

Stock Code: 603195

Stock Name: Gongniu Group

公牛集团股份有限公司
GONGNIU GROUP CO., LTD.



Annual Report 2021

April 2022

Important Notes

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

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

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

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

5. Final dividend plan approved by the Board of Directors

As audited by Pan-China Certified Public Accountants LLP, net profit attributable to shareholders of the Company as the parent stood at RMB2,780,360,732.66 for 2021, and the cumulative distributable profit of the Company as the parent was RMB3,726,954,923.09 as at 31 December 2021.

The 2021 final dividend plan is as follows: Based on the total share capital at the record date of the dividend payout, the Company intends to pay a cash dividend of RMB24 (tax inclusive) per 10 shares to shareholders. According to the total share capital of 601,180,520 shares at the date when this Report was authorized for issue, the total cash dividend payout is expected to be RMB1,442,833,248.00, accounting for 51.89% of the net profit attributable to the listed company’s shareholders during 2021. Where any change occurs to the total share capital at the record date of the dividend payout due to a repurchase of restricted shares, etc., the cash dividend per share shall remain the same while the total payout amount shall be adjusted accordingly.

The final dividend plan is subject to final approval by the general meeting of shareholders.

6. Risk warning regarding forward-looking statements

Applicable Not applicable

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

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

N/A

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

N/A

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

N/A

10. Major risk warning

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

11. Other information

Applicable Not applicable

To Shareholders

The year 2021 saw recurrent waves of the COVID-19 pandemic and a volatile business environment. Amid a complex external environment and numerous difficulties, we accepted the challenges, forged ahead and achieved steady growth in operating results. Thus, our operating revenue increased 23.22% year on year to RMB12.385 billion and the net profit attributable to our shareholders amounted to RMB2.78 billion, up 20.18% from the previous year.

Stay true to original aspiration and show resilience

Amid the difficult market conditions of 2021, we remained true to our original aspiration, focused on improvements in products and services, and devoted ourselves to the attainment of higher performance in all aspects of our operation. We demonstrated our resilience through various achievements, including the steady development in various businesses, the further enhancement of product market share, brand recognition and reputation while further consolidating our industry leadership with adaptors and wall switches, the rapid growth of LED lighting, domestic electrical appliances and low-voltage electricals. Consequently, we laid the foundation for our long-term sustainable development.

Innovation and growth fueled by ecosystem synergy

We strengthened the ecosystem synergy of products and channels by centering on the two segments in 2021, namely the smart home ecosystem and new energy. With home lighting as the core, we further expanded our offering of LED lighting products and developed smart solutions that integrate healthy lighting, professional lighting effect and smart control, doing so in an effort to bring consumers a healthier, smarter and more comfortable lighting experience. A string of household products was launched for household electricity consumption scenarios. Moreover, to provide a broader range of high-quality products and services, we extended our service scope from inside the house to the courtyard and aimed at the smart security segment. We increased our market presence in electric connection for new energy and developed multiple related products such as charging plugs and charging points.

Given the trend of consumption upgrading and one-stop shopping among young people, we constantly evolved the channel system by embracing change and proactive innovation. With reliance on the Company's edges in powerful channel management and

multicategory integration, we upgraded our physical stores and established a network of exclusive centers and stores for multicategory integrated sales covering wall switches, LED, bathroom heaters, low-voltage electrical products and smart clothes drying racks. As a result, strong sales performance was attained. In response to the trend among industry channels to pursue the business side and the emergence of invisible channels, the Company put much effort in top corporate customers and has currently established a solid partnership with many top real estate and home decoration enterprises. In addition, the Company embraces new trends as it explores new paths and platforms for online e-commerce channels and overseas online channels.

Driven by technological innovation and empowered by digital and intelligent transformation

Over the past year, we have persisted with a “professional and dedicated” attitude and increased R&D investments to enhance our hard power. Specifically, R&D and operation headquarters were established in Shenzhen and Shanghai to carry out hardware and software R&D, industrial design and IoT platform construction, through which the Company won many international and domestic design awards during the year, including five iF Design Awards, and the Design Intelligence Award. Meanwhile, we were granted 470 patents. We employed our R&D achievements as the means to propel business reform.

We actively embraced digital transformation to empower the production and sales system. With the support of the information technology, we have enhanced the fine management capabilities of channels and sales with higher efficiency. Substantial improvements in operating capacity have been achieved through the promotion of a lean, automatic, digital and smart supply-chain system.

BBS was constantly deepened and capability was cultivated to go further

We also applied the Bull Business System (BBS) to a larger part of the Group during 2021. Through the introduction of a series of lean management tools, our lean management capabilities in innovative growth, cost reduction and efficiency improvement and risk control have been improved with excellent results, providing a strong guarantee for the Group to “go further”.

Systematic strengthening of ESG efforts

In 2021, we strengthened our ESG efforts to promote social welfare by investing more than RMB32 million in public-welfare programs with respect to culture and education, health and hygiene, helping the poor and those in need. When Hong Kong was hit by the

pandemic, we promptly organized a task group to offer our help, donated more than 20,000 pieces of products in various categories and supported the construction of Hong Kong's makeshift hospitals and efforts to fight the pandemic. Meanwhile, we continued to optimize the corporate governance structure, promoted the implementation of measures related to "carbon neutrality and carbon emission peak" and ensured the deeper implementation of the ESG strategy. This year, we have disclosed our first ESG report.

We have accumulated experience in product, marketing, supply chain and branding through 27 years of development. And we will continue to build comprehensive competitive edges in pursuit of sustainable growth, and repay shareholders with better results. As always, we will take vigorous actions and forge ahead towards the goal of "Becoming a Leader in the International Civil Electric Industry".

The Board of Directors of Gongniu Group Co., Ltd

11 April 2022

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Documents available for reference	The financial statements for the year ended 31 December 2021 signed and stamped by the legal representative, the Chief Financial Officer, and the head of the financial department
	The Independent Auditor's Report for the year ended 31 December 2021 stamped by the CPA firm, as well as signed and stamped by the relevant certified public accountants
	The originals of all the Company's documents and announcements disclosed on newspapers and websites designated by CSRC during the Reporting Period

Part I Definitions

I Definitions

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

Definitions of frequently used terms		
The “Company”, “Gongniu”, or “we”	refers to	Gongniu Group Co., Ltd.
Reporting Period	refers to	The period from 1 January 2021 to 31 December 2021
Liangji Industrial	refers to	Ningbo Liangji Industrial Co., Ltd., the Company’s controlling shareholder
Xiaozhou Investment	refers to	Shenzhen Xiaozhou Investment Co., Ltd., the Company’s shareholder
Hillhouse Daoying	refers to	Zhuhai Hillhouse Daoying Investment Partnership (Limited Partnership), the Company’s shareholder
Ninghui Investment	refers to	Ningbo Ninghui Investment Management Partnership (Limited Partnership), the Company’s shareholder
Suiyuan Investment	refers to	Ningbo Suiyuan Investment Management Partnership (Limited Partnership), the Company’s shareholder
Bowei Investment	refers to	Anji Bowei Enterprise Management Partnership (Limited Partnership), the Company’s shareholder
Qiyuanbao	refers to	Ningbo Qiyuanbao Investment Management Partnership (Limited Partnership), the Company’s shareholder
Cixi Gongniu	refers to	Cixi Gongniu Electrics Co., Ltd.
Shanghai Gongniu	refers to	Shanghai Gongniu Electrics Co., Ltd.
Ningbo Gongniu	refers to	Ningbo Gongniu Electrics Co., Ltd.
Banmen Electric Appliance	refers to	Ningbo Banmen Electric Appliance Co., Ltd.
Gongniu Photoelectric	refers to	Ningbo Gongniu Photoelectric Technology Co., Ltd.
Gongniu Precision	refers to	Ningbo Gongniu Precision Manufacturing Co., Ltd.
Gongniu Digital	refers to	Ningbo Gongniu Digital Technology Co., Ltd.
Bull International Trading	refers to	Ningbo Bull International Trading Co., Ltd.
Xingluo Trading	refers to	Ningbo Xingluo Trading Co., Ltd.
Electric Sales	refers to	Ningbo Gongniu Electric Sales Co., Ltd.
Bull HK	refers to	Bull International Trading (HK) Limited
Gongniu Low Voltage	refers to	Ningbo Gongniu Low Voltage Electric Co., Ltd.
Baidi Electrics	refers to	Shanghai Baidi Electrics Co., Ltd.
Hangniu Hardware	refers to	Hangzhou Hangniu Hardware and Electrical Co., Ltd.
Liangniu Hardware	refers to	Hangzhou Liangniu Hardware and Electrical Co., Ltd.
Feiniu Hardware	refers to	Hangzhou Feiniu Hardware and Electrical Co., Ltd.
Niuweiwang Trading	refers to	Suzhou Niuweiwang Trading Co., Ltd.
Cixi Libo	refers to	Cixi Libo Electric Co., Ltd.
Yaoyang Trading	refers to	Yichang Yaoyang Trading Co., Ltd.
Huantian Trading	refers to	Hubei Huantian Technology Co., Ltd.
Jianke Trading	refers to	Changde Jianke Trading Co., Ltd.
Chenhao Electronic	refers to	Beijing Chenhao Electronic Technology Co., Ltd.
Dalitek	refers to	Dalitek Intelligent Technology (Shanghai) Inc.
Hainan Dacheng	refers to	Hainan Dacheng Supply Chain Management Co., Ltd.
Domestic Electrical Appliance	refers to	Ningbo Gongniu Domestic Electrical Appliance Co., Ltd.
The “Articles of Association”	refers to	The Articles of Association of Gongniu Group Co., Ltd.
The “Company Law”	refers to	The Company Law of the People’s Republic of China
The “Securities Law”	refers to	The Securities Law of the People’s Republic of China
A-stock	refers to	RMB-denominated ordinary stock

CSRC	refers to	China Securities Regulatory Commission
The Ministry of Finance	refers to	The Ministry of Finance of the People's Republic of China
STA	refers to	The State Taxation Administration of the People's Republic of China
Sinolink Securities	refers to	Sinolink Securities Co., Ltd.
PCCPA or the "Independent Auditor"	refers to	Pan-China Certified Public Accountants LLP
RMB RMB*000 RMB*0,000 RMB*00,000,000	refers to	Expressed in the Chinese currency of Renminbi Expressed in thousands of Renminbi Expressed in tens of thousands of Renminbi Expressed in hundreds of millions of Renminbi

II Terminology

Civil electrical appliances	refers to	Products that are typically purchased at the discretion of consumers and are suitable for use at home, in the office and on other occasions for power connection, transmission, storage, conversion, control and other functions, such as adaptors, wall switches and sockets, circuit breakers, distribution boxes, LED lamps, etc.
Adaptors	refers to	Products that are produced in accordance with GB/T 2099.3-2015 <i>Plugs and Socket-outlets for Household and Similar Purposes -- Parts 2-5: Particular Requirements for Adaptors</i> , GB/T 2099.7-2015 <i>Plugs and Socket-outlets for Household and Similar Purposes -- Parts 2-7: Particular Requirements for Extension-cord Sockets</i> and GB/T 2099.1-2008 <i>Plugs and Socket-outlets for Household and Similar Purposes -- Part 1: General Requirements</i> , as well as similar foreign standards, and are commonly referred to as adaptors in the Company. Consumers or peer companies often call adaptors socket-outlets, power strips, portable sockets, extension-cord sockets, or power converters.
PDU	refers to	Power Distribution Unit. PDU is an electric connection product suitable for power distribution at the data center end that can make power distribution more orderly, reliable, safe, professional and beautiful and make power supply maintenance more convenient and reliable.
Wall switches and sockets	refers to	Wall switches and wall sockets. Specifically, a wall switch refers to a device mounted on the wall for switching on/off the current of one or more circuits and is commonly used to control the on/off status of lighting lamps. A wall socket, also known as a fixed socket, is an electrical accessory mounted on the wall, with a socket inserted with a pin of a plug and installed with terminals for connecting soft cables and hard wires, and is often used to provide a power supply interface for electrical products.
Smart ecosystem	refers to	A novel, intelligent household appliance network that builds an interconnected smart home ecosystem.
LED lighting	refers to	Light sources that are produced using light-emitting diodes (such as LED bulb lamps), or luminaries that are produced using LED as a light source.
No-main-lamp lighting	refers to	A lighting design style and lighting without the main light source, that is, a lighting design technique through which downlights, spotlights, light belts, track lights and other luminaries are used to create a light (light and shadow) atmosphere in a point-line-surface combination manner.
Charging plugs	refers to	Portable chargers that are suitable for AC charging of new energy vehicles and special protectors used to connect household sockets and electric vehicles, with such functions as over-voltage and under-voltage protection, over-current protection and leakage protection.
Charging points	refers to	Fixed charging devices for AC charging of new energy vehicles that often require special wiring and installation in garages and special parking spaces, with such functions as over-voltage and under-voltage protection, over-current protection, leakage protection, insulation detection,

		electricity billing, timed charging and reserved charging.
Digital accessories	refers to	Accessories that are used directly or indirectly in the use of digital products, such as USB cables, chargers and portable chargers.
Circuit breakers	refers to	A mechanical switching device that can connect, carry and disconnect the current both under normal circuit conditions and under specified abnormal circuit conditions. They are also known as automatic switches and are widely used in households, factories and other distribution circuits.
Embedded products	refers to	Products that are embedded in objects such as furniture and used to provide solutions for power supply, electricity consumption, lighting and signal transmission.
Distribution, delivery, visit and sales	refers to	A sales model in which specialized vehicles are used to provide retail stores with goods distribution, goods delivery, visit services and door-to-door sales on a regular basis along a fixed planned route.
BBS	refers to	Bull Business System

Part II General Information of the Company and Key Financial Indicators

I Corporate Information

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

II Contact Information

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

III General Company Information

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

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

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

V Stock Profile

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

VI Other Information

Domestic CPA firm appointed by the Company	Name	Pan-China Certified Public Accountants LLP
	Office address	Block B, China Resources Building, 1366 Qianjiang Road, Jianggan District, Hangzhou
	Accountants writing signatures	Qian Zhongxian, and Chen Hui
Sponsor that exercised supervision over the Company in the Reporting Period	Name	Sinolink Securities Co., Ltd.
	Office address	23/F, Zizhu International Plaza, 1088 Fangdian Road, Pudong New District, Shanghai
	Representatives writing signatures	Du Chunjing, and Feng Bing
	Supervision period	From 6 February 2020 to 31 December 2022

VII Key Financial Information for the Past Three Years**(I) Key accounting information**

Unit: RMB

Key accounting information	2021	2020	2021-over-2020 change (%)	2019
Operating revenue	12,384,916,337.51	10,051,128,834.05	23.22	10,040,439,724.07
Net profit attributable to the listed company's shareholders	2,780,360,732.66	2,313,430,074.14	20.18	2,303,722,676.44
Net profit attributable to the listed company's shareholders before exceptional gains and losses	2,632,476,489.56	2,221,818,427.52	18.48	2,223,572,707.11
Net cash generated from/used in operating activities	3,014,326,741.14	3,437,202,711.65	-12.30	2,297,332,006.05
	31 December 2021	31 December 2020	Change of 31 December 2021 over 31 December 2020 (%)	31 December 2019
Equity attributable to the listed company's shareholders	10,755,751,576.63	9,137,392,569.09	17.71	5,551,303,841.96
Total assets	15,473,904,666.62	12,437,541,574.38	24.41	7,416,562,760.11

(II) Key financial indicators

Key financial indicator	2021	2020	2021-over-2020 change (%)	2019
Basic earnings per share (RMB/share)	4.63	3.89	19.02	4.27
Diluted earnings per share (RMB/share)	4.63	3.89	19.02	4.27
Basic earnings per share before exceptional gains and losses (RMB/share)	4.39	3.73	17.69	4.12
Weighted average return on equity (%)	28.28	26.87	Up by 1.41 percentage points	52.36
Weighted average return on equity before exceptional gains and losses (%)	26.77	25.81	Up by 0.96 percentage point	50.54

Explanations about the key accounting and financial information for the past three years:

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

(III) Reasons for accounting data differences above

Applicable Not applicable

IX Key Financial Information for 2021 by Quarter

Unit: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating revenue	2,574,274,208.31	3,245,498,210.56	3,192,748,363.27	3,372,395,555.37
Net profit attributable to the listed company's shareholders	606,926,576.50	814,485,351.00	784,888,414.96	574,060,390.20
Net profit attributable to the listed company's shareholders before exceptional gains and losses	558,179,910.56	762,665,900.61	774,913,239.77	536,717,438.62
Net cash generated from/used in operating activities	355,943,367.97	1,235,659,159.38	581,991,433.98	840,732,779.81

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

Applicable Not applicable

X Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2021	Notes (if applicable)	2020	2019
Gain or loss on disposal of non-current assets	-9,714,625.18		-669,979.13	-3,929,202.33
Exceptional tax rebates, reductions and exemptions given with ultra vires approval, in lack of official approval documents or for other reasons				
Government grants through profit or loss (exclusive of government grants consistently given in the Company's ordinary course of business at fixed quotas or amounts as per governmental policies or standards)	388,196,973.94		126,164,339.75	65,476,712.73
Capital occupation charges on non-financial enterprises that are recognized in profit or loss	8,121,324.51		407,671.23	1,032,715.90
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments				
Gain or loss on non-monetary asset swaps				
Gain or loss on assets entrusted to other entities for investment or management	171,623,256.63		166,225,979.47	105,161,168.16
Allowance for asset impairments due to acts of God such as natural disasters				
Gain or loss on debt restructuring				
Restructuring costs in staff arrangement, integration, etc.				
Gain or loss on the over-fair value amount as a result of transactions with distinctly unfair prices				
Current profit or loss on subsidiaries obtained in business combinations involving entities under common control from the period-begin to combination dates, net				
Gain or loss on contingencies that do not arise in the Company's ordinary course of business				

Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	11,107,836.63		-114,631,050.00	-129,159.06
Reversed portions of impairment allowances for receivables and contract assets which are tested individually for impairment				
Gain or loss on loan entrustments				
Gain or loss on fair-value changes in investment property of which subsequent measurement is carried out using the fair value method				
Effects of all adjustments required by taxation, accounting and other applicable laws and regulations on current profit or loss				
Income from charges on entrusted management				
Non-operating income and expense other than the above	-327,898,293.86	RMB295 million was paid for the fine imposed by the anti-trust decision Zhe Shi Jian An (2021) No. 4.	-47,932,397.93	-73,067,799.01
Other gains and losses that meet the definition of exceptional gain/loss	2,739,167.53		1,014,971.00	
Less: Income tax effects	96,291,397.10		38,967,887.77	14,394,467.06
Non-controlling interests effects (net of tax)				
Total	147,884,243.10		91,611,646.62	80,149,969.33

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

Applicable Not applicable

XI Items Measured at Fair Value

Applicable Not applicable

Unit: RMB

Item	Opening balance	Closing balance	Change in the period	Effect on current profit
Held-for-trading financial assets	2,863,300,000.00	5,926,600,000.00	3,063,300,000.00	
Derivative financial assets	27,159,170.00	3,613,050.00	-23,546,120.00	
Total	2,890,459,170.00	5,930,213,050.00	3,039,753,880.00	

XII Other Information

Applicable Not applicable

Part III Management Discussion and Analysis**I Discussion and Analysis on Operations**

Amid a complex business environment in 2021, the Company achieved steady growth in operating results. For the year, operating revenue increased 23.22% year on year to RMB12.385 billion and the net profit attributable to the Company's shareholders amounted to RMB2.78 billion, up 20.18% from the previous year.

In 2021, the Company continued to strengthen BBS and improve its own operating capability. It maintained robust growth in core advantageous businesses of adaptors and wall switches and sockets, accelerated business development with respect to new energy and the smart ecosystem, and successfully launched a string of new products to the market, demonstrating a strong growth momentum.

In 2021, the Bull brand was once again among the "China's 500 Most Valuable Brands" released by World Brand Lab, with an increase of RMB1.852 billion in brand value compared with 2020, reaching RMB17.634 billion. In addition, the Company and its subsidiaries, Ningbo Gongniu, Gongniu Photoelectric and Gongniu Digital, were certified as high-tech enterprises again in the year. Meanwhile, the Company was honored as "National Industry-Education Integration Enterprise" by the National Development and Reform Commission and the Ministry of Education, granted the "AAAAA Good Standardizing Practice Certificate" by the China Association for Standardization, and recognized as Top 100 Manufacturing Enterprises of Zhejiang Province, First Batch of Cloud Enterprises in Manufacturing Industry of Zhejiang Province, Seventh Batch of Enterprises in Zhejiang Province for Big Data Demonstrative Application and Advanced Entity of Quality Management in Zhejiang Province in 2021.

In 2021, the Company achieved sound results in the following aspects:

(I) With deep insight into user needs, the Company continued to launch innovative products such as smart and ecosystem-based home appliances and new energy-based electrical products.

In 2021, the Company firmly captured the major trends of consumption upgrade, intelligent transformation, and new energy. With deep insight into user needs, it continued to launch innovative products such as smart and ecosystem-based home appliances and new energy-based electrical products. Throughout the year, up to five design awards were earned at home and abroad. As of the date of this report, the Company has won a total of 51 design awards at home and abroad, including the Red Dot Award (Germany), the iF Award (Germany), the IDEA Award, the Red Star Design Award (China), the

AWE Award, and the Design Intelligence Award. In addition, technical strengths were further enhanced, with 470 new patents and 13 new software copyrights granted in 2021. As of the date of this report, the Company boasts 1,956 valid patents and 41 software copyrights.

1. The electric connection business

In 2021, the electric connection business continued with individualized innovation with regard to electricity consumption scenarios according to user needs and actively expanded into the sectors of industrial electric power distribution and new energy-based electric connection. The business recorded revenue of RMB6.413 billion in the year, an increase of 15.58% year on year.

With user needs as its core, the Company further strengthened the individualized innovation of adapters in electricity consumption scenarios to highlight the idea of "better homes through space and function integration". Track sockets were launched and topped the Tmall chart within three months. A new electric connection technology platform was built to offer a new comprehensive solution for the electricity usage scenarios in different functional areas. According to users' diverse needs for temporary electricity usage, the Company introduced retractable power strips in 2021, providing users with a safe, comfortable comprehensive solution for subdivided scenarios through a range of functions, including automatic pop up, access to electricity on both sides, a nearly 360-degree rotation, being retractable for 10,000 times, wireless charging, and anti-collision and anti-pinch protection. Based on the insights into users' need for smart electricity usage, the Company released the "safe core" product series that integrated the protection and monitoring of power supplies to improve the socket's overall protection of electrical equipment and achieve it in a digital and visible way. In addition, focusing on young consumers' yearning for individual expression and a better life, the Company launched the "retro power strip series" that gained popularity and recognition.

Under the wave of new infrastructure, the Company focused on industrial electric power distribution with "green technology and energy conservation", "smart interconnection", and "safety and reliability" at its core. A range of electric connection products suitable for data centers, such as PDU, busbar, and industrial connector, was launched to provide customers with a comprehensive solution for smart power distribution for data centers.

In 2021, the Company captured the trend of new energy and gave full play to its electric connection technology and brand advantage to gain breakthroughs in new energy electric connection. With technology innovation to address the pain points in usage, it launched a variety of portable chargers for new energy vehicles and household AC charging points, which received wide appreciation for their excellent technology, vehicle-grade quality, and innovative appearance and experience design. Specifically, the portable charger won the German Design Award-Gold 2021.

Furthermore, by leveraging its hardware channels, the Company continued to develop rooted businesses such as electrical tape and wire reels, thereby achieving accurate inbound marketing, enhancing channel and customer royalty, and systematically arranging electric connection products.

2. The smart electrical lighting business

In the smart electrical lighting business, the Company focuses on the process before household decoration is completed (referred to as "pre-decoration"), providing wall switches and sockets, LED lighting, bathroom heaters, circuit breakers, and smart door locks to meet consumers' upgraded needs for whole-house smart home appliances. In 2021, the business reported revenue of RMB5.551 billion, an increase of 36.90% year on year.

(1) Wall switches and sockets

In 2021, the Company's wall switches and sockets continued to lead the decorative products. The product layout was optimized under the strategy of "improvement in basic, upgrade in middle-end, and breakthrough in high-end", and the construction of different product systems was deepened according to the differentiated needs of customers in different channels. The revenue generated from wall switches and sockets in 2021 increased by 29.55% year on year.

Following the successful release of the PIANO series of decorative switches, the Company directed its planning to the combination of intelligence, material/technology, and industrial design to produce high-end, high-tech products. Based on the arrangement in the "Bull Smart Single-fire Switch", it developed and launched the "Light Smart Wireless Remote Control Switch" in 2021, which allows remote control at home without rewiring and accessing the Internet.

As large panels have become the industry trend, the Company made active efforts in differentiated decorative large panels within mainstream price segments. At the same time, with a focus on electrical installation experience, it carried out a new platform design and creatively used the IPD (integrated product development) idea and the BPD (trending production creation) methodology to connect demand management, project initiation, development, and other critical processes and stages, thereby managing the whole process of product development.

With the development of different e-commerce platforms, the Company closely followed the trend of channels to identify the changes in the needs of consumers on different platforms and actively conduct product planning and layout. A specific series of products aimed at mainstream e-commerce platforms were launched in 2021.

In addition, in response to the needs of ToB customers, platform-based modular structure design was further strengthened to improve product flexibility and scalability. Market competitiveness continued to rise by matching the differentiated needs of different customers in the business market with a portfolio of basic, high-end, and smart products.

