

**TOPBAND 拓邦**  
**Shenzhen Topband Co., Ltd.**  
**Semiannual Report 2021**



Topband investor relations applet

July 2021

## **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 Semiannual Report is true, accurate and complete, and free from any false from any false record, misleading representation or material omission, and are individually and jointly responsible for the content set out therein.

Wu Yongqiang, the principal of the Company, Xiang Wei, accounting head, and Xiang Wei, accounting department head (the person in charge of accounting department) hereby certify that the financial report in the Semiannual Report is true, accurate and complete.

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

If the Report involves forward-looking statements such as future plans, they do not constitute the Company's substantive commitments to investors, and investors and relevant persons shall maintain sufficient risk awareness and understand the differences between plans, forecasts and commitments.

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 the Report and investors are advised to pay attention to investment risks.

The Company plans not to distribute cash dividends or bonus shares or increase share capital with the provident fund.

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## **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 originals of all the company documents publicly disclosed in newspapers designated by the CSRC during the reporting period and the original manuscripts of announcements.
- III. The original of the Semiannual Report 2021 indicating the signature of the chairman.

All the above documents are ready and complete, and are available for reference at the office of the Board of Directors of the Company.

## Definitions

Term	Refers to	Definitions
Company, the Company, Topband shares	Refers to	Shenzhen Topband Co., Ltd.
Yuan, 10,000 yuan	Refers to	Yuan, RMB 10,000
CSRC	Refers to	China Securities Regulatory Commission
Exchange	Refers to	Shenzhen Stock Exchange
Reporting period	Refers to	January 1, 2021 - June 30, 2021
Articles of Association	Refers to	Articles of Association of Shenzhen Topband Co., Ltd.
ORVIBO	Refers to	Shenzhen ORVIBO Technology Co., Ltd.
Chongqing Yiyuan	Refers to	Chongqing Topband Industrial Co., Ltd.
Meanstone Intelligent	Refers to	Shenzhen Meanstone Intelligent Technology Co., Ltd.
Topband Lithium Battery	Refers to	Shenzhen Topband Lithium Battery Co., Ltd.
Ninghui Lithium Battery	Refers to	Taixing Ninghui Lithium Battery Co., Ltd.
Huizhou Topband	Refers to	Huizhou Topband Electrical Technology Co., Ltd.
ICT	Refers to	Information Communications Technology
T-SMART	Refers to	Topband One-Stop Smart Home Solution
AI	Refers to	Artificial Intelligence
BLDC	Refers to	Brushless DC Motor
CELL	Refers to	Lithium battery monomer
BMS	Refers to	Battery Management System
PACK	Refers to	The packaging, encapsulation and assembly of batteries
IPD	Refers to	Integrated Product Development
APP	Refers to	An application program
PaaS	Refers to	Platform-as-a-Service
SaaS	Refers to	Software-as-a-Service

## 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	深圳拓邦股份有限公司		
Chinese abbreviation of the Company (if any)	拓邦股份		
Name of the Company in foreign language (if any)	Shenzhen Topband Co.,Ltd		
Legal representative of the Company	Wu Yongqiang		

### II. Contact person and contact information

	Secretary of the Board of Directors	Representative of securities affairs
Name	Wen Zhaohui	Yang Qiaoqiao
Address	Topband Industrial Park, Keji Second Road, Shiyan Subdistrict, Baoan District, Shenzhen	Topband Industrial Park, Keji Second Road, Shiyan Subdistrict, Baoan District, Shenzhen
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### III. Other situations

#### 1. Company's contact information

Were the Company's registered address, office address and postal code, website and e-mail address changed during the reporting period

applicable  not applicable

The Company's registered address, office address and postal code, website and e-mail address remained unchanged during the reporting period. For details, please refer to the Annual Report 2020.

## 2. Information disclosure and storage place

Was the location of information disclosure and storage changed during the reporting period

applicable  not applicable

The name of the information disclosure newspaper selected by the Company, and the website designated by the CSRC that publishes the semiannual report. There was no change in the reporting period of the Company's semiannual report. For details, please refer to the Annual Report 2020.

## IV. Key accounting data and financial indicators

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

Yes  No

	Current reporting period	Corresponding period of last year	Y-o-y increase /decrease
Operating income (yuan)	3,644,045,612.40	1,997,427,900.70	82.44%
Net profit attributable to shareholders of listed companies (yuan)	428,185,704.03	208,913,599.16	104.96%
Net profit attributable to shareholders of listed company after deducting non-recurring profit and loss (yuan)	319,714,520.44	133,416,997.04	139.64%
Net cash flow from operating activities (yuan)	-225,705,738.12	119,136,253.19	-289.45%
Basic earnings per share (yuan / share)	0.38	0.20	90.00%
Diluted earnings per share (yuan / share)	0.37	0.19	94.74%
Weighted average return on net assets	11.13%	8.01%	3.12%
	At the end of the reporting period	End of last year	Increase or decrease at the end of the reporting period over the same period of last year
Total assets (yuan)	8,619,107,470.07	6,808,735,037.28	26.59%
Net assets attributable to shareholders of listed companies (yuan)	4,923,684,343.80	3,463,681,980.54	42.15%

## V. 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. Differences in net profit and net assets between financial reports disclosed in accordance with foreign 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 foreign accounting standards and those disclosed in accordance with PRC GAAP during the reporting period.

## VI. Items and amount of non-recurring profit and loss

applicable  not applicable

Unit: Yuan

Items	Amount	Description
Profit and loss on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	-465,795.21	
Government subsidies recognized in the current profits and losses (except those closely related to the business of the enterprise and enjoyed in a fixed or quantitative amount according to the national uniform standard)	6,479,445.63	
Profit and loss from changes in fair value of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other creditor's rights investments, except for effective hedging business related to the normal business of the Company	122,379,119.84	
Other non-operating income and expenses other than those mentioned above	-1,672,760.04	
Other profit and loss items that meet the definition of non-recurring profit and loss	1,200,855.83	Financing income
Less: amount affected by income tax	19,200,380.11	
Amount affected by minority shareholder's interest (after tax)	249,302.35	
Total	108,471,183.59	--



For the items of non-recurring profit and loss defined by the Company in accordance with the definition of Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to Public - Non-Recurring Profits and Losses, the reasons why the items of non-recurring profit and loss listed as non-recurring in Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to Public - Non-Recurring Profits and Losses to be defined as recurring profit and loss should be explained.

applicable  not applicable

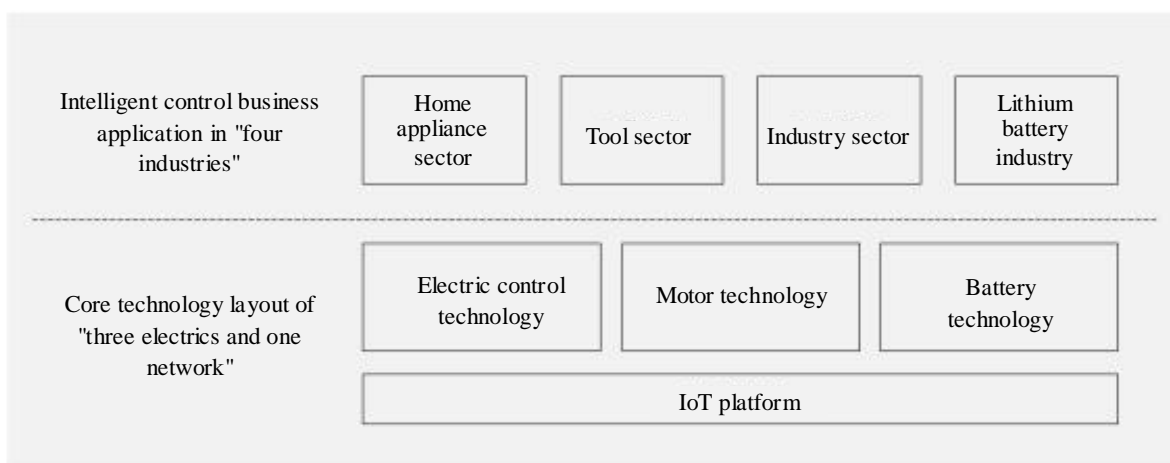
During the reporting period, the items of non-recurring profit and loss defined and listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to Public - Non-Recurring Profits and Losses are not defined as the recurring profit and loss.

## Section III Discussion and Analysis of the Management

### I. Main businesses during the reporting period

#### (1) Major business scope

The Company mainly engages in R&D, production and sales of intelligent control system solutions, i.e., providing diversified customized solutions for four industries of home appliances, tools, industry and new energy, with the “three electrics and one network” technology of electric control, motor, battery 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 innovator in intelligent control solutions for the industry and lithium battery industry.



#### 1. Core technology of the Company: “three electrics and one network”: electric control, motor, battery 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. The Company has complete design, development customization and production capacities from cell technology (CELL), battery management technology (BMS) to battery pack (PACK).

**1.4 IoT 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 to “home appliances, tools, and industry and lithium battery” industries**

### **2.1 Intelligent control of 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 Lithium battery and its intelligent control**

The Company mainly provides products and system solutions, including battery cells, battery management system (BMS), battery packs and charging cabinets for communication base station energy storage, home energy storage, power batteries for two- or three- wheeled vehicles and other special vehicles, mobile charging power and IoT.

## **2.4 Industrial intelligent control**

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. The Company is committed to helping automation equipment manufacturers improve equipment design performance, reduce equipment manufacturing costs, and speed up the development of new equipment.

### **(2) Industry development prospect, competition situation and industry status**

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. Intelligent control is the core technology of the future intelligent society and the brain and nervous system of intelligent equipment, and will become the necessity of the intelligent society. We think that the intelligent control industry is a big industry without a ceiling and the next gold mine of the intelligent society. There are currently three trends of shift, concentration and growth in the industry:

1. There is an obvious trend that international market is shifting to China. The shift is accelerated by industrial clusters and the advantages of the engineer bonus in China as products become increasingly complex, individualized and differentiated, requiring fast R&D and product delivery, as well as reliable and consistent quality.

2. Domestic shares are concentrated in the top enterprises. In the past three years, the growth rate and order concentration of leading enterprises have been better than those of other peers. With the development trend of "desinicization" under the trade war, leading enterprises with global operation ability have taken the lead in global layout and accelerated the secondary concentration of the industry;

3. New technology and application development has created space for growth. The expansion of industry applications and the upgrades of technology have accelerated the process of human intelligence, and new technologies such as 5G, IoT, and AI are driving the development of intelligent society, providing the intelligent control industry a historic opportunity.

As a global leading provider of intelligent control technology, the Company focuses on the field of intelligent

control, adheres to the concept of value creation, and constantly strengthens its technical capabilities, and has formed a comprehensive technology system of “three electrics and one network” for four industries of home appliances, tools, lithium battery application and industry, providing intelligent control solutions for downstream machine manufacturers. Intelligent controllers are technology-intensive products including algorithm and hardware. With the continuous and in-depth development of intelligentization, the rapid iteration of technology will improve intelligent controller ODM (original design manufacturer) customization demands, and brand owners' requirements for technological innovation ability of suppliers will become increasingly higher. Relying on 25 years of continued R&D investment, the Company has core competitiveness in terms of technology and product innovation, and it has become a leader in intelligent control solutions for the home appliance and tool industries, and an innovator in the industry and lithium battery application industry.

### **1. Home appliance industry**

The Company is the pioneer and leader in the home appliance control segment in China. In recent years, the global home appliances show a trend of accelerated concentration of brands, and the “head effect” is more and more obvious; on the other hand, a trend of increasingly mature of the IoT technology, accelerated infrastructure construction, and accelerated “intelligent” penetration rate can be found. As the total growth of the global home appliance market is slowing down, in order to gain stronger market competitiveness, major home appliance brand owners are putting forward higher and more comprehensive requirements for upstream solution providers, such as differentiated and innovative solutions, high-quality and low-cost products, and stable and reliable delivery, etc. In addition, international big customers require upstream with multinational localization service capabilities because of increased international trade protectionism.

**In order to seize the opportunities mentioned above, the Company has adopted a multi-dimensional structured change strategy for customer structure, product structure, cost structure and operation structure to achieve sustained and stable high growth in performance.**

**1.1 Customer structure:** The Company has made some adjustments and optimization on the basis of the “spindle shaped” customer structure, increased the development of global integrated customers (big customers) and actively cultivated innovative customers (sci-tech innovation customers) on the basis of deep cultivation of top customers (strategic customers) in segments.

**1.2 Product structure:** The Company has increased its investment in product platform and IoT platform, adopted the strategy of “technology platform + product platform + customized solutions”, systematically sorted

out hundreds of electric control technology platforms and home appliance product platforms, and increased the efforts of platform reuse to maintain the agility and efficiency of innovation while reducing the marginal cost of customized R&D. The Company can now quickly provide customers with customized services in different application scenarios, gradually playing the pooling effect of the platform, while ensuring the innovation of the solutions. In addition, the IoT platform of the Company can offer customers with one-stop, scenario-based and customizable services, and has now accumulated nearly 100 projects, some of which have already entered the mass production stage.

**1.3 Cost structure:** After the implementation of centralized purchase, the Company has strengthened the control of key categories and general categories and given full play to the advantages of batch purchase. At the same time, on the basis of ensuring quality and delivery reliability, the Company increased the efforts of cost reduction of solution design and material procurement by using batch production to ensure that customers are provided with high-quality and low-cost products to enhance the overall competitiveness in the customer end.

**1.4 Operation structure:** In order to meet the demand for localized and agile services for internationalized big customers, the Company has accelerated the construction of domestic operation bases in Yangtze River Delta (Ningbo) and Vietnam (Dong Nai), and sped up the introduction of customers and mass production in India (Pune).

## **2. Tool industry**

The tool industry mainly includes electric tools, gardening tools and other professional tools. The user market is mainly concentrated in Europe, the United States and other developed countries and regions, with high brand concentration and high requirements for quality. In recent years, the tool industry has ushered in the opportunity of “oil to electricity” and “cordless” technology upgrading. Many products powered by fuel before have been gradually powered by lithium batteries instead. The battery, electric control and electric of the products motor also need to be upgraded. At the same time, some domestic traditional OEMs start to conduct industrial upgrading and branding operations, and gradually show up prominently. In addition, since the tools are mainly exported to developed regions such as Europe and the United States, and they are greatly affected by trade policies and tariffs, the Company is also required to have overseas delivery capabilities.

As the leader of the subdivided tool control industry in China, the Company has the unique competitive advantage of "electric control + motor + battery", playing a unique value in promoting the development of the tool industry. In terms of customer strategy, the Company adopts the strategy of "international big customers as the

main, regional customers as a supplement". Customers are mainly divided into American, European, Japanese and domestic customers. At present, the Company has cooperated with most leading customers in the industry; in terms of the industrial chain, the Company has a unique technological combination of "electric control + motor + battery + Internet of Things platform", provides diversified services from "controller + motor + battery pack" components to "module" and "whole machine", and continuously introduces products and solutions with high added value to meet the rapid innovation needs of the industry; in terms of product structure, in the mode of "technology platform + product platform + customized solutions", the Company has focused on increasing the development and promotion of "oil to electricity" and "cordless" solutions, and formed a deep cooperation relationship with customers; in terms of regional operation, the Company has accelerated the delivery of overseas bases such as Vietnam and India, and actively cooperated with the needs of some overseas customers for international and domestic delivery.

### **3. Lithium battery application industry**

In the context of global energy revolution, new energy represented by lithium battery is rapidly replacing traditional fossil energy and lead-acid batteries, etc. The lithium battery industry is divided into general and specialized segments. The general segment mainly refers to new energy vehicle batteries, standard batteries, etc. Due to continuous progress of technology, increased competition and economies of scale, the cost of lithium batteries in the general segment continues to decrease, with serious homogenization and fierce price competition. The specialized segment is for a large number of customized batteries for various industries, such as communications, power conversion, IoT, special vehicles, recreational vehicles, home storage and ships. Although the single market size of the specialized lithium battery is relatively small, but the added value is also relatively high. The prospect of lithium battery for replacing the original fuel power or lead-acid battery is very broad, and opportunities for large-scale applications in many market segments are produced.

The Company focuses on the specialized segment of lithium battery, with "energy storage + small-scale power" as the main development direction, and achieves sustained rapid development in a number of market segments relying on safe and innovative technology and products. In the field of communications, with the construction of 5G and other "new infrastructure" information infrastructures, a large number of equipment that originally achieve energy storage for electricity with lead-acid batteries need to be provided with lithium batteries instead; in the field of electricity, due to the high volatility of PV, wind power and other new energy generation, new energy power stations are required to be provided with a certain proportion of lithium battery energy storage,

bringing opportunities for market growth of energy storage on the power generation side; in the field of individuals and families, as a portable and environmentally friendly source of energy, lithium battery offers convenient and intelligent experience for home energy management and use, low-speed vehicle power and consumer electronics, and its scope of application is gradually expanded. In terms of technology and products, based on the comprehensive advantages of "battery + electronic control + Internet of Things platform", the Company has the ability of R&D, manufacturing and packing of multiple types of cells, and provides solutions from cells and the battery management system (BMS) to the Internet of Things system.

#### **4. Industrial control industry**

In recent years, the efforts of policy support and industrial support for the intelligent manufacturing equipment industry have been further strengthened in China, the domestic substitution has accelerated, the capacity of domestic industrial control market has increased significantly, and the industry maintains the momentum of sound development. At present, there is still a large space for improving the overall degree of localization of industrial and automation equipment, and there are medium- and long-term opportunities to develop domestic substitution for core control components. Compared to the giant companies of foreign industrial control, there are absolute advantages for the localization solution in terms of cost. At present, the breakthroughs of core technology and product reliability verification have gradually matured, and the domestic substitution trend is irreversible and has great prospects.

The Company has a leading domestic market share in the field of stepper motor industrial control and is in the first echelon in the field of servo motor industrial control. The Company now has more than 3,000 automation equipment manufacturer customers, with whom it has established and maintained continuous and stable cooperative relationships directly. The Company has advanced technology in servo motor control solution, and has made the products pass three iterations to achieve large-scale applications. The Company actively promotes servo products based on existing customers, and continues to develop 3C, semiconductor equipment, textile machinery, medical devices and other segments.

## **II. 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, 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.

### **III. Main business analysis**

Refer to "I. Main businesses during the reporting period" for the main business contents of the Company. The analysis of the operation in the reporting period is as follows:

## **(1) Semiannual operating performance and core operating indicators in 2021**

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 good growth during the reporting period. In the first half of 2021, the epidemic at home and abroad still recurred, sometimes had a local rebound, and was not fundamentally controlled yet. 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 and demand concentration enhancement depending on its product power, technology platform innovation power, ISC integrated supply chain and strong systematic management ability accumulated for many years. In the face of risks and difficulties, we chose to face them together with our customers and overcome difficulties together with our upstream and downstream partners, and obtained the trust of downstream customers, the opportunity of incremental orders, and the supply support of upstream suppliers. In the first half of 2021, with the efforts of all Topband people, the performance achieved relatively high-speed growth, and various business indicators continued to be improved. During the reporting period, the Company realized an operating income of 3.644 billion yuan with a year-on-year growth of 82.44%, a net profit attributable to the listed company in the amount of 428 million yuan with a year-on-year growth of 104.96%, and a net profit attributable to the shareholders of the listed company in the amount of 320 million yuan after deduction of non-recurring profit and loss with a year-on-year growth of 139.64%.

**During the semiannual period of 2021, focusing on the business objectives set at the beginning of the year, the Company has made breakthroughs in the following aspects:**

**1. Demand side:** 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 still maintains a high degree of prosperity. The competitive advantage of China's supply chain in the world has been revealed, and overseas production capacity has continued to transfer to China and Southeast Asia. At the same time, the industry is centralizing to the top. As a leading enterprise of intelligent controller, the Company's industry position and market share are increasing year by year. In the first half of 2021, the Company's operating income increased by 82.44% on a year-on-year basis. After deduction of the low base during the epidemic in the first half of last year, the compound growth rate of income in the past three years

reached 44.10%.

In the first half of 2021, the four major industries achieved rapid growth on a year-on-year basis, and the advantageous sector still maintained a strong growth trend. The operating income of home appliances accounted for 45% of operating income, with a year-on-year growth rate of 90%, and the proportion of innovative intelligent devices increased rapidly; the operating income of the tool sector accounted for 37% of operating income, which doubled year-on-year. The leading position and advantages in the industry have been further reflected.

**2. Supply side:** In the first half of 2021, the factors related to the shortage of raw materials and the continuous rise in prices become more severe from both year-on-year and month-on-month perspectives. The Company's management arranged in advance, responded actively, and put ensuring supply safety in the primary position of operation. We ensured the timely delivery of customers' orders by actively communicating with customers about demand plans, preparing goods in advance, substituting domestic goods for imported ones or otherwise, and hence reduced the impact of the rise in price and the shortage of goods on operating profits in the reporting period.

During the reporting period, adversely affected by the appreciation of the RMB exchange rate and the sharp rise in the price of upstream raw materials, the average gross profit rate of the Company was 24.11% with a slight year-on-year increase. The Company's anti-risk ability and management ability have been rapidly improved.

**3. Core competitiveness:** The Company adheres to the mission 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. During the reporting period, the total R&D investment was 234 million yuan with a year-on-year growth of 40.12%, accounting for 4.74% of the Company's net assets attributable to the parent company and 6.41% of the operating income. While increasing investment in technological innovation, the Company has strengthened the protection of intellectual property rights and technological achievements. By the end of the reporting period, the Company and its subsidiaries had applied for 1,947 patents, including 720 invention patents, 1,002 utility models, 163 appearance designs, 12 foreign patents and 50 PCTs; the Company and its subsidiaries had applied for 73 software copyrights and made 294 trademark applications in total. During the reporting period, the proportion of income from innovative products and high value-added products increased steadily, and the product structure and customer structure continued to be optimized.

**4. Progress of core strategy:** In the first half of 2021, the Company's five core strategies were promoted

simultaneously. The number and share of top customers increased steadily, and the income increased rapidly on a year-on-year basis; the Company's technological innovation and leading ability continued to deepen, and the proportion of income from innovative products and high value-added products increased steadily during the reporting period; the measures for increasing efficiency and reducing cost were continuously promoted, and the organization and the process system were further improved to provide strong support and guarantee for the rapid development of business.

**5. Globalization layout and layout of main production capacity:** The production capacity was improved steadily, with rapidly boosting globalization layout, ensuring the fast growth of the business.

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. According to the needs of business development, more than ten regional operation centers, manufacturing centers, R&D centers and representative offices have been established in many places around the world, including the United States, Japan, Germany, India and Vietnam. The globalization layout has been promoted rapidly, and overseas operation centers such as those in Eastern Europe and North America have been actively prepared to accelerate the globalization 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.** The subsidiary in Huizhou is the main source of production capacity. Through the rapid improvement of production efficiency in 2020, the current production capacity and quality are stable. At the same time, some rented plants have been added to meet the rapidly growing demand;

**The Yangtze River Delta:** The main plant site in Ningbo operation base has been completed, which is estimated to be put into operation service in the second half of 2021.

