad debts

applicable not applicable

(2) Dividends receivable**1) Classification of interest receivable**

applicable not applicable

2) Important dividends receivable aged over 1 year

applicable not applicable

3) Provision for bad debts

applicable not applicable

Other description:

(3) Other receivables**1) Classification of other receivables by nature of amount**

Unit: Yuan

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Receivables and payables	131,639,091.99	13,021,127.03
Margin, deposit	5,474,993.31	4,493,457.54
Employee loans	6,888,020.46	4,589,352.52
Export rebate amount		20,264,087.02
Other	7,693.46	62,346.03
Total	144,009,799.22	42,430,370.14

2) Provision for bad debts

Unit: Yuan

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2021	1,270,723.02			
Balance as of January 1, 2021 in the current period	—	—	—	—
Accrued in current period	1,120,427.98			
Cancel after verification in the current period	1,000.00			
Balance as of December 31, 2021	2,390,151.00			

Changes in book balance with significant changes in loss reserves in current period

 applicable not applicable

Disclosure by aging

Unit: Yuan

Aging	Book balance
Less than 1 year (including 1 year)	138,220,430.47
1 to 2 years	1,375,978.09
2 to 3 years	3,172,076.12

Above 3 years	1,241,314.54
3 to 4 years	94,902.22
4 to 5 years	1,110,000.00
Above 5 years	36,412.32
Total	144,009,799.22

3) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in current period:

Unit: Yuan

Category	Beginning balance	Amount changed in current period				Ending balance
		Provision	Recover or reversal	Write-off	Other	
Provision for bad debts	1,270,723.02	1,120,427.98		1,000.00		2,390,151.00
Total	1,270,723.02	1,120,427.98		1,000.00		2,390,151.00

Of which the amount of provision for bad debts reversed or recovered in current period is significant:

applicable not applicable

4) Other receivables actually written off in current period

applicable not applicable

5) Other receivables of top five ending balances grouped by debtors

Unit: Yuan

Name of Entity	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
No.1	Intercourse funds	114,130,751.36	Within 1 year	79.25%	
No.2	Intercourse funds	14,633,556.05	Within 1 year	10.16%	
No.3	Guarantee deposit	1,520,178.00	2~3 years	1.06%	456,053.40
No.4	Intercourse funds	1,303,519.10	Within 1 year	0.91%	
No.5	Guarantee deposit	1,000,000.00	4-5 years	0.69%	800,000.00
Total	--	132,588,004.51	--	92.07%	1,256,053.40

6) Receivables involving government subsidies

Unit: Yuan

Name of Entity	Name of government subsidy project	Ending balance	Ending aging	Estimated time, amount and basis for collection

7) Other receivables derecognized due to transfer of financial assets

Not applicable

8) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

Other descriptions: None

3. Long-term equity investment

Unit: Yuan

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	2,941,581,406.04		2,941,581,406.04	2,194,431,703.81		2,194,431,703.81
Investment in associated enterprises and joint ventures	18,408,714.90	12,433,655.05	5,975,059.85	18,936,183.18	12,433,655.05	6,502,528.13
Total	2,959,990,120.94	12,433,655.05	2,947,556,465.89	2,213,367,886.99	12,433,655.05	2,200,934,231.94

(1) Investment in subsidiaries

Unit: Yuan

Investee	Beginning balance (book value)	Changes in increase/decrease in current period				Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Decrease in investment	Provision for impairment	Other		
Shenzhen Topband Software Technology Co., Ltd.	17,044,333.03	1,655,117.41				18,699,450.44	
Shenzhen Topband Battery Co., Ltd.	4,417,413.65	1,546,395.25				5,963,808.90	
Shenzhen Topband Automation	24,416,539.46	10,218,201.67				34,634,741.13	