(2) LED lighting

Adhering to the positioning of "eye-caring", and oriented to meet the needs for light in space and behavior, the Company has continued to push forward the research of "light" and the innovation and application of optical design. From developing technologies such as "anti-surge", "visible flicker-free", and "high-quality lamp bead" to exploring the needs of subdivided groups and in different application scenarios, the Company is committed to providing consumers with a comfortable, healthy light environment. In 2021, revenue from LED lighting increased by 38.53% year on year.

The decorative lighting segment responded to consumption upgrades by making greater efforts in smart products. More than 10 types of "light smart" decorative lamps, such as X16 Dawn and X18 Ultra, were launched in 2021, allowing users to control them from mobile phones via Bluetooth. In addition, these lamps ensured even, smooth dimming by setting professional dimming curves and using ultra-high-precision dimming chips.

Keeping up with market trends, the basic lighting segment continued to enrich products for different scenarios in order to meet the needs for diverse, high-quality lighting. A variety of products were developed and launched, such as the High-Brightness Cylindrical Light, PB01 Office Flat Light, XB01 Linear Light, and those for fire emergency, forming a matrix product layout with different levels, covering households, industries, offices, hotels, hospitals, supermarkets, department stores, and franchises.

To let consumers experience eye-caring lighting more closely, Gongniu expanded its mobile lighting segment in 2021, striving to maximize the lighting experience. Based on the surveys and insights of the user research team, the newly-released Bull Eye-caring Desk Lamp SR Pro creatively used optical subtraction and triple anti-glare technologies to offer lighting experience that is "eye-friendly and ghosting-free". The product received positive feedback from consumers and won the German Design Award-Winner. In addition, the Company contributed to industrial regulations by jointly drafting the group standard, the *Specifications for Evaluating the Subtraction Effect of Table Lamps for Paper Task*, with the China Household Electrical Appliances Research Institute.

With a focus on consumers' upgraded needs for minimalist decoration and smart lighting effects, Gongniu established the smart commercial lighting team striving for a comfortable lighting environment for each family. A modular lighting product design integrated with a simple, delicate, and light luxury style reshaped the household space lighting experience. The Company launched a range of no-main-lamp lighting products such as downlights, magnetic lamps, and liner lamps, which are suitable for recessed and surface mounted scenarios, and provided multiple lighting solutions to meet the needs for basic, key, and decorative lighting functions.

As an active promoter of the "anti-flicker" idea, the Company equipped its lighting products with the "anti-surge" technology to address current instability, conveying its brand philosophy of "care, trust, and companionship" to consumers.

(3) Other products

To meet consumers' needs for one-stop shopping during pre-decoration and give full play to its brand and channel advantages, the Company incubated and launched bathroom heaters, smart door locks, smart clothes drying racks, smart curtain machines, and other smart ecosystem products. In this respect, operating revenue recorded a year-on-year increase of 139.56% in 2021.

Continuously expanding the definitions of heating and cooling appliances, the Company aimed to build a healthy home environment in terms of temperature, humidity, purity, freshness, and atmosphere and to upgrade it with smart technologies. As a result, a range of products such as bathroom heaters, coolers, ventilating fans, and ceiling fan lights was launched.

In 2021, the Company's smart ecosystem products were launched one after another and made a good start. In terms of smart door locks, new series of handle-type smart locks such as ZA, X50, K, and ZB as well as new series of automatic smart locks such as X70 and QA01 were launched in 2021. Those with WIFI and Bluetooth were all connected to the "Bull Smart Home" app, improving user experience from software and hardware. The Company established the ability to integrate research, production, and sales, deepened the vertical supply chain ability, and completed an over-1,000-square-meter laboratory specialized for smart door locks to fully practice its quality-first philosophy. As an important entrance for smart control of home scenarios, smart door locks laid the foundation for the Company's strategy in smart home ecology. Smart clothes drying racks and smart curtain machines were introduced in several series, whose differentiated layout was quickly completed through platform-based development.

Focusing on users' needs for light effects and quality, the Company continued to optimize the control system of Bull Smart Home, further improving the convenience, safety, and stability of the "Bull Smart Home" app from the perspective of users. It accelerated the development of smart modules and Bull Cloud, expanded the openness of the mid-office in the business line, and deepened the partnership with Alibaba, Baidu, JD, Xiaomi, and other Internet of Things platforms that support the voice control of a range of mainstream smart speakers, thereby quickly improving the product strengths and technological capabilities of the Company's smart products. To further enhance its competitiveness in smart lighting control technology, the Company invested in Dalitek Intelligent Technology (Shanghai) Inc. in 2021. Dalitek introduced smart lighting control to China at an earlier period. It provides smart control system solutions in lighting, hotel room, and smart home for hotels, office buildings, and houses with fine decoration, and has completed various benchmark projects for high-end hotels. The smart lighting control system is its core advantage. Based on Dalitek's lighting control capabilities, Gongniu will combine its smart industry research to create a smart home ecosystem with no-main-lamp lighting products as the core.

In terms of circuit breakers, in 2021, the Company started from user needs to keep innovating, developing, and manufacturing based on the existing technology platforms. Its product lines were enriched by launching narrow body leakage protectors, upgraded home terminal distribution boxes, busbars, and double-handle integrated circuit breakers with leakage protection. The revenue generated from circuit breakers in 2021 increased by 52.16% year on year.

3. Digital accessories

In 2021, the Company's digital accessories generated revenue of RMB373 million, a year-on-year decrease of 10.79%, primarily due to the impact of the time-to-market of new products and changes in online and offline consumer traffic. As an extension of the Company's electric connection business, the digital accessories segment has been actively promoting product innovation and upgrades in digital fast charging and new energy storage, laying the foundation for future sustainable development.

Adhering to the philosophy of providing consumers with "exquisite, stylish, and young" high-quality third-party digital accessories, the Company closely followed the industry trend and accelerated the improvement of the fast charging product layout, with the release of a range of products suitable for

mobile phones and laptops. At present, the layout of fast charging products with power segments of 18W to 100W has been completed, and a widely applicable, standardized charger power platform has been launched, effectively improving product standardization, stability, and safety. Meanwhile, the Company provided consumers with higher-quality charging products by further upgrading the overcharge protection technology to better extend battery life and reduce charging power consumption.

In addition, product opportunities in the new energy sector were continuously explored. In terms of outdoor energy storage, the Company conducted in-depth research on critical technologies such as battery pack management and low power-consumption, high-efficiency fast chargers and inverters and gave full play to its advantages in strong electric connection and digital fast charging. It launched outdoor portable chargers with power segments of 300W, 600W, and 1000W that meet the national safety standard of 220V sine wave AC output and the need for 60WPD two-way fast charging. Compatible with various digital devices, these products provided consumers with safer, more convenient electricity usage in outdoor leisure and entertainment scenarios.

In response to the widely differing product performance and quality, and under the principle of electricity safety, the Company actively participated in the formulation of national and industry standards as well as enterprise certification to promote industrial progress. It has established channels for technology exchange with China Electronics Standardization Institute, China Electronic Energy Saving Technology Association, China Communications Standards Association, and China Quality Certification Centre, and joined the National Electronic Safety Standardization Technical Committee. In 2021, the Company participated in the revision or drafting of more than 10 national or industry standards as the major drafter. These documents include *Audio/Video, Information and Communication Technology Equipment -- Part 1: Safety Requirements*, *Audio/Video, Information and Communication Technology Equipment -- Part 2: Explanatory Information related to IEC 62368-1*, *Technical Requirements and Testing Methods for Power Adapters for Multimedia Equipment*, *Technical Specifications of DC Power Adapter for Vehicle Use*, *Technical Requirements for Wireless Noise-canceling Headphones*, *General Specifications for Hand Wearable Products - Smart Bracelets*, *General Specifications for Hand Wearable Products - Smart Watches*, and *Performance Specifications for Lithium-ion Battery and Battery Packs for Distributed Energy Storage - Part 1: Home Energy Storage*. As its product quality received ongoing recognition from the market and the industry, the Company was granted honors such as "Leader of Charger Enterprise Standards" and "Full Member of China Communications Standards Association".

(II) Channel integration and lean marketing were fully promoted, with the expansion of all channels, including e-commerce and ToB, accelerated

In 2021, the Company continued to promote marketing reforms according to the changes in consumer needs, further establishing the ToC and ToB marketing systems and clarifying the synergy and complementarity strategies of channels including offline hardware, decoration, digital, and online e-commerce. The hardware channel was primarily for the sales of electric connection products such as adaptors, as well as circuit breakers and light source-related lighting products. Serving as a shared

channel for all categories in smart electrical lighting, the decoration channel focused on the sales of domestic decorative products, including wall switches and sockets, LED lighting, circuit breakers, bathroom heaters, smart door locks, smart clothes drying racks, and smart curtain machines. The digital channel was primarily for the sales of digital accessories.

In terms of the consumer-side decoration channel, to meet the needs for one-stop purchase during pre-decoration, the Company further pushed forward a specialized and comprehensive decoration channel, introducing a range of electrical lighting products such as Bull wall switches and sockets, LED lighting, circuit breakers, domestic electrical appliances, and smart door locks. At present, more than 18,000 retail stores have been developed.

Meanwhile, lean marketing was further deepened in the decoration channel. Dealer operation quality was enhanced by establishing and improving the refined management and empowerment system as well as by initiating the lean market planning for dealers. With a focus on sales outlets and hypermarkets, precision advertising was maintained, along with various new forms of digital marketing, to further improve brand power.

For the consumer-side hardware channel with traditional advantages, the Company further cultivated super sales outlets to improve the efficiency and output of a single store. In addition, with the help of dealers across China, it developed supermarkets and convenient stores, entered online delivery platforms, government-enterprise platforms, and B2B centralized procurement platforms, and acquired major customers such as trading companies and office supply stores to continuously increase sales channels and optimize the market structure.

For the consumer-side digital channel, a range of forms was introduced, including mobile phone repair stores, digital accessories stores, small supermarket and convenient stores, the points mall, and the gifts channel. The Company prioritized to improve the operation quality of terminal outlets, using CRM digital tools, innovating the mini-app product management system, and upgrading the model of "distribution, delivery, visit and sales" to manage digital channel operation in real-time, efficient manner.

For business-side channels, the Company established three independent refined development systems with decoration enterprises, engineering projects, and fine-decoration houses at the core. Business-side organization capability was rapidly improved by introducing professionals. Meanwhile, life cycle management covering research and development, production, delivery, and after-sales was enhanced according to customer needs, thereby continuously fostering expertise in business-side development and services. Specifically, regarding domestic decoration, the Company leveraged its multi-category product portfolio to rapidly develop the domestic and industrial decoration markets. A stable partnership was established with more than 120 national and regional well-known decoration companies and platforms such as Shengdu, Yenova, and KE holdings, covering more than 10,000 decoration enterprise outlets. Revenue generated from business-side channels in 2021 increased by 175.20% year on year.

The Company actively promoted the e-commerce strategy of all-category, all-channel digital marketing, created new benchmark stores for new categories, strengthened the exploration and

integration of specialized dealer resource, and strove to improve the produce planning capabilities of the e-commerce channel. In terms of products, the increasingly-segmented changes in consumer needs were monitored and examined in real time. As a result, products were accurately positioned to meet and create the different needs of online consumers. In 2021, a range of trending new products such as rack sockets, retro power strips, and new energy charging plugs was launched. In terms of marketing, online brand communication, product recommendation, and inbound marketing were carried out holistically on Douyin, Xiaohongshu, Bilibili, and other digital platforms. A closed loop of resources inside and outside these websites was completed by helping them achieve scale increment, marketing innovation, and brand building. According to the data of Info Master, the market shares of the Company's converters and wall switches and sockets on Tmall remained the first in 2021. In 2021, revenue generated from the e-commerce channel increased by 31.82% year on year.

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

In 2021, with ongoing adherence to the philosophy of lean and flexible manufacturing, the Company continued to improve the levels of factory lean, automation, and informatization, and intensified smart and green manufacturing capabilities to further enhance quality and cost advantages.

It continued to promote lean improvement. The converter factory adopted the 3P methodology to complete relocation with minimal downtime, transfer and upgrade its manufacturing system, and quickly reached the planned operation level. The wall switch and socket factory pushed forward regional/all-channel inventory sharing to build a channel logistics model of "logistics center + nationwide cloud warehouse", reducing the average delivery time from seven to three days, transforming to a supply chain driven by market needs. The LED lighting segment continued to push forward the building of lean factories, with more than 60 lean lines built and renovated in 2021, achieving flexible production. With the mission of building a fast-response lean and flexible factory, the digital factory carried out OEE (Overall Equipment Efficiency) improvements. As a result, production efficiency and yield were effectively raised through SMT (Surface Mount Technology) program optimization, innovative application of through-hole reflow process, SMED (Single-minute Exchange of Die) research, and PCB assembly optimization. The domestic electrical appliance factory used the 3P tool methodology to creatively build U-shaped production lines of ceiling fan lamps and clothes drying racks. The new energy electric connection factory built a new production workshop and continued to improve product quality by combining new product BPD improvements and lean improvements such as Standard Work and PSP quality foolproof and upgrades. The smart door locks segment innovated the lean manufacturing model of "large line to Y-shaped line" to achieve a human-efficiency ratio far outperforming the industry. Aiming at cost reduction, the hardware factory continued to explore the integration of in-mold riveting technology and process. The overall equipment OEE reached a high level through abnormal fast processing, and material and labor costs dropped further through material cost reduction, mold development, and equipment technical transformation, as well as the advancement of

production processes such as head and tail material welding and unitization. Through lean tools such as BMS, SMED, TPM, and DM, the molding factory reduced the turnover inventory of injection molded parts by 40%, shortened the delivery cycle by 50%, and built a range of industry-leading models such as direct delivery with leveling logistics, plastic spray integration, and energy management.

The Company firmly promoted automation upgrade and transformation to improve product efficiency. In 2021, the converter factory explored the opportunities for automation expansion. Its robot hand application technology gained breakthroughs in testing, welding, assembly, and material supply. A total of 214 automation equipment was introduced to considerably improve equipment flexibility and availability. The wall switch and socket factory continued to promote automation applications, with the proportion of automated production capacity further increased. Its labor efficiency and output per capita rose by 23.6% and 28%, respectively. It continued to deepen quality management reform, verified AI+ visual and AI+ automatic testing, carried the first automatic detection of product appearance defects and switch feel, and established an online quality inspection system. The LED lighting factory introduced automatic plug-ins and inspected the product lines, increasing production efficiency by 52%. It also improved its electronic manufacturing capabilities by introducing multi-automatic riveting machines and automatic plug-in machines. The digital factory focused on developing highly flexible robot hands and visual positioning technology and promoted their applications in electronic factories. By introducing robot hand plug-ins and dispensing, automatic online testing, and automatic conformal coating, it built the first DIP automation benchmark line, increasing the maximum single product efficiency by 62%. The molding factory built an automatic injection molding factory with a scale of more than 1,000 units by introducing automatic code wheels, automatic packing, CCD, AGV, and self-developed robot hands.

In the meantime, all factories continued to increase investment in informatization to build digital factories. In 2021, the converter factory completed the online information system for direct delivery and strove to develop a direct delivery model for finished products. The wall switch and socket factory completed a multi-system collaborative smart delivery system which connected ERP (Enterprise Resource Planning, PLM (Product Life-cycle Management), WMS (Warehouse Management System), and QMS (Quality Management System) based on MES (Manufacturing Execution System), increasing the single order delivery rate by 60%, reducing the inventory sluggish rate by 94%, and passing the on-site acceptance of the provincial digital factory project. With MES at the core, the molding factory integrated ERP, PLM, and other software and hardware systems to build a digital smart factory with "integration of design and manufacturing, automation of production and processing, transparent production process, and precise logistics control". The hardware factory strove to create a fully digital hardware supply system by initiating a system to collect digital factory data.

(IV) Intensive efforts were made to build the Bull Business System (BBS), push forward innovation in organization and business processes, and strengthen the digitization of a whole-industry chain

In recent years, Gongniu has deeply studied world-leading business management methods and aimed to build the Bull Business System (BBS) to reduce costs, improve efficiency, and promote

organizational change as well as achieve business innovation and growth, and implement strategic goals. This philosophy has become an important methodology and operation system for the Company to drive growth. In 2021, by improving its practices, the Company gained considerable improvements in QDC (quality, delivery, cost) indicators, created 12 best practices as the lean benchmark, exported 21 Gongniu fundamental methodologies, developed 10 black-belt and 546 green-belt talents, and increased lean transformation from two points to three points. As a result, the Company's business management continued to rise.

Currently, the BBS has empowered the entire value chain covering research and development, manufacturing, and sales. Starting from the strategic deployment of goal-driven breakthroughs, the Company used the BBS methods (such as 3P rapid self-production, BPD trending product development, and lean marketing) to help enhance the competitiveness of core business and incubate strategic new businesses rapidly. In the meantime, the BBS was used to empower newly-acquired companies to help them fit in and develop in order to better gain strategic synergy.

To further develop its business, the Company set up the Pearl River Delta Center in Shenzhen and the Shanghai Center in Shanghai in 2021, two cities with intensive technology and talents. The development and innovation, as well as business development of the smart and new energy segments, were carried out to solidify the foundation of strategic new businesses.

The Company continued to strengthen its teams by carrying out the ability development plan based on the Bull Leadership Model for management talents at all levels. Meanwhile, with a large number of outstanding talents joining the Company, it strengthened the incentives in the restricted equity incentive scheme for core management and technical backbones as well as in the equity ownership scheme for special talents. By doing so, it integrated the interests of shareholders and the Company and the personal interests of the core team, thereby better attracting and retaining talents that contribute to organizational development.

In the meantime, the Company continued to vigorously push forward a digital whole-industry chain and firmly promote process management, process digitalization, and data asset management. In addition to the aforementioned digitization of the supply chain, MRO (Maintenance Repair and Operations) came into operation in 2021. The first regional cloud warehouse pilot was successfully run and began to expand across the country. Digital marketing tools continued to empower dealers and outlets, with CRM+AI management achieved in all hardware and digital channels. Moreover, the Company further deepened and optimized the e-commerce middle-office system and strengthened the coordination with external e-commerce platforms and their warehouse platforms in order to improve e-commerce operation efficiency and boost the sustainable development of online business.

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

1. Development stage and periodic characteristics of the industry

According to the Guidelines for the Industry Classification of Listed Companies revised by the CSRC in 2012, the business of the Company is assigned to “Manufacturing Industry of C38 Electric Machine and Equipment”. Besides, according to the Industry Classification of National Economy (GB/T

4754--2017) issued by the National Bureau of Statistics, the main type of the Company's business is assigned to "Manufacturing Industry of C38 Electric Machine and Equipment". Among them, adaptors, wall switches and sockets, and digital accessories are all assigned to the specific type of "3899 Other Not Classified Manufacture of Electric Machine and Equipment". LED lighting is assigned to the specific type of "3872 Manufacture of Lighting Devices".

With the continuous increase of the resident discretionary income and consumption level in China, industries such as household appliances, consumer electronics, real estate and fixtures grow continuously and rapidly, promoting the market demand for products in electric connection, electrical lighting and digital accessories. Nowadays, China is the main producing base of adaptors across the world. The brands of wall switches and sockets in China's market are nationally leading as well as internationally famous. In the field of lighting, China has become the workshop of the world with products sold to around 220 countries and regions. Comprehensively, electric connection products with adaptors as the core and electrical lighting products with wall switches and sockets and LED lighting as the core have entered the mature period of industrial development. Among them, new energy electricity, household intelligence and household ecosystem have become the new development trend. The consumer electronics industry represented by smart phones and digital accessory industry both increase rapidly.

Products of electric connection, smart electrical lighting and digital accessories all have close connection to people's lives with no obvious characteristics of industry cycle and regions. Among them, products of electric connection and smart electrical lighting have been affected by some factors including cessation of business in major retail terminal end outlets (such as hardware stores, specialized markets and so on) and the reduction of housing fixtures during the Spring Festival. Therefore, the first quarter always has the fewer sales volume all over the year.

2. The Company's position in the industry

The Company is specialized in the civil electrical industry, and has been recognized as one of the "Top 100 Manufacturing Enterprises of Zhejiang Province" for a few consecutive years. Since its establishment in 1995, the reputation of the Bull brand has increased constantly and its sales volume has always been leading. In 2021, the brand was once again among the "China's 500 Most Valuable Brands" released by World Brand Lab, with a brand value of RMB17.634 billion.

The Company always adheres to the operating philosophy of "Be Professional and Concentrated, Strive for No. 1 and Go Further". According to the data provided by Info Master, in 2021, the Company's products such as adaptors and wall switches and sockets had the No. 1 online sales volume in Tmall market. In June 2021, the Company successively launched new products such as new energy vehicle charging plugs and charging points for e-commerce platforms, with the sales volume in a leading position among third-party brands.

III Principal Activities of the Company's Business during the Reporting Period

1. Principal activities

During the Reporting Period, the Company focused on three areas: electric connection, smart electrical lighting and digital accessories. The main products of electric connection are adaptors (power strips), new energy vehicle charging plugs/points, data center PDU, busbars and so on. The products of smart electrical lighting mainly include wall switches and sockets, LED lighting, circuit breakers, bathroom heaters, smart door locks, smart clothes drying racks, smart curtain machines and so on. The products of digital accessories mainly include mobile equipment chargers such as phones, portable chargers, outdoor portable chargers and so on.



The Company adheres to the vision of “Becoming a Leader in the International Civil Electric Industry”, the mission of “providing safe and comfortable electricity experience for customers” and the development philosophy of “be professional, concentrated and go further”. Since its establishment in 1995, the Company has always adhered to the guidance of consumer demand and the base of product quality. The Company started to from the segmentation of power strips, constantly promoting the innovation of functions, technology and design, and developing batches of new products popular among consumers. Focusing on innovation, the Company has the comprehensive advantages of product R&D, marketing, supply chain and branding. After years of developing and expanding, the Company has formed three major business segments: electric connection, smart electrical lighting and digital accessories. Besides, it has also formed sustainable business layout in the fields of civil electrical industry and lighting. Facing the consumers’ upgrading demand for smart and ecosystem-based household products, and the consumer trend of green and low carbon products, the Company set the strategic goal of “Smart Ecosystem + New Energy Strategy” in 2021. Besides, the Company has constantly built firmer competitive edge in line with the trends of the times to achieve the business goal and vision.

2. Business models

(1) **Procurement model:** The procurement business of the Company mainly includes the procurement of operating supplies including copper, silver, aluminum, tin, plastic granule, paper pulp,

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

The Company has performed central procurement of bulk raw materials such as copper, silver, aluminum, tin, plastic granules, paper pulp and so on. In addition, the Company has locked the trading price through ways such as forward hedging to reduce the uncertain risk brought by the price fluctuation in spot market of raw materials.

(2) Production model: The Company has adopted the manufacturing model of “Market Forecast + Safe Inventory”. Products are mainly self-made. Some new products and supporting products have been made by adopting the OEM manufacturing mode. Every factory is responsible for the production of corresponding products and parts. They have ensured product quality, efficient management and on-time delivery at the same time. Meanwhile, the Company has constantly promoted the innovation of manufacturing mode. It has ensured the product quality, improved the flexible manufacturing efficiency and reduced cost by continuously improving the level of specialization, automation and informatization.

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

IV Analysis on Core Competitiveness during the Reporting Period

Applicable Not applicable

The Company has always adhered to the core values of “Honest, Faithful, Professional and Concentrated”. It has gradually established strong and comprehensive competitive edges through continual and comprehensive innovation and reform in product development, quality control, channel

development, marketing and supply chain construction. During the Reporting Period, the Company's core edges were continuously strengthened.

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

For long, the Company has attached great importance to research on consumer demand and the innovation of product planning and research. It has always viewed the promotion of consumer experience as the primary goal in product research. The Company has established an integrated innovation system and teams of forward research, product planning and research. It has created and applied all kinds of new technologies, materials and crafts. Through the constant superposition of micro innovation, the Company has promoted a batch of products of electric connection, smart electrical lighting and digital accessories with new and different characteristics in the aspects of design, performance, technology and function, which are popular among consumers. For years, the Company has participated in drafting 93 national standards, industry standards and association standards. It is the vice chairman unit of the Electrical Accessories and Household Controller Branch of the China Electrical Equipment Industry Association. It is also the vice chairman unit of the National Technical Committee for Standardization of Electrical Accessories. What's more, it is the first electrical enterprise in the industry to draft the "Made in Zhejiang" standard and attain certification.

As of the date of this report, the Company holds 1,956 valid patents. During the Reporting Period, the Company has applied for 451 patents and been granted 470 new patents. At the same time, the Company is a national industrial design center approved by the Ministry of Industry and Information Technology of the People's Republic of China. It is also a unit of national postdoctoral workstation.

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

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

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

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

(III) The Company always adapts itself to market changes. Supported by the offline marketing network of more than 1.1 million outlets covering urban and rural areas, as well as a professional online marketing network, the Company has established a marketing system featuring coordinative online and offline channels in the civil electrical industry.

The Company has implemented an innovative offline sales model featuring “distribution, delivery, visit and sales” in the civil electrical industry. In China, it has already developed more than 750,000 hardware channel retailers (including hardware stores, grocery stores, office supplies stores, supermarkets and so on), more than 120,000 specialized decoration and lamp decoration retailers, and more than 250,000 digital accessories channel retailers. These channels have expanded the selling points to stores, large market places, professional markets in urban and rural areas, forming an offline marketing network hard to be duplicated. At the same time, the Company has established a professional e-commerce direct selling operational team and an online distributor system with strong ability. Nowadays, the Company has comprehensively entered the leading e-commerce platforms such as Tmall, Taobao, JD.com, Vipshop, Pinduoduo, and so on. It has efficiently explored dozens of online authorized distributors, actively implemented digital marketing and achieved “diversion outside the online channel and sales inside the channel” with the help of each traffic inlet.” According to the data provided by Info Master, in 2021, the Company’s products of adaptors and wall switches and sockets had the largest market share in Tmall.