**Southeast Asia - Vietnam:** In the first half of 2021, although the sub-subsidiary in Binh Duong, Vietnam (Phase I) was affected by the epidemic, the Company overcame many difficulties including those related to personnel and materials, and helped customers realize the agility and security of the supply chain. It only took half a year for the main body of Phase II in Vietnam to be capped in the reporting period, and it is expected to be completed by the end of 2021 and gradually release production capacity;

**Southeast Asia - India:** India is the hardest hit area of the epidemic this year. In the first half of the year, the Company overcame many difficulties and achieved the goal set at the beginning of the reporting period through

remote office means such as video and network. During the reporting period, the Indian subsidiary also obtained the BIS product certification certificate of variable frequency air conditioning controllers in India as issued by the Bureau of Indian Standards (BIS). As one of the first enterprises that have passed this certification in the world, Topband has successfully demonstrated its excellent technology and leading position in the field of intelligent control, adding powerful strength to its overseas market expansion.

## **6. Capital operation:**

(1) 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;

(2) During the reporting period, Topband Lithium Battery, a wholly-owned subsidiary of the Company, used its own capital of 33.4 million yuan to hold 83.5% of the equity of Ninghui Lithium Battery Co., Ltd. by acquiring part of the equity of Taixing Ninghui Lithium Battery Co., Ltd. and increasing its capital. After this acquisition, the Company will increase its cylindrical battery production capacity, share technical resources and customer resources, explore the market, and accelerate the achievement of the Company's strategic objectives.

**7. Other business situation: Non-recurring profit and loss increased significantly, which enhanced the Company's net 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 annual net profit by about 93.347 million yuan in 2021.

## **(2) Execution of core strategy**

During the reporting period, the Company took the “scale growth” as the goal, implemented the strategic concept of “customer intimacy, innovation driving, agile operation and lean improvement”, which is driven by four major core capacities.

**1. Customer intimacy strategy:** The Company focused on the professional strategic customer of all specified fields, positively expanded the global comprehensive big customer and the rapidly growing customer of the technology innovation type, vigorously expanded three kinds of top customers including “big customers, strategic customers and sci-tech innovation customers”, built the enterprise culture focusing on the customers, established the “iron triangle” customer service organization, formed the first-class B2B brand of the intelligent control and forged the all-around intimate partnership with the top customer base.

Through the building of the customer-centered enterprise culture, thus the service concept of the staff was improved and the customer service quality was optimized, with the strengthened harmony in the customer service. Organization construction of the “iron triangle” of the customer service was strengthened. Taking the product line as the unit, the customer service organization including the customer manager, solution specialist team and delivery team was established, which has improved the service capacity and responsiveness of the top customers remarkably. The first-class B2B brand image of the intelligent control was strengthened. A great number of brand marketing campaigns were launched, centering on the “exhibition hall + exhibition + media”, which spreads the brand core value of “agile innovation partner” through multiple channels.

**2. Innovation-driven strategy:** The customer value was driven by the technological innovation, and the industry upgrading was driven by the business innovation, with the operation performance driven by management innovation.

The Company persisted in driving the creation of customer value using the technology, keeping strengthening the research development efforts in general technology and platform technology and creating the multi-layered and three-dimensional advanced technology system of “product scheme + product platform + technology platform”; Through scientific planning, both the near-term technology application and the mid-long term technology reserve were considered to improve the Company’s capacity of technology leading. In terms of technology product, it has aimed at providing the industry-leading solution to the intelligent control, promotion of the “high-end orientation, intellectualization and personalization” of the technology product and continuous improvement in the added value of products. The Company has formed dozens of core technology platforms, hundreds of key products platforms, possessing the capacity of providing thousands of product customization solutions.

The Company has actively made use of the business innovation to drive the industry upgrading. The Company positively promoted the implementation of “intelligent + upgrading strategy”, took T-SMART as the core platform, expedited the intelligent Internet of things layout, facilitated the Company’s upgrading from the “supplier of intelligent control product” to the “supplier of intelligent control scheme” and the “service provider of intelligent system”, which improved the customers’ core competitiveness and differentiation capacity in the age of intelligent Internet of things.

The Company has continued to carry out management reform, driving the operation performance improvement by management innovations, carrying out a series of management reform actions at all levels of the

Company, the business unit and the product line, and continuously optimizing the management efficiency of all levels to realize the operation performance improvement accordingly.

### **3. Agile operation strategy**

The Company vigorously promotes agile culture. It has promoted the agile work culture and concept at all levels, trained agile talents and constructed the agile organizations. Efforts were made to build the core platform combining the agile research development, intelligent manufacturing and agile delivery. The capacity of systems such as the research development, the supply chain, manufacturing and quality was continuously established and strengthened. Centering on the method combining “agile + lean”, the agile excellent operation was realized. The global layout was expedited and the step in the construction of the introducing of the customers in Indian operation center to Ningbo operation center was rapidly promoted, with the capacity of closely serving customers increased.

The Company's forward-looking layout promotes digital transformation. The digital reform was promoted. With the comprehensive application of the information, network and automation and the strengthening in the intelligent operation capacity, the agile future-oriented operation capacity has been improved.

The Company achieves full cost improvement through special projects. We are committed to conducting all-round cost improvement, establishing a perfect quality verification system, focusing on process control and optimization, and continuously improving the PDCA cycle. The Company promotes the cost reduction of materials and processing fees through various special activities. Meanwhile, the Company promotes the reconstruction of process-oriented organization centering on the customers and drives the process reform to keep improving the efficiency in an end-to-end way, improving the quality control level of all links and realizing the circulation improvement effect advocated by the quality idea of “zero defect”.

### **4. Organizational evolution strategy**

In 2021, the Company gradually implemented eight business processes and built an "iron triangle" customer service organization (BU) consisting of customer managers, solution expert teams and delivery teams based on product lines and customers. The original organization BG energized the front end as a middle ground, and the function platform served as a background to provide agile service and ensure the rapid implementation of the business.

The Company has created a number of excellent BU general managers, trained a number of iron triangle teams, steadily increased the number of key posts, and trained the first echelon of professionals in marketing,

R&D and supply chain. The Company has defined the core key positions through the sorting of job qualifications, and strengthened the introduction and training of key talents through the establishment of the cadre department. In the future, through continuous improvement of evolution capacity of the organization, the Company's capacity of capturing opportunities and opportunity-based profit-making capacity will be rapidly improved.

## Year-on-year change of main financial data

Unit: Yuan

	Current reporting period	Corresponding period of last year	Y-o-y increase/decrease	Reasons for change
Operating income	3,644,045,612.40	1,997,427,900.70	82.44%	Operating income: It increased by 1,646.62 million yuan during the reporting period than during the same period of last year, with an increase of 82.44%. The main reason is as follows: The impact of COVID-19 on the Company's income in January to June 2021 was less severe than last year, the impact of the epidemic was eased in January to June 2021, and the development of customers and the supply of product platforms jointly affected the increase of income.
Operating cost	2,765,295,741.39	1,526,098,258.54	81.20%	Operating cost: It increased by 1,239.20 million yuan during the reporting period than during the same period of last year, with an increase of 81.20%. The main reason is that the increase in income during the reporting period resulted in a corresponding increase in costs.
Sales expenses	76,889,884.59	59,922,424.82	28.32%	
Management expenses	94,842,819.69	66,326,771.94	42.99%	Management expense: It increased by 28.52 million yuan during the reporting period than during the same period of last year, with an increase of 42.99%. 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.
Financial expenses	53,761,157.16	28,953,109.37	85.68%	Financial expenses: compared with the same period last year, it increased by 24.81 million yuan in the reporting period, with an increase of 85.68%. The main reason is that the exchange rate rise of US dollars against RMB during the same period of last year resulted in large exchange gains while there were large exchange losses in



				the reporting period.
Income tax expenses	45,639,842.16	27,524,309.02	65.82%	Income tax expense: It increased by 18.12 million yuan during the reporting period than during the same period of last year, with an increase of 65.82%. The main reason is the increase of deferred income tax expenses accrued due to changes in the fair value of financial assets held in the current period over during the same period of last year.
R&D investment	233,628,312.83	166,733,759.63	40.12%	R & D Investment: It increased by 66.89 million yuan during the reporting period than during the same period of last year, with an increase of 40.12%. The main reason is that the Company increased R & D investment and R & D personnel.
Net cash flow from operating activities	-225,705,738.12	119,136,253.19	-289.45%	Net cash flow from operating activities: It decreased by 344.84 million yuan during the reporting period than during the same period of last year, with a decrease of 289.45%. The main reason is the increase of the payment for raw material preparation by the Company in response to the shortage of raw materials and the rapidly growing order demand.
Net cash flow from investment activities	-409,322,535.05	-150,456,848.85	-172.05%	The net cash flow from investment activities decreased by 258.87 million yuan during the current period than during the same period of last year, with a year-on-year decrease of 172.05%, which was mainly due to the increase in cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets during the current period than during the same period of last year, and the decrease in cash recovered from wealth management and investment over the same period of last year.
Net cash flow from financing activities	748,918,536.69	117,774,942.35	535.89%	Net cash flow from financing activities: It increased by 631.14 million yuan during the reporting period than during the same period of last year, with an increase of 535.89%, which was mainly due to the receipt of funds raised through non-public offering of shares in the reporting period.
Net increase in cash and cash equivalents	87,547,923.94	86,244,023.17	1.51%	

Significant change in the Company's profit composition or profit source during the reporting period

applicable  not applicable

There is no significant change in the Company's profit composition or profit source during the reporting period.

## Composition of operating income

Unit: Yuan

	Current reporting period		Corresponding period of last year		Y-o-y increase/decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	3,644,045,612.40	100%	1,997,427,900.70	100%	82.44%
By industry					
Intelligent control electronics industry	3,644,045,612.40	100.00%	1,997,427,900.70	100.00%	82.44%
By product					
Home appliances	1,626,940,673.61	44.65%	856,306,321.93	42.87%	90.00%
Tool	1,349,771,247.20	37.04%	667,366,394.41	33.41%	102.25%
Lithium battery	426,946,801.69	11.72%	277,118,460.37	13.87%	54.07%
Industry	166,694,953.58	4.57%	130,041,600.00	6.51%	28.19%
Others	73,691,936.32	2.02%	66,595,123.99	3.33%	10.66%
By region					
Domestic	1,550,764,762.74	42.56%	843,429,180.61	42.23%	83.86%
Foreign	2,093,280,849.66	57.44%	1,153,998,720.09	57.77%	81.39%

The situation of industries, products or regions 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	YoY change (%) of operating revenue	YoY change of operating costs	YoY change of gross profit rate
By industry						
Intelligent control electronics industry	3,644,045,612.40	2,765,295,741.39	24.11%	82.44%	81.20%	0.51%
By product						
Home appliances	1,626,940,673.61	1,279,417,419.67	21.36%	90.00%	88.52%	0.61%
Tool	1,349,771,247.20	992,780,182.34	26.45%	102.25%	106.22%	-1.41%
Lithium battery	426,946,801.69	328,540,290.00	23.05%	54.07%	53.50%	0.29%
By region						
Domestic	1,550,764,762.74	1,154,759,649.45	25.54%	83.86%	81.09%	1.14%

Foreign	2,093,280,849.66	1,610,536,091.94	23.06%	81.39%	81.28%	0.05%
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When the statistical caliber of the Company's main business data is adjusted in the reporting period, the Company's main business data in the latest period shall be the data adjusted according to the caliber at the end of the reporting period

applicable  not applicable

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

applicable  not applicable

The Company's revenue growth was mainly due to the rapid development of the intelligent society, the increase of application scenarios, and the continuous improvement of the industry. The competitive advantage of China's supply chain in the world has been revealed, overseas production capacity has been transferred to China and Southeast Asia, and the development of new technology and new demand has brought incremental opportunities to the industry. At the same time, the industry is concentrated on top enterprises. As a leading enterprise of intelligent controllers, the Company's industry status and market share have increased year by year.

#### IV. 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	23,876,616.37	4.96%	Arising from disposal of Dynanonic and purchase of financial products during the reporting period	No
Profit and loss from changes in fair value	98,312,768.52	20.41%	Arising from changes in fair value of Dynanonic, ORVIBO and forward foreign exchange contracts during the reporting period	No
Impairment of assets	-114,456,207.37	-23.76%	Due to the provision for inventory falling price and expected credit impairment loss	No
Non-operating income	1,581,081.80	0.33%		No
Non-operating expenses	4,486,165.70	0.93%		No

## V. Analysis of assets and liabilities

### 1. Major changes in asset composition

Unit: Yuan

	At the end of the reporting period		End of last year		Increase or decrease of proportion	Description of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,289,864,224.89	14.97%	1,219,095,476.50	17.90%	-2.94%	
Accounts receivable	2,043,391,892.07	23.71%	1,701,111,153.84	24.98%	-1.28%	
Inventory	1,876,064,400.39	21.77%	1,115,312,868.62	16.38%	5.39%	Inventory: It increased by 760.75 million yuan during the reporting period than at the beginning of the period, with an increase of 68.21%.The main reason is that in order to cope with the impact of the shortage of raw materials and the rapidly growing order demand, the Company prepared some scarce raw materials.
Investment real estate	88,106,690.01	1.02%	89,238,265.71	1.31%	-0.29%	
Long-term equity investment	15,111,937.35	0.18%	6,502,528.13	0.10%	0.08%	Long-term equity investment: Long-term equity investment in the reporting period The investment increased by 8.61 million yuan than at the beginning of the period, with an increase of 132.40%.The main reason is the realization of partial equity investment in Pas Electronic Technology (Nanjing) Co., Ltd. during the reporting period.
Fixed assets	1,165,010,173.60	13.52%	1,096,875,640.94	16.11%	-2.59%	
Construction in progress	386,601,265.30	4.49%	292,474,798.41	4.30%	0.19%	Construction in progress: It increased by 94.13 million yuan during the reporting period than at the beginning of the period, with an increase of 32.18%. The main reason is the increase of construction investment in Ningbo East China Operation Center

						and the Phase II project in Vietnam.
Use right assets	69,398,303.91	0.81%		0.00%	0.81%	Right to use assets: It increased by 69.40 million at the end of the reporting period than at the beginning of the period, with an increase of 100%. The main reason is the implementation of the new lease standards by the Company during the reporting period.
Short-term loans	135,890,741.95	1.58%	402,151,500.00	5.91%	-4.33%	Short-term loans: They decreased by 266.26 million yuan during the reporting period than at the beginning of the period, with a decrease of 66.21%. The main reason is that some short-term loans were repaid during the reporting period.
Contractual liabilities	78,883,302.66	0.92%	72,576,117.56	1.07%	-0.15%	
Long-term loans	169,564,000.00	1.97%	200,000,000.00	2.94%	-0.97%	
Lease liabilities	54,349,922.77	0.63%		0.00%	0.83%	

## 2. Major foreign assets

√ applicable □ not applicable

Unit: Yuan

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	278,011,437.53	India (Pune)	R&D, production and sales	Financial supervision, external audit	1,878,916.68	5.65%	No
Operation Center in Vietnam	Investment and establishment	375,092,031.73	Binh Duong, Vietnam	R&D, production and sales	Financial supervision, external audit	81,840,334.96	7.62%	No

**3. 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. Trading financial assets (excluding derivative financial assets)	226,491,482.10	98,312,768.52	145,703,179.70		352,000,000.00	346,382,339.75		330,421,910.87
Subtotal of financial assets	226,491,482.10	98,312,768.52	145,703,179.70		352,000,000.00	346,382,339.75		330,421,910.87
Total of the above	226,491,482.10	98,312,768.52	145,703,179.70		352,000,000.00	346,382,339.75		330,421,910.87
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Contents of other changes

None.

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

□ Yes √ No

**4. Restricted asset rights by the end of the reporting period**

Items	Book value at the end of the period	Restricted reasons
Monetary capital	5,480,466.03	Security deposits for application to banks for issuance of bank acceptance bills, bank deposits frozen in litigation, etc.

Fixed assets	333,098,600.00	Mortgage housing loan
Total	338,579,066.03	--

## VI. 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
46,000,000.00	0.00	100.00%

### 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	None	None	Not applicable	The industrial and commercial change was completed on February 5, 2021 and included in the scope of consolidation	0.00	-717,938.81	No	January 16, 2021	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Total	--	--	33,400,000.00	--	--	--	--	--	--	0.00	-717,938.81	--	--	--

**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	Dynanonic	10,000,000.00	Fair value measurements	31,033,991.99	-16,960,721.35	13,280,809.13		512,339.75	7,105,629.97	13,560,930.89	Trading financial assets	Own capitals
Total			10,000,000.00	--	31,033,991.99	-16,960,721.35	13,280,809.13	0.00	512,339.75	7,105,629.97	13,560,930.89	--	--
Disclosure date of announcement of Board of Directors for approval of securities investment			Not applicable										
Disclosure date of announcement of Shareholders' Meeting for approval of securities investment (if any)			Not applicable										

**(2) Derivatives investment**

√ applicable □ not applicable

Unit: 10,000 yuan



Name of derivative 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	Ending investment amount as % of the Company's ending net assets	Actual profit and loss amount in the reporting period
Bank	Non-related party	No	Forward settlement and sale of foreign exchange	33,155.50	2021/1/4	2021/12/31	0	33,155.50	0	0	33,155.50	6.73%	450.79
Bank	Non-related party	No	Forward settlement and sale of foreign exchange	6,635.50	2021/3/8	2021/12/31	0	6,635.50	0	0	6,635.50	1.35%	94.56
Total				39,791.00	--	--	0	39,791	0	0	39,791.00	8.08%	545.35
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 announcement of Shareholders' Meeting 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 risk of uncertain income. Therefore, the Company selects a bank with high credit rating and rich experience in</p>									

	<p>the foreign exchange trading market as the bank for the Company's engagement in foreign exchange trading business, and the risk of its bankruptcy that may bring losses to the Company is very low.</p> <p>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.</p> <p>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>
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>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 on the balance sheet date and the delivery exchange rate indicated in the forward contract signed by the bank with the same term as the remaining term of the forward contract, it is recognized as trading financial assets or liabilities. During the reporting period, the profit and loss of forward foreign exchange contracts of the Company was 5.4535 million yuan.</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	None
Special opinions of independent directors on derivatives investment and risk control of the Company	None

## VII. 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

**VIII. 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	RMB 14 million	386,053,421.43	309,958,801.40	166,417,599.85	33,704,452.07	30,329,229.86
Huizhou Topband Electrical Technology Co., Ltd.	Subsidiary	R&D, production, sales, import and export of electronic parts and components	RMB 300 million	3,422,932,581.13	1,057,271,286.09	2,317,404,565.31	101,851,607.85	93,926,431.46
Topband (Vietnam) Co., Ltd.	Sub-subsidiary	R&D, production, sales, import and export of electronic parts and components	USD 12.50 million	375,092,031.73	227,168,205.06	334,171,814.40	81,727,697.45	81,840,334.96

Note: The Company holds part of the equity of Shenzhen ORVIBO Technology Co., Ltd. During the reporting period, due to the improvement of ORVIBO's overall valuation, the change in the fair value of the equity held by the Company increased the Company's annual net profit by 93.347 million yuan in 2021.

**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

## IX. Situation of structured entity controlled by the Company

applicable  not applicable

## X. Risks faced by the Company and countermeasures

### 1. 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.

### 2. 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 avoid foreign exchange risks by conducting RMB hedging business, international procurement and re-pricing of new product.

### 3. Global operation risk

The Company provides more convenient services to customers by establishing operation centers and offices in foreign countries. There are potential risks arising from changes of national conditions and policies in the global operation.

### 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, and the lack of manpower will increase the uncertainty of the Company's operation.

## Section IV Corporate Governance

### I. 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	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
First Extraordinary General Meeting of Shareholders in 2021	Extraordinary General Meeting of Shareholders	28.12%	May 10, 2021	May 11, 2021	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

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

applicable  not applicable

### II. 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

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

applicable  not applicable

The Company plans not to distribute cash dividends or bonus shares or increase share capital with the provident fund for the semiannual period.

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

applicable  not applicable

##### **Implementation of the 2018 stock option incentive plan during the reporting period**

1. On January 14, 2021, the 5th Meeting of the 7th Board of Directors of the Company deliberated and approved the Proposal on Canceling the Stock Options Granted But Not Exercised by the Resigned Employees of the 2018 Stock Option Incentive Plan. Because 76 incentive objects including Huang Xinyu and Yang Shengcang resigned and left the Company for personal reasons, 2.773 million stock options granted but not exercised shall not be exercised, and were uniformly canceled by the Company.

2. 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 2018 Stock Option Incentive Plan Meeting 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. There were 569 incentive objects in the second exercise period of the 2018 stock option incentive plan, and the number of the exercisable stock options was 10.9851 million. Because from the announcement on March 9, 2021 to the vesting date, 39 incentive objects including Xie Yong and Wu Shi resigned and left the Company for personal reasons, 2.4479 million stock options granted but not exercised shall not be exercised and will be uniformly canceled by the Company. As the Company implemented the 2019 annual equity distribution plan, the exercise price was adjusted from 3.70yuan / share to 3.65yuan / share.

3. As of March 31, 2021, a total of 10.9326 million stock options of 566 incentive objects who met the exercise conditions in the second exercise period had been exercised, increasing the registered capital of the Company by 10.9326 million yuan.

4. On April 26, 2021, the 9th Meeting of the 7th Board of Directors and the 8th Meeting of the 7th Board of Supervisors deliberated and approved the Proposal on Adjusting the Exercise Price of the 2018 Stock Option Incentive Plan. Due to the implementation of the 2020 annual equity distribution plan, the exercise price was adjusted from 3.65 yuan / share to 3.60 yuan / share.

For details of the implementation of the 2018 stock option incentive plan, please refer to the announcements made by the Company on the Securities Times and [www.cninfo.com.cn](http://www.cninfo.com.cn) on January 16, 2021, March 9, 2021 and April 27, 2021.

## **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

No

There is no heavy pollution in the production process of the Company's products. The Company has always paid attention to the social public image of the enterprise, and has implemented environmental protection as an important part of its social responsibility, so as to ensure that industrial solid waste is effectively treated according to regulations, and that the discharge of various pollutants meets the national environmental protection standards.

The Company has passed ISO14001:2015 environmental management system certification, implemented HSPMQC08000 hazardous substance process management system, and established a series of procedure documents in terms of environmental factor identification and evaluation, environmental monitoring and measurement management, environmental communication management, waste water, waste gas and solid waste treatment control, hazardous substance identification and control, etc., clarifying the Company's environmental protection organization system and responsibilities under the environmental management system. The passing of the system certification and the establishment of relevant supporting systems of the Company show that the Company has realized institutionalized and operable arrangements in terms of environmental protection.