Technology Co., Ltd.										
Chongqing Topband Industrial Co., Ltd.	210,135,072.74	195,673.13							210,330,745.87	
Topband (Hong Kong) Co., Ltd.	249,076,900.00	115,434,600.00							364,511,500.00	
Huizhou Topband Electrical Technology Co., Ltd.	633,267,784.97	374,013,935.38							1,007,281,720.35	
Ningbo Topband Intelligent Control Co., Ltd.	350,044,696.18	169,824,138.89							519,868,835.07	
Shenzhen Allied Control System Co., Ltd.	120,984,983.52	1,160,561.29							122,145,544.81	
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,000,000.00	7,000,000.00							10,000,000.00	
TOPBANDINDIAPRIVATELIMITED	195,026,748.97								195,026,748.97	
Shenzhen YAKO Automation Technology Co., Ltd.	350,014,659.96								350,014,659.96	
Shenzhen Topband Investment Co., Ltd.	30,002,571.33	30,089,631.29							60,092,202.62	
Shenzhen Topband Supply Chain Services Co., Ltd.	5,000,000.00								5,000,000.00	
Shenzhen Senxuan Technology Co., Ltd.	2,000,000.00	6,011,447.92							8,011,447.92	
Topband (Qingdao) Intelligent Control Co., Ltd.		30,000,000.00							30,000,000.00	
Total	2,194,431,703.81	747,149,702.23							2,941,581,406.04	

(2) Investment in associated enterprises and joint ventures

Unit: Yuan

Investment unit	Beginning balance (book value)	Changes in increase/decrease in current period								Ending balance (book value)	Ending balance of provision for impairment
		Addition in investment	Decrease in investment	Profit and loss on investment recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration of distribution for cash dividends or profits	Provision for impairment	Other		
I. Joint venture											
II. Associates enterprises											
Shenzhen	6,502,528.			-527,468.						5,975,059.	

Daka Optoelectronics Co., Ltd.	13			28						85	
Shenzhen Yuchengxin Power Technology Co., Ltd.											12,433,655.05
Subtotal	6,502,528.13			-527,468.28						5,975,059.85	12,433,655.05
Total	6,502,528.13			-527,468.28						5,975,059.85	12,433,655.05

(3) Other description

None

4. Operating income and operating cost

Unit: Yuan

Items	Amount incurred in current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	4,371,958,034.40	3,624,790,477.82	3,260,338,225.11	2,683,111,915.01
Other business	192,086,856.35	167,351,318.23	122,029,795.27	111,936,235.09
Total	4,564,044,890.75	3,792,141,796.05	3,382,368,020.38	2,795,048,150.10

Information related to performance obligations:

Not applicable

Information related to the transaction price allocated to the remaining performance obligations:

The amount of income corresponding to the performance obligations that have signed contracts but have not been performed or completed at the end of this reporting period is 0.00 yuan, and 0.00 yuan is expected to be recognized within one year.

Other description:

5. Return on investment

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
-------	-----------------------------------	---------------------------------

Long-term equity investment income accounted by cost method	14,053,405.97	4,963,933.51
Long-term equity investment revenue accounted by equity method	-527,468.28	-360,946.80
Investment revenue from disposal of tradable financial assets	38,226,720.08	230,366,485.41
Forward foreign exchange settlement profit and loss	9,569,000.00	22,970,000.00
Investment revenue from financial products	7,977,806.26	2,511,036.11
Total	69,299,464.03	260,450,508.23

6. Others

XVIII. Supplementary Information

1. Schedule of current non-recurring profits and losses

applicable not applicable

Unit: Yuan

Items	Amount	Description
Profits and losses on disposal of non-current assets	-789,236.29	
Government subsidies included in current profits and losses (except those that are closely related to the normal business of the Company, conform to national policies and regulations and are continuously enjoyed in a fixed or quantitative manner according to certain standards)	16,456,682.22	
Gains and losses due to fair value changes arising from the holding of tradable financial assets and liabilities, as well as the investment income from the disposal of tradable financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the normal business of the Company	133,466,036.23	
Other non-operating income and expenses other than those mentioned above	-1,787,714.37	
Other profit and loss items that meet the	9,914,763.48	

definition of non-recurring profit and loss		
Minus: amount affected by income tax	23,726,354.32	
Impact amount of minority shareholders' equity	608,113.65	
Total	132,926,063.30	--

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

applicable not applicable

None.

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

applicable not applicable

2. Return on equity and earnings per share

Profit in the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (yuan / share)	Diluted earnings per share (yuan / share)
Net income attributable to the common shareholders of the Company	13.11%	0.47	0.47
Net profit attributable to the common shareholders of the Company after deduction of non-recurring profits and losses	10.03%	0.36	0.36

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

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

applicable not applicable

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

applicable not applicable

(3) Reasons for differences in accounting data under domestic and foreign accounting standards. If the data audited by an overseas audit institution is adjusted for differences, the name of the overseas audit institution shall be indicated

4. Other