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

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

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

penetration and stickiness among different consumers with the help of diversified, intelligent and young new products and the Internet new media promotion.

During the Reporting Period, the Bull brand was once again among the “*China’s 500 Most Valuable Brands*” released by World Brand Lab. It has come out in front in the light industry group in 2021 China Brand Value Evaluation Information launched by China Council for Brand Development.

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

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

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

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

The Company has continuously summarized and iterated, and built the unique Bull Business System (BBS) by importing and extracting the essence of advanced management modes at home and abroad, and combining it with its own best experience. It has also established a whole value chain of R&D, manufacturing and marketing with value creation as the core, innovation increase as the key point and cost reduction, efficiency increase as the base. Gongniu BBS takes “empowering everyone and

every business of Gongniu in pursuit of faster, higher and further growth” as the mission. It has constantly strengthened the system development and promoted the ability internalization. Focusing on the Company’s strategic goal, Gongniu has fully used the BBS instrumental methodology mode (such as 3P quick self-manufacturing, BPD development of popular products, fine marketing and so on). Gongniu BBS has driven the Company to constantly make breakthrough to promote the development of new business, and facilitate the cost reduction and efficiency increase of the traditional business, and the innovation development. It has also promoted the achievement of high performance objectives, creating a stream of business growth points for the Company.

V Major Operations during the Reporting Period

For the Reporting Period, the Company recorded operating revenue of RMB12.385 billion, up 23.22% year-on-year; and a net profit attributable to its shareholders of RMB2.78 billion, up 20.18% year-on-year.

(I) Analysis of Principal Operations

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

Unit: RMB

Item	2021	2020	Change (%)
Operating revenue	12,384,916,337.51	10,051,128,834.05	23.22
Cost of sales	7,808,540,666.84	6,018,606,539.57	29.74
Selling expense	560,187,002.80	517,846,532.13	8.18
Administrative expense	427,615,556.97	430,706,547.54	-0.72
Finance costs	-87,842,281.32	-35,737,486.54	Not applicable
R&D expense	471,015,016.82	401,181,690.28	17.41
Net cash generated from/used in operating activities	3,014,326,741.14	3,437,202,711.65	-12.30
Net cash generated from/used in investing activities	-1,588,987,931.15	-4,249,591,758.14	Not applicable
Net cash generated from/used in financing activities	-700,808,446.71	1,925,600,149.55	-136.39

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

The change in cost of sales was primarily driven by the increased costs along with the increased revenue. The change in selling expense was primarily driven by the increased advertising and marketing expenses. No significant change occurred to administrative expense.

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

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

The change in net cash generated from/used in operating activities was primarily driven by the increased procurement amount as a result of the rising prices of bulk materials.

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

The change in net cash generated from/used in financing activities was primarily driven by the arrival of raised funds last year.

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

Applicable Not applicable

2. Revenue and cost analysis

Applicable Not applicable

In 2021, the Company continued to implement individualized innovation in electricity scenarios and develop products based on customer demands for its electric connection business, and the business

saw steady growth as a result. For the smart electrical lighting business, the Company actively expanded new product categories and accelerated the construction of a smart home ecosystem with no-main-lamp lighting as the core, which resulted in rapid growth in the business. The revenue from the digital accessories business showed a slight decline, primarily driven by the time-to-market of the new products and the change in online and offline traffics.

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

Unit: RMB

Principal operations by operating division						
Operating division	Operating revenue	Cost of sales	Gross profit margin (%)	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Civil electrical appliances	12,336,870,690.29	7,790,762,754.47	36.85	23.11	29.70	Decrease by 3.21 percentage points
Principal operations by product category						
Operating division	Operating revenue	Cost of sales	Gross profit margin (%)	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Electric connection products	6,413,208,065.02	4,300,354,553.32	32.95	15.58	27.33	Decrease by 6.18 percentage points
Smart electrical lighting products	5,550,984,279.10	3,218,338,798.71	42.02	36.90	39.62	Decrease by 1.13 percentage points
Digital accessories	372,678,346.17	272,069,402.44	27.00	-10.79	-16.11	Increase by 4.63 percentage points
Principal operations by operating segment						
Operating division	Operating revenue	Cost of sales	Gross profit margin (%)	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Domestic	12,059,354,004.16	7,536,455,016.87	37.51	22.71	28.91	Decrease by 3.00 percentage points
Overseas	277,516,686.13	254,307,737.60	8.36	43.06	58.41	Decrease by 8.89 percentage points

Note: Electric connection products include adaptors, electrical tape, new energy vehicle charging plugs/points, wire coil and couplers. Smart electrical lighting products include wall switches and sockets, LED lighting, circuit breaker, bathroom heaters, smart door locks, smart clothes drying racks, smart curtain machines and other smart ecosystem products. Digital accessories include digital accessories, digital gift boxes and outdoor portable chargers.

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

① For electric connection products, the revenue amounted to RMB6,413 million, up 15.58% year on year, while the cost of sales stood at RMB4,300 million, up 27.33% year on year. Supported by the brand advantage and the hardware channel advantage, the electric connection business, as the Company's core business, maintained a steady growth.

② For smart electrical lighting products, the revenue amounted to RMB5,551 million, up 36.90% year on year, while the cost of sales stood at RMB3,218 million, up 39.62% year on year. In this business, the Company accelerated the development of new business and decoration channels were expanded during the Reporting Period, achieving strong growth in all operations.

③ For digital accessories, the revenue amounted to RMB373 million, decrease 10.79% year on year, while the cost of sales stood at RMB272 million, decrease 16.11% year on year. This was mainly derived from the impact of time-to-market of the new products and the change in online and offline traffics.

(2) Output and unit sales analysis

√ Applicable □ Not applicable

Primary products	Unit	Output	Unit sales	Inventory	YoY change in output (%)	YoY change in unit sales (%)	YoY change in inventory (%)
Electricity connecting products	0,000 pieces	54,626.38	53,465.18	3,433.70	29.94	21.48	61.67
Smart electrical lighting products	0,000 pieces	71,632.68	66,935.42	7,798.60	43.45	28.30	136.37
Digital accessories	0,000 pieces	3,070.48	3,361.83	268.73	-17.26	-2.50	-55.73

Notes:

In the current period, the inventories of electric connection products and smart electrical lighting products both showed a significant increase compared with last year, mainly due to the strategic re-stocking due to strong sales this year. In contrast, the inventory of digital accessories showed a substantial decrease compared with last year, mainly due to product transition and optimization of inventory management.

(3) Execution of significant purchase or sales contracts

□ Applicable √ Not applicable

(4) Cost analysis

Unit: RMB

By operating division							
Operating division	Cost category	2021	As % of total costs in 2021 (%)	2020	As % of total costs in 2020 (%)	Change in amount (%)	Note
Civil electrical appliances	Direct materials	6,440,815,836.34	82.48	4,621,904,048.89	76.79	39.35	
	Direct labor cost	494,515,730.18	6.33	451,436,344.13	7.50	9.54	
	Manufacturing expense	855,431,187.95	10.96	933,363,840.19	15.51	-8.35	

Notes:

The cost of direct materials increased during 2021 compared to 2020, primarily driven by the rising prices of bulk materials.

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

□ Applicable √ Not applicable

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

Applicable Not applicable

(7) Major customers and suppliers**A. Major customers**

Sales to the top five customers stood at RMB1,592.7148 million, accounting for 12.86% of the total annual sales. Sales to the related-parties among the top five customers stood at RMB0, accounting for 0% of the total annual sales.

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

Applicable Not applicable

B. Major suppliers

Purchases from the top five suppliers stood at RMB2,261.6093 million, accounting for 22.23% of the total annual purchases. Purchases from the related-parties among the top five suppliers stood at RMB0, accounting for 0% of the total annual purchases.

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

Applicable Not applicable

Other information:

N/A

3. Expense

Applicable Not applicable

Item	2021	2020	Amount of change	Change (%)
Selling expense	560,187,002.80	517,846,532.13	42,340,470.67	8.18%
Administrative expense	427,615,556.97	430,706,547.54	-3,090,990.57	-0.72%
R&D expense	471,015,016.82	401,181,690.28	69,833,326.54	17.41%
Finance costs	-87,842,281.32	-35,737,486.54	-52,104,794.78	Not applicable

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

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

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

4. R&D investments**(1) R&D investments**

Applicable Not applicable

Unit: RMB

Expensed R&D investments in the current period	471,015,016.82
Capitalized R&D investments in the current period	
Total R&D investments	471,015,016.82
Total R&D investments as % of operating revenue	3.80
Capitalized R&D investments as % of total R&D investments	

(2) R&D personnel

Applicable Not applicable

Number of R&D personnel	1,431
R&D personnel as % of total employees	11.56
Educational background of R&D personnel	
Educational background	Number of employees
Doctoral degree	1

Master's degree	76
Bachelor's degree	783
Junior colleges	512
Senior high school and below	59
Age structure of R&D personnel	
Age	Number of employees
Below 30 (exclusive)	411
30-40 (inclusive of 30 and exclusive of 40)	826
40-50 (inclusive of 40 and exclusive of 50)	182
50-60(inclusive of 50 and exclusive of 60)	12
60 and beyond	

(3) Other information

Applicable Not applicable

The Company, as a national industrial design center and a national postdoctoral workstation, has always attached importance to product development and technological innovation. By establishing a leading scientific research innovation platform and innovating mechanism, the Company focuses on the research of industry basic and key common technologies to continuously improve product development and technological innovation capability. Meanwhile, with great emphasis on cultivation and introduction of talents of R&D and product planning as well as adhering to market demand-oriented principle, the Company continues to strengthen the insight and research on the potential consumer demands and scenario-based requirements, constantly expands the areas by launching products that meet consumer demands to lead the industry development. In addition, the Company continues reinforcing the construction of the standardization system and the strategic layout of intellectual property rights, and constantly promotes open innovation to set an excellent example with respect to innovation capability.

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

Applicable Not applicable

5. Cash flows

Applicable Not applicable

Item	2021	2020	Amount of change	Change
Net cash generated from/used in operating activities	3,014,326,741.14	3,437,202,711.65	-422,875,970.51	-12.30%
Net cash generated from/used in investing activities	-1,588,987,931.15	-4,249,591,758.14	2,660,603,826.99	62.61%
Net cash generated from/used in financing activities	-700,808,446.71	1,925,600,149.55	-2,626,408,596.26	-136.39%

(1) Net cash generated from operating activities decreased primarily driven by the increased procurement amount as a result of the rising prices of bulk materials.

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

(3) Net financing cash inflow last year changed to outflow in the current year primarily driven by the arrival of raised funds last year.

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

□ Applicable √ Not applicable

(III) Analysis of assets and liabilities

√ Applicable □ Not applicable

1. Assets and Liabilities

Unit: RMB

Item	Closing amount	As % of closing total assets (%)	Opening amount	As % of opening total assets (%)	Change (%)	Note
Held-for-trading financial assets	5,926,600,000.00	38.30	2,863,300,000.00	23.02	106.98	
Derivative financial assets	3,613,050.00	0.02	27,159,170.00	0.22	-86.7	
Notes receivable	750,723.35	0.00			Not applicable	
Receivables financing	927,023.00	0.01	161,562.83	0.00	473.78	
Other receivables	195,924,505.99	1.27	126,043,394.07	1.01	55.44	
Inventories	1,376,987,122.60	8.90	788,240,060.31	6.34	74.69	
Other current assets	1,126,520,898.44	7.28	2,741,389,939.38	22.04	-58.91	
Right-of-use assets	18,809,799.71	0.12			Not applicable	
Long-term prepaid expense	17,750,835.99	0.11	3,150,000.00	0.03	463.52	
Deferred income tax assets	116,456,369.78	0.75	66,903,177.28	0.54	74.07	
Notes payable	2,333,774.75	0.02			Not applicable	
Accounts payable	1,701,686,564.14	11.00	1,285,822,466.71	10.34	32.34	
Contract liabilities	437,999,921.93	2.83	333,741,780.65	2.68	31.24	
Other payables	430,813,760.10	2.78	219,091,086.62	1.76	96.64	
Other current liabilities	56,939,989.86	0.37	43,285,234.93	0.35	31.55	
Current portion of non-current liabilities	673,911,937.53	4.36			Not applicable	
Long-term borrowings			160,037,333.33	1.29	-100	
Lease liabilities	5,089,837.39	0.03			Not applicable	
Other non-current liabilities	46,125,187.50	0.30	28,037,156.40	0.23	64.51	

Treasury shares	80,711,540.00	0.52	46,728,594.00	0.38	72.72	
Other comprehensive income	7,537,390.37	0.05	28,863,769.91	0.23	-73.89	
Retained earnings	6,010,878,918.97	38.85	4,431,669,986.31	35.63	35.63	

Other notes:

Held-for-trading financial assets increased primarily driven by the increased closing balance of financial products with increased floating income.

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

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

Receivables financing increased primarily driven by the increased closing balance of bank acceptance notes receivable.

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

Inventories increased primarily driven by the strategic re-stocking at the end of the year.

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

Right-of-use assets increased primarily driven by the adoption of the new accounting standard for leases.

Long-term prepaid expense increased primarily driven by the new addition of the equity incentives that had been granted to awardees under the special talent stock ownership plan but were not yet amortized.

Deferred income tax assets increased primarily driven by the closing accrued deductible temporary differences arising from sales discounts.

Notes payable increased primarily driven by the increased closing balance of notes payable.

Accounts payable increased primarily driven by the increased procurement in the year.

Contract liabilities increased primarily driven by the increased closing amount of advancements from customers.

Other payables increased primarily driven by the increased closing balance of accrued sales discounts.

Other current liabilities increased primarily driven by the increased output VAT to be written off.

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

Long-term borrowings decreased primarily driven by the transfer of long-term borrowings to the current portion of non-current liabilities.

Lease liabilities increased primarily driven by the adoption of the new accounting standard for leases.

Other non-current liabilities increased primarily driven by the increased repurchase obligations of restricted shares that were over one year.

Treasury shares increased primarily driven by the increased equity incentives.

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

Retained earnings increased primarily driven by the increased profit in the year.

2. Overseas assets

Applicable Not applicable

3. Major restricted assets as at the period-end

Applicable Not applicable

4. Other information

Applicable Not applicable

(IV) Industry Environment Analysis

Applicable Not applicable

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

(V) Investments made**Equity investments in other entities**

Applicable Not applicable

1. Significant equity investments

Applicable Not applicable

2. Significant non-equity investments

Applicable Not applicable

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

3. Financial assets measured at fair value

Applicable Not applicable

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

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

Applicable Not applicable

(VI) Sale of significant assets and equity investments

Applicable Not applicable

(VII) Principal subsidiaries

Applicable Not applicable

1. Principal subsidiaries

Unit: RMB'0,000

Full name of subsidiary	Principal activities	Registered capital	Total assets	Net assets	Operating revenue	Net profit
Ningbo Gongniu Electrics Co., Ltd.	Household appliances manufacturing; manufacturing of mechanical and electrical equipment; manufacturing of distribution switch control equipment; lighting apparatus manufacturing; general merchandising of hardware products; electrical materials manufacturing; manufacturing of electronic components and electromechanical components and equipment; manufacturing of intelligent home consumption equipment; communication equipment manufacturing; network equipment manufacturing; IoT equipment manufacturing; technical services, technical development, technical consulting, technical communication, technical transfer, and technical promotion (business activities shall be conducted independently in accordance with laws with the business license, except the items that require approval in accordance with laws). Items permitted: Import and export of products; and import and	10,000	408,822.28	141,799.30	397,884.87	134,317.07

	export of technologies (business activities that require approval in accordance with laws shall be subject to the approval by relevant authorities. Specific business items are indicated on the approval results).					
Ningbo Gongniu Precision Manufacturing Co., Ltd.	Manufacturing, processing and sales of mold, plastic products, hardware accessories, and electronic components.	10,000	84,080.80	14,783.30	277,083.95	3,508.58
Ningbo Gongniu Electric Sales Co., Ltd.	General merchandising, retailing and online sales of electrical materials, electronic products, hardware products, household appliances, communication apparatus, lamps, and articles of everyday use; import and export businesses of self-owned and commissioned goods and technologies (excluding those limited or prohibited by state laws and regulations). (business activities that require approval in accordance with laws shall be subject to the approval by relevant authorities)	10,000	186,086.35	8,271.96	1,170,818.39	26,553.98

2. New subsidiaries

Unit: RMB'0,000

Full name of subsidiary	Principal activities	How it was obtained	Registered capital	Closing net assets	Net profit in the current period
Hainan Dacheng Supply Chain Management Co., Ltd.	Import and export of products; import and export of technologies; import-export agency services; and patent agency (business activities that require approval in accordance with laws shall be subject to the approval by relevant authorities) General items: Enterprise management; supply chain management services; consultation planning services; technical services, technical development, technical consulting, technical communication, technical transfer, and technical promotion; human resource services (excluding job agency activities and labor dispatch services); IT consultant services; information consultant services(excluding the information consultant services requiring any license); sales of electronic products; general merchandising of hardware products; sales of daily-use goods; sales of lamps; sales of plastic products; sales of non-ferrous alloy; sales of packaging materials and products; sales of mechanical equipment; sales of household appliances; sales of	Incorporated	1,000	-256.01	-1,934.04

	communication equipment; sales of office equipment; sales of intelligent power transmission and distribution and control equipment; sales of engineering plastics and synthetic resins (exclusive of licensing businesses, independent operation of businesses that are non-prohibited or non-restricted by laws and regulations is allowed)				
Ningbo Gongniu Intelligent Technology Co., Ltd.	Technical services, technical development, technical consulting, technical communication, technical transfer, and technical promotion; manufacturing of hardware products; manufacturing of security protection equipment; manufacturing of security protection equipment; manufacturing of information security equipment; lighting apparatus manufacturing; development of artificial intelligence application software; information system operation and maintenance services; technology consultant services for the public service platform of artificial intelligence; import and export of technologies; import-export agency; import and export of products; software development; manufacturing of distribution switch control equipment; manufacturing of electronic components and electromechanical components and equipment; manufacturing of power electronic devices and components; communication equipment manufacturing; manufacturing of metalwork for security and fire control; manufacturing of intelligent home consumption equipment; furniture instalment and repairing services; instalment services of household appliances; repairing of electrical equipment; repairing of metalwork (business activities shall be conducted independently in accordance with laws with the business license, except the items that require approval in accordance with laws).	Incorporated	1,000	99.84	-0.16

(VIII) Structured entities controlled by the Company

Applicable Not applicable

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

Applicable Not applicable

Data from the National Bureau of Statistics show that in 2021, China's GDP increased by 8.1% year on year; the sales area of commercial housing in China was 1,794.33 million square meters, a year-on-year increase of 1.9%; sales reached RMB18,193 billion, an increase of 4.8% year on year. In 2021, the nationwide per capita disposable income of residents reached RMB35,128, an increase of 8.1% year on year; the per capita residential consumption expenditure was RMB5,641, a year-on-year increase of

8.2%. In 2021, both the national GDP and per capita disposable income of residents have achieved a steady growth of over 8%. At the same time, the Government Work Report points out that in 2022, it is significant to strive to meet people's housing needs, support the commercial housing market to better meet the reasonable housing needs of buyers, keep the prices of land and housing as well as market expectations stable, and promote a virtuous circle and healthy development of the housing market by adopting city-specific policies. It is expected that the steady growth of the national economy and the smooth operation of the real estate industry can provide a sound environment for the Company's sustained and healthy development.

The domestic lighting market size is more than RMB200 billion, but the industrial pattern is scattered. Under the dual influence of the pandemic and rising prices of bulk raw materials, small and medium-sized lighting enterprises are facing greater survival pressure while the advantages of leading enterprises become more prominent. With the popularization of LED lighting technology, consumers pay more attention to luminous efficiency and light quality. Intelligent transformation has become the direction of revolution in the next stage of the lighting industry. Gongniu will integrate consumers' pursuit of minimalist decorating style to increase its business on smart no-main-lamp lighting products and quickly improve its ability of key lines through internal technology research and development and the integration of external resources to grasp the opportunities brought by intelligent transformation and make breakthroughs.

With the increasing maturity of smart home solutions on the supply side and the gradual increase of consumer acceptance on the demand side, the smart home industry is moving forward from the stage of single smart product to the stage of whole-house intelligence. According to the monitoring data of Aowei Cloud Network, in 2021, the scale of refined decoration projects supporting smart homes in China's residential real estate reached 2.547 million sets, and the smart home configuration rate reached 89%, increased by 4.8 percentage points over last year. There are huge market opportunities behind the rapid development of smart homes. The Company's smart ecosystem-based single products have been launched constantly. Accelerating the promotion of whole-house smart home ecosystem with no-main-lamp lighting products as the core will be the Company's next key development direction.

2021 has witnessed an explosive growth in the new energy vehicle industry. According to the China Association of Automobile Manufacturers, in 2021, the sales of new energy vehicles in China amounted to 3.521 million, a year-on-year increase of 1.6 times, taking 13.4% of the total vehicle sales, compared with a share of 5.4% in 2021. According to the *New Energy Automobile Development Plan (2021-2035)* issued by the General Office of the State Council, by 2025, the sales of new energy vehicles will reach about 20% of the total sales of new vehicles, and by 2035, pure electric vehicles will become the mainstay of new sales vehicles, and all vehicles used for public services will be electrically powered. With the support of policies and technologies, the new energy vehicle industry in China will accelerate its growth. The Company will keep up with the development trend of the industry and quickly arrange new energy vehicle charging plugs and charging points, which has achieved a good momentum. In the future, the Company will accelerate technical reserves and product innovation based on its existing new

energy vehicle charging plugs and charging points, actively explore new business, and seize the historical opportunities for the development of the new energy industry.

With the popularization and upgrading of smart devices, consumers have put forward higher requirements for the battery life of these devices. As the battery capacity of smart devices gradually increases, the slow charging speed has become the biggest pain point for consumers. Fast charging technology can complete charging in a short time, providing consumers with a better charging experience, and therefore, it will become the new trend in the future. In addition, as the popularity of outdoor leisure activities and the need for emergency power supply in case of natural disasters continue to grow, the market of portable energy storage products expands rapidly and is developing towards high power, light weight, and intelligence. The Company's digital accessories segment will focus on fast charging products and portable energy storage products to speed up the business layout.

(II) Development strategies of the Company

Applicable Not applicable

With the vision of “Becoming a Leader in the International Civil Electric Industry”, the Company will grasp the opportunities brought by consumption upgrading, intelligent transformation, and new energy. To be specific, it will focus on smart ecosystem and new energy, lay out its business plan based on its core advantages, and build the whole-house smart ecosystem with no-main-lamp lighting products as the core, while contributing to the development of the new energy industry by providing consumers with more and better electrical products and services.

(III) Business plans

Applicable Not applicable

In order to achieve its operating goals in 2022, the Company will work on the following priorities:

1. The electric connection business comprising adaptors is the foundation of the Company. The Company will continue to focus on customer needs to drive scenario-based and individualized innovation so as to provide consumers with electric connection products for home, office, commercial and other specific scenarios and strengthen its position as a leader and expert in power strips. The Company will focus on new electrical appliances for the layout of electric connection products and technical reserves, accelerate the arrangement of new energy vehicle charging plugs and charging points in the field of new energy electric connection, and enrich product lines quickly to meet the demand brought by the rapid increase of new energy vehicles in urban and rural markets. The Company will also leverage its comprehensive advantages in products, channels, supply chain, and brand to strive to provide consumers with quality, reliable, and safe products. Moreover, the Company will speed up the research and development of cutting-edge technologies in the fields of fast charging and storage charging to provide consumers with more and better electrical products and services.

2. With respect to the smart electrical lighting business, the Company will focus on the needs of consumption upgrade for home improvement and put forward the whole-house smart home solutions with no-main-lamp lighting products as the core. As for wall switches and sockets, the Company will further cultivate the decorative product line and at the same time, produce switches that match the no-main-lamp lighting products. It will also quickly arrange smart products and lead the consumption

upgrade of the industry as a whole. The lighting business will continue to enrich the basic lighting product line and produce decorative lighting products for different market needs; the light source business will focus on such subdivided fields as outdoor, office, and commercial chain to further lay out the product line; no-main-lamp lighting products' core function is to provide consumers with a comfortable light space and the business of no-main-lamp lighting products will be promoted; mobile lighting will focus on the writing scenario and provide consumers with eye-caring lamps that are "eye-friendly and ghosting-free". In terms of domestic electrical appliances, the Company will focus on such dimensions as intelligent transformation and scenario expansion to advance product innovation and lead the development of the industry through innovation and quality. The circuit breaker business will remain safety-oriented, continuously research and develop and manufacture products based on new technology platforms, develop and improve power distribution and industrial control product lines to expand sales channels and customer groups. The smart ecosystem business will focus on "Cloud-Edge-End" to continue to research and develop and integrate resources, strengthen the supporting role of the Bull Cloud platform for various businesses, optimize smart interactive experience, and leverage its comprehensive advantages in products, channels, supply chain, and brand to accelerate the construction of the whole-house smart ecosystem with no-main-lamp lighting products as the core.

3. In the digital accessories business, the Company will adhere to the third-party boutique strategy, focus on such categories as digital fast charging and outdoor power supply to create a fine-looking fast charging series equipped with advanced technology, and at the same time, take outdoor power supply as a starting point to accelerate the development and arrangement of outdoor energy storage business.