### **II. Social responsibility**

Not applicable

## Section VI Important Matters

### I. Completed commitments in the reporting period and overdue 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.	2007/6/12	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 in any way during his term of office.	2007/6/12	Long-term effective	Fulfill the commitment strictly
	All directors and senior executives of the Company	Other commitments	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. 2. I fully supported and cooperated with the Company in regulating the duty consumption	2020/4/29	On-going	Fulfill the commitment strictly



		<p>behavior of directors and senior executives.</p> <p>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 of Shareholders of the Company deliberated (if I have vote/voting right).</p> <p>6. If the Company would implement the employee equity incentive in the future, I would fully support the Company to link the arrangement of exercise conditions of the employee incentive with the implementation of the Company's compensation return measures. At the same time, I would vote in favor of the employee equity incentive proposal when the Board of Directors and the General Meeting of Shareholders of the Company deliberated (if I have vote/voting right).</p> <p>7. If I violate the above commitments, I would make an explanation and apologize</p>			
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			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.			
	Wu Yongqiang	Other commitments	<p>1. I would not abuse the position of the controlling shareholder/actual controller to interfere with the operation and management activities of the Company beyond my power and would not infringe the Company's interests under any circumstances.</p> <p>2. I would try my best to make the Company implement the compensation demand return measures.</p> <p>3. I would work hard to link the compensation system formulated by the Board of Directors or the Compensation Committee with the implementation of the Company's compensation return measures.</p> <p>4. I would work hard to link the exercise conditions (if any) of the corporate equity incentive to be published in the future with the implementation of the Company's compensation return measures.</p> <p>5. I would support the relevant proposals related to the implementation of the Company's compensation return measures and would vote for them (if I have voting right).</p> <p>6. After the issuance of this commitment, if there are other requirements in the relevant provisions of the regulatory institution on the compensation return measures and its commitment and the above commitments could not meet the relevant requirements of the regulatory institution, I promise that I would issue a supplementary commitment in accordance with the relevant provisions at that time.</p>	2020/4/29	On-going	Fulfill the commitment strictly

			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.			
	Wu Yongqiang	Other commitments	If Huizhou Topband Electrical Technology Co., Ltd., a wholly-owned subsidiary of Shenzhen Topband Co., Ltd., failed to bid for the land usage right of the plot DN-02-16 at the southeast of the intersection of Dongxin Avenue and Xing'an Road of Dongjiang High-tech Industrial Park in HZZK Hi-tech Industrial Development Zone to be used by "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).	2020/7/30	On-going	Fulfill the commitment 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.	2021/3/22	2021/9/22	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					

## **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. Appointment and dismissal of the accounting firm**

Has the semiannual financial report been audited

Yes  No

The semiannual report of the Company has not been audited.

## **V. Description of the “non-standard audit report” of the Accounting Firm in the reporting period by the Board of Directors and the Board of Supervisors**

applicable  not applicable

## **VI. Description of the Board of Directors on the "non-standard audit report" of last year**

applicable  not applicable

## **VII. Matters related to bankruptcy reorganization**

applicable  not applicable

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

## **VIII. Litigation matters**

Major litigation and arbitration matters

applicable  not applicable

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

Other litigation matters

applicable  not applicable

## **IX. Punishment and rectification**

applicable  not applicable

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

## **X. Integrity condition of the Company, its controlling shareholders and actual controllers**

applicable  not applicable

## **XI. 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 related financial companies and financial companies controlled by the Company**

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 financial companies controlled by the Company and the related parties.

## **6. Other major related transactions**

applicable  not applicable

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

## **XII. 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

The Company had no major guarantee during the reporting period.

### **3. Entrusted wealth management**

applicable  not applicable

Unit: 10,000 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	Others	35,240	11,650	0	0
Total		35,240	11,650	0	0

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

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

#### 4. Major contracts for daily operation

applicable  not applicable

#### 5. Other major contracts

applicable  not applicable

### XIII. Description of other major matters

applicable  not applicable

#### 1. Matters of the private issuing of stock in 2020

On April 29, 2021, the Company privately issued 92,105,263 A-share stocks to 14 subscribers at an issue price of 11.40yuan / 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).

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 92,105,26 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.

For details, please refer to the announcement made by the Company on the Securities Times and www.cninfo.com.cn on June 1, 2021.

2. During the reporting period, the book value of the Company's equity investment in ORVIBO increased than at the end of 2020, and the change in fair value increased the Company's annual net profit by 93.347 million yuan in 2021.

#### **XIV. Major matters of subsidiaries of the Company**

applicable  not applicable

1. On January 14, 2021, the 5th Meeting of the 7th Board of Directors of the Company 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. 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.



## Section VII Share Change and Shareholders

### I. Share change

#### 1. Share change

Unit: share

	Before this change		Changes in the period (+, -)					After this change	
	Quantity	Proportion	Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Others	Subtotal	Quantity	Proportion
I. Shares subject to conditional restriction(s)	198,249,297	17.46%	92,105,263 <sup>1</sup>			-3,180,000	88,925,263	287,174,560	23.19%
1. Shares held by the state		0.00%							0.00%
2. Shares held by state-owned legal persons		0.00%	3,508,771				3,508,771	3,508,771	0.28%
3. Shares held by other domestic capital	198,249,297	17.46%	88,596,492			-3,180,000	85,416,492	283,665,789	22.91%
Including: shares held by domestic legal persons		0.00%	85,964,914				85,964,914	85,964,914	6.94%
Shares held by domestic natural persons	198,249,297	17.46%	2,631,578			-3,180,000	-548,422	197,700,875	15.97%
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 restriction	936,967,512	82.54%	10,032,600 <sup>2</sup>			4,080,000	14,112,600	951,080,112	76.81%
1. RMB ordinary share	936,967,512	82.54%	10,032,600			4,080,000	14,112,600	951,080,112	76.81%
2. Domestic listed foreign shares		0.00%							0.00%
3. Overseas listed foreign shares		0.00%							0.00%
4. Others		0.00%							0.00%

III. Total number of shares	1,135,216,809	100.00%	102,137,863	0	0	900,000	103,037,863	1,238,254,672	100.00%
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Note 1: During the reporting period, the Company privately issued 92,105,263 shares to 14 subscribers. As of the end of the reporting period, all the shares were restricted shares;

Note 2: During the reporting period, 10,032,600 shares without restriction conditions were increased during the second exercise period of the Company's 2018 stock option incentive plan.

#### Reasons for share change

applicable  not applicable

The change in the Company's share capital during the reporting period was due to the following facts: the second exercise period of the 2018 stock option incentive plan complied with the exercise conditions, and the incentive objects increased 1,093.26 shares of share capital through independent exercise; and the non-public offering of shares increased the share capital by 92,105,263 shares.

#### Approval of share change

applicable  not applicable

1. The following decision-making procedures have been performed for the Company's stock option incentive plan:

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 10.9851 million.

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 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 Topbang Co., Ltd. (ZJXK [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.

Transfer of share change

applicable  not applicable

1. For the second exercise period of the 2018 stock option incentive plan, the exercise of 10.9851 million stock options was approved. As of the end of the reporting period, 1,093.26 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.

Implementation progress of share repurchase

applicable  not applicable

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

applicable  not applicable

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

Items	January to June 2021		January to December 2020	
	Calculation based on new share capital	Calculation based on original share capital	Calculation based on new share capital	Calculation based on original share capital

Basic earnings per share	0.35	0.38	0.43	0.47
Diluted earnings per share	0.35	0.37	0.43	0.47
Net assets per share attributable to the parent company	3.98	4.34	2.80	3.05

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

applicable  not applicable

## 2. Changes in restricted shares

applicable  not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the period	Desterilization number of restricted shares in the current period	Increase number of restricted shares in the current period	Number of restricted shares at the end of the period	Reasons for restricted shares	Date of lifting sales restriction
Wu Yongqiang	159,006,536	0	0	159,006,536	Executives lock-in shares	Not applicable
Ji Shuhai	24,613,981	4,125,000		20,488,981	Executives lock-in shares	Not applicable
Ma Wei	5,726,200	0	225,000	5,951,200	Executives lock-in shares	Not applicable
Peng Ganquan	2,922,674	0	270,000	3,192,674	Executives lock-in shares	Not applicable
Zheng Sibin	3,932,977	0	180,000	4,112,977	Executives lock-in shares	Not applicable
Wen Zhaohui	1,581,095	0	180,000	1,761,095	Executives lock-in shares	Not applicable
Dai Huijuan	239,709	0	0	239,709	Executives lock-in shares	Not applicable
Xiang Wei	226,125	0	90,000	316,125	Executives lock-in shares	Not applicable
Non-public offering of restricted shares in 2021	0	0	92,105,263	92,105,263	Restricted shares after non-public offering	December 3, 2021
Total	198,249,297	4,125,000	93,050,263	287,174,560	--	--

## II. Issuance and listing of securities

√ 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	Termination date of transaction	Disclosure index	Disclosure Date
Stock category								
Topband	2021/4/29	11.40	92,105,263	2021/6/3	0		http://www.cninfo.com.cn	2021/6/1

### Description of securities issuance during the reporting period

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 funds raised was 1,049,999,998.20 yuan. After deduction of the relevant issuance expenses of 13,152,929.49 yuan (excluding tax), the net amount of funds actually raised was 1,036,847,068.71 yuan, of which the increased share capital was 92,105,263.00 yuan, and the capital reserve increased by 944,741,805.71 yuan. The new shares in this non-public offering were listed on June 3, 2021, and their sale will be restricted and locked within 6 months from the date of listing of the new shares. For details, refer to the Report of Shenzhen Topband Co., Ltd. on the Issuance of Privately Issued A-Share Stocks and the Listing Announcement as published on www.cninfo.com.cn on June 1, 2021.

## III. Number of shareholders and shareholding situation of the Company

Unit: share

Total number of common shareholders at the end of the reporting period	72,451		Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)	0				
Shareholding of common shareholders holding more than 5% or the top 10 common shareholders								
Name of shareholder	Nature of shareholders	Shareholding Proportion	Number of ordinary shares held at the end of the reporting period	Increase and decrease in the reporting period	Restricted ordinary shares held	Unrestricted ordinary shares held	Pledge, marking or freezing	
							Share status	Quantity
Wu Yongqiang	Domestic natural	17.12%	212,008,715	0	159,006,536	53,002,179	Pledge	100,320,163

	person							
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	5.09%	62,973,224	48,699,664	0	62,973,224		
Ji Shuhai	Domestic natural person	2.21%	27,318,642	0	20,488,981	6,829,661		
First State Investment Management (UK) Limited - First State Global Umbrella Fund: First State Greater China Growth Fund	Overseas legal person	1.84%	22,835,255	-4,621,100	0	22,835,255		
National Social Security Fund 406 Portfolio	Others	1.57%	19,498,162	19,498,162	0	19,498,162		
Xie Renguo	Domestic natural person	1.48%	18,280,080	1,674,280	0	18,280,080		
Agricultural Bank of China Limited - Harvest Emerging Industry Equity Securities Investment Fund	Others	1.31%	16,185,354	16,185,354	5,001,953	11,183,401		
Harvest Fund - Guoxin Investment Co., Ltd. - Harvest Fund - Guoxin No. 2 Single Asset Management Plan	Others	1.07%	13,281,957	13,281,957	4,617,188	8,664,769		
Agricultural Bank of China Limited - Harvest Core Growth Hybrid Securities Investment Fund	Others	0.87%	10,806,815	10,806,815	0	10,806,815		
China Merchants Bank Co., Ltd. - Harvest Vision Selected Two-Year Holding Hybrid Securities Investment Fund	Others	0.72%	8,862,500	8,862,500	0	8,862,500		
The top 10 common shareholders of strategic investors or general legal persons due to placement of new shares (if any) (see Note 3)	None							
Description of the above shareholders' relationship or concerted action	Among the top ten shareholders, the fund manager of Agricultural Bank of China Limited - Harvest Emerging Industry Equity Securities Investment Fund, Harvest Fund - Guoxin Investment Co., Ltd. - Harvest Fund - Guoxin No. 2 Single Asset Management Plan, Agricultural Bank of China Limited -							

	Harvest Core Growth Hybrid Securities Investment Fund and China Merchants Bank Co., Ltd. - Harvest Vision Selected Two-Year Holding Hybrid Securities Investment Fund is Harvest Fund Management Co., Ltd. In addition to the foregoing, the Company does not know whether the top ten shareholders are related or whether they are persons acting in concert.		
Description of the above shareholders' entrusting / entrusted voting rights and waiver of voting rights	None		
Special explanations for the existence of special repurchase accounts among the top 10 shareholders (if any) (see Note 11)	At the end of the reporting period, the Company's special securities repurchase account held 14,838,920 ordinary shares in RMB of the Company, which accounted for 1.20% of the Company's total share capital.		
Shareholding of the top 10 common shareholders without trading restrictions			
Name of shareholder	Number of ordinary shares held without trading restrictions at the end of the reporting period	Types of shares	
		Types of shares	Quantity
Hong Kong Securities Clearing Company Ltd.	62,973,224	RMB ordinary share	62,973,224
Wu Yongqiang	53,002,179	RMB ordinary share	53,002,179
First State Investment Management (UK) Limited - First State Global Umbrella Fund: First State Greater China Growth Fund	22,835,255	RMB ordinary share	22,835,255
National Social Security Fund 406 Portfolio	19,498,162	RMB ordinary share	19,498,162
Xie Renguo	18,280,080	RMB ordinary share	18,280,080
Agricultural Bank of China Limited - Harvest Emerging Industry Equity Securities Investment Fund	11,183,401	RMB ordinary share	11,183,401
Agricultural Bank of China Limited - Harvest Core Growth Hybrid Securities Investment Fund	10,806,815	RMB ordinary share	10,806,815
China Merchants Bank Co., Ltd. - Harvest Vision Selected Two-Year Holding Hybrid Securities Investment Fund	8,862,500	RMB ordinary share	8,862,500
Harvest Fund - Guoxin Investment Co., Ltd. - Harvest Fund - Guoxin No. 2 Single Asset Management Plan	8,664,769	RMB ordinary share	8,664,769
China CITIC Bank Co., Ltd. - HFT Growth Value Hybrid Securities Investment Fund	8,336,482	RMB ordinary share	8,336,482
Description of the association relationship or concerted action between the top 10	Among the top ten shareholders, the fund manager of Agricultural Bank of China - Harvest Emerging Industry Equity Securities Investment Fund, Agricultural Bank of China - Harvest Core		

common shareholders without sale restriction conditions and between the top 10 common shareholders without sale restriction conditions and the top 10 common shareholders	Growth Hybrid Securities Investment Fund, China Merchants Bank - Harvest Vision Selected Two-Year Holding Hybrid Securities Investment Fund and Harvest Fund - Guoxin Investment Co., Ltd. - Harvest Fund - Guoxin No. 2 Single Asset Management Plan is Harvest Fund Management Co., Ltd. In addition to the foregoing, the Company does not know whether the top ten shareholders are related or whether they are persons acting in concert.
Description of the participation of the top 10 common shareholders in securities margin trading (if any) (see Note 4)	None

Whether the top 10 common shareholders and the top 10 shareholders of the ordinary share without trading restrictions have conducted the agreed repurchase transactions during the reporting period

Yes  No

The top 10 common shareholders of ordinary share and the top 10 shareholders of ordinary share without trading restrictions did not carry out the agreed repurchase transaction during the reporting period.

#### IV. Changes in shareholding of directors, supervisors and senior executives

applicable  not applicable

Name	Position	Position status	Number of shares held at the beginning of the period (shares)	Number of additional shares held in the current period (shares)	Number of shares reduced in the current period (shares)	Number of shares held at the end of the period (shares)	Number of restricted shares granted at the beginning of the period (shares)	Number of restricted shares granted in the current period (shares)	Number of restricted shares granted at the end of the period (shares)
Wu Yongqiang	Chairman of the Board	Incumbent	212,008,715			212,008,715			
Ji Shuhai	Director	Incumbent	27,318,642			27,318,642			
Zheng Sibin	Director and deputy general manager	Incumbent	5,243,970	240,000		5,483,970			
Ma Wei	Director and deputy general manager	Incumbent	7,634,934	300,000		7,934,934			
Peng Ganquan	Director	Incumbent	3,896,900	360,000		4,256,900			
Wu Hang	Director	Incumbent	0						
Hua	Independent	Incumbent	0						



Xiuping	director								
Shi Yun	Independent director	Outgoing	0						
Li Xumeng	Independent director	Incumbent	0						
Huang Yuegang	Independent director	Incumbent	0						
Wen Zhaohui	Deputy general manager, secretary of the Board and investment director	Incumbent	2,108,127	240,000		2,348,127			
Xiang Wei	Chief financial officer	Incumbent	301,500	120,000		421,500			
Dai Huijuan	Supervisor	Incumbent	319,612			319,612			
Kang Weiquan	Supervisor	Incumbent							
Chen Jinzhou	Supervisor	Outgoing	0						
Total	--	--	258,832,400	1,260,000 <sup>1</sup>		0 260,092,400	0	0	0

Note 1: Among the above increased shares held in the current period, the exercise of stock options by directors and senior executives increased by 1.2 million shares, and Ms. Wen Zhaohui, who served as deputy general manager, secretary of the Board of Directors and investment director in the Company, increased 60,000 shares in the secondary market.

## V. Change of controlling shareholder or actual controller

Change of controlling shareholders during the reporting period

applicable  not applicable

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

Change of actual controller during the reporting period

applicable  not applicable

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

## **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

Has the Semiannual Report been audited

Yes  No

The semiannual financial report of the Company has not been audited.

### II. Financial Statements

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

#### 1. Consolidated balance sheet

Prepared by: Shenzhen Topband Co., Ltd.

June 30, 2021

Unit: Yuan

Items	June 30, 2021	December 31, 2020
Current assets:		
Monetary capital	1,289,864,224.89	1,219,095,476.50
Settlement of provisions		
Loans to other banks		
Trading financial assets	330,421,910.87	226,491,482.10
Derivative financial assets		
Notes receivable	68,545,551.44	39,477,930.63
Accounts receivable	2,043,391,892.07	1,701,111,153.84
Receivables financing	289,248,841.88	246,656,027.27
Prepayments	31,232,814.57	17,735,229.99
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	19,880,174.91	40,728,126.64
Including: interest receivable		

Dividends receivable		
Repurchase of financial assets for resale		
Inventory	1,876,064,400.39	1,115,312,868.62
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	117,000,552.09	68,175,222.37
Total current assets	6,065,650,363.11	4,674,783,517.96
Non-current assets:		
Loans and advances granted		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	15,111,937.35	6,502,528.13
Other equity instrument investment		
Other non-current financial assets		
Investment real estate	88,106,690.01	89,238,265.71
Fixed assets	1,165,010,173.60	1,096,875,640.94
Construction in progress:	386,601,265.30	292,474,798.41
Productive biological assets		
Oil and gas assets		
Use right assets	69,398,303.91	
Intangible assets	367,214,534.15	309,794,540.63
Development expenditure	83,564,062.23	68,518,375.79
Goodwill	110,584,369.36	108,637,368.48
Long-term deferred expenses	83,025,073.79	72,077,671.09
Deferred income tax assets	77,026,168.91	55,192,974.75
Other non-current assets	107,814,528.35	34,639,355.39
Total non-current assets	2,553,457,106.96	2,133,951,519.32
Total assets	8,619,107,470.07	6,808,735,037.28
Current liabilities:		
Short-term loans	135,890,741.95	402,151,500.00
Borrowing money from the central bank		
Borrowed funds		

Trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,009,181,787.24	715,574,653.91
Accounts payable	1,882,551,558.88	1,549,906,339.72
Advance receipt	294,460.10	487,267.17
Contractual liabilities	78,883,302.66	72,576,117.56
Financial assets sold for repurchase		
Deposit absorption and interbank deposit		
Acting trading securities		
Acting underwriting securities		
Employee compensation payable	85,602,453.15	175,503,764.12
Taxes payable	34,339,526.87	60,256,015.60
Other payables	69,253,389.96	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	38,891,387.34	
Other current liabilities		
Total current liabilities	3,334,888,608.15	3,033,616,274.01
Non-current liabilities		
Insurance contract reserve		
Long-term loans	169,564,000.00	200,000,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	54,349,922.77	
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	15,984,300.00	14,624,770.00
Deferred income tax liabilities	26,520,140.43	11,819,861.30
Other non-current liabilities		

Total non-current liabilities	266,418,363.20	226,444,631.30
Total liabilities	3,601,306,971.35	3,260,060,905.31
Owner's equity:		
Share capital	1,238,254,672.00	1,135,216,809.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	1,960,086,381.40	956,734,039.75
Less: treasury shares	80,017,965.68	80,017,965.68
Other comprehensive income	-42,563,250.94	-24,555,229.97
Special reserve		
Surplus reserves	151,359,957.53	151,359,957.53
General risk provision		
Undistributed profit	1,696,564,549.49	1,324,944,369.91
Total owner's equity attributable to the parent company	4,923,684,343.80	3,463,681,980.54
Minority equity	94,116,154.92	84,992,151.43
Total owners' equity	5,017,800,498.72	3,548,674,131.97
Total liabilities and owners' equity	8,619,107,470.07	6,808,735,037.28

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

## 2. Balance sheet of the parent company

Unit: Yuan

Items	June 30, 2021	December 31, 2020
Current assets:		
Monetary capital	879,435,960.62	705,163,083.52
Trading financial assets	249,934,410.87	102,133,982.10
Derivative financial assets		
Notes receivable	35,595,124.85	6,939,021.98
Accounts receivable	1,270,734,326.96	896,265,475.70
Receivables financing	234,949,010.36	217,543,679.19
Prepayments	5,648,082.47	6,953,106.28
Other receivables	35,903,482.71	41,159,647.12
Including: interest receivable		

Dividends receivable		
Inventory	263,579,317.26	209,965,269.91
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	21,748,429.53	12,054,327.33
Total current assets	2,997,528,145.63	2,198,177,593.13
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	2,430,013,395.44	2,200,934,231.94
Other equity instrument investment		
Other non-current financial assets		
Investment real estate		
Fixed assets	134,147,372.89	120,829,877.70
Construction in progress:	1,435,904.64	2,392,458.84
Productive biological assets		
Oil and gas assets		
Use right assets	697,546.57	
Intangible assets	134,596,577.03	132,732,792.93
Development expenditure	61,286,664.99	44,248,718.56
Goodwill		
Long-term deferred expenses	24,319,292.31	27,739,322.93
Deferred income tax assets	42,163,062.25	27,692,977.98
Other non-current assets	9,917,663.95	6,997,597.90
Total non-current assets	2,838,577,480.07	2,563,567,978.78
Total assets	5,836,105,625.70	4,761,745,571.91
Current liabilities:		
Short-term loans	50,000,000.00	102,151,500.00
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	720,962,031.81	696,684,142.33
Accounts payable	352,811,969.26	471,203,775.42



Advance receipt		
Contractual liabilities	35,468,003.49	29,103,190.50
Employee compensation payable	33,507,303.52	91,953,399.79
Taxes payable	12,243,422.66	28,211,920.73
Other payables	298,986,605.60	299,042,515.61
Including: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	318,306.63	
Other current liabilities		
Total current liabilities	1,504,297,642.97	1,718,350,444.38
Non-current liabilities		
Long-term loans		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	337,314.33	
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	9,869,500.00	10,535,500.00
Deferred income tax liabilities	22,842,926.07	8,106,676.00
Other non-current liabilities		
Total non-current liabilities	33,049,740.40	18,642,176.00
Total liabilities	1,537,347,383.37	1,736,992,620.38
Owner's equity:		
Share capital	1,238,254,672.00	1,135,216,809.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	2,010,834,687.21	1,007,315,299.41
Less: treasury shares	80,017,965.68	80,017,965.68
Other comprehensive income	5,316,991.05	5,569,575.04
Special reserve		

Surplus reserves	151,331,439.07	151,331,439.07
Undistributed profit	973,038,418.68	805,337,794.69
Total owners' equity	4,298,758,242.33	3,024,752,951.53
Total liabilities and owners' equity	5,836,105,625.70	4,761,745,571.91

### 3. Consolidated income statement

Unit: Yuan

Items	Semiannual period of 2021	Semiannual period of 2020
I. Total operating income	3,644,045,612.40	1,997,427,900.70
Including: operating income	3,644,045,612.40	1,997,427,900.70
Interest income		
Premium earned		
Service charge and commission income		
II. Total operating costs	3,178,835,573.38	1,825,721,505.86
Including: Operating cost	2,765,295,741.39	1,526,098,258.54
Interest expense		
Service charge and commission payment		
Surrender value		
Net compensation expenditure		
Net reserve amount set aside for insurance liability		
Policy dividend payment		
Reinsurance expenses		
Taxes and surcharges	13,278,244.24	10,668,199.68
Sales expenses	76,889,884.59	59,922,424.82
Management expenses	94,842,819.69	66,326,771.94
Research and development expenses	174,767,726.31	133,752,741.51
Finance charges	53,761,157.16	28,953,109.37
Including: Interest expenses	6,676,232.42	27,903,509.75
Interest income	4,397,537.66	4,449,371.38
Plus: other income	12,006,181.38	19,504,668.08
Return on investment (loss marked with "-")	23,876,616.37	77,494,488.36
Including: income from investment in associated enterprises and joint ventures	-1,390,590.78	-144,574.55
Income from derecognition of financial assets measured at		

amortized cost		
Exchange gains (loss marked with "-")		
Net exposure hedge gain (loss marked with "-")		
Income from changes in fair value (loss marked with "-")	98,312,768.52	3,711,170.46
Credit impairment loss (loss marked with "-")	-15,163,819.96	2,991,413.90
Asset impairment loss (loss marked with "-")	-99,292,387.41	-23,788,421.51
Income from disposal of assets (loss marked with "-")	-317,178.75	-893,602.45
III. Operating profit (loss marked with "-")	484,632,219.17	250,726,111.68
Plus: non-operating income	1,581,081.80	977,834.68
Less: non-operating expenses	4,486,165.70	3,168,658.11
IV. Total profit (total loss marked with "-")	481,727,135.27	248,535,288.25
Less: income tax expense	45,639,842.16	27,524,309.02
V. Net profit (net loss marked with "-")	436,087,293.11	221,010,979.23
(I) Classification according to business continuity		
1. Net profit from continuing operation (net loss marked with "-")	436,087,293.11	221,010,979.23
2. Net profit from termination of operation (net loss marked with "-")		
(II) Classification according to ownership		
1. Net profits attributable to the owner of the parent company	428,185,704.03	208,913,599.16
2. Profits and losses of minority shareholders	7,901,589.08	12,097,380.07
VI. Net after-tax amount of other comprehensive income	-18,008,020.97	-5,441,663.04
Net after-tax amount of other comprehensive income attributable to the owner of the parent company	-18,008,020.97	-5,441,663.04
(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	-18,008,020.97	-5,441,663.04

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	-17,755,436.98	-5,441,663.04
7. Others	-252,583.99	
Net after-tax amount of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	418,079,272.14	215,569,316.19
Total consolidated income attributable to the owners of the parent company	410,177,683.06	203,471,936.12
Total consolidated income attributable to minority shareholders	7,901,589.08	12,097,380.07
VIII. Earnings per share:		
(I) Basic earnings per share	0.38	0.20
(II) Diluted earnings per share	0.37	0.19

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 yuan, and the net profit realized by the combined party in the previous period is 0 yuan.

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

#### 4. Income statement of the parent company

Unit: Yuan

Items	Semiannual period of 2021	Semiannual period of 2020
I. Operating income	2,161,935,231.31	1,263,648,661.10
Less: operating cost	1,795,042,018.32	1,047,271,899.65
Taxes and surcharges	4,438,662.57	5,684,505.03
Sales expenses	46,844,689.71	34,755,904.46
Management expenses	58,380,674.25	44,015,940.91
Research and development expenses	93,574,802.25	81,007,968.60
Finance charges	32,579,149.03	26,300,463.75

Including: Interest expense	1,261,238.91	23,717,076.39
Interest income	2,906,961.53	3,646,196.88
Plus: other income	4,582,626.08	12,634,521.80
Return on investment (loss marked with "-")	37,623,948.49	79,877,364.53
Including: income from investment in associated enterprises and joint ventures	-495,808.80	-144,574.55
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
Income from changes in fair value (loss marked with "-")	98,312,768.52	3,711,170.46
Credit impairment loss (loss marked with "-")	-9,738,998.19	2,353,332.04
Asset impairment loss (loss marked with "-")	-5,238,034.46	-4,583,523.18
Income from disposal of assets (loss marked with "-")	699,460.42	-308,498.91
II. Operating profit (loss marked with "-")	257,317,006.04	118,296,345.44
Plus: non-operating income	154,957.57	409,169.15
Less: non-operating expenses	2,818,249.19	1,962,144.73
III. Total profit (total loss marked with "-")	254,653,714.42	116,743,369.86
Less: income tax expense	30,387,565.98	13,615,774.91
IV. Net profit (net loss marked with "-")	224,266,148.44	103,127,594.95
(I) Net profit from continuing operation (net loss marked with "-")	224,266,148.44	103,127,594.95
(II) Net profit from termination of operation (net loss marked with "-")		
V. Net after-tax amount of other comprehensive income	0.00	0.00
(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	0.00	0.00
1. Other comprehensive income transferable to profits and	0.00	0.00

losses under the equity method		
2. Changes in the fair value of other debt investments	0.00	0.00
3. Amount of financial assets reclassified into other comprehensive income	0.00	0.00
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	-252,583.99	0.00
VI. Total comprehensive income	224,266,148.44	103,127,594.95
VII. Earnings per share:		
(I) Basic earnings per share	0.20	0.10
(II) Diluted earnings per share	0.20	0.10

## 5. Consolidated cash flow statement

Unit: Yuan

Items	Semiannual period of 2021	Semiannual period of 2020
I. Cash flow from operating activities:		
Cash received from selling goods and providing services	3,223,676,867.56	2,072,020,392.01
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	211,748,519.91	118,278,020.67
Receipt of other cash related to operating activities	31,046,302.40	68,964,767.70
Subtotal of cash inflow from operating activities	3,466,471,689.87	2,259,263,180.38
Cash paid for purchasing goods and accepting services	2,793,464,547.98	1,557,251,884.99
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	671,904,067.00	444,463,597.74
Various taxes paid	113,796,964.36	45,335,658.19
Other cash paid in connection with operating activities	113,011,848.65	93,075,786.27
Subtotal of cash outflow from operating activities	3,692,177,427.99	2,140,126,927.19
Net cash flow from operating activities	-225,705,738.12	119,136,253.19
II. Cash flow from investing activities:		
Cash received from investment recovery	349,382,339.75	337,273,086.77
Cash received as return on an investment	25,253,304.38	77,680,146.00
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	815,062.65	415,293.95
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	375,450,706.78	415,368,526.72
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	402,240,855.04	248,825,375.57
Cash paid for investment	371,250,000.00	317,000,000.00
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other business units	11,282,386.79	0.00
Other cash paid in connection with investment activities	0.00	0.00
Subtotal of cash outflow from investment activities	784,773,241.83	565,825,375.57
Net cash flow from investment activities	-409,322,535.05	-150,456,848.85
III. Cash flow from financing activities:		
Cash received from absorbing investment	1,078,017,195.75	44,442,375.30
Including: cash received by subsidiaries' absorption of minority shareholders' investment		
Cash received from loans	255,055,700.02	298,786,666.67
Other cash received in connection with financing activities	18,039,024.44	52,360,005.58
Subtotal of cash inflow from financing activities	1,351,111,920.21	395,589,047.55
Cash paid to repay debts	527,265,500.00	108,000,000.00
Cash paid to distribute dividends, profits or pay interest	65,867,823.74	83,169,748.80

Including: dividends and profits paid by subsidiaries to minority shareholders		4,061,400.15
Other cash paid in connection with financing activities	9,060,059.78	86,644,356.40
Subtotal of cash outflow from financing activities	602,193,383.52	277,814,105.20
Net cash flow from financing activities	748,918,536.69	117,774,942.35
IV. Impact of exchange rate fluctuations on cash and cash equivalents	-26,342,339.58	-210,323.52
V. Net increase in cash and cash equivalents	87,547,923.94	86,244,023.17
Plus: balance of cash and cash equivalents at the beginning of the period	1,196,835,834.93	761,845,320.50
VI. Balance of cash and cash equivalents at the end of the period	1,284,383,758.87	848,089,343.67

## 6. Cash flow statement of the parent company

Unit: Yuan

Items	Semiannual period of 2021	Semiannual period of 2020
I. Cash flow from operating activities:		
Cash received from selling goods and providing services	2,021,396,547.85	1,492,388,161.16
Tax rebates received	142,309,354.93	75,259,932.18
Receipt of other cash related to operating activities	424,206,181.63	452,608,881.68
Subtotal of cash inflow from operating activities	2,587,912,084.41	2,020,256,975.02
Cash paid for purchasing goods and accepting services	2,356,322,702.66	1,057,280,107.03
Cash paid to and for employees	269,073,726.98	220,884,221.13
Various taxes paid	44,861,325.36	13,941,413.27
Other cash paid in connection with operating activities	392,382,205.31	442,833,120.19
Subtotal of cash outflow from operating activities	3,062,639,960.31	1,734,938,861.62
Net cash flow from operating activities	-474,727,875.90	285,318,113.40
II. Cash flow from investing activities:		
Cash received from investment recovery	512,339.75	59,273,086.77
Cash received as return on an investment	38,119,757.29	80,005,428.67
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	564,922.65	312,800.00
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	39,197,019.69	139,591,315.44



Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	71,540,415.92	37,562,393.32
Cash paid for investment	279,794,442.93	281,643,000.00
Net cash paid for acquiring subsidiaries and other business units	0.00	0.00
Other cash paid in connection with investment activities	0.00	0.00
Subtotal of cash outflow from investment activities	351,334,858.85	319,205,393.32
Net cash flow from investment activities	-312,137,839.16	-179,614,077.88
III. Cash flow from financing activities:		
Cash received from absorbing investment	1,078,017,195.75	44,442,375.30
Cash received from loans	170,000,000.00	0.00
Other cash received in connection with financing activities	8,672,342.48	18,199,609.19
Subtotal of cash inflow from financing activities	1,256,689,538.23	62,641,984.49
Cash paid to repay debts	218,569,500.00	100,000,000.00
Cash paid to distribute dividends, profits or pay interest	57,431,645.93	75,722,595.33
Other cash paid in connection with financing activities	2,494,819.08	46,094,403.16
Subtotal of cash outflow from financing activities	278,495,965.01	221,816,998.49
Net cash flow from financing activities	978,193,573.22	-159,175,014.00
IV. Impact of exchange rate fluctuations on cash and cash equivalents	-9,917,875.85	-489,772.91
V. Net increase in cash and cash equivalents	181,409,982.31	-53,960,751.39
Plus: balance of cash and cash equivalents at the beginning of the period	696,490,741.04	367,236,925.96
VI. Balance of cash and cash equivalents at the end of the period	877,900,723.35	313,276,174.57

## 7. Consolidated statement of changes in owner's equity

Current amount

Unit: Yuan

Items	Semiannual period of 2021														
	Owner's equity attributable to the parent company												Minority equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	General risk provision	Undistributed profit	Others			Subtotal
		Preferr ed shares	Perpet ual bonds	Othe rs											
I. Ending balance of last year	1,135,216,809.00	0.00	0.00	0.00	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															0.00
Early error correction															0.00
Merger of enterprises under the same control															0.00
Others															0.00
II. Balance at the beginning of the current year	1,135,216,809.00	0.00	0.00	0.00	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		3,463,681,980.54	84,992,151.43	3,548,674,131.97
III. Amount of increase or decrease in the current period (decrease marked with "-")	103,037,863.00	0.00	0.00	0.00	1,003,352,341.65	0.00	-18,008,020.97	0.00	0.00	0.00	371,620,179.58		1,460,002,363.26	9,124,003.49	1,469,126,366.75
(I) Total comprehensive income							-18,008,020.97				428,185,704.03		410,177,683.06	7,901,589.08	418,079,272.14
(II) Capital invested and	103,037,863.00				976,663,746.46								1,079,701,609.46		1,079,701,609.46

reduced by owners																
1.Ordinary shares invested by owners	103,037,863.00				982,896,579.72								1,085,934,442.72		1,085,934,442.72	
2.Capital contributed by holders of other equity instruments															0.00	
3.Amount of share-based payment included in owner's equity					-6,232,833.26								-6,232,833.26		-6,232,833.26	
4.Others																
(III) Profit distribution													-56,565,524.45	-56,565,524.45	-5,197,835.08	-61,763,359.53
1.Withdrawal of surplus reserve																
2.Withdrawal of general risk provision																
3.Distribution to owners (or shareholders)													-56,565,524.45	-56,565,524.45	-5,197,835.08	-61,763,359.53
4.Others																
(IV) Internal carryover of owner's equity																
1.Conversion of capital 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.Others															
(V) Special reserve															
1.Withdrawal in the current period															
2.Use in the current period															
(VI) Others					26,688,595.19							26,688,595.19	6,420,249.49	33,108,844.68	
IV. Ending balance of the current period	1,238,254,672.00				1,960,086,381.40	80,017,965.68	-42,563,250.94		151,359,957.53		1,696,564,549.49		4,923,684,343.80	94,116,154.92	5,017,800,498.72

Amount of the previous period

Unit: Yuan

Items	Semiannual period of 2020														
	Owner's equity attributable to the parent company													Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	General risk provision	Undistributed profit	Others	Subtotal		
Preferred shares		Perpetual bonds	Others												
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															
Merger of enterprises under the same control															
Others															
II. Balance at the beginning of the current 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
III. Amount of increase or decrease in the current period (decrease marked with "-")	12,036,415.00			-21,976.27	37,931,231.49	20,008,353.16	-5,441,663.04		0.00		158,114,968.70		182,610,622.72	8,035,979.92	190,646,602.64
(I) Total comprehensive income							-5,441,663.04				208,913,599.16		203,471,936.12	12,097,380.07	215,569,316.19
(II) Capital invested and reduced by owners	12,036,415.00			-21,976.27	37,108,916.43	20,008,353.16							29,115,002.00		29,115,002.00

1. Ordinary shares invested by owners	12,014,700.00				39,748,172.38								51,762,872.38		51,762,872.38	
2. Capital contributed by holders of other equity instruments	21,715.00			-21,976.27	98,540.52								98,279.25		98,279.25	
3. Amount of share-based payment included in owner's equity					4,582,020.53								4,582,020.53		4,582,020.53	
4. Others					-7,319,817.00	20,008,353.16							-27,328,170.16		-27,328,170.16	
(III) Profit distribution													-50,798,630.46	-50,798,630.46	-4,061,400.15	-54,860,030.61
1. Withdrawal of surplus reserve																
2. Withdrawal of general risk provision																
3. Distribution to owners (or shareholders)													-50,798,630.46	-50,798,630.46	-4,061,400.15	-54,860,030.61
4. Others																
(IV) Internal carryover of owner's equity																
1. Conversion of capital 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.Others															
(V) Special reserve															
1.Withdrawal in the current period															
2.Use in the current period															
(VI) Others				822,315.06								822,315.06		822,315.06	
IV. Ending balance of the current period	1,030,812,184.00		104,513,902.97	494,487,513.81	80,017,965.68	-8,501,425.10		127,284,211.74		1,024,416,900.81		2,692,995,322.55	132,818,520.82	2,825,813,843.37	

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

Current amount

Unit: Yuan

Items	Semiannual period of 2021											
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
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												
Others												
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 increase or decrease in the current period (decrease marked with "-")	103,037,863.00				1,003,519,387.80		-252,583.99			167,700,623.99		1,274,005,290.80
(I) Total comprehensive income							-252,583.99			224,266,148.44		224,013,564.45
(II) Capital invested and reduced by owners	103,037,863.00				976,663,746.46							1,079,701,609.46
1. Ordinary shares invested by owners	103,037,863.00				982,896,579.72							1,085,934,442.72
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in owner's equity					-6,232,833.26							-6,232,833.26



4.Others												
(III) Profit distribution										-56,565,524.45		-56,565,524.45
1.Withdrawal of surplus reserve												
2.Distribution to owners (or shareholders)										-56,565,524.45		-56,565,524.45
3.Others												
(IV) Internal carryover of owner's equity												
1.Conversion of capital 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.Others												
(V) Special reserve												
1.Withdrawal in the current period												
2.Use in the current period												
(VI) Others					26,855,641.34							26,855,641.34
IV. Ending balance of the current period	1,238,254,672.00				2,010,834,687.21	80,017,965.68	5,316,991.05		151,331,439.07	973,038,418.68		4,298,758,242.33

Amount of the previous period

Unit: Yuan

Items	Semiannual period of 2020											
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
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												
Others												
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 with "-")	12,036,415.00			-21,976.27	37,931,231.45	20,008,353.16				52,328,964.50		82,266,281.52
(I) Total comprehensive income										103,127,594.95		103,127,594.95
(II) Capital invested and reduced by owners	12,036,415.00			-21,976.27	37,108,916.39	20,008,353.16						29,115,001.96
1. Ordinary shares invested by owners	12,014,700.00				39,748,172.38							51,762,872.38
2. Capital contributed by holders of other equity instruments	21,715.00			-21,976.27	98,540.52							98,279.25
3. Amount of share-based payment included in owner's equity					4,582,020.49							4,582,020.49
4. Others					-7,319,817.00	20,008,353.16						-27,328,170.16
(III) Profit distribution										-50,798,630.45		-50,798,630.45

1.Withdrawal of surplus reserve												
2.Distribution to owners (or shareholders)										-50,798,630.45		-50,798,630.45
3.Others												
(IV) Internal carryover of owner's equity												
1.Conversion of capital 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												
(V) Special reserve												
1.Withdrawal in the current period												
2.Use in the current period												
(VI) Others					822,315.06							822,315.06
IV. Ending balance of the current period	1,030,812,184.00			104,513,902.97	495,876,032.83	80,017,965.68				127,255,693.28	691,783,677.49	2,370,223,524.89

### **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: 1,135,216,809.00 yuan

Share capital: 1,135,216,809.00 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

Unified social credit code: 91440300192413773Q

#### **(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 ZJXX [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 (ZJXX [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” 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 document of "SZS [2019] No. 164" 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.

The 6th Meeting of the 7th Board of Directors 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. As the incentive objects Cheng Xuejing and Lin Qiao resigned and left the Company for personal reasons, 80,500 stock options granted but not exercised shall not be exercised and shall be uniformly canceled by the Company. The procedures such as the review of the adjustment of the number of such options will be performed later. As of June 30, 2021, a total of 10.9326 million stock options were exercised by 565 incentive objects in the second exercise period, increasing the Company's share capital by 10.9326 million yuan. After the exercise of the stock options, the share capital increased to 1,146,149,409.00 yuan.

According to the resolution of the 2019 Annual General Meeting of Shareholders held by the Company in 2020 and based on the approval in the CSRC's document numbered ZJXX [2020] No. 1865, the Company privately issued not more than 309,243,655 new shares. On May 20, 2021, the Company privately issued 92,105,263 ordinary shares (A shares) in RMB to specific investors at the price of 11.40 yuan per share. After the

issuance, the registered capital of the Company was increased to 1,238,254,672.00 yuan.

### **(III) Submission of financial report**

The financial report is approved and submitted by the Board of Directors of the Company on July 26, 2021.

From January to June 2021, there are 30 subsidiaries and sub-subsidiaries of the Company included in the scope of merger. For details, please refer to Interests in Other Entities in Note 9. The merger scope of the Company in the reporting period increased by 6 compared with that in the previous year. For details, please refer to Note 8 "Changes in the Scope of Consolidation".

## **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:

<b>Aging</b>	<b>Estimated loss of accounts receivable (note)</b>	<b>Estimated loss of other receivables</b>
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 Company has referred to the historical experience of credit loss and adjusted it based on the 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 wrappings), 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.

### **16. Contractual assets**

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 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 real estate**

Measurement model of investment real estate

Measurement with cost method

Depreciation or amortization method

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

2. Investment real estate is measured initially at cost and subsequently with cost model. The provision for depreciation and amortization of the investment real estate are made in the way as used for fixed assets and intangible assets. If there is any sign showing that the investment real estate 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 real estate, and depreciated or amortized it in accordance with the policy as used for the buildings or land use rights.

See Note III (21) "Long-term assets impairment" for details of the methods for impairment test and provision of impairment reserve applicable to investment real estate.

If the real estate for private use or inventory is converted to an investment real estate or the investment real estate 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 real estate is changed to private use, this investment real estate 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 real estate from the date of change. If any asset is converted into an investment real estate 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 real estate 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 real estate shall be de-recognized if this investment real estate 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 real estate 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

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.

The straight-line method shall be used to calculate the depreciation of the fixed assets of the company, and the service life and depreciation methods of the fixed assets shall be checked at the end of each year based on the estimated net residual value and service life of various types of fixed assets. If there is a significant variance with the estimation, adjustment shall be made accordingly. If the provision for impairment is not considered, the depreciable life and the yearly depreciation, according to the type, estimated economic useful life and estimated net residual value of the fixed assets, shall be determined respectively as follows:

### (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

If the provision for impairment is considered, the depreciation during each period shall be determined and calculated according to the book value of a single fixed asset minus provision for impairment and the remaining depreciable life. If there is any sign showing that a fixed asset 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.

### **(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 service life of the leased asset [generally, it accounts for more than 75% (including 75%)] of the service 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. Use right assets**

On the beginning date of the lease term, the Company recognizes the right to use the leased asset within the lease term as a use right asset, including: the initial measurement amount of the lease liability; for the lease payment paid on or before the beginning date of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted; initial direct expenses incurred by the lessee; and the estimated cost to be incurred by the lessee in dismantling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the lease terms. The Company subsequently makes provision for the depreciation of the use right asset using the straight-line method. 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 by the Company. When the Company remeasures the lease liability according to the present value of the changed lease payment and adjusts the book value of the use right asset accordingly, if the book value of the use right asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company shall include the remaining amount in the current profits and losses. For the impairment test method and impairment provision method of use right assets, see Note 31: Long-term assets impairment.

**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 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 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.