4. The Company will deepen the reform of decoration channels, expand new channels on the basis of the specialty stores and comprehensive stores, focus on digging deep into lower-tier markets, and at the same time, establish the luminous efficiency design capability system of smart no-main-lamp lighting products and distributor market planning and after-sales installation capability system. The Company will strengthen the efforts to expand business-side channels, build a professional business-side service provider system, quickly penetrate into home improvement, engineering and real estate businesses through multi-category and systematic product solutions to create benchmark projects; use e-commerce channels to keep up with changes in consumer buying habits, improve product planning abilities, strengthen efforts in digital marketing, and increase the exposure frequency and conversion rate of various traffic platforms to promote the coordinated development of all categories. At the same time, the CRM+AI system will be covered for distributors to improve the digital management ability of distributors and retail stores.

5. In 2022, the Company will upgrade its brand strategy comprehensively and focus on improving its brand power on the basis of its existing advantages in product power and channel power. While continuing to consolidate and strengthen its leading role in industries of safety sockets and decorative switches, it will also enhance consumer awareness and enrich brand connotation in more new categories.

6. The Company will continue to optimize hedges and take other measures to reduce the cost impact caused by sharp fluctuations in raw materials; further tap its advantages in electronics, hardware,

and mold components to continue to empower itself using technology; promote digital transformation, construct an end-to-end supply chain system, and promote the coordinated cooperation of research, production, and sales; continue to implement the cloud warehouse project, gain insight into market changes, optimize the coordination of production and sales, and improve the comprehensive competitiveness of the supply chain.

7. The Company will refine the Bull Business System, speed up the construction of the whole value chain business management system, and achieve the overall improvement of the Company's product power, sales power, and brand power. Further, it will strengthen the construction of talent teams and the innovation of organizational mechanisms, move close to talent-gathering cities, effectively integrate the advantages of talents, technology, and supply chain, and continuously improve the business innovation capability and value creation capability.

(IV) Possible risks

Applicable Not applicable

1. Risk associated with the sluggish macroeconomic growth

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

2. Risk of intensified market competition

The civil electrical industry demonstrates full market competition. There are not only many domestic enterprises, but also some famous international brands. Meanwhile, adaptors, wall switches and sockets, and other products, as the main controlled entrance of future smart home, also have attracted many powerful new enterprises to join in the competition. In the future, the civil electrical and lighting industry is expected to remain its relatively fierce competition. There are uncertainties in the changes of market competition. If the Company cannot adapt to the new competition situation, intensify and expand its original competition advantages, it will face the risk of losing market shares.

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

At the time of intensifying and expanding the original competition advantages, centering on the scenarios of electric vehicle charging and home decoration, the Company developed new business such as charging plugs/points, circuit breakers, bathroom heaters, smart door locks, smart clothes drying racks, and smart curtain machines. However, considering uncertain factors including the development trend, market competition, and changes of consumer preferences in relevant fields, the possibility that the development of new businesses will fail to reach expectation cannot be excluded.

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

According to the differences and changes of consumers' purchasing habits, the Company continued to improve the layout of channels, and vigorously extended the business-side business channel with decoration companies as the core. However, the overlap of this channel and current competitive channels is relatively low. The possibility that the development of new channels will fail to reach expectation cannot be excluded.

5. Risk of fluctuations in main material prices

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

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

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

(V) Other information

Applicable Not applicable

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

Applicable Not applicable

Part IV Corporate Governance

I Overview of Corporate Governance

Applicable Not applicable

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

In accordance with the relevant laws and regulations and the *Articles of Association*, the Company has formulated policies such as the *Rules of Procedure of the General Meeting of Shareholders*, the *Rules of Procedure of the Board of Directors*, the *Rules of Procedure of the Supervisory Committee*, the *Work Policy for Independent Directors*, the *Working Rules for the Board Secretary*, the *Working Rules for the General Manager (President)*, the *Related-Party Transaction Management System*, *Foreign Investment Management System* and the *External Guarantee Management System*, and amended the

Articles of Association during the Reporting Period to comply with the latest laws and regulations and further improve the management level.

(I) General Meeting of Shareholders

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

(II) Directors and the Board of Directors

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

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

In order to meet the needs of the Company's development, the Company has set up specialized committees under the Board of Directors, including the Strategy Committee, Nomination Committee, Remuneration and Appraisal Committee and Audit Committee. Except for the Strategy Committee, all other specialized committees are chaired by independent directors, who play an important role in the performance of major decision-making and monitoring functions by the Board of Directors, making the Company's decision-making more efficient, standardized and scientific.

(III) Supervisors and the Supervisory Committee

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

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

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

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

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

III General Meetings of Shareholders

Meeting	Date	Index to disclosed resolutions	Disclosure date	Resolutions
The First Extraordinary General Meeting of Shareholders of 2021	7 January 2021	http://www.sse.com.cn	8 January 2021	The <i>Proposal on the Change of Registered Capital and Amendment to the Articles of Association, Proposal on the Election of Non-Independent Directors of the Second Board of Directors of the Company, Proposal on the Election of Independent Directors of the Second Board of Directors of the Company and Proposal on the Election of Non-Employee Supervisors of the Second Supervisory Committee of the Company</i> were approved by the resolution. For details, please refer to the <i>Announcement on the Resolutions of the First Extraordinary General Meeting of Shareholders of 2021</i> (Announcement No.: 2021-001) published by the Company on the website of the Shanghai Stock Exchange.
The 2020 Annual General Meeting of Shareholders	20 May 2021	http://www.sse.com.cn	21 May 2021	The <i>Proposal on the Work Report of the Board of Directors in 2020, Proposal on the Work Report of the Supervisory Committee in 2020, Proposal on the Financial Final Account Report of 2020, Proposal on the Annual Report and its Summary for 2020, Proposal on the Profit Distribution Plan for 2020, Proposal on the Renewal of the Annual Auditor for 2021, Proposal on the Use of Equity Funds for Entrusting Wealth Management, Proposal on the Compensation Scheme for Directors, Proposal on the Compensation Scheme for Supervisors, Proposal on the Restricted Share Incentive Scheme for 2021 (Draft Revised) and its Summary, Proposal on the Management Measures for the Assessment of the Restricted Share Incentive Scheme for 2021 (Revised), Proposal on the Request to the General Meeting to Authorize the Board of Directors to Handle Share Incentive-Related Matters, Proposal on the Change of Registered Capital and Amendment to the Articles of Association and Proposal on the Election of Non-Independent Directors of the Second Board of Directors of the Company</i> were approved by the resolution. For details, please refer to the <i>Announcement on the Resolutions of the 2020</i>

				<i>Annual General Meeting of Shareholders</i> (Announcement No.: 2021-048) published by the Company on the website of the Shanghai Stock Exchange.
The Second Extraordinary General Meeting of Shareholders of 2021	15 November 2021	http://www.sse.com.cn	16 November 2021	The <i>Proposal on Changing Some Investment Projects with Raised Funds</i> and <i>Proposal on the Change of Registered Capital and Amendment to the Articles of Association</i> were approved by the resolution. For details, please refer to the <i>Announcement on the Resolutions of the Second Extraordinary General Meeting of Shareholders of 2021</i> (Announcement No.: 2021-102) published by the Company on the website of the Shanghai Stock Exchange.

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

Applicable Not applicable

Notes to general meetings of shareholders:

Applicable Not applicable

On 7 January 2021, the Company held the First Extraordinary General Meeting of Shareholder of 2021, and deliberated and approved the proposals to change the registered capital and amend the Articles of Association, elect the directors of the Second Board of Directors of the Company and elect the non-employee supervisors of the Second Supervisory Committee of the Company.

On 20 May 2021, the Company held its 2020 Annual General Meeting of Shareholders, and deliberated and approved the proposals on the work report of the Board of Directors, the work report of the Supervisory Committee, the financial final accounts, the 2020 annual report, the profit distribution plan, the renewal of the annual auditor, the entrustment of wealth management with equity funds, the remuneration scheme for directors and supervisors, the restricted share incentive scheme and the amendment to the Articles of Association of the Company.

On 15 November 2021, the Company held the Second Extraordinary General Meeting of Shareholders of 2021, and deliberated and approved the proposal to change some investment projects with raised funds and amend the Articles of Association of the Company.

For details, please refer to the *Announcement on the Resolutions of the First Extraordinary General Meeting of Shareholders of 2021* (Announcement No.: 2021-001), the *Announcement on the Resolutions of the 2020 Annual General Meeting of Shareholders* (Announcement No.: 2021-048) and the *Announcement on the Resolutions of the Second Extraordinary General Meeting of Shareholders of 2021* (Announcement No.: 2021-102) published by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>).

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

√ Applicable □ Not applicable

Unit: share

Name	Office title (note)	Gender	Age	Start of tenure	End of tenure	Opening shareholding (share)	Closing shareholding (share)	Change in shareholding in the Reporting Period (share)	Reason for change	Total pre-tax remuneration received from the Company in the Reporting Period (RMB' 0,000)	Remuneration received from any of the Company's related parties (yes/no)
Ruan Liping	Chairman of the Board and President	Male	58	2017-12-23	2024-1-6	96,864,199	96,864,199	0	Not applicable	301.12	No
Ruan Xueping	Vice Chairman of the Board	Male	50	2017-12-23	2024-1-6	96,864,199	96,864,199	0	Not applicable	248.00	No
Cai Yingfeng	Director and Vice President	Male	59	2017-12-23	2024-1-6	12,500	25,300	12,800	Grant of equity incentives	247.12	No
Liu Shengsong	Director, Vice President and Board Secretary	Male	52	2017-12-23	2024-1-6	18,800	18,800	0	Not applicable	284.04	No
Zhou Zhenghua	Director and Vice President	Male	50	2017-12-23	2024-1-6	13,100	13,100	0	Not applicable	361.42	No
Zhou Wenchuan	Director	Female	38	2021-5-20	2024-1-6	0	0	0	Not applicable	-	No

Xie Tao	Independent Director	Male	59	2017-12-23	2024-1-6	0	0	0	Not applicable	10.00	No
Zhang Zeping	Independent Director	Male	49	2017-12-23	2024-1-6	0	0	0	Not applicable	10.00	No
He Hao	Independent Director	Female	46	2017-12-23	2024-1-6	0	0	0	Not applicable	10.00	No
Shen Huiyuan	Chairman of the Supervisory Committee	Male	58	2017-12-23	2024-1-6	0	0	0	Not applicable	252.94	No
Guan Xuejun	Supervisor	Male	44	2017-12-23	2024-1-6	0	0	0	Not applicable	189.81	No
Li Yu	Employee Supervisor	Male	39	2017-12-23	2024-1-6	0	0	0	Not applicable	92.21	No
Li Guoqiang	Vice President	Male	55	2017-12-23	2024-1-6	13,800	24,400	10,600	Grant of equity incentives	268.31	No
Zhang Lina	Vice President and CFO	Female	62	2017-12-23	2024-1-6	7,500	7,500	0	Not applicable	161.66	No
Cao Wei	Director (former)	Male	44	2017-12-23	2021-4-12	0	0	0	Not applicable	-	No
Total	/	/	/	/	/	193,794,098	193,817,498	23,400	/	2,436.63	/

Name	Main work experience
Ruan Liping	Born in 1964, Bachelor's degree, Chinese nationality, with permanent residence in Singapore and a Hong Kong Identity Card. He once served as an engineer at Hangzhou Mechanical Design Institute of the Ministry of Water Resources, and Chairman of the Board and President of Gongniu Group Co., Ltd. (the former private company). He is currently the Chairman of the Board and President of Gongniu Group and a member of the 13th National People's Congress of Zhejiang Province, and mainly concurrently the Executive Director and General Manager of Ningbo Gongniu, the Executive Director and General Manager of Gongniu Photoelectric, the Executive Director and General Manager of Gongniu Digital and the Executive Director of Liangji Industrial.
Ruan Xueping	Born in 1972, junior secondary education, Chinese nationality, with permanent residence in Singapore and a Hong Kong Identity Card. He once served as the Production Manager of Cixi Gongniu, Vice Chairman of the Board of Gongniu Group Co., Ltd. (the former private company). He is currently the Vice Chairman of the Board of Gongniu Group, and mainly concurrently the Executive Director of Cixi Gongniu, the General

	Manager of Shanghai Gongniu and the Supervisor of Liangji Industrial.
Cai Yingfeng	Born in 1963, Bachelor's degree, professor-level senior engineer, Chinese nationality, with permanent residence in Singapore. He once served as the Director Engineer of the Crane Room of Hangzhou Mechanical Design Institute of the Ministry of Water Resources, Senior Engineer of Portek International Pte Ltd (Singapore), Vice President and Chief Engineer of Gongniu Group Co., Ltd. (the former private company). He is currently a director and Vice President of Gongniu Group.
Liu Shengsong	Born in 1970, Bachelor's degree, engineer, Chinese nationality, no permanent residence abroad. He once served as the Director's Assistant of the Science and Technology Department of Kmk Group, Senior Manager of Midea Group Co., Ltd., Director of strategic operations and Deputy General Manager of the Business Division of AUX Group Co., Ltd., President's Assistant and General Manager of the Business Division of Jiangxi Zhengbang Technology Co., Ltd., and Vice President of Gongniu Group Co., Ltd. He is currently a director, Vice President and Board Secretary of Gongniu Group, with the professional qualification of Board Secretary of the Shanghai Stock Exchange.
Zhou Zhenghua	Born in 1972, Master's degree, Chinese nationality, no permanent residence abroad. He once served as a technician of incoming material quality control (IQC) at Zhongshan Kawa Electronic(Group)Co., Ltd., the Managing Officer of quality control (QC) at One Earth Group Limited, General Manager of the product company of Midea Group Co., Ltd., and Vice President of Gongniu Group Co., Ltd. (the former private company). He is currently a director, Vice President and General Manager of the Wall Opening Division of Gongniu Group.
Zhou Wenchuan	Born in 1983, Master's degree, Ph.D. in progress, permanent resident of Hong Kong. She is currently the Vice Chairman and President of Meilleure Health International Group, Assistant President of U-Home Group, General Manager of Shenzhen Xiaozhou Investment Co., Ltd., and a member of the Standing Executive Committee of Shenzhen Federation of Industry & Commerce (Chamber of Commerce), and a director of Gongniu Group.
Xie Tao	Born in 1983, Bachelor's degree, member of the Institute of Chartered Accountants, Singaporean nationality. He once served as a partner of PwC, the Chief Executive Officer of Agria Corporation, a partner of Ernst & Young, and the Chief Executive Officer of Hunan Dakang International Food & Agriculture Co., Ltd. He is currently a director of Shanghai Vico Precision Mold &Plastics Co., Ltd., an independent director of China Yuchai International Limited, Zhejiang Wanfeng Auto Wheel Co., Ltd. and Gongniu Group.
Zhang Zeping	Born in 1973, doctoral degree, Chinese nationality, no permanent residence abroad. He once served as a teacher at the School of Basic Education of Shanghai University of Engineering Science, a teacher at the School of International Law of East China University of Political Science and Law, and the Director of the Consular Department of the China Embassy in Macedonia. He is currently a professor at the School of International Law of East China University of Political Science and Law, an arbitrator of Shanghai International Economic and Trade Arbitration Commission (SHIAC), Shanghai Arbitration Commission and Shenzhen Court of International Arbitration, a part-time lawyer of Shanghai Zhonglian Law Firm, an independent director of Kunshan Xiefu New Material Co., Ltd., an independent director of Shenzhen Soocas Technology Co., Ltd., a director of Suzhou Kelinyuan Electronics Co., Ltd. and an independent director of Gongniu Group.
He Hao	Born in 1976, Master's degree, Chinese nationality, no permanent residence abroad. He once served as a senior auditor of Arthur Andersen LLP, an audit manager of PwC LLP, Vice President of Deutsche Bank (China) Co., Ltd., and Chief Controller of the Corporate Customer Department of Standard Chartered Bank (China) Limited. He is currently the Executive President of Red Star Macalline Holding Group Co., Ltd., Chairman of Shanghai Xingshan Investment Management Co., Ltd., a managing partner of Shanghai Xingduo Investment Partnership Enterprise (Limited Partnership), executive director of Shanghai Xingdun Technology Co., Ltd., an executive director of Shanghai Xingyuxin Business Management Co., Ltd., executive director and manager of Beijing Xinghao Kairui Technology Co., Ltd., executive director of Shanghai Lihao Creative Design Co., Ltd., director of Shanghai Meilong Interactive Entertainment Technology Co., Ltd., director of Chongqing Meiji Financial Leasing Co., Ltd.,

	director of Shanghai Xingduo Hotel Management Co., Ltd., supervisor of Tibet Yiying Enterprise Management Co., Ltd., supervisor of Changzhou Yinghong Investment Co., Ltd., supervisor of Shanghai Jiajinsuo Financial Information Service Co., Ltd., supervisor of Shanghai Xingqin Brand Management Co., Ltd. and independent director of Gongniu Group.
Shen Huiyuan	Born in 1964, Bachelor's degree, Chinese nationality, no permanent residence abroad. He once served as the project leader of the International Electrical Development Department of TCL Group Co., Ltd, head of the Electrical R&D Department of Huizhou IDV Electrical Technology Co., Ltd., head of Electrical Accessories Department of Gongniu Group Co., Ltd. (the former private company), Executive Deputy General Manager and Deputy General Manager of R&D of Ningbo Gongniu Electrics Co., Ltd., and Director of the Research Institute of Gongniu Group Co., Ltd. (the former private company). He is currently the Chairman of the Supervisory Committee of Gongniu Group Co., Ltd., head of the R&D and Technology Management Center and Director of the Research Institute of Gongniu Group.
Guan Xuejun	Born in 1978, Master's degree, Chinese nationality, no permanent residence abroad. He once served as the procurement manager of Foshan Shunde District MiTAC Computer (Shunde) Limited, senior procurement manager of Ningbo Franta Kitchenware Co., Ltd., senior procurement manager of Quanyou Furniture Co., Ltd., and Director of the New Business Management Center of Gongniu Group Co., Ltd. (the former private company). He is currently a supervisor of Gongniu Group and the General Manager of the decoration channel marketing system.
Li Yu	Born in 1983, Bachelor's degree, intermediate auditor, international certified internal auditor, Chinese nationality, no permanent residence abroad. He once served as the Manager of the Audit Department, Manager of the Operation Department, Executive President of Gongniu University and Director of Human Resources Center of Gongniu Group Co., Ltd. (the former private company). He is currently the General Manager of the Low-voltage Electrical Appliances Division of Gongniu Group.
Li Guoqiang	Born in 1967, junior college degree, Chinese nationality, no permanent residence abroad. He once served as the Regional Manager of TCL International Electrical (Huizhou) Co., Ltd., Marketing Director of IDV International Electrical (Huizhou) Co., Ltd. and Vice President of Marketing of Gongniu Group Co., Ltd. (the former private company). He is currently the Vice President of Marketing of Gongniu Group.
Zhang Lina	Born in 1960, junior college degree, Chinese nationality, no permanent residence abroad. She once served as the Finance Controller of China Telecom Co., Ltd. Cixi Branch, Financial Manager and Chief Financial Officer of Gongniu Group Co., Ltd. (the former private company). She is currently the Vice President and Chief Financial Officer of Gongniu Group.

Other information:

Applicable Not applicable

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

√ Applicable □ Not applicable

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

2. Offices held concurrently in other entities

√ Applicable □ Not applicable

Name	Other entity	Office held in other entity	Start of tenure	End of tenure
Ruan Liping	Ningbo Gongniu Electrics Co., Ltd.	Executive Director and General Manager	December 2008	Currently ongoing
Ruan Liping	Cixi Gongniu Electrics Co., Ltd.	General Manager	January 2008	Currently ongoing
Ruan Liping	Ningbo Gongniu Digital Technology Co., Ltd.	Executive Director and General Manager	October 2016	Currently ongoing
Ruan Liping	Ningbo Gongniu Precision Manufacturing Co., Ltd.	Executive Director and General Manager	September 2015	Currently ongoing
Ruan Liping	Ningbo Bull International Trading Co., Ltd.	Executive Director and General Manager	March 2017	Currently ongoing
Ruan Liping	Ningbo Gongniu Supply Chain Management Co., Ltd.	Executive Director and General Manager	December 2016	Currently ongoing
Ruan Liping	Ningbo Gongniu Electric Sales Co., Ltd.	Executive Director	August 2017	Currently ongoing
Ruan Liping	Ningbo Xingluo Trading Co., Ltd.	Executive Director	August 2017	Currently ongoing
Ruan Liping	Ningbo Gongniu Photoelectric Technology Co., Ltd.	Executive Director and General Manager	June 2014	Currently ongoing
Ruan Liping	Ningbo Gongniu Low Voltage Electric Co., Ltd.	Executive Director and Manager	June 2019	Currently ongoing
Ruan	Shanghai Minshen Property Co., Ltd.	Vice Chairman of the Board	July 1999	Currently ongoing

Liping				
Ruan Liping	Wuhan Gongniu Investment Management Co., Ltd.	Chairman of the Board	August 2011	October 2021
Ruan Liping	Cixi Shenghui Electronics Co., Ltd.	Executive Director	January 2016	Currently ongoing
Ruan Liping	Ningbo Gongniu Property Co., Ltd.	Executive Director	June 2010	Currently ongoing
Ruan Liping	Ningbo Golden Mango Ecological Manor Co., Ltd.	Executive Director	December 2013	Currently ongoing
Ruan Liping	Wuhan Gongniu Ventures Investment Co., Ltd.	Chairman of the Board	October 2011	March 2021
Ruan Liping	Ningbo Fenggu Real Estate Co., Ltd.	Director	April 2011	January 2022
Ruan Liping	Cixi Golden Mango Microcredit Co., Ltd.	Chairman of the Board	June 2012	April 2021
Ruan Liping	Qingdao Haili Commercial Appliances Co., Ltd.	Director	May 2009	Currently ongoing
Ruan Liping	Wuhan Fenjin Power Tech Co., Ltd.	Executive Director	December 2006	Currently ongoing
Ruan Liping	Ningbo Meishan Bonded Port Shuojin Investment Management Co., Ltd.	Executive Director	November 2017	Currently ongoing
Ruan Liping	Wuhan Zhongjia Hongyi Technology Information Industrial Park Co., Ltd.	Director	January 2019	Currently ongoing
Ruan Liping	Ningbo Gongniu Domestic Electrical Appliance Co., Ltd.	Executive Director and Manager	April 2020	Currently ongoing
Ruan Liping	Shanghai Gongniu Information Technology Co., Ltd.	Executive Director and General Manager	February 2022	Currently ongoing
Ruan Liping	Ningbo Gongniu Smart Technology Co., Ltd.	Executive Director and Manager	October 2021	Currently ongoing
Ruan Xueping	Ningbo Meishan Bonded Port Shuojin Investment Management Co., Ltd.	Supervisor	November 2017	Currently ongoing
Ruan Xueping	Cixi Gongniu Electrics Co., Ltd.	Executive Director	January 1995	Currently ongoing
Ruan Xueping	Shanghai Minshen Property Co., Ltd.	Director	July 1999	Currently ongoing

Ruan Xueping	Shanghai Dumin Real Estate Co., Ltd.	Chairman of the Board	March 2006	Currently ongoing
Ruan Xueping	Wuhan Gongniu Investment Management Co., Ltd.	Supervisor	August 2011	October 2021
Ruan Xueping	Shanghai Minshen Real Estate Management Co., Ltd.	Director	August 2005	Currently ongoing
Zhou Wenchuan	Meilleure Health International Group Co., Ltd.	Vice Chairman of the Board and President	August 2013	Currently ongoing
Zhou Wenchuan	U-Home Group Co., Ltd.	Supervisor	June 2010	Currently ongoing
Zhou Wenchuan	Shenzhen Xiaozhou Investment Co., Ltd.	General Manager	January 2009	Currently ongoing
Zhou Wenchuan	Yunnan Hansu Biotechnology Co., Ltd.	Director	June 2018	Currently ongoing
Zhou Wenchuan	Shenzhen Yinguan Biological Technology Co., Ltd.	Director	February 2019	Currently ongoing
Zhou Wenchuan	Shenzhen Meiray Vap Technology Co., Ltd.	Chairman of the Board	December 2019	Currently ongoing
Zhou Wenchuan	Zhuhai Fuhai Canyang Investment Development Co., Ltd.	Director	December 2009	Currently ongoing
Zhou Wenchuan	Wuhu Meilleure Health Management Co., Ltd.	General Manager	April 2018	Currently ongoing
Zhou Wenchuan	Shenzhen Skin Analysis Medical Beauty Clinic	Chairman of the Board	June 2017	Currently ongoing
Zhou Wenchuan	Shenzhen Ruima Electric Technology Co., Ltd.	General Manager	September 2019	Currently ongoing
Zhou Wenchuan	Beijing Meiaikang Technology Co., Ltd.	Director	February 2020	Currently ongoing
Zhou Wenchuan	Wuhu Xiaozhou Investment Co., Ltd.	General Manager	October 2019	Currently ongoing
Xie Tao	Shanghai Vico Precision Mold &Plastics Co., Ltd.	Director	May 2021	Currently ongoing
Xie Tao	China Yuchai International Limited	Independent Director	September 2020	Currently ongoing
Xie Tao	Zhejiang Wanfeng Auto Wheel Co., Ltd.	Independent Director	June 2020	Currently ongoing
Zhang Zeping	Kunshan Xiefu New Material Co., Ltd.	Independent Director	June 2015	Currently ongoing