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. Specific revenue recognition method of the Company

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 In case customers take delivery of commodities in cash, the Company shall consider that risks and rewards of the ownership of products have been transferred to customers, and shall confirm the sales

revenue. ② In case of advance collection and settlement, the receiving order shall be confirmed by the opposite customer after delivery, then the Company shall consider that risks and rewards of the ownership of products have been transferred to customers, and shall confirm the sales revenue. ③ In case of sale on credit, customers shall settle according to the account period, and shall obtain the confirmation receipt from the opposite customer after delivery according to Customers' order, so as to transfer risks and rewards of product ownership to customers; besides, the Company shall confirm 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 relevant declaration documents to transfer risk reward, and record the sales 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

None

#### **40. Government subsidies**

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

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

3. Government subsidies calculated by adopting the gross method

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

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

4. Government subsidies calculated by adopting the net method

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

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

5. 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 income tax assets / Deferred income tax liabilities**

1. It is required to calculate and recognize the deferred income 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 income 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 income tax assets not recognized in the previous accounting period shall be recognized on the balance sheet date.

3. The book value of deferred income 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 income tax assets in the future, the book value of the deferred income 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 income 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. Lessee

When the Company is a lessee, except for short-term leases and low-value asset leases with simplified treatment, the use right assets and lease liabilities shall be recognized for the lease on the beginning date of the lease term.

After the beginning date of the lease term, the Company adopts the cost model for subsequent measurement of the use right assets. The provision for the depreciation of the use right assets shall be made with reference to the relevant depreciation provisions of the Accounting Standards for Business Enterprises No. 4 - Fixed Assets. If the lessee can reasonably determine that it will obtain the ownership of the leased asset upon the expiration of the lease term, it shall make provision for the depreciation within the remaining service life of the leased asset. 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 use right assets are impaired in accordance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, and carries out accounting treatment for the identified impairment losses.

The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate and includes it in the current profit and loss. If it shall be included in the relevant asset cost according to the Accounting Standards for Business Enterprises No. 17 - Borrowing Costs and other standards, the provisions thereof shall apply.

For short-term leases and low-value asset leases, the Company chooses not to recognize use right assets and lease liabilities, and the lease payments for short-term leases and low-value asset leases are included in the relevant asset cost or current profit and loss according to the straight-line method in each period of the lease term.

#### 2. Lessor

If the Company is the lessor, it adopts the straight-line method to recognize the lease receipts of operating leases as rental income during each period of the lease term. The initial direct expenses related to operating leases shall be capitalized, amortized on the same basis as the recognition of rental income during the lease term, and included in the current profit and loss by stages.



For the fixed assets in the operating lease assets, the Company shall adopt the depreciation policy of similar assets for depreciation; other operating lease assets shall be amortized by systematic and reasonable methods in accordance with the accounting standards for business enterprises applicable to the assets. The Company determines whether the operating lease assets are impaired in accordance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, and carries out corresponding accounting treatment.

## **(2) Accounting treatment of financing lease**

### **1. Lessee**

When the Company is a lessee, except for short-term leases and low-value asset leases with simplified treatment, the use right assets and lease liabilities shall be recognized for the lease on the beginning date of the lease term.

After the beginning date of the lease term, the Company adopts the cost model for subsequent measurement of the use right assets. The provision for the depreciation of the use right assets shall be made with reference to the relevant depreciation provisions of the Accounting Standards for Business Enterprises No. 4 - Fixed Assets. If the lessee can reasonably determine that it will obtain the ownership of the leased asset upon the expiration of the lease term, it shall make provision for the depreciation within the remaining service life of the leased asset. 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 use right assets are impaired in accordance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, and carries out accounting treatment for the identified impairment losses.

The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate and includes it in the current profit and loss. If it shall be included in the relevant asset cost according to the Accounting Standards for Business Enterprises No. 17 - Borrowing Costs and other standards, the provisions thereof shall apply.

For short-term leases and low-value asset leases, the Company chooses not to recognize use right assets and lease liabilities, and the lease payments for short-term leases and low-value asset leases are included in the relevant asset cost or current profit and loss according to the straight-line method in each period of the lease term.

### **2. Lessor**

If the Company is a lessor, on the beginning date of the lease term, the finance lease receivables shall be recognized for the financing lease, the finance lease assets shall be derecognized, and the interest income in each period within the lease term shall be calculated and recognized according to the fixed periodic interest rate.

#### **43. Other important accounting policies and accounting estimation**

##### Hedge accounting

The hedge means the risk management activity where the enterprise designates the financial instruments as the hedge instruments for the risk exposure due to the management of the specific risks such as foreign exchange risk, interest rate risk, price risk, credit risk so that the fair value or the cash flow changes, which is expected to counteract 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 sequent periods, especially for the analysis 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 use right assets and lease liabilities must be recognized;
2. For the use right 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 use right 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 use right 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 use right 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

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			
Trading 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	68,175,222.37	68,175,222.37	

Total current assets	4,674,783,517.96	4,674,783,517.96	
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 real estate	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			
Use right assets		30,939,385.41	30,939,385.41
Intangible assets	309,794,540.63	309,794,540.63	
Development expenditure	68,518,375.79	68,518,375.79	
Goodwill	108,637,368.48	108,637,368.48	
Long-term deferred expenses	72,077,671.09	72,077,671.09	
Deferred income 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	2,133,951,519.32	2,164,890,904.73	30,939,385.41
Total assets	6,808,735,037.28	6,839,674,422.69	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 income 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	956,734,039.75	956,734,039.75	
Less: 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	1,324,944,369.91	1,324,944,369.91	
Total owner's equity attributable to the parent company	3,463,681,980.54	3,463,681,980.54	
Minority equity	84,992,151.43	84,992,151.43	
Total owners' equity	3,548,674,131.97	3,548,674,131.97	
Total liabilities and owners' equity	6,808,735,037.28	6,839,674,422.69	30,939,385.41

#### Adjustment situation representation

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 use right 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	
Trading 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 real estate			
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			
Use right 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 income 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 income 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	
Less: 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 situation representation

None

**(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**

None

**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%
City maintenance and construction tax	Actually paid goods turnover tax	7%
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%
Shenzhen Topband Software Technology Co., Ltd.	15%
Shenzhen Topband Automation Technology Co., Ltd.	25%
Chongqing Topband Industrial Co., Ltd.	25%
Huizhou Topband Electrical Technology Co., Ltd.	15%
Shenzhen Topband Lithium Battery Co., Ltd.	15%
Shenzhen YAKO Automation Technology Co., Ltd.	15%
Shenzhen Yansheng Software Co., Ltd.	12.5%
Topband (Hong Kong) Co., Ltd.	16.5%
TOPBAND INDIA PRIVATE LIMITED	25.17%
Shenzhen Allied Control System Co., Ltd.	15%
Huizhou Topband Lithium Battery Co., Ltd.	25%
Topband (Qingdao) Intelligent Control Co., Ltd.	25%
Shenzhen Meanstone Intelligent Technology Co., Ltd.	20%
Topband (Vietnam) Co., Ltd.	20%
Hangzhou Zhidong Motor Technology Co., Ltd.	25%
TOPBAND SMART DONGNAI(VIETNAM) Co., Ltd.	20%
Shenzhen Topband Supply Chain Services Co., Ltd.	25%
Shenzhen Spark IOT Technology Co., Ltd.	20%
Shenzhen Topband Investment Co., Ltd.	25%
Topband Germany GmbH	15.825%
Shenzhen Senxuan Technology Co., Ltd.	20%
TOPBAND JAPAN Co., Ltd.	22.46%
Shenzhen Tengyi Industrial Co., Ltd.	20%
Taixing Ninghui Lithium Battery Co., Ltd.	25%
Topband (Qingdao) Intelligent Control Co., Ltd.	25%
Shenzhen Zhongli Consulting Co., Ltd.	20%
Shenzhen Tulu Innovation Co., Ltd.	20%
Tulu Innovation (Hong Kong) Limited	16.5%

## 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 October 16, 2018, Shenzhen Yansheng Software Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR201844200095 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 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 November 9, 2018, Shenzhen Topband Lithium Battery Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR201844202311 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 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 November 9, 2018, Shenzhen Allied Control System Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR201844202356 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 2018 to 2021 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 November 9, 2018, Shenzhen YAKO Automation Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR201844204122 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 2018 to 2021 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 November 9, 2018, Huizhou Topband Electrical Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR201844010394 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 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 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 July 11, 2018, the Ministry of Finance and the State Taxation Administration issued CS [2018] No. 77 Notice on Further Strengthening the Efforts in Preferential Income Tax Policies for Small and Low-Profit Enterprises. According to the Notice, from January 1, 2018 to December 31, 2020, the cap of the annual taxable income of small and low-profit enterprises shall be increased from 500,000 yuan to 1 million yuan, and the small

and low-profit enterprises with annual taxable income of less than 1 million yuan (inclusive) shall pay their corporate income taxes at 20% of tax rate with including their incomes reduced by 50% into their taxable incomes. Shenzhen Meanstone Intelligent Technology Co., Ltd., a subsidiary of the Company, was recognized as a small and micro business, and shall apply 20% tax rate for its corporate income tax from 2018 to 2020.

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. 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., and Shenzhen Tengyi Industrial Co., Ltd. that are subsidiaries and sub-subsidiaries.

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.

### **3. Others**

Topband (Hong Kong) Co., Ltd. (hereinafter referred to as "Hong Kong Topband") is a subsidiary of the Company. It is established in Hong Kong Special Administrative Region and is subject to 16.5% of profit tax rate.

TOPBAND INDIA PRIVATE LIMITED is a subsidiary of the Company. It is established in India and is subject to 25.17% of income tax rate.



Topband (Vietnam) Co., Ltd. is a sub-subsidiary of the Company. It is established in Vietnam and is subject to 20% of income tax rate.

TOPBAND SMART DONGNAI (VIETNAM) Co., Ltd. is a sub-subsidiary of the Company. It is established in Vietnam and is subject to 20% of income tax rate.

Topband Germany GmbH is a sub-subsidiary of the Company. It is established in Germany and is subject to 15.825% of income tax rate.

TOPBAND JAPAN Co., Ltd. is a sub-subsidiary of the Company. It is established in Japan and is subject to 22.46% of corporate income tax rate.

Tulu Innovation (Hong Kong) Co., Ltd. (hereinafter referred to as "Hong Kong Tulu"), a sub-sub-subsidiary of the Company, is an enterprise established in the Hong Kong Special Administrative Region and implements a profit tax rate of 16.5%.

## VII. Notes to Items of Consolidated Financial Statements

### 1. Monetary capital

Unit: Yuan

Items	Ending balance	Beginning balance
Cash on hand	712,197.18	604,492.12
Bank deposit	1,271,197,999.84	1,196,226,680.89
Other monetary capital	17,954,027.87	22,264,303.49
Total	1,289,864,224.89	1,219,095,476.50
Including: total amount deposited abroad	158,988,673.32	153,809,647.09
Total amount restricted for use due to mortgage, pledge or freezing, etc.	5,480,466.03	22,264,303.49

Other description:

The restricted part of other monetary funds at the end of the period includes the guarantee amount of 4,719,904.03 yuan for bank acceptance bill deposits and letters of guarantee and the frozen funds of in 760,562.00 yuan in labor arbitration; the unrestricted accounts include the amount of 12,335,497.27 yuan in Huatai Securities Account and China Securities Depository and Clearing Company Limited Account and the e-commerce platform collection amount of 138,064.57 yuan.

**2. Trading financial assets**

Unit: Yuan

Items	Ending balance	Beginning balance
Financial assets measured at fair value with changes included in the current profits and losses	330,421,910.87	226,491,482.10
Including:		
Financial products	116,500,000.00	112,970,000.00
Investment in equity instruments	208,468,430.89	113,521,482.10
Others	5,453,479.98	
Total	330,421,910.87	226,491,482.10

**3. Derivative financial assets**

None

**4. Notes receivable****(1) Notes receivable listed by category**

Unit: Yuan

Items	Ending balance	Beginning balance
Bank acceptance bill	57,981,029.52	33,560,579.23
Commercial acceptance bill	10,564,521.92	5,917,351.40
Total	68,545,551.44	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	57,981,029.52	99.90%		0.00%	57,981,029.52	33,560,579.23	99.90%			33,560,579.23
Including:										
Bank acceptance bill	57,981,029.52	99.90%		0.00%	57,981,029.52	33,560,579.23	99.90%			33,560,579.23
Notes receivable with provision for bad debts by portfolio	10,902,499.40	0.10%	337,977.48	3.10%	10,564,521.92	6,106,657.79	0.10%	189,306.39	3.10%	5,917,351.40
Including:										
Commercial acceptance bill	10,902,499.40	0.10%	337,977.48	3.10%	10,564,521.92	6,106,657.79	0.10%	189,306.39	5.00%	5,917,351.40
Total	68,883,528.92	100.00%	337,977.48	0.01%	68,545,551.44	39,667,237.02	100.00%	189,306.39	0.00%	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	57,981,029.52	0.00	0.00%	No risk of cashing bank acceptance bill
Total	57,981,029.52	0.00	--	--

Provision for bad debts by portfolio: 337,977.48

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Commercial acceptance bill	10,902,499.40	337,977.48	3.10%
Total	10,902,499.40	337,977.48	--

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	Others	
Provision for bad debts - notes receivable	189,306.39	148,671.09				337,977.48
Total	189,306.39	148,671.09				337,977.48

Of which the amount of provision for bad debts recovered or reversed in current period is significant

 applicable  not applicable**(3) Notes receivable pledged by the Company at the end of the period** applicable  not applicable**(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	353,505,320.01	
Commercial acceptance bill	2,625,670.04	
Total	356,130,990.05	

**(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	5,737,558.17	0.27%	5,737,558.17	100.00%	0.00	3,787,463.00	0.21%	3,787,463.00	100.00%	0.00
Including:										
Accounts receivable with a single significant amount and single bad debt provision	1,712,057.63	0.08%	1,712,057.63	100.00%	0.00					
Accounts receivable with insignificant single amount but single provision made for bad debts	4,025,500.54	0.19%	4,025,500.54	100.00%	0.00	3,787,463.00	0.21%	3,787,463.00	100.00%	0.00
Accounts receivable with provision for bad debts by portfolio	2,112,835,192.14	99.73%	69,443,300.07	3.29%	2,043,391,892.07	1,758,425,185.47	99.79%	57,314,031.63	3.26%	1,701,111,153.84
Including:										
Accounts receivable with provision for bad debts by aging combination	2,112,835,192.14	99.73%	69,443,300.07	3.29%	2,043,391,892.07	1,758,425,185.47	99.79%	57,314,031.63	3.26%	1,701,111,153.84
Total	2,118,572,750.31	100.00%	75,180,858.24	3.55%	2,043,391,892.07	1,762,212,648.47	100.00%	61,101,494.63	3.47%	1,701,111,153.84

Single provision for bad debts: 5,737,558.17

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	1,712,057.63	1,712,057.63	100.00%	It is difficult to recover
Accounts receivable with insignificant single amount but single provision made for bad debts	4,025,500.54	4,025,500.54	100.00%	It is difficult to recover
Total	5,737,558.17	5,737,558.17	--	--

Provision for bad debts by portfolio: 69,443,300.07

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Within 1 year	2,068,294,754.73	64,032,008.93	3.10%
1 to 2 years	40,075,933.50	3,622,864.39	9.04%
2 to 3 years	2,654,776.63	586,971.12	22.11%
3 to 4 years	1,156,380.49	549,396.37	47.51%
4-5 years	8,180.00	6,892.47	84.26%
Over 5 years	645,166.80	645,166.80	100.00%
Total	2,112,835,192.14	69,443,300.07	--

## Disclosure by aging

Unit: Yuan

Aging	Ending balance
Less than 1 year (including 1 year)	2,074,032,312.89
1 to 2 years	40,075,933.50
2 to 3 years	2,654,776.63
More than 3 years	1,809,727.29
3 to 4 years	1,156,380.49
4 to 5 years	8,180.00
Over 5 years	645,166.80
Total	2,118,572,750.31

## (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	Others	
Accounts receivable with provision for bad debts by single item	3,787,463.00	1,950,095.17				5,737,558.17
Accounts receivable with provision for bad debts by portfolio	57,314,031.63	12,209,373.44		80,105.00		69,443,300.07
Total	61,101,494.63	14,159,468.61		80,105.00		75,180,858.24

## (3) Accounts receivable actually written off in current period

Unit: Yuan

Items	Write-off amount
Accounts receivable actually written off	80,105.00

Of which the significant write-offs of accounts receivable:

Unit: Yuan

Name of Entity	Nature of accounts receivable	Write-off amount	Reasons for write off	Write-off procedures performed	Whether the amount was generated by related transactions
Shanghai Haoze Noorey Environmental Protection Technology Co., Ltd.	Payment for goods	80,000.00	It is not expected to be recovered		No
Shenzhen Xiongtao Lithium Battery Co., Ltd.	Payment for goods	105.00	It is not expected to be recovered		No
Total	--	80,105.00	--	--	--

#### (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	548,318,747.84	25.88%	16,997,881.18
No.2	86,182,630.10	4.07%	2,671,661.53
No.3	74,623,188.11	3.52%	2,313,318.83
No.4	72,586,233.44	3.43%	2,250,173.24
No.5	53,183,957.62	2.51%	1,648,702.69
Total	834,894,757.11	39.41%	

#### (5) Accounts receivable derecognized due to transfer of financial assets

applicable  not applicable

#### (6) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

applicable  not applicable

#### 6. Receivables financing

Unit: Yuan

Items	Ending balance	Beginning balance
Notes receivable	140,104,632.86	90,426,713.39
Accounts receivable	149,144,209.02	156,229,313.88
Total	289,248,841.88	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 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	4,843,108.73			4,843,108.73
Reversal in current period	219,638.25			219,638.25
Balance on June 30, 2021	4,623,470.48			4,623,470.48

## 7. Prepayments

### (1) Prepayments are listed by aging

Unit: Yuan

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	30,215,158.44	83.63%	16,968,264.14	95.68%
1 to 2 years	920,219.12	15.53%	627,825.07	3.54%
2 to 3 years	47,508.97	0.26%	113,188.10	0.64%
More than 3 years	49,928.04	0.58%	25,952.68	0.15%
Total	31,232,814.57	--	17,735,229.99	--

### (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 6,507,824.26



yuan, accounting for 20.84% of the total ending balances of prepayments.

## 8. Other receivables

Unit: Yuan

Items	Ending balance	Beginning balance
Other receivables	19,880,174.91	40,728,126.64
Total	19,880,174.91	40,728,126.64

### (1) Interest receivable

applicable  not applicable

### (2) Dividends receivable

applicable  not applicable

### (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
VAT rebate	1,698,394.56	23,817,036.82
Employee loans	7,493,171.55	7,886,380.07
Reserve fund	79,316.67	
Margin, deposit	13,205,256.61	11,276,827.12
Compensation	33,648.22	
Others	683,479.54	187,249.47
Total	23,193,267.15	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	Expected credit loss for the entire duration (no credit	Expected credit loss for the entire duration (credit	

	12 months	impairment)	impairment occurred)	
Balance as of January 1, 2021	2,439,366.84			2,439,366.84
Balance as of January 1, 2021 in the current period	—	—	—	—
Accrued in current period	873,725.40			873,725.40
Balance on June 30, 2021	3,313,092.24	0.00	0.00	3,313,092.24

Changes in book balance with significant changes in loss reserves in current period

applicable  not applicable

Disclosure by aging

Unit: Yuan

Aging	Ending balance
Less than 1 year (including 1 year)	12,445,998.20
1 to 2 years	5,225,223.50
2 to 3 years	2,655,079.87
More than 3 years	2,866,965.58
3 to 4 years	2,819,951.11
4 to 5 years	5,000.00
Over 5 years	42,014.47
Total	23,193,267.15

### 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	Others	
Provision for bad debts	2,439,366.84	873,725.40				3,313,092.24
Total	2,439,366.84	873,725.40				3,313,092.24

### 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	Rent deposit	2,168,401.92	Within one year: 2,030,629.92; 1-2 years: 137,772	9.35%	115,308.70
No.2	VAT export tax rebate	1,698,394.56	Within 1 year	7.32%	
No.3	Margin, deposit	1,630,359.50	3 to 4 years	7.03%	815,179.75
No.4	Rental deposit	1,520,178.00	2~3 years	6.55%	456,053.40
No.5	Margin, deposit	1,000,000.00	3 to 4 years	4.31%	500,000.00
Total	--	8,017,333.98	--	34.57%	1,886,541.85

**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**
 applicable  not applicable
**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	Book value	Book balance	Provision for decline in value	Book value

		of inventories or provision for impairment of contract performance cost			of inventories or provision for impairment of contract performance cost	
Raw materials	1,345,468,260.81	84,915,773.03	1,260,552,487.78	669,357,860.89	56,781,506.42	612,576,354.47
Products in process	99,829,106.18		99,829,106.18	65,058,584.18		65,058,584.18
Goods on hand	406,153,373.42	15,656,821.59	390,496,551.83	340,321,032.11	9,669,035.83	330,651,996.28
Goods shipped in transit	62,057,717.00	3,351,523.57	58,706,193.43	48,921,114.18	3,963,402.85	44,957,711.33
Self-manufactured semi-finished product	70,577,947.74	4,342,484.96	66,235,462.78	60,865,430.27	3,717,115.68	57,148,314.59
Low-value consumables	215,050.70		215,050.70	84,986.73		84,986.73
Materials entrusted for processing	29,547.69		29,547.69	4,834,921.04		4,834,921.04
Total	1,984,331,003.54	108,266,603.15	1,876,064,400.39	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	Others	Reversal or write-off	Others	
Raw materials	56,781,506.42	86,611,430.80		58,477,164.19		84,915,773.03
Goods on hand	9,669,035.83	11,312,911.18		5,325,125.42		15,656,821.59
Goods shipped in transit	3,963,402.85			611,879.28		3,351,523.57
Self-manufactured semi-finished product	3,717,115.68	1,329,283.50		703,914.22		4,342,484.96
Total	74,131,060.78	99,253,625.48		65,118,083.11		108,266,603.15

**(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	102,825,873.72	66,429,956.99
Other taxes paid in advance	14,174,678.37	1,716,313.34
Prepaid and amortized expenses		28,952.04
<b>Total</b>	<b>117,000,552.09</b>	<b>68,175,222.37</b>

**14. Debt investment**

applicable  not applicable

**15. Other debt investment**

applicable  not applicable

**16. Long-term receivables**

applicable  not applicable

**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	Others		
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			-495,808.80						6,006,719.33	
Pas Electronic Technology (Nanjing) Co., Ltd.		10,000,000.00		-894,781.98						9,105,218.02	
Subtotal	6,502,528.13	10,000,000.00		-1,390,590.78						24,876,656.54	9,764,719.19
Total	6,502,528.13	10,000,000.00		-1,390,590.78						24,876,656.54	9,764,719.19

**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 balance	94,945,556.51			94,945,556.51
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	1,131,575.70			1,131,575.70
(1) Provision or amortization	1,131,575.70			1,131,575.70
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance	6,838,866.50			6,838,866.50
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	88,106,690.01			88,106,690.01

2. Beginning book value	89,238,265.71			89,238,265.71
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**(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	1,164,624,452.06	1,096,875,640.94
Disposal of fixed assets	385,721.54	
Total	1,165,010,173.60	1,096,875,640.94