Zhang Zeping	Shenzhen Soocas Technology Co., Ltd.	Independent Director	October 2020	Currently ongoing
Zhang Zeping	Suzhou Kelinyuan Electronics Co., Ltd.	Director	January 2022	Currently ongoing
He Hao	Red Star Macalline Holding Group Co., Ltd.	CEO	February 2017	Currently ongoing
He Hao	Shanghai Xingduo Investment Partnership Enterprise (Limited Partnership)	Executive Partner	July 2018	Currently ongoing
He Hao	Shenzhen Red Star Macalline Gaosheng City Industrial Development Co., Ltd.	Chairman of the Board	March 2019	Currently ongoing
He Hao	Shanghai Xingyuxin Business Management Co., Ltd.	Executive Director	August 2018	Currently ongoing
He Hao	Shanghai Xingshan Investment Management Co., Ltd.	Chairman of the Board	February 2019	Currently ongoing
He Hao	Shanghai Xingdun Technology Co., Ltd.	Executive Director	March 2018	Currently ongoing
He Hao	Tibet Yiyong Enterprise Management Co., Ltd.	Supervisor	June 2017	Currently ongoing
He Hao	Changzhou Yinghong Investment Co., Ltd.	Supervisor	May 2017	Currently ongoing
He Hao	Shanghai Jiajinsuo Financial Information Service Co., Ltd.	Supervisor	May 2017	Currently ongoing
He Hao	Shanghai Meilong Interactive Entertainment Technology Co., Ltd.	Director	July 2017	Currently ongoing
He Hao	Shanghai Xingqin Brand Management Co., Ltd.	Supervisor	August 2018	Currently ongoing
He Hao	Shanghai Aegean Outlets Business Management Co., Ltd.	Supervisor	September 2018	Currently ongoing
He Hao	Chongqing Meiji Financial Leasing Co., Ltd.	Director	November 2017	Currently ongoing
He Hao	Beijing Xinghao Kairui Technology Co., Ltd.	Executive Director and Manager	December 2018	Currently ongoing
He Hao	Shanghai Xingduo Hotel Management Co., Ltd.	Director	May 2019	Currently ongoing
He Hao	Shanghai Lihao Creative Design Co., Ltd.	Executive Director	July 2019	Currently ongoing
Liu Shengsong	Wuhan Yangtze Optical Electronic Co., Ltd.	Director	January 2020	Currently ongoing
Liu Shengsong	Wuhan Gongniu Investment Management Co., Ltd.	Supervisor	October 2021	Currently ongoing
Li Yu	Ningbo Gongniu Electrics Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Cixi Gongniu Electrics Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Gongniu Low Voltage Electric Co., Ltd.	Supervisor	June 2019	Currently ongoing

Li Yu	Ningbo Banmen Electric Appliance Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Gongniu Digital Technology Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Bull International Trading Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Gongniu Supply Chain Management Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Gongniu Photoelectric Technology Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Shanghai Gongniu Electrics Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Gongniu Precision Manufacturing Co., Ltd.	Supervisor	November 2019	Currently ongoing
Li Yu	Ningbo Gongniu Domestic Electrical Appliance Co., Ltd.	Supervisor	April 2020	Currently ongoing
Note	Not applicable			

(IV) Remunerations of directors, supervisors and senior management√ Applicable Not applicable

Decision-making procedures for the remuneration of directors, supervisors and senior management personnel	The remuneration of directors and supervisors shall be deliberated and determined by the General Meeting of Shareholders. The remuneration of senior management personnel shall be reviewed and determined by the Board of Directors.
Basis for determining the remuneration of directors, supervisors and senior management personnel	Internal directors, supervisors and senior management personnel are paid remuneration in accordance with the specific management positions they hold in the Company, taking into account the Company's business picture, relevant remuneration system and results of performance appraisals. The remuneration of independent directors is based on an allowance system, and directors who do not hold specific management positions in the Company will not receive remuneration.
Actual payment of remuneration for directors, supervisors and senior management personnel	The earnings disclosed in the report represent the actual remuneration of the directors, supervisors and senior management personnel.
Total actual remuneration received by all directors, supervisors and senior management personnel at the end of the Reporting Period	RMB24,366,300

(V) Changes of directors, supervisors and senior management√ Applicable Not applicable

Name	Office title	Type of change	Reason for change
Cao Wei	Director	Resignation	Personal reasons
Zhou Wenchuan	Director	Elected	Elected

Mr. Cao Wei, a former director of the Company, resigned as a director and a member of the Strategy Committee of the Board of Directors on 12 April 2021 for personal reasons. Upon his resignation, Mr. Cao Wei no longer holds any position in the Company.

Upon the deliberation and approval at the Third Meeting of the Second Board of Directors of the Company and the 2020 Annual General Meeting, and the inspection of the Nomination Committee of the Board of Directors of the Company, the Board of Directors agreed to elect Mrs. Zhou Wenchuan as a non-independent director of the Second Board of Directors and a member of the Strategy Committee of the Second Board of Directors.

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

Applicable Not applicable

(VII) Other information

Applicable Not applicable

V Board Meetings Convened during the Reporting Period

Meeting	Date	Resolutions
The First Meeting of the Second Board of Directors	7 January 2021	Reviewed and approved the <i>Proposal on the Election of the Chairman of the Board and Vice Chairman of the Board of the Company, Proposal on the Election of Members of the Specialized Committee of the Board of Directors, Proposal on the Appointment of the President, Board Secretary and Securities Representative of the Company, Proposal on the Appointment of the Vice President and Chief Financial Officer of the Company, Proposal on the Continued Use of Part of Temporarily Idle Raised Funds for Cash Management, Proposal on the Continued Use of Part of Idle Raised Funds for Temporary Replenishment of Working Capital, Proposal on Conducting Bulk Raw Material Futures Business and Proposal on the Application for Comprehensive Credit Line from Banks</i> . For details, please refer to the <i>Announcement on the Resolutions of the First Meeting of the Second Board of Directors</i> (Announcement No.: 2021-002) published by the Company on the website of the Shanghai Stock Exchange.
The Second Meeting of the Second Board of Directors	30 March 2021	Reviewed and approved the <i>Proposal on Estimated Continuing Related-Party Transactions for 2021</i> . For details, please refer to the <i>Announcement on the Resolutions of the Second Meeting of the Second Board of Directors</i> (Announcement No.: 2021-018) published by the Company on the website of the Shanghai Stock Exchange.
The Third Meeting of the Second Board of Directors	28 April 2021	Reviewed and approved the <i>Proposal on the Work Report of the General Manager in 2020, Proposal on the Work Report of the Board of Directors in 2020, Proposal on the Financial Final Account Report of 2020, Proposal on the Annual Report and its Summary for 2020, Proposal on the Profit Distribution Plan for 2020, Proposals on the 2020 Annual Internal Control Evaluation Report, Proposal on the Annual Social Responsibility Report, Proposal on the Work Report of Independent Directors for 2020, Proposal on the Report on the Performance of the Audit Committee of the Board of Directors for 2020, Proposal on the Renewal of the Annual Auditor for 2021, Proposal on the Use of Equity Funds for Entrusting Wealth Management, Proposal on the Compensation Schemes for Directors and Senior Management Personnel, Proposal on the Restricted Share Incentive Scheme for 2021 (Draft) and its Summary, Proposal on the Management Measures for the Assessment of the Restricted Share Incentive Scheme for 2021, Proposal on the Request to the General Meeting to Authorize the Board of Directors to Handle Share Incentive-Related Matters, Proposal on Adjusting Matters Related to the Special Talent Shareholding Plan for 2020, Proposal on Repurchase and Cancellation of Some Restricted Shares, Proposal on the Change of Registered Capital and Amendment to the Articles of Association,</i>

		<i>Proposal on the Special Report on the Deposit and Actual Use of Raised Funds for 2020, Proposal on the 2021 Q1 Report, Proposal on the Election of Candidates for Non-Independent Directors of the Second Board of Directors of the Company and Proposal on the Convening of the 2020 Annual General Meeting.</i> For details, please refer to the <i>Announcement on the Resolutions of the Third Meeting of the Second Board of Directors</i> (Announcement No.: 2021-024) published by the Company on the website of the Shanghai Stock Exchange.
The Fourth Meeting of the Second Board of Directors	10 May 2021	Reviewed and approved the <i>Proposal on the Restricted Share Incentive Scheme for 2021 (Draft Revised) and its Summary, Proposal on the Management Measures for the Assessment of the Restricted Share Incentive Scheme for 2021 (Revised) and Proposal on the Cancellation of Some Proposals of the 2020 Annual General Meeting of Shareholders.</i> For details, please refer to the <i>Announcement on the Resolutions of the Fourth Meeting of the Second Board of Directors</i> (Announcement No.: 2021-040) published by the Company on the website of the Shanghai Stock Exchange.
The Fifth Meeting of the Second Board of Directors	4 June 2021	Reviewed and approved the <i>Proposal on the Adjustment of the List of Incentive Targets, Grant Number and Grant Price of the Restricted Share Incentive Scheme for 2021 and Proposal on Granting Restrictive Shares to Incentive Targets.</i> For details, please refer to the <i>Announcement on the Resolutions of the Fifth Meeting of the Second Board of Directors</i> (Announcement No.: 2021-054) published by the Company on the website of the Shanghai Stock Exchange.
The Sixth Meeting of the Second Board of Directors	22 June 2021	Reviewed and approved the <i>Proposal on the Achievement of Lifting the Restriction Conditions in the First Lifting Restriction Period of the 2020 Restricted Share Incentive Scheme and Proposal on the Adjustment of the Repurchase Price of the 2020 Restricted Share Incentive Scheme.</i> For details, please refer to the <i>Announcement on the Resolutions of the Sixth Meeting of the Second Board of Directors</i> (Announcement No.: 2021-059) published by the Company on the website of the Shanghai Stock Exchange.
The Seventh Meeting of the Second Board of Directors	17 August 2021	Reviewed and approved the <i>Proposal on the Semi-Annual Report for 2021 and its Summary, Special Report on the Deposit and Actual Use of Raised Funds for the Semi-Annual Period of 2021 and Proposal on the Formulation of Accountability Policy for Material Errors in Information Disclosure of the Annual Report.</i> For details, please refer to the <i>Announcement on the Resolutions of the Seventh Meeting of the Second Board of Directors</i> (Announcement No.: 2021-080) published by the Company on the website of the Shanghai Stock Exchange.
The Eighth Meeting of the Second Board of Directors	28 October 2021	Reviewed and approved the <i>Proposal on the 2021 Q3 Report of the Company, Proposal on Changing Some Investment Projects with Raised Funds, Proposal on the Change of Registered Capital and Amendment to the Articles of Association, Proposal on Repurchase and Cancellation of Some Restricted Shares and Proposal on the Convening of the Second Extraordinary General Meeting of Shareholders of 2021.</i> For details, please refer to the <i>Announcement on the Resolutions of the Eighth Meeting of the Second Board of Directors</i> (Announcement No.: 2021-090) published by the Company on the website of the Shanghai Stock Exchange.
The Ninth Meeting of the Second Board of Directors	27 December 2021	Reviewed and approved the <i>Proposal on the Continued Use of Part of Temporarily Idle Raised Funds for Cash Management, Proposal on the Continued Use of Part of Idle Raised Funds for Temporary Replenishment of Working Capital, Proposal on Conducting Bulk Raw Material Futures Business, Proposal on the Application for Comprehensive Credit Line from Banks, Proposal on the Change of Registered Capital and Amendment to the Articles of Association and Proposal on the Convening of the First Extraordinary General Meeting of Shareholders of 2022.</i> For details, please refer

to the *Announcement on the Resolutions of the Ninth Meeting of the Second Board of Directors* (Announcement No.: 2021-112) published by the Company on the website of the Shanghai Stock Exchange.

VI Performance of Duty by Directors

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

Name of director	Independent director or not	Attendance at board meetings						Attendance at general meetings of shareholders
		Total number of board meetings the director was supposed to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Absence	The director failed to attend two consecutive board meetings (yes/no)	Total number of general meetings of shareholders the director was supposed to attend
Ruan Liping	No	9	9	4	0	0	No	3
Ruan Xueping	No	9	9	5	0	0	No	3
Cai Yingfeng	No	9	9	5	0	0	No	3
Liu Shengsong	No	9	9	4	0	0	No	3
Zhou Zhenghua	No	9	9	5	0	0	No	3
Zhou Wenchuan	No	5	5	5	0	0	No	1
Xie Tao	Yes	9	9	8	0	0	No	2
Zhang Zeping	Yes	9	9	8	0	0	No	3
He Hao	Yes	9	9	7	0	0	No	2
Cao Wei (former)	No	2	2	2	0	0	No	0

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

Applicable Not applicable

Total number of board meetings convened in the Reporting Period	9
Of which: on-site meetings	0
Meetings convened by way of telecommunication	4
Meetings where on-site attendance and attendance by telecommunication were both allowed	5

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

Applicable Not applicable

(III) Other information

Applicable Not applicable

VII Specialized Committees under the Board of Directors

√ Applicable □ Not applicable

(1) Members of the specialized committees

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

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

Date	Contents	Important comments and suggestions	Other performance of duties
26 January 2021	Reviewed and approved the proposal on the <i>Annual Report Audit Plan of the Company</i> .	The Audit Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	For details, please refer to the <i>Report of Gongniu Group Co., Ltd. On the Duty Performance of the Audit Committee of the Board of Directors in 2021</i> .
14 April 2021	Reviewed and approved the proposals on the <i>2020 Annual Report of the Company, 2021 Q1 Report of the Company, Financial Final Account Report of 2020, Special Report on the Deposit and Actual Use of Raised Funds for 2020, Proposal on the Renewal of the Annual Auditor for 2021, 2020 Annual Internal Control Evaluation Report and Internal Audit Plan for 2021</i> .	The Audit Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	For details, please refer to the <i>Report of Gongniu Group Co., Ltd. On the Duty Performance of the Audit Committee of the Board of Directors in 2021</i> .
6 August 2021	Reviewed and approved the proposals on the <i>2021 Semi-annual Report of the Company, Special Report on the Semi-annual Deposit and Actual Use of Raised Funds for 2021 and Semi-annual Work Summary and Work Planning of the Audit Supervision Department for the Second Half of 2021</i> .	The Audit Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	For details, please refer to the <i>Report of Gongniu Group Co., Ltd. On the Duty Performance of the Audit Committee of the Board of Directors in 2021</i> .

21 October 2021	Reviewed and approved the proposal on the <i>2021 Q3 Report of the Company</i> .	The Audit Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	For details, please refer to the <i>Report of Gongniu Group Co., Ltd. On the Duty Performance of the Audit Committee of the Board of Directors in 2021</i> .
27 December 2021	Reviewed and approved the proposal on the <i>Annual Report Audit Plan of the Company</i> .	The Audit Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	For details, please refer to the <i>Report of Gongniu Group Co., Ltd. On the Duty Performance of the Audit Committee of the Board of Directors in 2021</i> .

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

Date	Contents	Important comments and suggestions	Other performance of duties
28 April 2021	Reviewed and approved the <i>Proposal on the Remuneration Schemes for Directors and Senior Management Personnel, Proposal on the Restricted Share Incentive Scheme for 2021 (Draft) and its Summary of the Company, Proposal on the Management Measures for the Appraisal of the Restricted Share Incentive Scheme for 2021 and Proposal on the Request to the General Meeting to Authorize the Board of Directors to Handle Share Incentive-Related Matters</i> .	The Remuneration and Appraisal Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	
21 June 2021	Reviewed and approved the <i>Proposal on the Achievement of Lifting the Restriction Conditions in the First Lifting Restriction Period of the 2020 Restricted Share Incentive Scheme</i> .	The Remuneration and Appraisal Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full	

		communication and discussion, all proposals were unanimously approved.	
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(4) The Nomination Committee held one meeting during the Reporting Period.

Date	Contents	Important comments and suggestions	Other performance of duties
28 April 2021	Reviewed and approved <i>Proposal on the Election of Candidates for Non-Independent Directors of the Second Board of Directors of the Company.</i>	The Nomination Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	

(5) Objections

Applicable Not applicable

VIII Risks Detected by the Supervisory Committee

Applicable Not applicable

The Supervisory Committee raised no objections during the Reporting Period.

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

Number of in-service employees of the Company as the parent	4,081
Number of in-service employees of principal subsidiaries	8,302
Total number of in-service employees	12,383
Number of retirees to whom the Company as the parent or its principal subsidiaries need to pay retirement pensions	0
Functions	
Function	Employees
Production	8,154
Sales	1,471
Technical	1,576
Financial	119
Administrative	1,063
Total	12,383
Educational background	
Educational background	Employees
Bachelor's degree and above	2,040
Junior college	1,941
Technical secondary school and below	8,402
Total	12,383

(II) Remuneration policy

Applicable Not applicable

The Company further improved its remuneration management and incentive mechanism by revising the management system related to remuneration and benefits to enhance the competitiveness of employee remuneration returns. Based on the development of performance, the Company has conducted a comprehensive and objective evaluation of employees from dimensions such as job value, personal

performance and personal ability, and continued to improve the performance-oriented system of assessment, training, promotion and incentive, fully mobilizing the creativity and enthusiasm of employees and promoting the Company's performance growth and personal career development while improving the remuneration and benefits.

(III) Training plans

Applicable Not applicable

The Company takes the needs of strategic development as the input for learning and development, and is committed to the training of the Group's leadership cadres and cultural heritage. It systematically trains practical and innovative talent in a stratified and graded manner with the two-wheel drive of "lean tools and methodologies" and "leadership development". The Company insists on the learning concept of "practical benchmark" and "combination of training and practice" to build a line of accelerated development and competency in personnel training. The Company has successfully developed leadership development programs at various levels, such as the Niu Program (school admissions program), Mou Programme, Yan Program and Ben Program, and promoted leadership development at managing officer/manager/director/general manager levels, as well as general skill enhancement and professional capability development programs such as the integration of new employees and the training of skilled talent, so as to promote the construction of a learning organization. At the same time, the Gongniu Online platform carries a large amount of learning resources, supplementing internal and external resources to create a shared learning atmosphere.

(IV) Labor outsourcing

Applicable Not applicable

X Dividend Payouts

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

Applicable Not applicable

1. Formulation of the cash dividend policy

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

2. Execution of the cash dividend policy

In order to share with investors the Company's operating results of 2020, the Board of Directors declared a cash dividend of RMB20.00 (tax inclusive) per 10 shares to shareholders based on the total share capital at the record date of the dividend payout. The dividend payout in the total amount of RMB1,201,151,800 was completed on 3 June 2021.

(II) Special statement on the cash dividend policy

Applicable Not applicable

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

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

Applicable Not applicable

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

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

Applicable Not applicable

Overview	Index to the disclosed information
On 10 February 2021, 21 incentive targets including Wu Jun had lost their qualification for the share incentive due to their departure from the Company, and the Company repurchased and canceled 37,900 restricted shares held by them which had been granted but not lifted from restricted sales.	For details, please refer to the <i>Announcement on the Implementation of the Repurchase and Cancellation of Some Restricted Incentive Shares</i> (Announcement No.: 2021-014) on the website of the SSE (www.sse.com.cn).
On 28 April 2021, the Company held the 3rd meeting of the 2nd Board of Directors and the 3rd meeting of the 2nd Supervisory Committee, and reviewed and approved the <i>Proposal on the Restricted Share Incentive Scheme for 2021 (Draft) and its Summary, Proposal on the Management Measures for the Assessment of the Restricted Share Incentive Scheme for 2021, Proposal on Adjusting Matters Related to the Special Talent Shareholding Plan for 2020, and Proposal on Repurchase and Cancellation of Some Restricted Shares</i> . The independent directors of the Company expressed their independent opinions and agreed to the repurchase and cancellation of these restricted shares, and Shanghai Renying Law Firm issued a legal opinion on the repurchase and cancellation. The Supervisory Committee of the Company held that the repurchase and cancellation of these restricted shares are in line with the relevant regulations and do not prejudice the interests of the Company and all shareholders, in particular the small and medium shareholders.	For details, please refer to the <i>Announcement on the Resolutions of the 3rd Meeting of the 2nd Board of Directors</i> (Announcement No.: 2021-024) and <i>Announcement on the Resolutions of the 3rd Meeting of the 2nd Supervisory Committee</i> (Announcement No.: 2021-025) on the website of the SSE (www.sse.com.cn).
On 29 April 2021, the Company notified its creditors of the repurchase of restricted shares. During the public announcement period, the Company did not receive any request from the creditors for early settlement of debts or provision of corresponding guarantees to the Company, nor did it receive any objection from any creditor to the repurchase.	For details, please refer to the <i>Announcement on Notifying Creditors of the Repurchase and Cancellation of Some Restricted Shares</i> (Announcement No.: 2021-033) on the website of the SSE (www.sse.com.cn).
On 29 April 2021, the Company made a public announcement on the website of the Shanghai Stock Exchange (www.sse.com.cn) and within the Company on the list of incentive targets from 29 April 2021 to 8 May 2021. During the public announcement period, the	For details, please refer to the <i>List of Incentive Targets of 2021 Restricted Share Incentive Scheme and Explanation of the Supervisory Committee on the Announcement of the List of Incentive</i>

<p>Supervisory Committee of the Company did not receive any objection from any organization or individual. In addition, the Supervisory Committee of the Company verified the list of targets of this incentive scheme and announced the <i>Explanation of the Supervisory Committee of Gongniu Group Co., Ltd. on the Announcement of the List of Incentive Targets of the 2021 Restricted Share Incentive Scheme and Verification Opinions</i> on 11 May 2021.</p>	<p><i>Targets of the 2021 Restricted Share Incentive Scheme and Verification Opinions</i> on the website of the SSE (www.sse.com.cn).</p>
<p>On 10 May 2021, the Company held the 4th meeting of the 2nd Board of Directors and the 4th meeting of the 2nd Supervisory Committee, and reviewed and approved the <i>Proposal on the Restricted Share Incentive Scheme for 2021 (Draft Revised) and its Summary</i> and <i>Proposal on the Management Measures for the Assessment of the Restricted Share Incentive Scheme for 2021 (Revised)</i>.</p>	<p>For details, please refer to the <i>Announcement on the Resolutions of the 4th Meeting of the 2nd Board of Directors</i> (Announcement No.: 2021-040) and <i>Announcement on the Resolutions of the 4th Meeting of the 2nd Supervisory Committee</i> (Announcement No.: 2021-041) on the website of the SSE (www.sse.com.cn).</p>
<p>On 20 May 2021, the Company held its 2020 Annual General Meeting, and reviewed and approved the <i>Proposal on the Restricted Share Incentive Scheme for 2021 (Draft Revised) and its Summary</i>, <i>Proposal on the Management Measures for the Assessment of the Restricted Share Incentive Scheme for 2021 (Revised)</i> and <i>Proposal on the Request to the General Meeting to Authorize the Board of Directors to Handle Share Incentive-Related Matters</i>.</p>	<p>For details, please refer to the <i>Announcement on the Resolutions of the 2020 Annual General Meeting</i> (Announcement No.: 2021-048) on the website of the SSE (www.sse.com.cn).</p>
<p>On 4 June 2021, the Company held the 5th Meeting of the 2nd Board of Directors and the 5th Meeting of the 2nd Supervisory Committee, and reviewed and approved the <i>Proposal on the Adjustment of the List of Incentive Targets, Grant Number and Grant Price of the Restricted Share Incentive Scheme for 2021</i> and <i>Proposal on Granting Restrictive Shares to Incentive Targets</i>. The independent directors of the Company consented to this matter. The Board of Directors determined that the grant date of the Company's 2021 Restricted Share Incentive Scheme is 4 June 2021, which is in line with the relevant provisions of the <i>Administrative Measures for Equity Incentive of Listed Companies</i> and the <i>2021 Restricted Share Incentive Scheme</i> for grant date. The Supervisory Committee of the Company verified the adjusted list of incentive targets again and expressed its clear consent.</p>	<p>For details, please refer to the <i>Announcement on the Resolutions of the 5th Meeting of the 2nd Board of Directors</i> (Announcement No.: 2021-054), <i>Announcement on the Resolutions of the 5th Meeting of the 2nd Supervisory Committee</i> (Announcement No.: 2021-055) and <i>Verification Opinions of the Supervisory Committee on the List of Incentive Targets of the 2021 Restricted Share Incentive Scheme</i> (Announcement No.: 2021-058) on the website of the SSE (www.sse.com.cn).</p>
<p>On 22 June 2021, the Company held the 6th meeting of the 2nd Board of Directors and the 6th meeting of the 2nd Supervisory Committee, and reviewed and approved the <i>Proposal on the Achievement of Lifting the Restriction Conditions in the First Lifting Restriction Period of the 2020 Restricted Share Incentive Scheme</i> and <i>Proposal on the Adjustment of the Repurchase Price of the 2020 Restricted Share Incentive Scheme</i>. The independent directors of the Company consented to this matter. In accordance with the <i>Administrative Measures for Equity Incentive of Listed Companies</i>, the Company's <i>2020 Restricted Share Incentive Scheme (Draft)</i> and the authorization by the 2019 Annual General Meeting, the Board of Directors believed that the Company has made</p>	<p>For details, please refer to the <i>Announcement on the Resolutions of the 6th Meeting of the 2nd Board of Directors</i> (Announcement No.: 2021-059), <i>Announcement on the Resolutions of the 6th Meeting of the 2nd Supervisory Committee</i> (Announcement No.: 2021-060) and <i>Announcement on the Achievement of Lifting the Restriction Conditions in the First Lifting Restriction Period of the 2020 Restricted Share Incentive Scheme</i> (Announcement No.: 2021-061) and <i>Announcement on the Adjustment of the Repurchase Price of the 2020 Restricted</i></p>

<p>an achievement of lifting the restriction conditions in the first lifting restriction period of the 2020 Restricted Share Incentive Scheme, and agreed that the Company should handle the relevant matters required for the lifting of the restricted sales of restricted shares for incentive targets who met the conditions. In addition, as the company paid cash drains on June 3, 2021 based on the total share capital of 600,575,900 shares, according to relevant regulations such as the <i>Administrative Measures for Equity Incentive of Listed Companies</i>, the Company's <i>2020 Restricted Share Incentive Scheme (Draft)</i>, the repurchase price of restricted shares are required to be adjusted accordingly, i.e., the repurchase price of restricted shares under the Restricted Share Incentive Scheme was adjusted from RMB76.13 per share to RMB74.13 per share.</p>	<p><i>Share Incentive Scheme</i> (Announcement No.: 2021-062) on the website of the SSE (www.sse.com.cn).</p>
<p>On 2 July 2021, 21 incentive targets including Wen Bin had lost their qualification for the share incentive due to their departure from the Company, and the Company repurchased and canceled 31,000 restricted shares held by them which had been granted but not lifted from restricted sales.</p>	<p>For details, please refer to the <i>Announcement on the Implementation of the Repurchase and Cancellation of Some Restricted Incentive Shares</i> (Announcement No.: 2021-064) on the website of the SSE (www.sse.com.cn).</p>
<p>On 9 July 2021, the Company has made an achievement of lifting the restriction conditions in the first lifting restriction period of the 2020 Restricted Share Incentive Scheme, and the actual number of restricted shares that could be applied for lifting and trading in the market during the first lifting restriction period was 215,520 shares.</p>	<p>For details, please refer to the <i>Announcement on Lifting the Restriction Conditions in the First Lifting Restriction Period of the 2020 Restricted Share Incentive Scheme and Trading in the Market</i> (Announcement No.: 2021-069) on the website of the SSE (www.sse.com.cn).</p>
<p>On 28 October 2021, the Company held the 8th meeting of the 2nd Board of Directors and the 8th meeting of the 2nd Supervisory Committee, and reviewed and approved the <i>Proposal on Repurchase and Cancellation of Some Restricted Shares</i>. The independent directors of the Company consented to this matter. As some incentive targets of the 2020 Restricted Share Incentive Scheme left the Company, the Company agreed to repurchase and cancel 18,880 restricted shares under the 2020 Restricted Share Incentive Scheme at RMB74.13 per share. As some incentive targets of the 2021 Restricted Share Incentive Scheme left the company, the Company agreed to repurchase and cancel 13,900 restricted shares under the 2021 Restricted Share Incentive Scheme at RMB88.15 per share.</p>	<p>For details, please refer to the <i>Announcement on the Resolutions of the 8th Meeting of the 2nd Board of Directors</i> (Announcement No.: 2021-090), <i>Announcement on the Resolutions of the 8th Meeting of the 2nd Supervisory Committee</i> (Announcement No.: 2021-091), <i>Announcement on the Repurchase and Cancellation of Some Restricted Shares</i> (Announcement No.: 2021-094) and <i>Announcement on Notifying Creditors of the Repurchase and Cancellation of Some Restricted Shares</i> (Announcement No.: 2021-095).</p>
<p>On 24 December 2021, as 28 incentive targets including Zhang Hong and Wang Na had lost their qualification for the share incentive due to their departure from the Company and some of the incentive targets had lost the qualification of the incentive scheme due to their departure, the Company repurchased and canceled 32,780 restricted shares held by them which had been granted but not lifted from restricted sales.</p>	<p>For details, please refer to the <i>Announcement on the Implementation of the Repurchase and Cancellation of Some Restricted Incentive Shares</i> (Announcement No.: 2021-110) on the website of the SSE (www.sse.com.cn).</p>

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

Equity incentive plans:

Applicable Not applicable

Other information:

Applicable Not applicable

Employee stock ownership plans:

Applicable Not applicable

Other incentive measures:

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

Applicable Not applicable

Unit: share

Name	Office title	Restricted shares held at the period-begin	Restricted shares granted in the Reporting Period	Grant price (RMB)	Unlocked shares	Shares still in lockup	Restricted shares held at the period-end	Closing market price (RMB)
Cai Yingfeng	Director	12,500	12,800	88.15	5,000	20,300	20,300	167.30
Li Guoqiang	Senior management	13,800	10,600	88.15	5,520	18,880	18,880	167.30
Total	/	26,300	23,400	/	10,520	39,180	39,180	/

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

Applicable Not applicable

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

XII Development and Implementation of Internal Control Systems During the Reporting Period

Applicable Not applicable

In strict compliance with the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies*, *Guidelines for Evaluation of Enterprise Internal Control* and other relevant laws and regulations, the Company continuously establishes and improves its internal control system and enhances the level of internal control management.

During the Reporting Period, in order to further promote the standardized operation of the Company, enhance the authenticity, accuracy, completeness and timeliness of information disclosure of the annual report, and improve the quality and transparency of information disclosure of the annual report, the Company formulated the *Accountability Policy for Material Errors in Information Disclosure of the Annual Report*. The Company intensified auditing and supervision, implemented special audits for wealth management and seal management, and provided timely feedback on problems found to business departments for rectification. In addition, the Company has conducted knowledge publicity of internal control for employees to raise their awareness of internal control and promote the development of internal control culture.

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

Applicable Not applicable

XIII Management and Control over Subsidiaries during the Reporting Period

Applicable Not applicable

During the reporting period, the Company strictly followed the requirements of the Shanghai Stock Exchange and various rules and regulations of the Board of Directors of the Company to regulate the

management and risk control of subsidiaries. Subsidiaries reported significant information such as operations to the Company, and there were no undisclosed matters that should have been disclosed.

XIV Independent Auditor's Report on Internal Control

√ Applicable □ Not applicable

Upon audit, Pan-China Certified Public Accountants LLP is of the opinion that Gongniu maintained, in all material respects, effective internal control over financial reporting as of 31 December 2021, based on the Basic Rules on Enterprise Internal Control and other applicable regulations.

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

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

XV Remediation of Problems Identified by Self-inspection in the Special Action on the Governance of Listed Companies

In order to implement the spirit of the *Opinions of the State Council on Further Improving the Quality of Listed Companies*, the CSRC launched a special action on the governance of listed companies. According to the unified deployment and guidance of the CSRC Ningbo Bureau, the Company completed the first phase of self-inspection and actively carried out remediation of problems identified in the self-inspection list of corporate governance by carefully identifying the causes and formulating a remediation plan to complete the remediation. The details are as follows:

Analysis of the causes of the problems identified in the self-inspection and remediation plan:

(I) Basic information of the listed company

1. Whether the listed company has a board of directors that has expired without timely renewal.

Cause analysis: The 1st Board of Directors of the Company expired on 22 December 2020, and the renewal meeting was postponed as some directors returned from abroad and were quarantined for pandemic prevention and control.

Remediation measures: First, after the above problems were identified, the Company actively contacted the relevant directors to determine the quarantine and the earliest time to attend the meetings of the board of directors, the supervisory committee or the general meeting upon the end of the quarantine (determined to be 7 January 2021), and promoted the normal replacement procedure to minimize the impact as far as possible.

Remediation time: January 2021

Remediation effect: The Company has completed all the work for the change of term on 7 January 2021. The future change of term will be timely carried out in strict accordance with the requirements.

(II) Shareholders, directors, supervisors and senior management personnel

2. Whether the directors, supervisors and senior management personnel of the listed company have the following circumstances:

(A) Failure to attend or appoint another person to attend on behalf of him/her at the general meeting, the meeting of the board of directors or supervisory committee as required.

Cause analysis: Director Cai Yingfeng was absent from the 1st Extraordinary General Meeting of 2020 for a business trip, and Mr. Cao Wei and Mr. Xie Tao were unable to attend the meeting on-site due to the impact of the pandemic in Beijing at that time.

Remediation measures: The Company coordinated the time of the directors and supervisors in advance and informed them that they should attend the General Meeting in accordance with the regulations.

Remediation time: May 2021

Remediation effect: All directors, supervisors and senior management personnel of the Company attended the subsequent General Meeting of the Company (the 2020 Annual General Meeting), and exercised their powers and duties fully and diligently.

3. Whether there are cases where the independent directors have worked on-site for less than 10 working days.

Cause analysis: Independent directors are mainly involved in the work of the Company through conference seminars, and due to the pandemic, they often worked online, with less time for on-site work.

Remediation measures: First, the Company clarified to the independent directors the requirements on the duty performance of independent directors in the *Guidelines on the Duty Performance of Independent Directors of Listed Companies (2020 Revision)* and other business guidelines, requiring them to work on-site for not less than 10 working days. Second, the Company actively promoted the shift of the independent directors' office performance from online to on-site, flexibly arranged for offices at the Group's headquarters (Cixi) and Shanghai to create more convenient and efficient conditions for on-site work, and adequately recorded the on-site work time of independent directors. The Company attached importance to the corporate governance opinions put forward by the independent directors to further strengthen the standardized governance of the Company.

Remediation time: 2021

Improving the corporate governance mechanism is a long-term task. The Company will take this self-inspection as an opportunity to conduct a comprehensive self-inspection and assessment of the Company, and remedy the problems identified in the self-inspection in strict accordance with relevant laws and regulations and regulatory requirements, so as to promote the construction of a long-term corporate governance mechanism and further improve the Company's corporate governance.

XVI Other information

Applicable Not applicable

Part V Environmental and Social Responsibility

I Environment information

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

Applicable Not applicable

1. Discharge information

Applicable Not applicable

Ningbo Gongniu Electrics Co., Ltd. is a key unit supervised for soil environmental pollution in Ningbo, with a commissioned disposal volume of 483.4 tons of hazardous waste in 2021. During the Reporting Period, the Company discharged in strict accordance with the requirements of the

implemented pollutant discharge standards, with no environmental pollution incidents and no penalties imposed by the environmental protection authorities.

None of the Company's units, other than Ningbo Gongniu Electrics Co., Ltd., is a key emission unit as declared by the environmental protection authorities.

2. Construction and operation of pollution control facilities

√ Applicable Not applicable

The Company actively implements the green development strategy, practices the concept of green, low-carbon and ecological development, increases investment in safety and environmental protection, applies green technologies of green, energy conservation, environmental protection and resource reuse, promotes innovation and transformation in manufacturing processes and business procedures, reduces wastewater, waste gas emissions and noise pollution, vigorously carries out energy-saving technology reform and eliminates backward equipment with high energy consumption, and continuously develops a green manufacturing system. In 2021, the Company invested a total of RMB18.85 million in operation costs of environmental protection equipment, and the waste gas pollution treatment facilities have been upgraded to the international advanced “zeolite rotary adsorption + RTO combustion” technology, with the treatment effect of VOC reduced to 30mg/m³ and below.

3. Assessment of the environmental impact of construction projects and other administrative licenses of environmental protection

√ Applicable Not applicable

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

4. Contingency plan for environmental emergencies

√ Applicable Not applicable

The Company has established an effective emergency response mechanism for environmental emergencies, and the chemical intermediate warehouse of each base and each plant involving hazardous waste and hazardous chemicals rehearse the contingency plan at least twice a year. In order to improve the corporate ability to respond to environmental pollution accidents, the Company formulated the *Contingency Plan of Ningbo Gongniu Electrics Co., Ltd. for Environmental Emergencies* (File No. 330282-2021-029-L) in accordance with relevant legal provisions such as the requirements of the *Environmental Protection Law of the People's Republic of China* and based on the actual situation. During the Reporting Period, the Company optimized and revised the *Safe Production Input Protection System, EHS Laws, Regulations and Other Management Regulations, Policy for Safety Management of Dangerous Operations* and *Management Regulations on BSS Provisions and Operation of Gongniu Safety System*.

5. Environmental self-monitoring plan

√ Applicable Not applicable

In accordance with the requirements of self-monitoring of environmental protection, the Company has formulated the *Management System for Self-monitoring of Pollution Sources* and regularly carries out self-monitoring work. In 2021, it commissioned qualified third-party testing units to orderly carry out tests on spraying exhaust gas, noise at the factory boundary, domestic sewage, soil and groundwater, and the test reports issued showed that none of the pollutants exceeded the standards.

6. Administrative penalties imposed for environmental issues during the Reporting Period

Applicable Not applicable

7. Other environmental information that should be disclosed

Applicable Not applicable

Ningbo Gongniu Electrics Co., Ltd. Was included in the first batch of Ningbo 2022 positive list of enterprises for ecological and environmental supervision and enforcement. Ningbo Gongniu Electrics Co., Ltd. Was rated as A in the environmental credit evaluation of enterprises in Zhejiang Province in 2021.

(II) Environmental protection of companies other than key emission units

Applicable Not applicable

1. Administrative penalties for environmental problems

Applicable Not applicable

2. Other environmental information disclosed with reference to key emission units

Applicable Not applicable

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

In particular, Ningbo Gongniu Photoelectric Technology Co., Ltd. Was included in the first batch of Ningbo 2022 positive list of enterprises for ecological and environmental supervision and enforcement.

3. Reasons for not disclosing other environmental information

Applicable Not applicable

(III) Information that is conducive to ecological protection, pollution prevention and environmental responsibility performance

Applicable Not applicable

To strengthen the awareness of environmental protection among employees, the Company organized a World Environment Day event on 5 June 2021 to publicize environmental protection through cycling and walking activities; to further strengthen the environmental management of the

spraying line, the Company built a new spraying plant and upgraded the exhaust gas pollution treatment facilities from “activated carbon adsorption + catalytic combustion” to the current international advanced “zeolite rotary adsorption + RTO combustion. Currently, the construction and relocation of the new spraying plant have been completed.

In order to practice a circular economy and make effective use of resources, the molding plant has set up a recycling mechanism for plastic pellets and reused at least 8,500 tons of plastic pellets through shredding in 2021.

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

Applicable Not applicable

The "14th Five-Year Plan" period is critical for China to achieve the peak in carbon emissions and promote high-quality economic development and sustainable improvement of ecological and environmental quality. In order to conscientiously implement the national work requirements for carbon emission reduction, achieve peak carbon emissions and high-quality economic development, the Company mainly works on the following aspects:

(1) The Company continuously promoted the construction of "green factories". In December 2020, Ningbo Gongniu Electrics Co., Ltd., a wholly-owned subsidiary of the Group, was accredited as a "National Green Factory" by the Ministry of Industry and Information Technology, and in August 2021, Ningbo Gongniu was again selected as one of the first five-star green factories in Ningbo. Ningbo Gongniu actively implements the green development strategy, practices the concept of green, low-carbon and ecological development, increases investment in safety and environmental protection, applies green technologies of green, energy conservation, environmental protection and resource reuse, promotes innovation and transformation in manufacturing processes and business procedures, reduces wastewater, waste gas emissions and noise pollution, vigorously carries out energy-saving technology reform and eliminates backward equipment with high energy consumption, and continuously develops a green manufacturing system.

(2) The Company has launched new energy vehicle charging plugs and points. Closely following the policy and industry development trend, the Company has expanded its electric connection business from the home scenario to the new energy vehicle sector, and supported the development of the new energy vehicle industry by providing consumers with better quality products and services through technology and material innovation.

II Fulfillment of Social Responsibility

Applicable Not applicable

For details, please refer to *the 2021 Environmental, Social and Governance Report of Gongniu Group Co., Ltd.* Published by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>).

III Efforts in Poverty Alleviation, Rural Revitalization, etc

Applicable Not applicable

During the Reporting Period, the Company maintained sound development while taking practical actions to actively consolidate and extend the achievements of poverty alleviation and support the implementation of the rural revitalization strategy. In terms of poverty alleviation and bailout, the Company actively responded to the planning requirements of the Zhejiang Provincial Government on the "Shanghai Collaboration Project" by donating RMB1 million to Guotang Village in Changshan County through the Cixi Charity Federation to help the poor and needy, while firmly supporting the organization of poverty alleviation in the pair counties of Cixi City - Anlong and Xingren in Guizhou. In terms of giving back to the hometown, the Company donated RMB1 million to Guyaopu village, the birthplace of the Company, for villagers' health check-ups and environmental hygiene construction, and sent an RMB1,000 New Year pocket to the elderly aged 70 or above before the Chinese New Year. The Company will continue to actively practice its corporate social responsibility based on the actual situation.

Part VI Significant Events

I Fulfillment of Commitments

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

√ Applicable □ Not applicable

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

			issue price, the lock-up period for holding the Company's shares will be automatically extended for at least six months.					
Restricted share sales	Qiyuanbao		Within 36 months from the date of listing of the Company's shares, the promisor will not transfer or entrust others to manage the shares he/she directly or indirectly holds in the Company which were issued before the IPO, nor will the Company repurchase such shares.	Within 36 months from the date of listing of the Company's shares	Yes	Yes	Not applicable	Not applicable
Restricted share sales	Hillhouse Daoying, Xiaozhou Investment, Bowei Investment, Sun Rongfei		Within 12 months from the date of listing of the Company's shares, the promisor will not transfer or entrust others to manage the shares he/she directly or indirectly holds in the Company which were issued before the IPO, nor will the Company repurchase such shares.	Within 12 months from the date of listing of the Company's shares	Yes	Yes	Not applicable	Not applicable
Restricted share sales	Ruan Liping, Ruan Xueping, Cai Yingfeng, Liu Shengsong, Zhou Zhenghua, Li Guoqiang, Zhang Lina		Within 36 months from the date of listing of the Company's shares, the promisor will not transfer or entrust others to manage the shares he/she directly or indirectly holds in the Company which were issued before the IPO, nor will the Company repurchase such shares. If the Company's shares directly or indirectly held by the promisor are reduced within two years after the expiry of the lock-up period, the price of such reduction shall not be lower than the issue price (if the Company's shares are subject to ex-rights and ex-dividend matters such as dividend distribution, share bonus and capital reserves to share capital, the issue price will be adjusted ex-rights and ex-dividend, the same below); if the closing price of the Company's shares for 20 consecutive trading	Within 36 months from the date of listing of the Company's shares	Yes	Yes	Not applicable	Not applicable

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

			management personnel of the Company, if I leave the Company before the expiry of my term of office, during the term of office determined at the time of my assumption of office and within six months after the expiry of my term of office: 1) I will transfer no more than 25% of the total number of shares of the Company held directly or indirectly by me each year; 2) I will not transfer the shares of the Company held directly or indirectly by me within six months after leaving the Company; 3) (iii) I will comply with laws, administrative regulations, departmental rules and regulations, regulatory documents and other regulations for the transfer of shares by directors, supervisors and senior management personnel of the business rules of the stock exchange.					
Commitments related to share incentives	Others	Gongniu Group	The Company will not provide loans and any other forms of financial assistance, including provision of guarantees for loans, to the incentive targets of the 2020 Restricted Share Incentive Scheme of Gongniu Group for acquiring the relevant restricted shares under this incentive scheme.		No	Yes	Not applicable	Not applicable
	Others	Incentive targets of the 2020 Restricted Share Incentive Scheme	If the Company is not eligible for the grant of equity or exercise of equity arrangement due to a false record, misleading statement, or material omission in the information disclosure document, the incentive target shall return to the Company all the benefits received from the share incentive scheme after the false record, misleading statement or material omission are confirmed in relevant information disclosure documents.		No	Yes	Not applicable	Not applicable
	Others	Gongniu	The Company will not provide loans and any		No	Yes	Not	Not

		Group	other forms of financial assistance, including the provision of guarantees for loans, to the incentive targets of the 2021 Restricted Share Incentive Scheme of Gongniu Group for acquiring the relevant restricted shares under this incentive scheme.				applicable	applicable
	Others	Incentive targets of the 2021 Restricted Share Incentive	If the Company is not eligible for the grant of equity or exercise of equity arrangement due to a false record, misleading statement or material omission in the information disclosure document, the incentive target shall return to the Company all the benefits received from the share incentive scheme after the false record, misleading statement or material omission are confirmed in relevant information disclosure documents.		No	Yes	Not applicable	Not applicable
Other undertakings	Others	Liangji Industrial	In strict accordance with the <i>Proposal on the Stabilization of Share Price within Three Years of Listing</i> , Ningbo Liangji Industrial Co., Ltd. will fully and effectively fulfill its obligations and responsibilities under the Proposal, and strongly urge the joint stock company and the relevant parties to fully and effectively fulfill their obligations and responsibilities under the Proposal. When the General Meeting of the Company resolves on the repurchase of shares in accordance with the provisions of the Proposal, Ningbo Liangji Industrial Co., Ltd. undertakes to vote in favor of the proposal on the repurchase at the General Meeting.	Three years from the date of listing of the Company	Yes	Yes	Not applicable	Not applicable
	Others	Ruan Liping, Ruan Xueping	In strict accordance with the <i>Proposal on the Stabilization of Share Price within Three Years of Listing</i> , I will fully and effectively fulfill its obligations and responsibilities under the Proposal, and strongly urge the company and	Three years from the date of listing of the Company	Yes	Yes	Not applicable	Not applicable

			the relevant parties to fully and effectively fulfill the obligations and responsibilities under the Proposal. When the General Meeting of the Company resolves on the repurchase of shares in accordance with the provisions of the Proposal, I undertake that I and those acting in concert will vote in favor of the proposal on the repurchase at the General Meeting.					
Others	Cai Yingfeng, Liu Shengsong, Zhou Zhenghua, Cao Wei, Zhang Zeping, He Hao, Xie Tao, Li Guoqiang, Zhang Lina		In strict accordance with the <i>Proposal on the Stabilization of Share Price within Three Years of Listing</i> , I will fully and effectively fulfill its obligations and responsibilities under the Proposal, and strongly urge the company and the relevant parties to fully and effectively fulfill the obligations and responsibilities under the Proposal.	Three years from the date of listing of the Company	Yes	Yes	Not applicable	Not applicable
Others	Liangji Industrial		(1) The company undertakes not to transfer benefits to other entities or individuals free of charge or on unfair terms, nor to impair the interests of the issuer by any other means. (2) The company undertakes not to intervene in the issuer's management activities, and not to encroach on its interests. (3) The company undertakes to exercise the rights of shareholders as stipulated in the laws, regulations and regulatory documents in accordance with the law and not to prejudice the legitimate rights and interests of the issuer and other shareholders. In the event of any breach of the above commitments, the		No	Yes	Not applicable	Not applicable

			company agrees to accept relevant penalties or management measures in accordance with the relevant regulations and rules formulated or issued by the China Securities Regulatory Commission and the Shanghai Stock Exchange and other securities regulatory authorities, and bear individual and joint and several liability to the issuer and investors for any losses caused to the issuer and investors by the company.					
Other undertakings	Settlement of horizontal competition	Liangji Industrial	(1) The company and companies or other organizations controlled by the company are not engaged in the same or similar business as the issuer and its subsidiaries, with no horizontal competition. (2) The company and companies or other organizations controlled by the company will not engage in the same or similar business as the existing business of the issuer and its subsidiaries in any form outside China, including not investing in, acquiring or merging with companies or other economic organizations outside China that compete with the existing principal business of the issuer and its subsidiaries. (3) If the issuer and its subsidiaries engage in new business in the future, the company and companies or other organizations controlled by the company will not engage in business activities in direct competition with the new business of the issuer and its subsidiaries by share holding or participating in but having substantial control over the shares of the issuer and its subsidiaries within or outside China, including investing in, acquiring or merging with companies or other economic organizations within or outside China that directly compete with the new	No	Yes	Not applicable	Not applicable	

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

			<p>future, I and companies or other organizations controlled by me will not engage in business activities in direct competition with the new business of the issuer and its subsidiaries by share holding or participating in but having substantial control over the shares of the issuer and its subsidiaries within or outside China, including investing in, acquiring or merging with companies or other economic organizations within or outside China that directly compete with the new business of the issuer and its subsidiaries in the future. (4) If I and legal entities controlled by me have business operations in direct competition with the issuer and its subsidiaries, the issuer and its subsidiaries shall have the right to centralize the competing businesses to the operations of the issuer and its subsidiaries through preferential acquisition or entrustment. (5) I undertake not to use its position as a shareholder of the issuer and its subsidiaries to seek improper benefits and thereby harm the rights and interests of other shareholders of the issuer and its subsidiaries. If the rights and interests of the issuer and its subsidiaries are damaged due to a breach of the above statements and commitments by me and companies or other organizations controlled by me, I agree to be liable to the issuer and its subsidiaries for the corresponding damages.</p>					
Other undertakings	Settlement of related-party transactions	Liangji Industrial	The company will minimize and standardize the related-party transactions with Gongniu Group Co., Ltd. and its wholly-owned or controlled subsidiaries. For related-party transactions that are inevitable or occur for		No	Yes	Not applicable	Not applicable

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

			shareholder status to induce the General Meeting or the Board of Directors of the Company to make resolutions that infringe upon the legitimate rights and interests of the Company and other shareholders. In operating decisions, I will strictly follow the relevant provisions of the Company Law and the Articles of Association to implement the avoidance system of related shareholders to safeguard the legitimate rights and interests of all shareholders.					
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(II) Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has or has not been reached for the Reporting Period.

Forecast reached Forecast unreached Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

III Irregularities in the Provision of Guarantees

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

(III) Communications with the former CPA firm

Applicable Not applicable

(IV) Other information

Applicable Not applicable

VI Appointment and Dismissal of CPA Firm

Unit: RMB’0,000

	In service
Name of the domestic CPA firm	Pan-China Certified Public Accountants LLP
The Company’s payment to the domestic CPA firm	195.00
How many years the domestic CPA firm has provided audit service for the Company	9

	Name	Payment
CPA firm for the audit of internal control	Pan-China Certified Public Accountants LLP	50.00
Sponsor	Sinolink Securities Co., Ltd.	

Appointment and dismissal of CPA firm:

Applicable Not applicable

As resolved by the 2020 Annual General Meeting of Shareholders, the Company decided to re-appoint Pan-China Certified Public Accountants LLP as the independent auditor for the financial statements and internal control of 2021.