**(1) Fixed assets**

Unit: Yuan

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Electronics and other equipment	Total
I. Original book value					
1. Beginning balance	752,994,459.37	527,780,882.24	2,365,946.85	160,407,486.10	1,443,548,774.56
2. Increase in current period	289,104.03	123,357,240.61		7,836,532.24	131,482,876.88
(1) Acquisition	289,104.03	92,455,755.13		7,836,532.24	100,581,391.40
(2) Transfer in of construction in progress		8,517,537.94			8,517,537.94
(3) Increment from enterprises merged		22,383,947.54			22,383,947.54
3. Decrease in current period	2,344,616.13	14,530,058.27	115,910.40	1,279,604.40	18,270,189.21
(1) Disposal or scrap		13,367,404.82	113,173.28	1,153,593.33	14,634,171.43
(2) Exchange rate changes	2,344,616.13	1,162,653.45	2,737.12	126,011.07	3,636,017.78
4. Ending balance	750,938,947.27	636,608,064.58	2,250,036.45	166,964,413.94	1,556,761,462.23
II. Accumulated depreciation					
1. Beginning balance	100,672,188.32	169,824,966.14	1,905,112.82	74,270,866.34	346,673,133.62



2. Increase in current period	9,126,574.35	37,214,947.48	153,600.48	4,568,445.96	51,063,568.27
(1) Provision	9,126,574.35	36,075,666.33	153,600.48	4,568,445.96	49,924,287.12
(2) Increment from enterprises merged		1,139,281.15			1,139,281.15
3. Decrease in current period	216,523.50	4,260,491.91	52,496.32	1,070,179.98	5,599,691.72
(1) Disposal or scrap		4,152,121.49	51,045.29	1,000,489.84	5,203,656.62
(2) Exchange rate changes	216,523.50	108,370.42	1,451.03	69,690.14	396,035.10
4. Ending balance	109,582,239.17	202,779,421.71	2,006,216.98	77,769,132.32	392,137,010.17
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	641,356,708.10	433,828,642.87	243,819.47	89,195,281.62	1,164,624,452.06
2. Beginning book value	652,322,271.05	357,955,916.10	460,834.03	86,136,619.76	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**

Unit: Yuan

Items	Book value	Reasons for failure to complete certificate of title
Chongqing Yiyuan	85,379,333.91	It is being carried out
India Plant	83,550,035.39	It is being carried out

**(5) Disposal of fixed assets**

Unit: Yuan

Items	Ending balance	Beginning balance
Disposal of fixed assets	385,721.54	
Total	385,721.54	

**22. Construction in progress**

Unit: Yuan

Items	Ending balance	Beginning balance
Construction in progress	386,601,265.30	292,474,798.41
Total	386,601,265.30	292,474,798.41

**(1) Situation of construction in progress**

Unit: Yuan

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Phase I of Topband Huizhou No. 2 Industrial Park	1,459,431.59		1,459,431.59			
Chongqing Yiyuan	1,950,206.53		1,950,206.53	1,950,161.78		1,950,161.78
Huizhou Plant Phase II	12,069,381.93		12,069,381.93	19,675,613.36		19,675,613.36
India Plant	15,680,714.79		15,680,714.79	12,113,644.14		12,113,644.14
Ningbo East China Operation Center	257,123,749.91		257,123,749.91	208,173,673.86		208,173,673.86
Plant in Dong Nai, Vietnam	60,769,246.59		60,769,246.59	14,686,143.94		14,686,143.94
Equipment to be commissioned	32,562,368.39		32,562,368.39	34,312,847.55		34,312,847.55
Other sporadic works	4,986,165.57		4,986,165.57	1,562,713.78		1,562,713.78
Total	386,601,265.30		386,601,265.30	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	Cumulative amount of interest capitalized	Including: capitalization amount of interest in current period	Capitalization rate of interest in current period	Source of capitals
Phase I of Topband Huizhou No. 2 Industrial Park	650,000,000.00		1,459,431.59			1,459,431.59	0.22%	0.20%				Fund raising
Chongqing Yiyuan	200,000,000.00	1,950,161.78	44.75			1,950,206.53	96.49%	96.00%				Fund raising
Huizhou Plant Phase II	290,000,000.00	19,675,613.36	3,347,018.58	31,597.63	10,921,652.38	12,069,381.93	99.18%	99.00%				Fund raising
India Plant	136,004,000.00	12,113,644.14	3,567,070.66			15,680,714.79	84.66%	84.00%				Others
Ningbo East China Operation Center	465,704,300.00	208,173,673.86	48,950,076.05			257,123,749.91	55.21%	55%				Funds raised through convertible bonds
Plant in Dong Nai, Vietnam	140,000,000.00	14,686,143.94	46,083,102.65			60,769,246.59	32.92%	32%				Others
Total	1,881,708,300.00	256,599,237.08	103,406,744.28	31,597.63	10,921,652.38	349,052,731.34	--	--				--

### (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. Use right assets**

Unit: Yuan

Items	Houses and buildings	Total
I. Original book value		
1. Beginning balance	30,939,385.41	30,939,385.41
2. Increase in current period	49,184,898.48	49,184,898.48
3. Decrease in current period	4,935,343.72	4,935,343.72
(1) Disposal	4,935,343.72	4,935,343.72
4. Ending balance	75,188,940.17	75,188,940.17
II. Accumulated depreciation and accumulated amortization		
1. Beginning balance		
2. Increase in current period	6,241,851.65	6,241,851.65
(1) Provision	6,241,851.65	6,241,851.65
3. Decrease in current period	451,215.39	451,215.39
(1) Disposal	451,215.39	451,215.39
4. Ending balance	5,790,636.26	5,790,636.26
III. Book value		
1. Ending book value	69,398,303.91	69,398,303.91
2. Beginning book value	30,939,385.41	30,939,385.41

**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	124,135,401.04	435,321.58	329,300,501.38	22,316,899.23	9,728,450.00	485,916,573.23
2. Increase in current period	44,136,315.00		43,814,900.08	911,508.13		88,862,723.21
(1) Acquisition	44,136,315.00			911,508.13		45,047,823.13
(2) Internal R&D			43,814,900.08			43,814,900.08
(3) Increase in business merger						
3. Decrease in current period	531,982.64					531,982.64
(1) Disposal						
(2) Exchange rate changes	531,982.64					531,982.64
4. Ending balance	167,739,733.40	435,321.58	373,115,401.46	23,228,407.36	9,728,450.00	574,247,313.80
II. Accumulated amortization						
1. Beginning balance	11,381,245.39	435,321.58	142,607,782.33	17,038,370.79	4,659,312.50	176,122,032.59
2. Increase in current period	1,519,038.10		27,587,393.90	1,480,426.99	482,775.00	31,069,633.99
(1) Provision	1,519,038.10		27,587,393.90	1,480,426.99	482,775.00	31,069,633.99
3. Decrease in current period	158,886.94					158,886.94
(1) Disposal						
(2) Exchange rate changes	158,886.94					158,886.94
4. Ending balance	12,741,396.55	435,321.58	170,195,176.23	18,518,797.78	5,142,087.50	207,032,779.64
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	154,998,336.85		202,920,225.23	4,709,609.58	4,586,362.50	367,214,534.16
2. Beginning book value	112,754,155.65		186,692,719.05	5,278,528.44	5,069,137.50	309,794,540.64

The proportion of intangible assets formed through internal R&D in the balance of intangible assets at the end of the period accounted for 7.63%.

## (2) Situation of Land usage right without property certificate of title

applicable  not applicable

## 27. Development expenditure

Unit: Yuan

Items	Beginning balance	Increase in current period			Decrease in current period			Ending balance
		Internal development expenditure	Others		Recognized as intangible assets	Transferred to current profit and loss		
Intelligent controller project	45,281,204.14	38,785,462.54			26,808,817.81			57,257,848.87
Lithium battery project	3,803,053.77	5,653,726.73			4,405,703.64			5,051,076.86
Motor and control system project	5,656,596.57	6,841,040.78			2,918,579.55			9,579,057.80
Other projects	13,777,521.31	7,580,356.47			9,681,799.08			11,676,078.70
Total	68,518,375.79	58,860,586.52			43,814,900.08			83,564,062.23

## 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.		1,755,000.88			1,755,000.88
Shenzhen Tengyi Industrial Co., Ltd.		192,000.00			192,000.00
Total	165,412,960.75	1,947,000.88			167,359,961.63

**(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

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:

Impact of goodwill impairment test

**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	22,728,212.12	11,905,866.86	122,393.48	82,497,335.39
Others	280,287.48	337,787.20	90,336.28		527,738.40
Total	72,077,671.09	23,065,999.32	11,996,203.14	122,393.48	83,025,073.79

**30. Deferred income tax assets / deferred income tax liabilities****(1) Deferred income tax assets without offset**

Unit: Yuan

Items	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	190,396,981.24	29,564,214.81	149,075,252.50	23,312,424.21
Deductible loss	53,662,926.67	11,290,513.09	43,740,568.84	10,286,420.54
Amortization differences on intangible assets	46,555,870.17	6,991,661.87	36,167,726.46	5,441,721.65
Deferred income	15,694,300.00	2,354,145.00	14,279,770.00	2,141,965.50
Option fee	178,837,560.94	26,825,634.14	93,402,952.30	14,010,442.85
<b>Total</b>	<b>485,147,639.02</b>	<b>77,026,168.91</b>	<b>336,666,270.10</b>	<b>55,192,974.75</b>

**(2) Deferred income tax liabilities without offset**

Unit: Yuan

Items	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Valuation and appreciation of assets of business merger under different control	3,934,809.78	590,221.47	5,279,699.53	791,954.93
Changes in fair value of trading financial assets	160,387,159.68	24,058,073.95	62,074,391.17	9,311,158.68
Book-tax difference in rental income	4,141,899.22	1,035,474.81	3,411,531.24	852,882.81
Others	3,694,680.02	836,370.20	3,830,509.95	863,864.88
<b>Total</b>	<b>172,158,548.70</b>	<b>26,520,140.43</b>	<b>74,596,131.89</b>	<b>11,819,861.30</b>

**(3) Deferred income tax assets or liabilities listed by net amount after offset**

Unit: Yuan

Items	Amount of offset between deferred income tax assets and liabilities at the end of the period	Ending balance of deferred income tax assets or liabilities after offset	Amount of mutual offset between deferred income tax assets and liabilities at the beginning of the	Beginning balance of deferred income tax assets or liabilities after offset
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			period	
Deferred income tax assets		77,026,168.91		55,192,974.75
Deferred income tax liabilities		26,520,140.43		11,819,861.30

**(4) Details of unrecognized deferred income tax assets**

Unit: Yuan

Items	Ending balance	Beginning balance
Deductible loss	17,378,644.86	14,481,679.98
Provision for asset impairment	6,466,269.06	3,393,804.05
Total	23,844,913.92	17,875,484.03

**(5) Deductible loss of unrecognized deferred income tax assets will mature in the following years**

Unit: Yuan

Year	Ending amount	Beginning amount	Remarks
2021			
2022			
2023			
2024			
2025			
No time limit	17,378,644.86	14,481,679.98	
Total	17,378,644.86	14,481,679.98	--

**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
Prepaid long-term assets	107,814,528.35	0.00	107,814,528.35	34,639,355.39	0.00	34,639,355.39
Total	107,814,528.35	0.00	107,814,528.35	34,639,355.39	0.00	34,639,355.39

**32. Short-term loans****(1) Classification of short-term loans**

Unit: Yuan

Items	Ending balance	Beginning balance
Credit loan	135,890,741.95	402,151,500.00
Total	135,890,741.95	402,151,500.00

**(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	1,009,181,787.24	715,574,653.91
Total	1,009,181,787.24	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
Within 1 year	1,878,591,862.69	1,540,652,638.39
1~2 years	1,487,227.83	7,398,205.08
2~3 years	819,094.56	484,275.57

More than 3 years	1,653,373.80	1,371,220.68
Total	1,882,551,558.88	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
Within 1 year	294,460.10	487,267.17
Total	294,460.10	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	78,883,302.66	72,576,117.56
Total	78,883,302.66	72,576,117.56

**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	652,973,804.59	742,084,760.65	85,506,971.37
II. Post-employment benefits - defined contribution plan	885,836.69	25,664,714.99	26,455,069.90	95,481.78
Total	175,503,764.12	678,638,519.58	768,539,830.55	85,602,453.15

**(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	622,428,438.27	711,793,372.41	83,702,089.02
2. Employee benefits	261,063.79	12,419,233.42	12,610,509.35	69,787.86
3. Social insurance expense	231,998.20	8,896,524.21	9,073,809.42	54,712.99
Including: medical insurance expense	210,694.44	7,731,783.58	7,890,172.26	52,305.76
Industrial injury insurance expense	13,785.25	282,946.36	294,882.39	1,849.22
Maternity insurance expense	7,518.51	881,794.27	888,754.77	558.01
4. Housing provident fund		8,372,320.38	8,372,320.38	
5. Trade union funds and staff education funds	209.26	1,046.30	1,046.30	209.26
6. Others	1,057,633.02	856,242.01	233,702.79	1,680,172.24
Total	174,617,927.43	652,973,804.59	742,084,760.65	85,506,971.37

**(3) Defined contribution plan listed**

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1. Basic endowment insurance	861,046.07	25,176,354.69	25,944,580.27	92,820.49
2. Unemployment insurance expense	24,790.62	488,360.30	510,489.63	2,661.29
Total	885,836.69	25,664,714.99	26,455,069.90	95,481.78

**40. Taxes payable**

Unit: Yuan

Items	Ending balance	Beginning balance
VAT (value-added tax)	1,979,565.50	12,524,919.27

Corporate income tax	13,520,055.78	41,728,458.33
Individual income tax	15,788,083.28	5,003,297.27
City maintenance and construction tax	180,014.22	188,254.81
Education surcharge	128,581.61	134,467.71
Property tax	2,502,358.84	429,548.57
Other taxes	240,867.64	247,069.64
Total	34,339,526.87	60,256,015.60

**41. Other payables**

Unit: Yuan

Items	Ending balance	Beginning balance
Other payables	69,253,389.96	57,160,615.93
Total	69,253,389.96	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	33,310,693.24	23,095,663.10
Payment for tooling	804,693.97	654,303.42
Transportation expenses	8,252,605.28	7,252,963.43
Rent and utilities	4,866,958.37	3,105,044.79
Margin, deposit	6,528,933.22	7,034,660.06
Wages for labor dispatching	878,445.97	2,150,932.92
Consultation fee	691,808.49	1,515,229.67
Fuel card fee		1,503,438.82

Payment of decoration	413,135.84	6,055,915.48
Others	2,916,749.58	4,792,464.24
Housing subsidy for talents	1,259,366.00	
Equity acquisition amount payable	9,330,000.00	
Total	69,253,389.96	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**

applicable  not applicable

Items	Ending balance	Beginning balance
Long-term loans due within one year	21,740,000.00	
Bonds payable due within one year		
Long-term accounts payable due within 1 year		
Lease liabilities due within 1 year	17,151,387.34	
Total	38,891,387.34	

**44. Other current liabilities**

applicable  not applicable

**45. Long-term loans****(1) Classification of long-term loans**

Unit: Yuan

Items	Ending balance	Beginning balance
Mortgage loan	169,564,000.00	200,000,000.00
Total	169,564,000.00	200,000,000.00

**46. Bonds payable**

applicable  not applicable

**47. Lease liabilities**

Unit: Yuan

Items	Ending balance	Beginning balance
Lease liabilities	54,349,922.77	30,939,385.41
Total	54,349,922.77	30,939,385.41

**48. Long-term accounts payable**

applicable  not applicable

**49. Long-term employee compensation payable**

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	1,761,170.00	15,984,300.00	Governmental subsidies related to assets
Total	14,624,770.00	3,120,700.00	1,761,170.00	15,984,300.00	--

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			97,500.00			1,202,500.00	Asset-related
R&D equipment project of intelligent home management system such as IoT cloud computing technology	394,500.00			131,500.00			263,000.00	Asset-related
R&D project of key technology for clean energy DC system measurement	225,000.00			25,000.00			200,000.00	Asset-related
Nano lithium iron phosphate power battery project	750,000.00			125,000.00			625,000.00	Asset-related
Key technology research and development of 18650-2.8A.h high power battery	561,000.00			102,000.00			459,000.00	Asset-related
Intelligent grid connected project of distributed photovoltaic power station	120,000.00			30,000.00			90,000.00	Asset-related
R&D project of 60A solar charging controller with peak power tracking technology	530,000.00			60,000.00			470,000.00	Asset-related
R&D project of unmanned Robot Cleaner	3,000,000.00			150,000.00			2,850,000.00	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
Technological transformation supported by 2020 anti-epidemic national debt funds	3,744,270.00			1,040,170.00			2,704,100.00	Asset-related
Special project for technical transformation of intelligent controllers and lithium batteries in 2021		3,120,700.00					3,120,700.00	Asset-related
Total	14,624,770.00	3,120,700.00		1,761,170.00			15,984,300.00	



**52. Other non-current liabilities**

□ applicable √ not applicable

**53. Share capital**

Unit: Yuan

	Beginning balance	Changes in the period (+, -)					Ending balance
		Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Others	Subtotal	
Total number of shares	1,135,216,809.00	103,037,863.00			0.00	103,037,863.00	1,238,254,672.00

Other description:

Note: (1) The 6th Meeting of the 7th Board of Directors deliberated and approved the Proposal on the Second Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights and the Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan: there are 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. As the incentive objects Cheng Xuejing and Lin Qiao resigned and left the Company for personal reasons, 80,500 stock options granted but not exercised shall not be exercised and shall be uniformly canceled by the Company. The procedures such as the review of the adjustment of the number of such options will be performed later. As of June 30, 2021, a total of 10.9326 million stock options were exercised by 565 incentive objects in the second exercise period, increasing the Company's share capital by 10.9326 million yuan. After the exercise of the stock options, the share capital increased to 1,146,149,409.00 yuan.

(2) According to the resolution of the 2019 Annual General Meeting of Shareholders held by the Company in 2020 and based on the approval in the CSRC's document numbered ZJXK [2020] No. 1865, the Company privately issued not more than 309,243,655 new shares. On May 20, 2021, the Company privately issued 92,105,263 ordinary shares (A shares) in RMB to specific investors at the price of 11.40 yuan per share. After the issuance, the registered capital of the Company was increased to 1,238,254,672.00 yuan.

**54. Other equity instruments**

□ 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)	923,946,067.35	995,999,836.77	167,046.15	1,919,778,857.97
Other capital reserve	32,787,972.40	16,989,701.54	9,470,150.51	40,307,523.43
Total	956,734,039.75	1,012,989,538.31	9,637,196.66	1,960,086,381.40

Other description, including the changes in increase and decrease in current period and the reasons for changes:

Note 1: The increase in share premium for the year was 995,999,836.77 yuan, of which: 944,741,805.72 yuan was increased due to the non-public offering of shares, 9,183,384 yuan of option expenses previously included in other capital surplus was transferred to share premium due to the unlocking of options, and 38,154,774 yuan of the excess of issuance proceeds received from the unlocking of options was included over the balance of other capital surplus previously accrued. The deferred income tax of 3,919,873.05 yuan corresponding to the excess of pre-tax deductible expenses of the exercised options in the current year was included in the share premium. The decrease in share premium of 167,046.15 yuan for the year was mainly due to the write-down of capital surplus share premium of 167,046.15 yuan as a result of the dilution of minority shareholders' interests by Meanstone Intelligent's capital increase.

Note 2: Other capital reserves increased by 16,989,701.54 yuan this year, including 3,237,317.25 yuan of share-based payment expenses confirmed according to the stock option plan in this period; the deferred income tax assets of 13,752,384.29 yuan were recognized according to the pretax deductible stock option expenses expected to be exercised in the future; other capital reserves decreased by 9,470,150.51 yuan this year, including decreasing other capital reserves by 9,183,384.00 yuan due to the transfer of the stock option exercise into the capital premium; and decreasing other capital reserves by 286,766.51 yuan due to the offset of share-based payment expenses arising from the departure of incentive objects.

**56. Treasury shares**

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Obligation to repurchase the Company's shares due to equity incentive	80,017,965.68			80,017,965.68
Total	80,017,965.68			80,017,965.68

**57. Other comprehensive income**

Unit: Yuan

Items	Beginning balance	Amount incurred in current period						Ending balance
		Amount before income tax in current period	Less: current profits and losses included in other comprehensive income in the previous period	Less: current retained earnings included in other comprehensive income in the previous period	Less: 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	-17,975,075.23			32,945.74	-18,008,020.97		-42,563,250.94
Translation difference of foreign currency financial statements	-30,124,805.01	-17,755,436.98				-17,755,436.98		-47,880,241.99
Others	5,569,575.04	-219,638.25			32,945.74	-252,583.99		5,316,991.05
Total amount of other comprehensive income	-24,555,229.97	-17,975,075.23			32,945.74	-18,008,020.97		-42,563,250.94

**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			151,359,957.53
Total	151,359,957.53			151,359,957.53

## 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
Undistributed profit at the beginning of last period after adjustment	1,324,944,369.91	866,301,932.11
Plus: net profit attributable to the owners of the parent company in current period	428,185,704.03	533,516,814.04
Less: withdrawal of statutory surplus reserve		24,075,745.79
Common Stock dividends payable	56,565,524.45	50,798,630.45
Undistributed profit at the end of the period	1,696,564,549.49	1,324,944,369.91

Details of undistributed profit at the beginning of adjustment period:

1. Due to retroactive adjustment under the Accounting Standards for Business Enterprises and other relevant new regulations, the undistributed profit at the beginning of the period is affected by RMB 0.
2. Due to changes in accounting policies, the undistributed profit at the beginning of the period is affected by RMB 0.
3. Due to correction of significant accounting errors, the undistributed profit at the beginning of the period is affected by RMB 0.
4. Due to changes in enterprise merging scope under the same control, the undistributed profit at the beginning of the period is affected by RMB 0.
5. The total amount of other adjustments affects the undistributed profit at the beginning of the period by RMB 0.

## 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	3,613,778,665.34	2,751,947,592.34	1,977,022,442.54	1,517,922,534.93
Other business	30,266,947.06	13,348,149.05	20,405,458.16	8,175,723.61
Total	3,644,045,612.40	2,765,295,741.39	1,997,427,900.70	1,526,098,258.54

Information related to performance obligations:

For the sales of goods to customers, the Company recognizes the income when the control of the goods is

transferred, that is, when the goods are transported to the designated place of the other party, or delivered to the carrier designated by the other party, or when they are delivered to the other party and their acceptance is completed. As the delivery of the goods to the customer represents the right to receive the contract consideration unconditionally, and the maturity of the payment only depends on the passage of time, the Company recognizes an amount receivable when the goods are delivered to the customer. When the customer pays the purchase price in advance, the Company recognizes the transaction amount received as a contract liability until the goods are delivered to the customer.

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 2.406 billion yuan, and the income of the above amount is expected to be recognized within one year.

## 62. Taxes and surcharges

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
City maintenance and construction tax	4,966,766.89	3,841,048.56
Education surcharge	3,547,687.35	2,748,128.95
Property tax	3,185,254.25	2,937,455.95
Land use tax	267,163.92	267,163.93
Stamp duty	1,278,559.97	867,480.37
Others	32,811.86	6,921.92
Total	13,278,244.24	10,668,199.68

## 63. Sales expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Employee compensation	41,877,611.55	28,005,041.33
Transportation expenses	1,403,606.36	11,865,194.00
Business entertainment expenses	8,822,018.86	4,011,636.41
Travel expenses	4,242,288.17	2,505,381.06
Intermediary service expenses	4,907,544.95	6,810,355.87
Exhibition expenses	1,032,138.04	585,300.88
Materials expenses	5,050,324.90	1,593,730.27

Mail expenses	1,170,285.37	970,486.35
Advertising expenses	916,778.99	109,433.35
Option fee	320,885.87	573,816.62
Others	7,146,401.53	2,892,048.68
<b>Total</b>	<b>76,889,884.59</b>	<b>59,922,424.82</b>

#### 64. Administrative expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Employee compensation	59,721,623.90	38,687,179.37
Decoration cost	6,465,540.78	4,737,307.62
Intermediary service expenses	4,322,142.87	4,057,017.80
Depreciation expense	6,619,979.60	3,704,993.16
Amortization of intangible assets	2,677,290.87	2,341,492.81
Rent and utilities	3,404,885.34	1,051,974.50
Property insurance expenses	758,226.43	842,406.49
Office expenses	1,246,496.01	1,145,389.13
Option fee	571,018.75	1,117,093.98
Travel expenses	802,360.66	341,909.63
Recruitment expenses	906,502.78	1,187,624.20
Others	7,346,751.70	7,112,383.25
<b>Total</b>	<b>94,842,819.69</b>	<b>66,326,771.94</b>

#### 65. R&D expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Employee compensation	107,357,106.03	85,346,278.12
Amortization of intangible assets	27,849,377.95	21,036,485.82
Material expenses	11,634,261.27	6,816,162.14
Depreciation expense	4,465,093.77	2,763,557.13
Option fee	1,590,663.41	2,206,846.64
Tooling expense	6,365,344.99	3,080,200.51
Travel expenses	1,805,639.42	1,255,044.78

Intermediary service expenses	1,867,115.15	677,432.91
Utilities	1,636,703.79	1,011,072.65
Rentals	922,869.58	810,251.65
Others	9,273,550.95	8,749,409.16
<b>Total</b>	<b>174,767,726.31</b>	<b>133,752,741.51</b>

## 66. Financial expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Interest expense	6,676,232.42	27,903,509.75
Less: interest income	4,397,537.66	4,449,371.38
Profit or loss on exchange	23,768,783.43	-8,918,245.74
Others	27,713,678.97	14,417,216.74
<b>Total</b>	<b>53,761,157.16</b>	<b>28,953,109.37</b>

## 67. Other revenues

Unit: Yuan

Source for other revenues	Amount incurred in current period	Amount incurred in prior period
Governmental subsidies	6,479,445.63	15,939,969.80
Added-value tax refund on demand	4,443,028.35	2,805,391.14
Return of individual income tax service charge	1,083,707.40	759,307.14
<b>Total</b>	<b>12,006,181.38</b>	<b>19,504,668.08</b>

## 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	-1,390,590.78	-144,574.55
Investment revenue from disposal of trading financial assets	24,066,351.32	74,522,738.91
Investment revenue of financial products	1,200,855.83	3,116,324.00
<b>Total</b>	<b>23,876,616.37</b>	<b>77,494,488.36</b>

**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
Trading financial assets	98,312,768.52	10,951,270.47
Trading financial liabilities		-7,240,100.01
Total	98,312,768.52	3,711,170.46

**71. Credit impairment loss**

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Bad debt loss of other receivables	-1,036,235.40	1,953,668.63
Bad debt loss of accounts receivable	-14,198,551.72	1,034,327.66
Bad debt loss of commercial acceptance bill	-148,671.09	3,417.61
Bad debt loss of receivables financing	219,638.25	
Total	-15,163,819.96	2,991,413.90

**72. Asset impairment loss**

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Loss on inventory valuation and contract performance cost impairment loss	-99,292,387.41	-23,788,421.51
Total	-99,292,387.41	-23,788,421.51

**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	-317,178.75	-893,602.45



assets		
Total	-317,178.75	-893,602.45

**74. Nonbusiness income**

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period	Amount included in the current non-recurring profit and loss
Supplied goods deduction income	49,698.80	9,500.00	49,698.80
Others	1,531,383.00	968,334.68	1,531,382.99
Total	1,581,081.80	977,834.68	1,581,081.79

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
Software tax rebate						4,443,028.35	2,805,391.14	Related to revenue
Return of individual income tax service charge						1,083,707.40	759,307.14	Related to revenue
R & D expense subsidy						1,465,000.00	1,422,600.00	Related to revenue
Subsidy from the foreign trade quality growth support program of the bureau of commerce						1,453,557.00		Related to revenue
Technical transformation project of the intelligent controller and lithium battery automation production line						832,155.00		Related to revenue
Industrial and commercial electricity subsidy						459,804.80	65,447.97	Related to revenue
Provincial economic promotion subsidy in 2021						300,000.00		Related to revenue
Training replaced for operation subsidy						288,500.00		Related to revenue
Technological transformation supported by 2020						208,015.00		Asset-related

anti-epidemic national debt funds								
Patent application subsidy						157,650.00	169,500.00	Related to revenue
R&D project of unmanned Robot Cleaner						150,000.00		Asset-related
Research and development equipment funding of smart home management system based on Internet of Things cloud computing technology						131,500.00	131,500.00	Asset-related
Nano lithium iron phosphate power battery project						125,000.00	125,000.00	Asset-related
Financial support fund of Xinqiao Town of Songjiang District of Shanghai						110,000.00		Related to revenue
High rate 18650-2.8Ah power battery key technology research and development project						102,000.00	102,000.00	Asset-related
Subsidy for the talent quality improvement project						100,000.00		Related to revenue
Industrialization of high efficiency energy saving motor for permanent magnet with rare earth						97,500.00	97,500.00	Asset-related
Policy measure bonus						70,000.00		Related to revenue
Exhibition subsidy						68,400.00	5,000.00	Related to revenue
Employment filing subsidy						65,000.00		Related to revenue
Business development subsidy						60,258.00		Related to revenue
Research and development of 60A solar charging controller with peak power tracking technology						60,000.00	60,000.00	Asset-related
Urban land use tax exemption and subsidy due to the epidemic						43,592.50		Related to revenue
Intelligent grid connected project of distributed photovoltaic power station						30,000.00	30,000.00	Asset-related
Clean energy projects subsidy						25,000.00	25,000.00	Asset-related
Position stabilization subsidy						24,413.33	482,937.13	Related to revenue
Industrial enterprise bonus						20,000.00		Related to revenue
Ningbo demonstration project subsidy						20,000.00		Related to revenue
Subsidy for newly recruited Hubei employees of						7,000.00		Related to

small, medium-sized and micro enterprises								revenue
Subsidy for software copyright registration						5,100.00		Related to revenue
Return of unemployment insurance premium							5,991,047.80	Related to revenue
Support and subsidy for enterprises to expand production and increase efficiency							2,511,000.00	Related to revenue
Export premium subsidy							1,552,992.00	Related to revenue
Two-tax financial subsidy							1,540,000.00	Related to revenue
Special subsidy for technological transformation and subsidy for technological transformation investment projects							330,000.00	Related to revenue
Reward for scale growth of industrial enterprises							300,000.00	Related to revenue
Double promotion funding for technically innovative doubling special funding plan quality brand							280,000.00	Related to revenue
Enterprise high-tech enterprise recognition award subsidy							200,000.00	Related to revenue
Subsidy project for stabilizing growth							200,000.00	Related to revenue
Double support plan for high-tech enterprises							100,000.00	Related to revenue
Subsidy for special funds for intellectual property protection							59,998.00	Related to revenue
Subsidy for integration of informatization and industrialization							50,000.00	Related to revenue
Maternity allowance							27,563.87	Related to revenue
Refund of sewage charges							23,795.10	Related to revenue
Subsidy for domestic market development of enterprises							17,480.00	Related to revenue
Pre-position training subsidy							14,600.00	Related to revenue
Subsidy for domestic market development projects							12,140.00	Related to revenue

VAT exemption for recruitment of veterans							9,000.00	Related to revenue
Subsidy for Party construction funds							3,000.00	Related to revenue
Refund of service fees for urban construction tax and surtax collected on an agency basis							624.64	Related to revenue
Refund of service fees for urban construction tax and surtax deducted on an agency basis							243.29	Related to revenue
Total						12,006,181.38	19,504,668.08	

## 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
External donations	50,000.00		50,000.00
Loss on damage and scrapping of non-current assets	148,616.46	854,624.88	148,616.46
Customer quality deduction expenditure	3,039,355.65	1,659,827.00	3,039,355.65
Others	1,248,193.58	654,206.23	1,248,193.58
Total	4,486,165.70	3,168,658.11	4,486,165.70

## 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	24,865,568.64	27,473,081.87
Deferred income tax expense	20,774,273.52	51,227.15
Total	45,639,842.16	27,524,309.02

### (2) Adjustment process of accounting profit and income tax expense

Unit: Yuan

Items	Amount incurred in current period
Total profits	481,727,135.27
Income tax expenses calculated at statutory / applicable tax rates	72,259,070.29
Impact of different tax rates on subsidiaries	191,776.66
Effect of income tax adjustment in previous period	-3,723,025.97
Impact of non-deductible costs, expenses and losses	880,932.65
Impact of deductible loss of unrecognized deferred income tax assets in previous period	-348,905.11
Impact of deductible temporary difference or deductible loss of unrecognized deferred income tax assets in the current period	314,487.96
Impact of additional deductible expenses	-13,362,620.59
Changes in the balance of deferred income tax assets / liabilities at the beginning of the year due to tax rate adjustment	274,063.01
Impact of tax exemption policy for sub-subsidiaries in Vietnam	-11,889,543.96
Impact of other adjustments	1,043,607.20
Income tax expenses	45,639,842.16

## 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
Interest income	4,397,537.66	4,449,371.38
Governmental subsidies	8,671,130.63	15,368,969.80
Deposit and margin collection	1,058,934.03	7,503,298.55
Exercise-related individual income tax collected on an agency basis	11,047,469.30	13,111,463.49
Personal borrowings and expenditures	779,256.00	702,406.46

Litigation execution amount	827,707.00	23,524,991.79
Others	4,264,267.78	4,304,266.23
<b>Total</b>	<b>31,046,302.40</b>	<b>68,964,767.70</b>

**(2) Other cash paid related to operating activities**

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Service charge	1,542,403.90	1,156,868.91
Management expenses	25,252,906.57	20,476,012.62
Research and development expenses	33,505,485.16	22,399,573.80
Sales expenses	34,691,387.17	31,343,566.87
Margin and deposit expenses	3,479,392.66	4,502,592.47
Employee borrowings	3,763,609.50	2,685,937.37
Others	10,776,663.69	10,511,234.23
<b>Total</b>	<b>113,011,848.65</b>	<b>93,075,786.27</b>

**(3) Other cash received related to investment activities**

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
<b>Total</b>		<b>0.00</b>

**(4) Other cash paid related to investment activities**

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**(5) Other cash received related to financing activities**

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Note margin	18,039,024.44	52,360,005.58
<b>Total</b>	<b>18,039,024.44</b>	<b>52,360,005.58</b>

**(6) Other cash paid related to financing activities**

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Note margin	1,561,294.47	66,636,003.24
Auction transaction repurchase		20,008,353.16
Lease liability payment amount	6,693,452.50	
Intermediary fees for non-public offering	805,312.81	
Total	9,060,059.78	86,644,356.40

**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	436,087,293.11	221,010,979.23
Plus: Impairment of assets	114,456,207.37	18,355,617.01
Depreciation of fixed assets, depletion of oil and gas assets as well as depreciation of productive biological assets	49,924,287.12	37,258,997.23
Depreciation of use right assets	6,241,851.65	
Amortization of intangible assets	31,069,633.99	23,327,469.99
Amortization of long-term deferred expenses	11,996,203.14	5,755,160.88
Losses from disposal of fixed assets, intangible assets and other long-term assets (income marked with "-")	-317,178.75	-893,602.45
Losses on scrapping of fixed assets (income marked with "-")	259,335.13	854,624.88
Loss from fair value change (income marked with "-")	-98,312,768.52	-3,711,170.46
Financial expenses (income marked with "-")	33,018,572.00	15,324,983.08
Return on investment (loss marked with "-")	-23,876,616.37	-77,494,488.36
Decrease in deferred income tax assets (increase marked with "-")	-21,833,194.16	-2,223,294.00
Increase in deferred income tax liabilities (decrease marked with "-")	14,700,279.13	1,452,205.62
Decrease in inventory (increase marked with "-")	-794,887,074.14	-290,933,568.72
Decrease in operating receivables (increase marked with "-")	-470,369,225.23	74,855,753.95
Increase in operating payables (decrease marked with "-")	484,777,126.41	89,674,703.41
Others	1,359,530.00	6,521,881.90

Net cash flow from operating activities	-225,705,738.12	119,136,253.19
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	1,284,383,758.87	848,089,343.67
Less: beginning balance of cash	1,196,835,834.93	761,845,320.50
Plus: Ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	87,547,923.94	86,244,023.17

**(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	12,320,000.00
Including:	--
Taixing Ninghui Lithium Battery Co., Ltd.	12,320,000.00
Less: cash and cash equivalents held by the subsidiary on the date of purchase	1,037,613.21
Including:	--
Plus: cash or cash equivalents paid in the current period for business combinations occurring in previous periods	0.00
Including:	--
Net cash paid for acquirement of subsidiaries	11,282,386.79

**(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	1,284,383,758.87	1,196,835,834.93
Including: cash in stock	712,197.18	604,492.12
Bank deposit available for payment at any time	1,225,199,499.85	1,196,226,680.89
Other monetary capital available for payment at any time	12,473,561.84	
III. Balance of cash and cash equivalents at the end of the period	1,284,383,758.87	1,196,835,834.93

## 80. Notes to items in change statement of owner's equity

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	5,480,466.03	Security deposits for application to banks for issuance of bank acceptance bills, bank deposits frozen in litigation, etc.
Fixed assets	333,098,600.00	Mortgage housing loan
Total	338,579,066.03	--

## 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	--	--	201,743,053.36
Including: USD	21,866,009.41	6.4601	141,256,607.38
Euro	1,186,523.96	7.6862	9,119,860.47
Hong Kong Dollar	588,674.67	0.8321	489,824.43
Vietnamese dong	14,750,222,213.24	0.0003	4,138,903.70
Indian rupee	532,591,735.72	0.0870	46,308,851.42
Japanese Yen	7,342,472.00	0.0584	429,005.95
Accounts receivable	--	--	878,573,153.68
Including: USD	127,772,824.24	6.4601	825,425,221.87
Euro	523,231.34	7.6862	4,021,660.73
Hong Kong Dollar	8,227,219.75	0.8321	6,845,869.55

Vietnamese dong	46,501,637,017.00	0.0003	13,950,491.11
Indian rupee	325,631,154.31	0.0870	28,329,910.42
Receivables financing			149,144,209.02
Including: USD	23,086,981.47	6.4601	149,144,209.02
Accounts payable			31,156,300.43
Including: Hong Kong Dollar	35,810.06	0.8321	29,797.55
USD	4,237,716.64	6.4601	27,376,073.27
Vietnamese dong	10,534,699,013.00	0.0003	3,160,409.70
Indian rupee	6,781,838.00	0.0870	590,019.91
Long-term loans	--	--	
Including: USD			
Euro			
Hong Kong Dollar			
Vietnamese dong			
Indian rupee			

**(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;

**83. Hedging**

□ applicable √ not applicable

**84. Government subsidies****(1) Basic information of government subsidies**

Unit: Yuan

Category	Amount	Items presented	Amount included in current profit and loss
Software tax rebate	4,443,028.35	Other income	4,443,028.35
Return of individual income tax service charge	1,083,707.40	Other income	1,083,707.40
R & D expense subsidy	1,465,000.00	Other income	1,465,000.00
Subsidy from the foreign trade quality growth support program of the bureau of commerce	1,453,557.00	Other income	1,453,557.00
Technical transformation project of the intelligent controller and lithium battery automation production line	832,155.00	Other income	832,155.00
Industrial and commercial electricity subsidy	459,804.80	Other income	459,804.80
Provincial economic promotion subsidy in 2021	300,000.00	Other income	300,000.00
Training replaced for operation subsidy	288,500.00	Other income	288,500.00
Technological transformation supported by 2020 anti-epidemic national debt funds	208,015.00	Deferred income	208,015.00
Patent application subsidy	157,650.00	Other income	157,650.00
R&D project of unmanned Robot Cleaner	150,000.00	Deferred income	150,000.00
Research and development equipment funding of smart home management system based on Internet of Things cloud computing technology	131,500.00	Deferred income	131,500.00
Nano lithium iron phosphate power battery project	125,000.00	Deferred income	125,000.00
Financial support fund of Xinqiao Town of Songjiang District of Shanghai	110,000.00	Other income	110,000.00
High rate 18650-2.8Ah power battery key technology research and development project	102,000.00	Deferred income	102,000.00
Subsidy for the talent quality improvement project	100,000.00	Other income	100,000.00
Industrialization of high efficiency energy saving motor for permanent magnet with rare earth	97,500.00	Deferred income	97,500.00
Policy measure bonus	70,000.00	Other income	70,000.00
Exhibition subsidy	68,400.00	Other income	68,400.00

Employment filing subsidy	65,000.00	Other income	65,000.00
Business development subsidy	60,258.00	Other income	60,258.00
Research and development of 60A solar charging controller with peak power tracking technology	60,000.00	Deferred income	60,000.00
Urban land use tax exemption and subsidy due to the epidemic	43,592.50	Other income	43,592.50
Intelligent grid connected project of distributed photovoltaic power station	30,000.00	Other income	30,000.00
Clean energy projects subsidy	25,000.00	Other income	25,000.00
Position stabilization subsidy	24,413.33	Other income	24,413.33
Industrial enterprise bonus	20,000.00	Other income	20,000.00
Ningbo demonstration project subsidy	20,000.00	Other income	20,000.00
Subsidy for newly recruited Hubei employees of small, medium-sized and micro enterprises	7,000.00	Other income	7,000.00
Subsidy for software copyright registration	5,100.00	Other income	5,100.00

**(2) Situation of government subsidies refund**

applicable  not applicable

**85. Others**

applicable  not applicable

**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 to the end of the period	Net profit of acquiree from the acquisition date to the end 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	19,237,620.78	-717,938.81

						change registration		
--	--	--	--	--	--	------------------------	--	--

**(2) Merging cost and goodwill**

Unit: Yuan

Merging cost	
--Cash	33,400,000.00
Total merging cost	33,400,000.00
Less: share of fair value of the net identifiable assets acquired	19,898,202.54
The amount of which the goodwill/merging cost is less than the share of fair value of the net identifiable assets acquired	1,755,000.88

The determination method of the fair value of the merger cost, the contingent consideration and the description of its changes:

Note: Of the merger cost, 15.4 million yuan was used to purchase part of the equity of the original shareholders; of the merger cost, 18 million yuan was used to increase the capital of the investee.

**(3) Identifiable assets and liabilities of the acquiree**

Unit: Yuan

	Fair value on the acquisition date	Book value on the acquisition date
Monetary capital	1,037,613.21	1,037,613.21
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	19,898,202.54	19,898,202.54
Less: minority shareholders' equity	0.00	
Net assets acquired	19,898,202.54	19,898,202.54

**(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**

applicable  not applicable

**(6) Other description**

applicable  not applicable

**2. Merger of enterprises under the same control**

applicable  not applicable

**3. Reverse purchase**

applicable  not applicable

**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**

applicable  not applicable

**6. Others**

applicable  not applicable

## 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 Lithium Battery Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Automation Technology 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
Huizhou Topband Lithium Battery Co., Ltd.	Huizhou	Huizhou	Production and sales		100.00%	Establishment
Topband (Qingdao) Intelligent Control Co., Ltd.	Ningbo	Ningbo	Production and sales	100.00%		Establishment
Shenzhen Allied Control System Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Merger of enterprises under different control
Shenzhen Meanstone Intelligent Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	77.25%		Merger of enterprises under different control
Topband (Vietnam) Co., Ltd.	Binh Duong, Vietnam	Binh Duong, Vietnam	Production and sales		100.00%	Establishment
Topband India Private Limited	India	India	Sales	100.00%		Establishment
TOPBAND SMART DONGNAI(VIETNAM) Co., Ltd.	Dong Nai Province, Vietnam	Dong Nai Province, Vietnam	Production and sales		100.00%	Establishment
Shenzhen YAKO Automation Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	73.00%		Merger of enterprises under different control

Hangzhou Zhidong Motor Technology Co., Ltd.	Hangzhou	Hangzhou	Production and sales		52.50%	Merger of enterprises under different control
Shenzhen Yansheng Software Co., Ltd.	Shenzhen	Shenzhen	Software development		73.00%	Merger of enterprises under different control
Topband Germany GmbH	Unterfohring, Germany	Unterfohring City, Germany	Sales		100.00%	Establishment
Shenzhen Topband Supply Chain Services Co., Ltd.	Shenzhen	Shenzhen	Sales, import and export business and supply chain management services	100.00%		Establishment
Shenzhen Spark IOT Technology Co., Ltd.	Shenzhen	Shenzhen	Research and development as well as sales		100.00%	Establishment
Shenzhen Topband Investment Co., Ltd.	Shenzhen	Shenzhen	Investment	100.00%		Establishment
Shenzhen Tulu Innovation Co., Ltd.	Shenzhen	Shenzhen	Sales, import and export business and supply chain management services		100.00%	Establishment
Shenzhen Senxuan Technology Co., Ltd.	Shenzhen	Shenzhen	Sales, import and export business and supply chain management services	100.00%		Establishment
TOPBAND JAPAN Co., Ltd.	Nagoya City, Japan	Nagoya City, Japan	Sales, import and export business and supply chain management services		100.00%	Establishment
Topband (Qingdao) Intelligent Control Co., Ltd.	Qingdao	Qingdao	Production and sales	100.00%		Establishment
Shenzhen Tengyi Industrial Co., Ltd.	Shenzhen	Shenzhen	Sales		100.00%	Merger of enterprises under different control
Shenzhen Zhongli Consulting Co., Ltd.	Shenzhen	Shenzhen	Consulting and training		100.00%	Establishment
Taixing Ninghui Lithium Battery Co., Ltd.	Taixing	Taixing	Production and sales		83.50%	Merger of enterprises under different control



						control
Tulu Innovation (Hong Kong) Limited	Hong Kong	Hong Kong	Sales		100.00%	Establishment

**(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.	27.00%	8,203,014.78	5,197,835.08	88,285,489.37

**(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.	320,471,958.72	65,581,462.71	386,053,421.43	62,999,334.09	12,027,541.21	75,026,875.30	303,827,572.37	47,014,094.08	350,841,666.45	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 YAKO Automation Technology Co., Ltd.	166,417,599.85	30,329,229.86	30,329,229.86	-3,857,802.79	130,041,552.68	27,227,181.75	27,227,181.75	-24,396,996.43

**(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**

applicable  not applicable

**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**

applicable  not applicable

**3. Interests in joint venture arrangements or associated enterprises**

Applicable  not applicable

**4. Important joint operation**

applicable  not applicable

**5. 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, borrowings, accounts receivable, accounts payable, etc. For the detailed description of each financial instrument, refer to relevant items in this 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.