Change of the CPA firm during the audit:

Applicable Not applicable

VII Delisting Risk**(I) Reasons for the delisting risk warning**

Applicable Not applicable

(II) The Company’s response

Applicable Not applicable

(III) Risk of termination of listing and the reasons

Applicable Not applicable

VIII Insolvency and Reorganization

Applicable Not applicable

IX Significant Legal Matters

The Company has material litigation and arbitration this year

The Company has no material litigation and arbitration this year

(I) Litigation and arbitration matters disclosed in current announcement with no subsequent progress

□ Applicable √ Not applicable

(II) Litigation and arbitration not disclosed in current announcement or with subsequent progress

√ Applicable □ Not applicable

Unit: RMB'0,000

During the Reporting Period:									
Plaintiff (accuser)	Defendant (accused)	Joint-and-several liability party	Type of litigation and arbitration	Basic Information on litigation (arbitration)	Amount involved in litigation (arbitration)	Whether the litigation (arbitration) resulted in provisions and amount	Litigation (arbitration) progresses	Litigation (arbitration) results and influences	Execution of litigation (arbitration) judgment
Shenzhen Lanse Feiwu Technology Co., Ltd.	Ningbo Gongniu		Litigation of invention patent disputes	In November 2017, Shenzhen Lanse Feiwu Technology Co., Ltd. filed litigation against Ningbo Gongniu as the defendant in a dispute over infringement of invention patent rights, case No. (2019) ZH. 02 M.CH. No. 13 [original case No. (2017) Y. 73 M.CH. No. 4526]. Invention patent involved is "control method and equipment for self-powered electronic fixtures subject to reset" (Patent	82.50	No	The second trial has been decided	The second trial ruled that Ningbo Gongniu should cease its infringement and pay a compensation of RMB300,000.	The company has executed and will recover from the relevant suppliers at the same time in accordance with the contractual agreements and relevant legal provisions.

				No. ZL20128007 6997.8)					
Shenzhen Lanse Feiwu Technology Co., Ltd.	Ningbo Gongniu		Litigation of invention patent disputes	In March 2018, Shenzhen Lanse Feiwu Technology Co., Ltd. filed litigation against Ningbo Gongniu as the defendant in a dispute over infringement of invention patent rights, case No. (2018) Y. 03 M.CH. No. 222. The invention patent involved is "control method and equipment for self- powered electronic fixtures subject to reset" (Patent No. ZL20128007 6997.8)	150.00	No	The second trial has been decided	The second trial ruled that Ningbo Gongniu should cease the manufacture, sale and promise to sell and destroy its stock of infringing products. The plaintiff was paid RMB600, 000 for economic loss and reasonable costs to defend its rights.	The company has executed and will recover from the relevant suppliers at the same time in accordance with the contractual agreements and relevant legal provisions.

(III) Other information

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

XII Major Related-Party Transactions**(I) Continuing related-party transactions****1. Already disclosed in current announcement without new progress or changes**

Applicable Not applicable

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

Applicable Not applicable

Transaction overview	Index to the disclosed information
<p>The Proposal on Estimated Continuing Related-Party Transactions for 2021 was approved at the Second Meeting of the Second Board of Directors. For details, see the Announcement on Estimated Continuing Related-Party Transactions for 2021 (Announcement No. 2021-020) disclosed by the Company during the Reporting Period.</p> <p>For the actual execution of the aforesaid estimated related-party transactions, see the Announcement on Estimated Continuing Related-Party Transactions for 2022 (Announcement No. 2022-024).</p>	<p>www.sse.com.cn (website of the Shanghai Stock Exchange)</p>

3. Undisclosed in current announcement

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Undisclosed in current announcement

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Undisclosed in current announcement

Applicable Not applicable

(IV) Amounts due to and from related parties

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

Applicable Not applicable

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

Applicable Not applicable

3. Undisclosed in current announcement

Applicable Not applicable

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

Applicable Not applicable

(VI) Other information

Applicable Not applicable

XIII Major Contracts and the Execution

(I) Entrustment, Contracting and Leases

1. Entrustment

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leases

Applicable Not applicable

(II) Guarantees

Applicable Not applicable

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

√ Applicable □ Not applicable

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount
Bank's financial product	Self-funded	460,660.00	460,660.00	
Bank's financial product	Raised funds	62,000.00	20,000.00	
Structured deposits	Self-funded	140,001.00	50,001.00	
Structured deposits	Raised funds	128,000.00	60,000.00	
Trust product	Self-funded	200,000.00	112,000.00	

Other information

□ Applicable √ Not applicable

(2) Single Wealth Management Entrustment

√ Applicable □ Not applicable

Unit: RMB'0,000

Consignee	Type of financial product	Amount	Start date	End date	Funding source	Investment direction	Way of repayment	Annualized rate of return	Expected returns (if any)	Actual gain/loss in the Reporting Period	Recovery/payment of gain/loss in the Reporting Period	Through the statutory procedure or not	Continuing wealth management plans or not	Impairment allowance (if any)
CITIC Trust Co., Ltd.	Trust product	3,000.00	2021-8-19	2022-2-21	Self-funded		Principal repayment with all interest upon maturity	4.50%			Undue	Yes	Yes	
Agricultural Bank of China, Cixi Shiqiao Sub-branch	Bank's financial product	6,900.00	2021-11-9	Infinite	Self-funded		Principal repayment with all interest upon maturity	2.5%-2.8%			Undue	Yes	Yes	
Agricultural	Structure	30,000.00	2021	2022-	Raised		Principal	1.8-3.5%			Undue	Yes	Yes	

Bank of China, Cixi Shiqiao Sub-branch	d deposits		-1-22	1-20	funds		repayment with all interest upon maturity							
Agricultural Bank of China, Cixi Shiqiao Sub-branch	Bank's financial product	3,350.00	2021-9-16	2022-1-7	Self-funded		Principal repayment with all interest upon maturity	2.5%-3.05%			Undue	Yes	Yes	
China Minsheng Bank Co., Ltd., Ningbo Cixi Sub-branch	Bank's financial product	47,200.00	2021-12-30	Infinite	Self-funded		Principal repayment with all interest upon maturity	2.79%-2.90%			Undue	Yes	Yes	
China Minsheng Bank Co., Ltd., Ningbo Cixi Sub-branch	Bank's financial product	20,000.00	2021-8-25	2022-2-21	Self-funded		Principal repayment with all interest upon maturity	3.3-4.5%			Undue	Yes	Yes	
China Construction Bank, Shanghai Branch	Structured deposits	10,000.00	2021-2-4	2022-2-4	Raised funds		Principal repayment with all interest upon maturity	2.1-3.5%			Undue	Yes	Yes	
China Everbright Bank Co., Ltd., Ningbo Cixi Sub-branch	Bank's financial product	5,000.00	2021-12-31	Infinite	Self-funded		Principal repayment with all interest upon maturity	3.00%			Undue	Yes	Yes	

Industrial and Commercial Bank of China Limited, Cixi Henghe Sub-branch	Structured deposits	50,000.00	2021-6-1	2022-11-17	Self-funded		Principal repayment with all interest upon maturity	1.5-3.8%			Undue	Yes	Yes	
China Merchants Bank Co., Ltd., Ningbo Hangzhou Bay New Area Sub-branch	Bank's financial product	12,520.00	2021-12-29	Infinite	Self-funded		Principal repayment with all interest upon maturity	2.80%			Undue	Yes	Yes	
Xingye Securities Co., Ltd.	Securities firm's financial product	10,000.00	2021-12-23	2022-6-23	Raised funds		Principal repayment with all interest upon maturity	0.5%-5.9%			Undue	Yes	Yes	
Shanghai Yongzheng Asset Management Co., Ltd.	Securities firm's financial product	20,000.00	2021-8-30	2022-8-30	Self-funded		Principal repayment with all interest upon maturity	4.80%			Undue	Yes	Yes	
Shanghai Haitong Asset Management Co., Ltd.	Securities firm's financial product	55,000.00	2021-4-27	2022-7-6	Self-funded		Principal repayment with all interest upon maturity	5%-5.3%			Undue	Yes	Yes	
Shanghai International Trust Co., Ltd.	Trust product	4,000.00	2021-10-26	Infinite	Self-funded		Principal repayment with all interest upon maturity	4.60%			Undue	Yes	Yes	

							maturity							
Shanghai International Trust Co., Ltd.	Trust product	20,000.00	2021-7-7	2022-7-6	Self-funded		Principal repayment with all interest upon maturity	4.65%			Undue	Yes	Yes	
Shanghai Everbright Securities Asset Management Co., Ltd.	Securities firm's financial product	142,000.00	2021-4-23	2023-1-31	Self-funded		Principal repayment with all interest upon maturity	4.5%-5.15%			Undue	Yes	Yes	
Bank of Ningbo Co., Ltd., Cixi Sub-branch	Bank's financial product	97,000.00	2020-8-12	2023-10-25	Self-funded		Principal repayment with all interest upon maturity	3.6-4.6%			Undue	Yes	Yes	
Lujiazui International Trust Co., Ltd.	Trust product	35,000.00	2021-1-14	2022-1-17	Self-funded		Principal repayment with all interest upon maturity	5.05%-5.3%			Undue	Yes	Yes	
Bank of Communications, Ningbo Xincheng Sub-branch	Structured deposits	20,000.00	2021-1-21	2022-1-21	Raised funds		Principal repayment with all interest upon maturity	1.75-3.2%			Undue	Yes	Yes	
Huatai Securities (Shanghai) Asset Management	Securities firm's financial product	40,000.00	2021-7-13	2022-9-6	Self-funded		Principal repayment with all interest	4.80%			Undue	Yes	Yes	

Co., Ltd.							upon maturity							
Huaneng Guicheng Trust Co., Ltd.	Trust product	30,000.00	2021-8-19	2022-8-25	Self-funded		Principal repayment with all interest upon maturity	6.00%			Undue	Yes	Yes	
Everbright Securities Co., Ltd.	Securities firm's financial product	5,000.00	2021-11-10	2022-2-11	Raised funds		Principal repayment with all interest upon maturity	1.8%-6.3%			Undue	Yes	Yes	
China Everbright Bank, Minhang Sub-branch	Structured deposits	1.00	2020-12-21	Infinite	Self-funded		Principal repayment with all interest upon maturity	1.50%			Undue	Yes	Yes	
Everbright Xinglong Trust Co., Ltd.	Trust product	20,000.00	2021-1-14	2022-3-24	Self-funded		Principal repayment with all interest upon maturity	5.35%			Undue	Yes	Yes	
Industrial and Commercial Bank of China, Xinzhuang Sub-branch	Bank's financial product	1,690.00	2019-9-16	Infinite	Self-funded		Principal repayment with all interest upon maturity	2.24%-2.27%			Undue	Yes	Yes	
Founder Securities Co., Ltd.	Securities firm's financial product	10,000.00	2021-11-10	2022-11-10	Self-funded		Principal repayment with all	4.50%			Undue	Yes	Yes	

							interest upon maturity							
Founder Securities Co., Ltd.	Securities firm's financial product	5,000.00	2021-12-28	2022-9-8	Raised funds		Principal repayment with all interest upon maturity	3.90%			Undue	Yes	Yes	

Other information:

Applicable Not applicable

(3) Impairment allowances for wealth management entrustment

Applicable Not applicable

2. Entrusted Loans

(1) Total Entrusted Loans

Applicable Not applicable

Other information:

Applicable Not applicable

(2) Single Entrustment Loans

Applicable Not applicable

Other information:

Applicable Not applicable

(3) Impairment allowances for entrusted loans

Applicable Not applicable

3. Other information

Applicable Not applicable

(IV) Other significant contracts

Applicable Not applicable

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

Applicable Not applicable

Part VII Changes in Ordinary Shares and Information about Shareholders

I Share Changes

(I) Share changes

1. Share changes

Unit: share

	Before		Increase/decrease in the current period (+/-)					After	
	Shares	Percentage (%)	New issue	Bonus issue from profit	Bonus issue from capital reserves	Other	Subtotal	Shares	Percentage (%)
I Restricted shares	540,613,800	90.01	668,400			-15,702,694	-15,034,294	525,579,506	87.42
1. Shares held by the state									
2. Shares held by state-owned corporations									
3. Shares held by other domestic investors	540,613,800	90.01	668,400			-15,702,694	-15,034,294	525,579,506	87.42
Including: Shares held by domestic corporations	345,819,079	57.58				-14,932,971	-14,932,971	330,886,108	55.04
Shares held by domestic individuals	194,794,721	32.43	668,400			-769,723	-101,323	194,693,398	32.38
4. Shares held by overseas investors									
Including:									

Shares held by overseas corporations									
Shares held by overseas individuals									
II Unrestricted shares	60,000,000	9.99				15,601,014	15,601,014	75,601,014	12.58
1. RMB-denominated ordinary shares	60,000,000	9.99				15,601,014	15,601,014	75,601,014	12.58
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III Total shares	600,613,800	100.00	668,400			-101,680	566,720	601,180,520	100.00

2. Description of changes in shares

√ Applicable Not applicable

(1) The 15,385,494 IPO restricted shares in total held by four shareholders, Zhuhai Hillhouse Daoying Investment Partnership (Limited Partnership), Shenzhen Xiaozhou Investment Co., Ltd., Cixi Bowei Investment Partnership (Limited Partnership) (later renamed as Anji Bowei Enterprise Management Partnership (Limited Partnership)) and Sun Rongfei, were traded in the market on 8 February 2021 upon the expiry of the lock-up period. For details, please refer to the *Announcement of Gongniu Group on the Trading in the Market of Some IPO Restricted Shares* (Announcement No.: 2021-012) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 30 January 2021.

(2) 21 incentive targets including Wu Jun had lost their qualification for the share incentive due to their departure from the Company, and the Company repurchased and canceled 37,900 restricted shares held by them which had been granted but not lifted from restricted sales on 10 February 2021. For details, please refer to the *Announcement of Gongniu Group on the Repurchase and Cancellation of Some Restricted Incentive Shares* (Announcement No.: 2021-014) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 6 February 2021.

(3) Repurchase and cancellation of some restricted incentive shares

According to the provisions of the *2020 Restricted Share Incentive Scheme (Draft) of Gongniu Group Co., Ltd.*, 21 incentive targets including Wen Bin had lost the incentive qualification of the Incentive Scheme due to their departure from the Company, and the Company completed the repurchase and cancellation of 31,000 restricted shares held by them which had been granted but not lifted from restricted sales on 2 July 2021. Upon completion of the cancellation, the total number of shares of the Company was changed from 600,575,900 shares to 600,544,900 shares. For details, please refer to the *Announcement of Gongniu Group on the Repurchase and Cancellation of Some Restricted Incentive Shares* (Announcement No.: 2021-064) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 30 June 2021.

(4) Grant of 2021 Restricted Share Incentive Scheme

On 28 April 2021, the Company held the 3rd Meeting of the 2nd Board of Directors and the 3rd Meeting of the 2nd Supervisory Committee, and reviewed and approved the *Proposal on the Restricted Share Incentive Scheme for 2021 (Draft) and its Summary of the Company* and the *Proposal on the Management Measures for the Assessment of the Restricted Share Incentive Scheme for 2021*. The grant date of the restricted shares was 4 June 2021, and Pan-China Certified Public Accountants LLP issued the *Capital Verification Report of Gongniu Group Co., Ltd.* (T.J.Y. [2021] No. 343) on 5 July 2021, which verified the newly registered capital and paid-in share capital as at 22 June 2021. The Company has received a total amount of RMB58,919,460.00 from 523 incentive targets for the subscription of restricted shares in monetary assets. Of this amount, RMB668,400.00 is included in paid-in share capital and RMB58,251,060.00 is included in capital reserves (share capital premium).

On 15 July 2021, the Company completed the registration of the grant of the 2021 Restricted Share Incentive Scheme and granted a total of 668,400 restricted shares to 523 incentive targets, increasing the total share capital of the Company from 600,544,900 shares to 601,213,300 shares. For details, please refer to the *Announcement of Gongniu Group on the Grant Results of the 2021 Restricted Share Incentive Scheme* (Announcement No.: 2021-072) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 17 July 2021.

(5) Repurchase and cancellation of some restricted incentive shares

According to the provisions of the *2020 Restricted Share Incentive Scheme (Draft) of Gongniu Group Co., Ltd.* and *2021 Restricted Share Incentive Scheme (Draft Revised) of Gongniu Group Co., Ltd.*, 28 incentive targets including Zhang Hong and Wang Na had lost the incentive qualification of the Incentive Scheme due to their departure from the Company, and the Company completed the repurchase and cancellation of 32,780 restricted shares held by them which had been granted but not lifted from restricted sales on 24 December 2021. Upon completion of the cancellation, the total number of shares of the Company was changed

from 601,213,300 to 601,180,520 shares. For details, please refer to the *Announcement of Gongniu Group on the Repurchase and Cancellation of Some Restricted Incentive Shares* (Announcement No.: 2021-110) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 22 December 2021.

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

Applicable Not applicable

During the Reporting Period, the Company's share capital changed from 600,613,800 shares to 601,180,500 shares due to the grant of restricted shares. If the impact of this change is not taken into account, based on the share capital of 600,613,800 shares before the change, the basic earnings per share and net asset value per share for 2021 would be RMB4.63 per share and RMB17.90 per share, respectively; based on the total share capital of 601,180,500 shares at the end of the year, the basic earnings per share and net asset value per share for 2021 would be RMB4.63 per share and RMB17.88 per share, respectively.

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

Applicable Not applicable

(II) Change of restricted shares

Applicable Not applicable

Unit: Share						
Name of shareholder	Opening restricted shares	Number of shares lifted from restrictions during the year	Number of new restricted shares during the year	Closing restricted shares	Reasons for restricted sales	Date of lifting restrictions
Zhuhai Hillhouse Daoying Investment Partnership (Limited Partnership)	12,067,042	12,067,042	0	0	IPO	8 February 2021
Shenzhen Xiaozhou Investment Co., Ltd.	1,508,385	1,508,385	0	0	IPO	8 February 2021
Cixi Bowei Investment Partnership (Limited Partnership) [Note 1]	1,357,544	1,357,544	0	0	IPO	8 February 2021
Sun Rongfei	452,523	452,523	0	0	IPO	8 February 2021
Incentive targets of the 2020 Share Incentive Scheme	613,800	317,200 [Note 2]	0	296,600	Restricted shares granted	9 July 2021 6 July 2022

					to share incentive recipients during the lock-up period	6 July 2023
Incentive targets of the 2021 Share Incentive Scheme	0	0	668,400	668,400	Restricted shares granted to share incentive recipients during the lock-up period	15 July 2022 15 July 2023 15 July 2024
Total	15,999,294	15,702,694	668,400	965,000	/	/

Note 1: Cixi Bowei Investment Partnership (Limited Partnership) was subsequently renamed as Anji Bowei Enterprise Management Partnership (Limited Partnership)

Note 2: Of which, the number of restricted shares lifted from restriction and traded in the market was 215,520 shares and the number of restricted shares repurchased and canceled by the Company was 101,680 shares.

II Issuance and Listing of Securities

(I) Securities issued during the Reporting Period

Applicable Not applicable

Unit: Share Currency: RMB

Class of stock and its derivative securities	Issue date	Issue price (or interest rate)	Number of shares issued	Listing date	Number of shares allowed for public trading	Final trading date
Ordinary share						
Restricted share (A-stock)	15 July 2021	RMB88.15 per share	668,400	15 July 2021	668,400	-

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

Applicable Not applicable

The registration date of the Company's 2021 Restricted Share Incentive Scheme is 15 July 2021, with a total of 668,400 restricted shares granted to 523 incentive targets, and the unlocking dates are 12 months, 24 months and 36 months respectively from the date of completion of registration of the grant, and the proportion of unlocked shares for each period is 40%, 30% and 30%.

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

Applicable Not applicable

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

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

(III) Existing staff-held shares

Applicable Not applicable

III Shareholders and Actual Controller**(I) Total number of shareholders**

Number of ordinary shareholders at the period-end	29,644
Number of ordinary shareholders at the month-end prior to the disclosure of this Report	29,678
Number of preference shareholders with resumed voting rights at the period-end	0
Number of preference shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0

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

Unit: share

Top 10 shareholders							
Full name of shareholder	Shareholding increase/decrease in the Reporting Period	Closing shareholding	Shareholding percentage (%)	Restricted shares held	Shares in pledge, marked or frozen		Nature of shareholder
					Status	Shares	
Ningbo Liangji Industrial Co., Ltd.	0	324,000,000	53.89	324,000,000	N/A	0	Domestic non-state-owned corporation
Ruan Xueping	0	96,864,199	16.11	96,864,199	N/A	0	Domestic individual
Ruan Liping	0	96,864,199	16.11	96,864,199	N/A	0	Domestic individual
Hong Kong Securities Clearing Company Limited	13,777,768	14,042,552	2.34	0	N/A	0	Unknown
Ningbo Ninghui Investment Management Partnership (Limited Partnership)	0	4,072,954	0.68	4,072,954	N/A	0	Other
China Merchants Bank Co., Ltd. — Xingquan Herun Mixed Securities Investment Fund	3,470,675	3,470,675	0.58	0	N/A	0	Unknown

Zhuhai Hillhouse Daoying Investment Partnership (Limited Partnership)	8,780,677	3,286,365	0.55	0	N/A	0	Other
China Merchants Bank Co., Ltd. – Xingquan Heyi Dynamic Asset Allocation Mixed Securities Investment Fund (LOF)	2,600,615	2,600,615	0.43	0	N/A	0	Unknown
Schroder Investment Management (Hong Kong) Limited – Schroder International Selection Fund - Emerging Asia (ETF)	0	2,465,095	0.41	0	N/A	0	Unknown
Industrial Bank Co., Ltd. – Xingquan New View Dynamic Asset Allocation Regularly Open-ended Mixed Initiated Securities Investment Fund	1,868,375	1,868,375	0.31	0	N/A	0	Unknown
Top 10 unrestricted shareholders							
Name of shareholder	Unrestricted public shares held	Type and number of shares					
		Class	Shares				

Hong Kong Securities Clearing Company Limited	14,042,552	RMB-denominated ordinary stock	14,042,552
China Merchants Bank Co., Ltd. – Xingquan Herun Mixed Securities Investment Fund	3,470,675	RMB-denominated ordinary stock	3,470,675
Zhuhai Hillhouse Daoying Investment Partnership (Limited Partnership)	3,286,365	RMB-denominated ordinary stock	3,286,365
China Merchants Bank Co., Ltd. – Xingquan Heyi Dynamic Asset Allocation Mixed Securities Investment Fund (LOF)	2,600,615	RMB-denominated ordinary stock	2,600,615
Schroder Investment Management (Hong Kong) Limited – Schroder International Selection Fund - Emerging Asia (ETF)	2,465,095	RMB-denominated ordinary stock	2,465,095
Industrial Bank Co., Ltd. – Xingquan New View Dynamic Asset Allocation Regularly Open-ended Mixed Initiated Securities Investment Fund	1,868,375	RMB-denominated ordinary stock	1,868,375
China Everbright Bank Company Limited Co., Ltd. – Xingquan Business Model Selected Mixed Securities Investment Fund (LOF)	1,514,643	RMB-denominated ordinary stock	1,514,643
Schroder Investment Management (Hong Kong) Limited – Schroder International Selection Fund - Greater China (ETF)	1,076,041	RMB-denominated ordinary stock	1,076,041
Basic Endowment Insurance Fund—Portfolio 807	935,151	RMB-denominated ordinary stock	935,151
Schroder Investment Management (Hong Kong) Limited – Schroder International Selection Fund - China A (ETF)	892,520	RMB-denominated ordinary stock	892,520
Share repurchase account among the top 10 shareholders	Not applicable		
Shareholders above entrusting/entrusted with or waiving voting rights	Not applicable		

Related or acting-in-concert parties among shareholders above	Ruan Liping and Ruan Xueping are brothers and acting-in-concert parties. They jointly control Ningbo Liangji Industrial Co., Ltd., the Company's controlling shareholder. Ningbo Meishan Bonded Port Area Shuo Jin Investment Management Co., Ltd., under the joint control of Ruan Liping and Ruan Xueping, is an executive partner of Ningbo Ninghui Investment Management Partnership (Limited Partnership), one of the Company's shareholders. Save as disclosed above, the Company is not aware of any other related parties or acting-in-concert parties as defined in the Administration Methods for Acquisition of Listed Companies among the shareholders above.
Preference shareholders with resumed voting rights and their shareholdings	Not applicable

Shareholdings of the top 10 restricted shareholders and the restrictions:

√ Applicable □ Not applicable

Unit: share

No.	Name of restricted shareholder	Restricted shares held	Restricted shares allowed for public trading		Restriction
			Date when public trading is allowed	Increase in restricted shares allowed for public trading	
1	Ningbo Liangji Industrial Co., Ltd.	324,000,000	2023-02-06	0	Non-tradable for 36 months from the IPO
2	Ruan Xueping	96,864,199	2023-02-06	0	Non-tradable for 36 months from the IPO
3	Ruan Liping	96,864,199	2023-02-06	0	Non-tradable for 36 months from the IPO
4	Ningbo Ninghui Investment Management Partnership (Limited Partnership)	4,072,954	2023-02-06	0	Non-tradable for 36 months from the IPO
5	Ningbo Suiyuan Investment Management Partnership (Limited Partnership)	1,787,442	2023-02-06	0	Non-tradable for 36 months from the IPO
6	Ningbo Qiyuanbao Investment Management Partnership (Limited Partnership)	1,025,712	2023-02-06	0	Non-tradable for 36 months from the IPO
7	Xie Weiwei	21,900	2021-07-09	5,000	Restricted shares granted as equity incentives in 2020 and 2021, non-tradable for 12 months, 24 months or 36 months from the date when ownership of the shares is registered under the awardee
			2022-07-06	0	
			2023-07-06	0	
			2022-07-15	0	
			2023-07-15	0	
			2024-07-15	0	