#### (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 foreign exchange risks are mainly related to US dollars and Hong Kong dollars. In addition, the Company and its subsidiary Topband (Hong Kong) Co., Ltd. purchase some materials and sell products in US dollars and Hong Kong dollars. Topband India Private Limited, a subsidiary of the Company, is denominated in Indian Rupee; Topband (Vietnam) Co., Ltd. and Topband Smart Dongnai (Vietnam) Co., Ltd., sub-subsidiaries of the Company, are denominated in Vietnamese Dong; Topband Germany GmbH, a sub-subsidiary of the Company, is denominated in Euro; Topband Japan Co., Ltd., a sub-subsidiary of the Company, is denominated in Japanese Yen. Other major business activities of the Company are denominated and settled in RMB. As of June 30, 2021, the Company's assets and liabilities were balances in RMB except that the assets or liabilities described in the table below were balances in USD, HKD, INR, VDN and YEN. 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.

Items	Amount at the end of the year	Amount at the beginning of the year
Cash and cash equivalents	201,743,053.36	147,083,094.22
Hong Kong Dollar	489,824.43	588,457.79
USD	141,256,607.38	130,907,063.75
Euro	9,119,860.47	4,622,874.52
Vietnamese dong	4,138,903.70	10,964,698.16
Indian rupee	46,308,851.42	52,805,773.23
Japanese Yen	429,005.95	1,685,384.53
Accounts receivable	878,573,153.68	720,991,666.44
Hong Kong Dollar	6,845,869.55	16,137,574.75
USD	825,425,221.87	684,814,883.97

Euro	4,021,660.73	7,427,921.54
Vietnamese dong	13,950,491.11	3,739,078.18
Indian rupee	28,329,910.42	8,872,208.00
Receivables financing	149,144,209.02	
USD	149,144,209.02	0.00
Accounts payable	31,156,300.43	14,905,145.96
Hong Kong Dollar	29,797.55	30,139.18
USD	27,376,073.27	12,599,740.06
Vietnamese dong	3,160,409.70	1,899,388.63
Indian rupee	590,019.91	375,878.09

The Company pays close attention to the impact of exchange rate fluctuations on the Company's foreign exchange risks. At present, the Company has taken measures such as purchasing forward foreign exchange sales contracts to avoid foreign exchange risks.

Foreign exchange risk sensitivity analysis:

Assumption of foreign exchange risk sensitivity analysis: All net investment hedging and cash flow hedging of overseas operations are highly effective. On the basis of the above assumption, if other variables remain unchanged, the pretax impact of possible reasonable changes in the exchange rate on the current profits and losses and shareholders' equity is as follows:

Items	Exchange rate changes	Current year Impact on profits	Impact on shareholders' equity	Last year Impact on profits	Impact on shareholders' equity
Cash and cash equivalents	Appreciate 1% against RMB	2,017,430.53	2,017,430.53	2,015,742.52	2,015,742.52
Cash and cash equivalents	Depreciate 1% against RMB	-2,017,430.53	-2,017,430.53	-2,015,742.52	-2,015,742.52
Accounts receivable	Appreciate 1% against RMB	8,785,731.54	8,785,731.54	7,209,908.99	7,209,908.99
Accounts receivable	Depreciate 1% against RMB	-8,785,731.54	-8,785,731.54	-7,209,908.99	-7,209,908.99
Receivables financing	Appreciate 1% against RMB	1,491,442.09	1,491,442.09		
Receivables financing	Depreciate 1% against RMB	-1,491,442.09	-1,491,442.09		
Accounts payable	Appreciate 1% against RMB	-311,563.00	-311,563.00	-149,051.45	-149,051.45

Accounts payable	Depreciate against RMB	1%	311,563.00	311,563.00	149,051.45	149,051.45
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## (2) Other price risks

Investments held by the Company and classified as trading 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

As of June 30, 2021, the maximum credit risk exposure that might cause financial loss of the Company mainly came from the loss of the Company's financial assets caused by the failure of the other party to the contract to perform obligations and the financial guarantee undertaken by the Company, specifically including the carrying amount of the financial assets recognized in the consolidated balance sheet.

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.

## (1) Aging analysis of overdue unimpaired financial assets

Items	2021-6-30					
	Within 1 year	1~2 years	2~3 years	3~5 years	Over 5 years	Total
Accounts receivable	158,618,993.20	40,075,933.50	2,654,776.63	1,164,560.49	645,166.80	271,261,281.76

Items	2020-12-31					
	Within 1 year	1~2 years	2~3 years	3~5 years	Over 5 years	Total
Accounts receivable	66,900,889.84	20,639,335.42	5,908,366.30	632,811.52	639,506.80	94,720,909.88

(2) 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.

The Company relies on bank loans as its main source of funds. On June 30, 2021, the Company's unused bank loan limit was 5,969,850,500 yuan.

The maturity term analysis of the financial assets held by the Company and the maturity term analysis of the financial liabilities based on undiscounted remaining contractual obligations are as follows:

Items	Within 1 year	1~2 years	2~3 years	3~5 years	Over 5 years	Total
Non-derivative financial assets and liabilities:						
Monetary capital	1,289,864,224.89					1,289,864,224.89
Notes receivable	68,545,551.44					68,545,551.44
Accounts receivable	2,118,572,750.32					2,118,572,750.32
Receivables financing	289,248,841.88					289,248,841.88
Other receivables	19,526,612.06					19,526,612.06
Short-term loans	135,890,741.95					135,890,741.95
Notes payable	1,009,181,787.24					1,009,181,787.24
Accounts payable	1,882,551,558.88					1,882,551,558.88
Other payables	69,253,389.96					69,253,389.96
Non-current liabilities due within one year	38,891,387.34					38,891,387.34
Long-term loans	21,740,000.00	34,784,000.00	78,260,000.00	56,520,000.00		169,564,000.00

## 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	13,560,930.89		316,860,979.98	330,421,910.87
(1) Debt instrument investment			116,500,000.00	116,500,000.00

(2) Equity instrument investment	13,560,930.89		200,360,979.98	213,921,910.87
(VIII) Financial assets measured at fair value and whose changes are included in other comprehensive income			289,584,260.14	289,584,260.14
Receivables financing			289,584,260.14	289,584,260.14
Including: bank acceptance bills			140,440,051.12	140,440,051.12
Accounts receivable			149,144,209.02	149,144,209.02
Total liabilities continuously measured at fair value	13,560,930.89		606,445,240.12	620,006,171.01
II. Non-continuous fair value measurement	--	--	--	--

## 2. The basis for determining the market price of continuous and non-continuous first-level fair value measurement items

The market value of financial assets measured at fair value with the changes included in the current profits and losses are determined mainly on the basis of the closing price at the end of the accounting period of the stock exchange.

**3. Continuous and non-continuous second-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters**

**4. Continuous and non-continuous third-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters**

**5. Continuous third-level fair value measurement items, adjustment information between beginning and ending book value and sensitivity analysis of unobservable parameters**

**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**

**7. Technical changes in valuation during the current period and the reasons for such changes**

**8. Fair value of financial assets and financial liabilities not measured at fair value**

**9. Others**

## **XII. Related Parties and Related Transactions**

### **1. Information on the parent company of the Enterprise**

Name of parent company	Registered place	Nature of business	Registered capital	The parent company's shareholding ratio in the Enterprise	Proportion of the parent company's voting rights in the Enterprise
Wu Yongqiang	Shenzhen	Natural person shareholder		17.12%	17.12%

### **2. Information on the Company's subsidiaries**

The information on the subsidiaries of the Enterprise is detailed in "1. Interests in Subsidiaries" in "Interests in Other Entities" in Note 9.

### **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 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
Shenzhen Youbi 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
Shanghai Yidong Power Technology Co., Ltd.	A company whose shares are held by the Company

## 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	10,416,476.86	40,000,000.00	No	5,285,786.51
Shenzhen ORVIBO Technology Co., Ltd.	Raw materials				14,150.94

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.	LED products	29,087,963.75	2,212,389.67

### (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	3,310,400.00	3,169,600.00

**(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.	7,477,003.34	231,787.10	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.	2,312,108.90	3,600,589.88
Notes payable	Shenzhen Jizhiguang Electronics Co., Ltd.	4,118,472.70	1,560,000.00

## 7. Commitment of related parties

applicable  not applicable

## 8. Others

applicable  not applicable

## 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	0.00
Total amount of equity instruments exercised by the Company during the current period	10,950,600.00
Total amount of the Company's equity instruments that expired during the current period	283,300.00
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	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.

Other description:

#### 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 9, 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. As the incentive objects Cheng Xuejing and Lin Qiao resigned and left the Company for personal reasons, 80,500 stock options granted but not exercised shall not be exercised and shall be uniformly canceled by the Company. The procedures

such as the review of the adjustment of the number of such options will be performed later. By March 2021, a total of 10.9326 million stock options had been exercised by 565 incentive objects in the second exercise period.

## 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	Black-Scholes option pricing model
Basis for determining the number of exercisable equity instruments	It is expected that the exercise condition can be met and the granted objects will exercise
Accumulated amount of equity-settled share-based payments included in capital reserves	82,321,190.45
Total amount of expenses recognized by equity-settled share-based payments in the current period	2,950,550.74

## 3. Cash-settled share-based payments

applicable  not applicable

## 4. Modification and termination of share-based payments

applicable  not applicable

## XIV. Commitments and contingencies

### 1. Important commitments

applicable  not applicable

### 2. Contingencies

applicable  not applicable

## XV. Events after the balance sheet date

applicable  not applicable

**XVI. Other important matters**

□ 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 debts by single item	217,161,121.16	16.60%	2,309,518.00	1.01%	214,851,603.16	70,467,909.49	0.08%	597,758.70	1.00%	69,870,150.79
Including:										
Accounts receivable with a single significant amount and single bad debt provision	216,563,660.79	16.55%	1,712,057.63	0.79%	214,851,603.16	69,868,984.66	7.56%		0.00%	69,868,984.66
Accounts receivable with insignificant single amount but single provision made for bad debts	597,460.37	0.05%	597,460.37	100.00%	0.00	598,924.83	0.06%	597,758.70	99.81%	1,166.13
Accounts receivable with provision for bad debts by portfolio	1,091,171,870.83	83.40%	35,289,147.03	3.23%	1,055,882,723.80	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 aging combination	1,091,171,870.83	83.40%	35,289,147.03	3.23%	1,055,882,723.80	854,095,677.91	92.38%	27,700,353.00	3.24%	826,395,324.91
Total	1,308,332,991.99	100.00%	37,598,665.03	2.87%	1,270,734,326.96	924,563,587.40	100.00%	28,298,111.70	3.06%	896,265,475.70

Single provision for bad debts: 2,309,518.00

Unit: Yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision

Customer 1	155,217,059.18	0.00	0.00%	Intragroup related transactions
Customer 2	22,369,082.99	0.00	0.00%	Intragroup related transactions
Customer 3	10,905,846.75	0.00	0.00%	Intragroup related transactions
Customer 4	12,734,253.24	0.00	0.00%	Intragroup related transactions
Customer 5	6,336,826.69	0.00	0.00%	Intragroup related transactions
Customer 6	5,982,449.72	0.00	0.00%	Intragroup related transactions
Customer 7	1,306,084.59	0.00	0.00%	Intragroup related transactions
Customer 8	1,712,057.63	1,712,057.63	100.00%	It is not expected to be recovered
Customer 9	300,000.00	300,000.00	100.00%	It is not expected to be recovered
Customer 10	297,460.37	297,460.37	100.00%	It is not expected to be recovered
Total	217,161,121.16	2,309,518.00	--	--

Provision for bad debts by portfolio:

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Provision for bad debts by aging portfolio	1,091,171,870.83	35,289,147.03	3.23%
Total	1,091,171,870.83	35,289,147.03	--

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 accounts 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	Ending balance
Less than 1 year (including 1 year)	1,290,662,573.49
1 to 2 years	15,202,351.20

2 to 3 years	2,111,296.50
More than 3 years	356,770.80
3 to 4 years	356,770.80
4 to 5 years	0.00
Over 5 years	0.00
Total	1,308,332,991.99

**(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	Others	
Provision for bad debts	28,298,111.70	9,380,553.33		80,000.00		37,598,665.03
Total	28,298,111.70	9,380,553.33		80,000.00		37,598,665.03

**(3) Accounts receivable actually written off in current period**

Unit: Yuan

Items	Write-off amount
Shanghai Haoze Noorey Environmental Protection Technology Co., Ltd.	80,000.00

Of which the significant write-offs of accounts receivable:

Unit: Yuan

Name of Entity	Nature of accounts receivable	Write-off amount	Reasons for write off	Write-off procedures performed	Whether the amount was generated by related transactions
Shanghai Haoze Noorey Environmental Protection Technology Co., Ltd.		80,000.00	It is not expected to be recovered		
Total	--	80,000.00	--	--	--

**(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	401,550,889.96	30.69%	12,448,077.59
No.2	155,217,059.18	11.86%	
No.3	41,484,004.93	3.17%	1,286,004.15
No.4	40,273,861.57	3.08%	1,248,489.71
No.5	27,014,388.53	2.06%	837,446.04
Total	665,540,204.17	50.86%	

**(5) Accounts receivable derecognized due to transfer of financial assets**

applicable  not applicable

**(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved**

applicable  not applicable

**2. Other receivables**

Unit: Yuan

Items	Ending balance	Beginning balance
Other receivables	35,903,482.71	41,159,647.12
Total	35,903,482.71	41,159,647.12

**(1) Interest receivable**

applicable  not applicable

**(2) Dividends receivable**

applicable  not applicable

**(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
Intragroup related transaction funds	28,300,055.06	13,021,127.03
VAT refund		20,264,087.02

Employee loans	4,752,275.19	4,589,352.52
Margin, deposit	4,273,003.64	4,493,457.54
Others	157,008.91	62,346.03
<b>Total</b>	<b>37,482,342.80</b>	<b>42,430,370.14</b>

## 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	1,270,723.01			1,270,723.01
Balance as of January 1, 2021 in the current period	—	—	—	—
Accrued in current period	308,137.08			308,137.08
Balance on June 30, 2021	1,578,860.09			1,578,860.09

Changes in book balance with significant changes in loss reserves in current period

 applicable  not applicable

Disclosure by aging

Unit: Yuan

Aging	Ending balance
Less than 1 year (including 1 year)	32,783,328.33
1 to 2 years	1,575,684.20
2 to 3 years	1,923,094.34
More than 3 years	1,200,235.93
3 to 4 years	1,158,123.61
4 to 5 years	5,000.00
Over 5 years	37,112.32
<b>Total</b>	<b>37,482,342.80</b>

## 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	Others	
Provision for bad debts	1,270,723.01	308,137.08				1,578,860.09
Total	1,270,723.01	308,137.08				1,578,860.09

**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	Intragroup related transaction funds	19,278,092.80	Within 1 year	51.43%	
No.2	Intragroup related transaction funds	4,672,771.52	Within 1 year	12.47%	
No.3	Intragroup related transaction funds	1,835,195.55	Within 1 year	4.90%	
No.4	Margin, deposit	1,520,178.00	2~3 years	4.06%	456,053.40
No.5	Intragroup related transaction funds	1,229,228.83	Within 1 year	3.28%	
Total	--	28,535,466.70	--	76.14%	456,053.40

**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**

applicable  not applicable

**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	2,424,006,676.11		2,424,006,676.11	2,194,431,703.81		2,194,431,703.81
Investment in associated enterprises and joint ventures	18,440,374.38	12,433,655.05	6,006,719.33	18,936,183.18	12,433,655.05	6,502,528.13
Total	2,442,447,050.49	12,433,655.05	2,430,013,395.44	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	Others		
Huizhou Topband Electrical Technology Co., Ltd.	633,267,784.97	45,740,270.78				679,008,055.75	
Shenzhen YAKO Automation Technology Co., Ltd.	350,014,659.96					350,014,659.96	
Chongqing Topband Industrial Co., Ltd.	210,135,072.74	20,688.88				210,155,761.62	
Shenzhen Allied Control System Co., Ltd.	120,984,983.52	189,746.66				121,174,730.18	
Topband (Qingdao) Intelligent Control Co., Ltd.	350,044,696.18	59,690,246.60				409,734,942.78	
TOPBAND INDIA PRIVATE LIMITED	195,026,748.97					195,026,748.97	
Shenzhen Topband Software Technology Co., Ltd.	17,044,333.03	301,112.00				17,345,445.03	
Shenzhen Topband Automation	24,416,539.46	6,008,866.67				30,425,406.13	

Technology Co., Ltd.										
Topband (Hong Kong) Co., Ltd.	249,076,900.00	64,525,000.00							313,601,900.00	
Shenzhen Topband Lithium Battery Co., Ltd.	4,417,413.65	95,494.05							4,512,907.70	
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,000,000.00	7,000,000.00							10,000,000.00	
Shenzhen Topband Supply Chain Services Co., Ltd.	5,000,000.00								5,000,000.00	
Shenzhen Topband Investment Co., Ltd.	30,002,571.33	10,003,546.66							40,006,117.99	
Shenzhen Senxuan Technology Co., Ltd.	2,000,000.00	6,000,000.00							8,000,000.00	
Topband (Qingdao) Intelligent Control Co., Ltd.		30,000,000.00							30,000,000.00	
<b>Total</b>	<b>2,194,431,703.81</b>	<b>229,574,972.30</b>							<b>2,424,006,676.11</b>	

**(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
		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	Others		
I. Joint venture											
II. Associates enterprises											
Shenzhen Yuchengxin Power Technology Co., Ltd.											12,433,655.05
Shenzhen Daka Optoelectronics	6,502,528.13			-495,808.80						6,006,719.33	

Co., Ltd.											
Subtotal	6,502,528.13			-495,808.80						6,006,719.33	12,433,655.05
Total	6,502,528.13			-495,808.80						6,006,719.33	12,433,655.05

### (3) Other description

## 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	2,108,115,155.95	1,747,449,569.91	1,231,665,083.62	1,020,764,208.76
Other business	53,820,075.36	47,592,448.41	31,983,577.48	26,507,690.89
Total	2,161,935,231.31	1,795,042,018.32	1,263,648,661.10	1,047,271,899.65

Information related to performance obligations:

For the sales of goods to customers, the Company recognizes the income when the control of the goods is transferred, that is, when the goods are transported to the designated place of the other party, or delivered to the carrier designated by the other party, or when they are delivered to the other party and their acceptance is completed. As the delivery of the goods to the customer represents the right to receive the contract consideration unconditionally, and the maturity of the payment only depends on the passage of time, the Company recognizes an amount receivable when the goods are delivered to the customer. When the customer pays the purchase price in advance, the Company recognizes the transaction amount received as a contract liability until the goods are delivered to the customer. The amount of income corresponding to the performance obligations that have signed contracts but have not been performed or completed at the end of the reporting period is RMB 1.264 billion, and the income of the above amount is expected to be recognized within one year.

## 5. Return on investment

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Long-term equity investment revenue accounted by equity method	-495,808.80	-144,574.55
Investment revenue from disposal of trading financial assets	24,066,351.32	74,522,738.91

Income from bank financial products		535,266.66
Dividend income from subsidiaries	14,053,405.97	4,963,933.51
<b>Total</b>	<b>37,623,948.49</b>	<b>79,877,364.53</b>

## 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	-465,795.21	
Government subsidies recognized in the current profits and losses (except those closely related to the business of the enterprise and enjoyed in a fixed or quantitative amount according to the national uniform standard)	6,479,445.63	
Profit and loss from changes in fair value of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other creditor's rights investments, except for effective hedging business related to the normal business of the Company	122,379,119.84	
Other non-operating income and expenses other than those mentioned above	-1,672,760.04	
Other profit and loss items that meet the definition of non-recurring profit and loss	1,200,855.83	Financing income
Less: amount affected by income tax	19,200,380.11	
Impact amount of minority shareholders' equity	249,302.35	
<b>Total</b>	<b>108,471,183.59</b>	<b>--</b>

For the items of non-recurring profit and loss defined by the Company in accordance with the definition of Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to Public - Non-Recurring Profits and Losses, the reasons why the items of non-recurring profit and loss listed as non-recurring in Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to Public - Non-Recurring Profits and Losses to be defined as recurring profit and loss should be explained.

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	11.13%	0.38	0.37
Net profit attributable to the common shareholders of the Company after deduction of non-recurring profits and losses	8.31%	0.28	0.28

### 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. Others

applicable  not applicable



## Section XI Other Data Submitted

### 1. Other major social security problems

Do the listed company and its subsidiaries have other major social security problems

NA  Yes  No

Existing problems and rectification

Was it subject to administrative punishment during the reporting period

NA  Yes  No

Punishment items, punishment measures and rectification

### II. Registration form of 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	Spot investigation	Organizations	Fuguo Fund Management Co., Ltd., Zhonggeng Fund Management Co., Ltd., Shenzhen Yitong Investment Co., Ltd., Wanhe Securities Co., Ltd. and Shenzhen Capital Fortune Investment Management Co., Ltd.	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2021/1/26 2021/1/27 2021/1/29	Conference room of the Company	Field and telephone 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.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2021/3/9	Conference	Telephone	Organizations	Tianfeng Securities Co., Ltd., Great Wall Securities Co., Ltd., Zhongtai Securities Co., Ltd., Guotai Junan Securities Co.,	Learn about the operation	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

room of the Comp any	survey	ations	<p>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 &amp; 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 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 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</p>	and financial situation of the Company; no information provided.	info.com.cn
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				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., 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.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2021/3/10 2021/3/11	Conference room	Spot investigation	Organizations	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.,	Learn about the operation, financial	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

	of the Company			Ltd., Wenyuan Capital Management Co., Ltd. and Caitong Fund Management Co., Ltd.	situation and strategic planning of the Company; no information provided.	
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.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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., Tianhong Fund Management Co., Ltd. and Jinxiu Zhonghe (Beijing) Capital Management Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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	Learn about the operation, financial situation and strategic planning of	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

			<p>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 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., Ltd., Shenzhen Headquarters of Huaneng Guicheng Trust Co., Ltd., Rosefinch Fund Management Co., Ltd., Asset</p>	<p>the Company; no information provided.</p>	
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				<p>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., 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.</p>		
<p>2021/5/11 2021/5/12 2021/5/13</p>	<p>Conference room of the Company</p>	<p>Field and telephone survey</p>	<p>Organizations</p>	<p>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</p>	<p>Learn about the operation, financial situation and strategic planning of the Company; no information provided.</p>	<p><a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a></p>

				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 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 and 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.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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 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 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.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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, 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	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>



			<p>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 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 Tongyu Investment Management Center (Limited Partnership), Shanghai Tongyuan Investment Development Co., Ltd., Shanghai Xueshi Asset Management Co., Ltd., BOSC 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., 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.</p>	
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**III. Capital transactions between listed companies and controlling shareholders and their related parties**

applicable  not applicable

**Shenzhen Topband Co., Ltd.**

**Aug 20, 2021**