8	Cai Yingfeng	20,300	2021-07-09	5,000	Restricted shares granted as equity incentives in 2020 and 2021, non-tradable for 12 months, 24 months or 36 months from the date when ownership of the shares is registered under the awardee
			2022-07-06	0	
			2023-07-06	0	
			2022-07-15	0	
			2023-07-15	0	
			2024-07-15	0	
9	Li Guoqiang	18,880	2021-07-09	5,520	Restricted shares granted as equity incentives in 2020 and 2021, non-tradable for 12 months, 24 months or 36 months from the date when ownership of the shares is registered under the awardee
			2022-07-06	0	
			2023-07-06	0	
			2022-07-15	0	
			2023-07-15	0	
10	Wang Qingwang	12,640	2021-07-09	3,960	Restricted shares granted as equity incentives in 2020 and 2021, non-tradable for 12 months, 24 months or 36 months from the date when ownership of the shares is registered under the awardee
			2022-07-06	0	
			2023-07-06	0	
			2022-07-15	0	
			2023-07-15	0	
Related or acting-in-concert parties among shareholders above		<p>Ruan Liping and Ruan Xueping are brothers and acting-in-concert parties. They jointly control Ningbo Liangji Industrial Co., Ltd., the Company's controlling shareholder. Ningbo Meishan Bonded Port Area Shuo Jin Investment Management Co., Ltd., under the joint control of Ruan Liping and Ruan Xueping, is an executive partner of Ningbo Ninghui Investment Management Partnership (Limited Partnership) and Ningbo Suiyuan Investment Management Partnership (Limited Partnership), both shareholders of the Company. Save as disclosed above, the Company is not aware of any other related parties or acting-in-concert parties as defined in the Administration Methods for Acquisition of Listed Companies among the shareholders above. The Company's shareholder Ningbo Qiyuanbao Investment Management Partnership (Limited Partnership) is under the control of Ruan Shuhong and Zhu Funing, both near relatives of Ruan Liping. Cai Yingfeng, a director of the Company, is a limited partner of the Company's shareholder Ningbo Suiyuan Investment Management Partnership (Limited Partnership). Li Guoqiang, a senior executive of the Company, is a limited partner of the Company's shareholder Ningbo Suiyuan Investment Management Partnership (Limited Partnership). Wang Qingwang is a limited partner of the Company's shareholder Ningbo Suiyuan Investment Management Partnership (Limited Partnership). Save as disclosed above, the Company is not aware of any other related parties or acting-in-concert parties as defined in the Administration Methods for Acquisition of Listed Companies among the shareholders above.</p>			

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

Applicable Not applicable

IV Controlling Shareholder and Actual Controller

(I) Controlling shareholder

1. Corporation

Applicable Not applicable

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

2. Individual

Applicable Not applicable

3. Special statement regarding the fact that the Company does not have a controlling shareholder

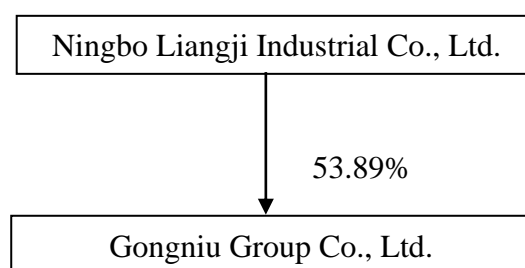
Applicable Not applicable

4. Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

5. Illustration of the controlling shareholder's ownership in the Company

Applicable Not applicable



(II) Actual controller

1. Corporation

Applicable Not applicable

2. Individual

Applicable Not applicable

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

Main occupations and positions	Vice Chairman of the Board of Gongniu Group Co., Ltd. and General Manager of Shanghai Gongniu Electrics Co., Ltd.
Controlling interests in other domestically and overseas listed companies in the past 10 years	Not applicable

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

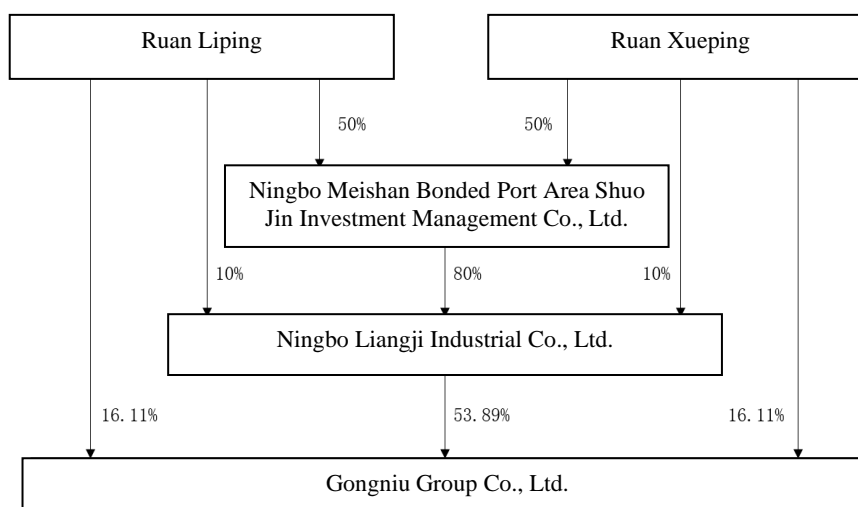
Applicable Not applicable

4. Change of the actual controller in the Reporting Period

Applicable Not applicable

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

Applicable Not applicable



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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

VI Other 10% or Greater Corporate Shareholders

Applicable Not applicable

VII Restrictions on Shareholding Reduction

Applicable Not applicable

VIII Share Repurchases during the Reporting Period

Applicable Not applicable

Part VIII Relevant Information of Preference shares

Applicable Not applicable

Part IX Relevant Information of Corporate Bonds

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

Applicable Not applicable

II Convertible Corporate Bonds

Applicable Not applicable

Part X Financial Statements

I Independent Auditor's Report

Applicable Not applicable

Independent Auditor's Report

PCCPA Audit [2022] No. 2228

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

I Opinion

We have audited the financial statements of Gongniu Group Co., Ltd. ("Gongniu" or the "Company"), which comprise the consolidated and parent company (the Company as the parent exclusive of subsidiaries) balance sheets as at 31 December 2021, the consolidated and parent company statements of income, cash flows and changes in owners' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and parent company financial position of the Company at 31 December 2021, and the consolidated and parent company operating results and cash flows for the year then ended, in conformity with the Chinese Accounting Standards (CAS).

II Basis for Opinion

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

III Key Audit Matters

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

(I) Revenue recognition

1. Description

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

The revenue of Gongniu Group is mainly derived from the sale of adaptors, wall switches, LEDs and digital accessories. In 2021, Gongniu Group achieved operating revenue of RMB12.385 billion. Gongniu Group has identified different specific methods of revenue recognition for different sales methods.

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

2. Audit response

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

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

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

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

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

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

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

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

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

1. Description

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

As at 31 December 2021, the wealth management balance of held-for-trading financial assets of Gongniu Group was RMB5,927 million, the wealth management balance of other current assets was RMB1,115 million, and the cumulative return on investment for wealth management products in 2021 amounted to RMB172 million. We determined the recognition, measurement and presentation of wealth management products as a key audit matter due to the large amount of wealth management products and the fact that the return on investment of the relevant products is an important item in the net profit of Gongniu Group for 2021.

2. Audit response

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

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

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

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

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

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

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

IV Other Information

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

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

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

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

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

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

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

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

VI Auditor's Responsibilities for Audit of Financial Statements

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

As part of an audit in accordance with CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

Pan-China Certified Public Accountants LLP

Chinese certified public accountant: Qian Zhongxian
(engagement partner)

Hangzhou·China

Chinese certified public accountant: Chen Hui

11 April 2022

II Financial Statements

Consolidated Balance Sheet

31 December 2021

Prepared by Gongniu Group Co., Ltd.

Unit: RMB

Item	Note	31 December 2021	31 December 2020
Current assets:			
Monetary assets		4,377,228,556.74	3,752,857,861.42
Settlement reserve			
Loans to other banks and financial institutions			
Held-for-trading financial assets		5,926,600,000.00	2,863,300,000.00
Derivative financial assets		3,613,050.00	27,159,170.00
Notes receivable		750,723.35	
Accounts receivable		219,259,743.25	183,928,613.94
Receivables financing		927,023.00	161,562.83
Prepayments		29,140,223.00	34,711,617.31
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables		195,924,505.99	126,043,394.07
Of which: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories		1,376,987,122.60	788,240,060.31
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets		1,126,520,898.44	2,741,389,939.38
Total current assets		13,256,951,846.37	10,517,792,219.26
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments			
Other equity investments			
Other non-current financial assets			
Investment property			
Fixed assets		1,493,733,120.82	1,181,783,418.51
Construction in progress		198,364,136.97	278,130,656.14
Productive living assets			
Oil and gas assets			
Right-of-use assets		18,809,799.71	

Intangible assets		295,769,642.48	299,981,403.19
Development costs			
Goodwill			
Long-term prepaid expense		17,750,835.99	3,150,000.00
Deferred income tax assets		116,456,369.78	66,903,177.28
Other non-current assets		76,068,914.50	89,800,700.00
Total non-current assets		2,216,952,820.25	1,919,749,355.12
Total assets		15,473,904,666.62	12,437,541,574.38
Current liabilities:			
Short-term borrowings		500,430,555.55	500,344,611.11
Borrowings from the central bank			
Loans from other banks and financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		2,333,774.75	
Accounts payable		1,701,686,564.14	1,285,822,466.71
Advances from customers			
Contract liabilities		437,999,921.93	333,741,780.65
Financial assets sold under repurchase agreements			
Customer deposits and deposits from other banks and financial institutions			
Payables for acting trading of securities			
Payables for underwriting of securities			
Employee benefits payable		279,463,472.43	244,138,167.00
Taxes and levies payable		533,077,969.51	437,873,048.07
Other payables		430,813,760.10	219,091,086.62
Of which: Interest payable			
Dividends payable			
Fees and commissions payable			
Reinsurance payables			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities		673,911,937.53	
Other current liabilities		56,939,989.86	43,285,234.93
Total current liabilities		4,616,657,945.80	3,064,296,395.09
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings			160,037,333.33
Bonds payable			
Of which: Preference shares			
Perpetual bonds			
Lease liabilities		5,089,837.39	
Long-term payables			
Long-term employee benefits payable			

Provisions			
Deferred income			
Deferred income tax liabilities		50,280,119.30	47,778,120.47
Other non-current liabilities		46,125,187.50	28,037,156.40
Total non-current liabilities		101,495,144.19	235,852,610.20
Total liabilities		4,718,153,089.99	3,300,149,005.29
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		601,180,520.00	600,613,800.00
Other equity instruments			
Of which: Preference shares			
Perpetual bonds			
Capital reserves		3,914,068,288.56	3,820,175,608.14
Less: Treasury shares		80,711,540.00	46,728,594.00
Other comprehensive income		7,537,390.37	28,863,769.91
Specific reserve			
Surplus reserves		302,797,998.73	302,797,998.73
General reserve			
Retained earnings		6,010,878,918.97	4,431,669,986.31
Total equity attributable to owners (or shareholders) of the Company as the parent		10,755,751,576.63	9,137,392,569.09
Non-controlling interests			
Total owners' equity (or shareholders' equity)		10,755,751,576.63	9,137,392,569.09
Total liabilities and owners' equity (or shareholders' equity)		15,473,904,666.62	12,437,541,574.38

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

Chief Financial Officer: Zhang Lina

Balance Sheet of the Company as the Parent

31 December 2021

Prepared by Gongniu Group Co., Ltd.

Unit: RMB

Item	Note	31 December 2021	31 December 2020
Current assets:			
Monetary assets		2,815,595,132.13	2,252,978,143.19
Held-for-trading financial assets		1,700,000,000.00	1,130,000,000.00
Derivative financial assets			
Notes receivable			
Accounts receivable		3,783,723.14	12,752,174.13
Receivables financing			
Prepayments		302,683,310.52	24,746,283.47
Other receivables		3,038,980,082.79	1,686,576,004.18
Of which: Interest receivable			
Dividends receivable		2,000,000,000.00	1,000,000,000.00
Inventories		409,900,890.43	210,415,165.34
Contract assets			

Assets held for sale			
Current portion of non-current assets			
Other current assets		610,271,780.82	1,406,276,164.38
Total current assets		8,881,214,919.83	6,723,743,934.69
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		441,959,500.17	405,057,095.11
Other equity investments			
Other non-current financial assets			
Investment property			
Fixed assets		805,605,614.22	444,710,486.62
Construction in progress		171,842,155.89	272,695,407.86
Productive living assets			
Oil and gas assets			
Right-of-use assets		7,057,187.09	
Intangible assets		258,323,362.23	260,448,329.50
Development costs			
Goodwill			
Long-term prepaid expense		17,750,835.99	3,150,000.00
Deferred income tax assets		3,735,033.97	1,628,056.37
Other non-current assets		72,827,494.50	68,746,505.00
Total non-current assets		1,779,101,184.06	1,456,435,880.46
Total assets		10,660,316,103.89	8,180,179,815.15
Current liabilities:			
Short-term borrowings			500,344,611.11
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		100,000,000.00	
Accounts payable		450,634,960.80	350,846,830.56
Advances from customers			
Contract liabilities		424,645,030.61	10,061,976.43
Employee benefits payable		101,482,634.41	94,117,188.55
Taxes and levies payable		205,109,507.99	97,437,178.10
Other payables		126,829,316.67	136,920,122.46
Of which: Interest payable			
Dividends payable			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities		666,081,836.66	
Other current liabilities		55,203,853.98	1,308,056.94
Total current liabilities		2,129,987,141.12	1,191,035,964.15
Non-current liabilities:			
Long-term borrowings			160,037,333.33
Bonds payable			
Of which: Preference shares			
Perpetual bonds			
Lease liabilities		2,163,270.25	

Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred income tax liabilities		22,249,738.30	16,296,016.31
Other non-current liabilities		46,125,187.50	28,037,156.40
Total non-current liabilities		70,538,196.05	204,370,506.04
Total liabilities		2,200,525,337.17	1,395,406,470.19
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		601,180,520.00	600,613,800.00
Other equity instruments			
Of which: Preference shares			
Perpetual bonds			
Capital reserves		3,909,568,864.90	3,815,676,184.48
Less: Treasury shares		80,711,540.00	46,728,594.00
Other comprehensive income			
Specific reserve			
Surplus reserves		302,797,998.73	302,797,998.73
Retained earnings		3,726,954,923.09	2,112,413,955.75
Total owners' equity (or shareholders' equity)		8,459,790,766.72	6,784,773,344.96
Total liabilities and owners' equity (or shareholders' equity)		10,660,316,103.89	8,180,179,815.15

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

Chief Financial Officer: Zhang Lina

Consolidated Income Statement

January-December 2021

Unit: RMB

Item	Note	2021	2020
I Total revenues		12,384,916,337.51	10,051,128,834.05
Of which: Operating revenue		12,384,916,337.51	10,051,128,834.05
Interest income			
Insurance premium income			
Fee and commission income			
II Total costs and expenses		9,262,301,258.59	7,412,932,169.72
Of which: Cost of sales		7,808,540,666.84	6,018,606,539.57
Interest expense			
Fee and commission expense			
Surrenders			
Net insurance claims paid			
Net amount provided as insurance contract reserve			
Expenditure on policy dividends			

Reinsurance premium expense			
Taxes and levies		82,785,296.48	80,328,346.74
Selling expense		560,187,002.80	517,846,532.13
Administrative expense		427,615,556.97	430,706,547.54
R&D expense		471,015,016.82	401,181,690.28
Finance costs		-87,842,281.32	-35,737,486.54
Of which: Interest expense		39,763,491.76	9,718,888.89
Interest income		128,887,165.64	49,748,785.37
Add: Other income		390,936,141.47	127,179,310.75
Return on investment (“—” for loss)		190,025,308.81	52,002,600.70
Of which: Share of profit or loss of joint ventures and associates			
Income from the derecognition of financial assets at amortized cost			
Exchange gain (“—” for loss)			
Net gain on exposure hedges (“—” for loss)			
Gain on changes in fair value (“—” for loss)			
Credit impairment loss (“—” for loss)		-24,746,561.94	-7,435,665.10
Asset impairment loss (“—” for loss)		-16,257,123.26	-6,675,595.59
Asset disposal income (“—” for loss)		-11,308,464.89	-669,979.13
III Operating profit (“—” for loss)		3,651,264,379.11	2,802,597,335.96
Add: Non-operating income		4,353,269.76	2,982,456.22
Less: Non-operating expense		330,657,723.91	50,914,854.15
IV Gross profit (“—” for gross loss)		3,324,959,924.96	2,754,664,938.03
Less: Income tax expense		544,599,192.30	441,234,863.89
V Net profit (“—” for net loss)		2,780,360,732.66	2,313,430,074.14
(I) By operating continuity			
1.Net profit from continuing operations (“—” for net loss)		2,780,360,732.66	2,313,430,074.14
2.Net profit from discontinued operations (“—” for net loss)			
(II) By ownership			
1.Net profit attributable to owners of the Company as the parent (“—” for net loss)		2,780,360,732.66	2,313,430,074.14
2.Net profit attributable to non-controlling interests (“—” for net loss)			
VI Other comprehensive income, net of tax		-21,326,379.54	28,853,958.05
(I) Other comprehensive income, net of tax attributable to owners of the Company as the parent		-21,326,379.54	28,853,958.05
1. Other comprehensive income that will not be reclassified to profit or loss			

(1) Changes caused by remeasurements on defined benefit schemes			
(2) Other comprehensive income that will not be reclassified to profit or loss under the equity method			
(3) Changes in the fair value of other equity investments			
(4) Changes in the fair value arising from changes in own credit risk			
2. Other comprehensive income that will be reclassified to profit or loss		-21,326,379.54	28,853,958.05
(1) Other comprehensive income that will be reclassified to profit or loss under the equity method			
(2) Changes in the fair value of other debt investments			
(3) Other comprehensive income arising from the reclassification of financial assets			
(4) Credit impairment allowance for other debt investments			
(5) Reserve for cash flow hedges		-21,324,986.08	28,871,218.29
(6) Differences arising from the translation of foreign currency-denominated financial statements		-1,393.46	-17,260.24
(7) Others			
(II) Other comprehensive income, net of tax attributable to non-controlling interests			
VII Total comprehensive income		2,759,034,353.12	2,342,284,032.19
(I) Total comprehensive income attributable to owners of the Company as the parent		2,759,034,353.12	2,342,284,032.19
(II) Total comprehensive income attributable to non-controlling interests			
VIII Earnings per share:			
(I) Basic earnings per share (RMB/share)		4.63	3.89
(II) Diluted earnings per share (RMB/share)		4.63	3.89

Where business combinations involving entities under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was RMB0.00, with the amount for last year being RMB0.00.

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

Chief Financial Officer: Zhang Lina

Income Statement of the Company as the Parent

January-December 2021

Unit: RMB

Item	Note	2021	2020
I Operating revenue		5,306,290,224.15	4,431,826,844.17
Less: Cost of sales		3,876,062,056.48	3,200,232,443.74
Taxes and levies		27,736,575.48	28,032,068.03
Selling expense		22,442,913.93	41,230,202.68
Administrative expense		237,296,868.57	227,914,385.78
R&D expense		190,443,988.85	163,577,005.90
Finance costs		-31,504,593.32	-16,888,303.67
Of which: Interest expense		24,790,531.90	6,413,194.44
Interest income		56,305,098.21	23,400,740.83
Add: Other income		266,969,614.03	19,424,769.79
Return on investment (“—” for loss)		2,079,124,417.58	1,048,583,434.64
Of which: Share of profit or loss of joint ventures and associates			
Income from the derecognition of financial assets at amortized cost			
Net gain on exposure hedges (“—” for loss)			
Gain on changes in fair value (“—” for loss)			
Credit impairment loss (“—” for loss)		-18,213,104.15	-37,097,495.37
Asset impairment loss (“—” for loss)		-2,744,147.10	-541,797.39
Asset disposal income (“—” for loss)		-3,937,217.96	-18,183.95
II Operating profit (“—” for loss)		3,305,011,976.56	1,818,079,769.43
Add: Non-operating income		602,007.58	438,745.58
Less: Non-operating expense		317,803,063.92	30,606,525.57
III Gross profit (“—” for gross loss)		2,987,810,920.22	1,787,911,989.44
Add: Income tax expense		172,118,152.88	108,900,526.54
IV Net profit (“—” for net loss)		2,815,692,767.34	1,679,011,462.90
(I) Net profit from continuing operations (“—” for net loss)		2,815,692,767.34	1,679,011,462.90
(II) Net profit from discontinued operations (“—” for net loss)			
V Other comprehensive income, net of tax			
(I) Other comprehensive income that will not be reclassified to profit or loss			
1. Changes caused by remeasurements on defined benefit schemes			
2. Other comprehensive income that will not be reclassified to profit or loss under the equity method			
3. Changes in the fair value of other equity investments			

4. Changes in the fair value arising from changes in own credit risk			
(II) Other comprehensive income that will be reclassified to profit or loss			
1. Other comprehensive income that will be reclassified to profit or loss under the equity method			
2. Changes in the fair value of other debt investments			
3. Other comprehensive income arising from the reclassification of financial assets			
4. Credit impairment allowance for other debt investments			
5. Reserve for cash flow hedges			
6. Differences arising from the translation of foreign currency-denominated financial statements			
7. Others			
VI Total comprehensive income		2,815,692,767.34	1,679,011,462.90
VII Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

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

Chief Financial Officer: Zhang Lina

Consolidated Cash Flow Statement
January-December 2021

Unit: RMB

Item	Note	2021	2020
I Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		14,169,320,101.49	11,511,903,915.40
Net increase in customer deposits and deposits from other banks and financial institutions			
Net increase in borrowings from the central bank			
Net increase in loans from other financial institutions			
Premiums received on original insurance contracts			
Net proceeds from reinsurance			
Net increase in deposits and investments of policy holders			
Interest, fees and commissions received			
Net increase in loans from other banks and financial institutions			
Net increase in proceeds from repurchase transactions			

Net proceeds from acting trading of securities			
Tax and levy rebates		25,804,052.16	17,284,864.61
Cash generated from other operating activities		525,426,517.23	223,463,038.80
Subtotal of cash generated from operating activities		14,720,550,670.88	11,752,651,818.81
Payments for goods and services		7,589,799,374.35	5,101,230,609.76
Net increase in loans and advances to customers			
Net increase in deposits in the central bank and other banks and financial institutions			
Payments for claims on original insurance contracts			
Net increase in loans to other banks and financial institutions			
Interest, fees and commissions paid			
Policy dividends paid			
Cash paid to and for employees		1,741,129,477.86	1,555,279,980.16
Taxes and levies paid		1,161,567,823.93	819,545,329.90
Cash used in other operating activities		1,213,727,253.60	839,393,187.34
Subtotal of cash used in operating activities		11,706,223,929.74	8,315,449,107.16
Net cash generated from/used in operating activities		3,014,326,741.14	3,437,202,711.65
II Cash flows from investing activities:			
Proceeds from disinvestment			10,000,000.00
Return on investment		203,660,051.16	119,850,083.88
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets		22,285,265.83	2,287,593.12
Net proceeds from the disposal of subsidiaries and other business units			
Cash generated from other investing activities		11,281,533,253.72	24,819,596,262.00
Subtotal of cash generated from investing activities		11,507,478,570.71	24,951,733,939.00
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		475,375,845.86	418,935,697.14
Payments for investments			
Net increase in pledged loans granted			
Net payments for the acquisition of subsidiaries and other business units			
Cash used in other investing activities		12,621,090,656.00	28,782,390,000.00
Subtotal of cash used in investing activities		13,096,466,501.86	29,201,325,697.14

Net cash generated from/used in investing activities		-1,588,987,931.15	-4,249,591,758.14
III Cash flows from financing activities:			
Capital contributions received		58,919,460.00	3,567,124,820.42
Of which: Capital contributions by non-controlling interests to subsidiaries			
Borrowings received		1,229,444,657.64	956,694,305.55
Cash generated from other financing activities			
Subtotal of cash generated from financing activities		1,288,364,117.64	4,523,819,125.97
Repayment of borrowings		733,145,768.73	300,000,000.00
Interest and dividends paid		1,235,638,745.39	2,286,031,250.00
Of which: Dividends paid by subsidiaries to non-controlling interests			
Cash used in other financing activities		20,388,050.23	12,187,726.42
Subtotal of cash used in financing activities		1,989,172,564.35	2,598,218,976.42
Net cash generated from/used in financing activities		-700,808,446.71	1,925,600,149.55
IV Effect of foreign exchange rate changes on cash and cash equivalents			
		-1,365,206.44	-2,982,481.80
V Net increase in cash and cash equivalents			
		723,165,156.84	1,110,228,621.26
Add: Cash and cash equivalents, beginning of the period		1,829,551,296.70	719,322,675.44
VI Cash and cash equivalents, end of the period			
		2,552,716,453.54	1,829,551,296.70

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

Chief Financial Officer: Zhang Lina

Cash Flow Statement of the Company as the Parent
January-December 2021

Unit: RMB

Item	Note	2021	2020
I Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		6,475,570,410.73	4,792,667,952.81
Tax and levy rebates			
Cash generated from other operating activities		338,813,300.33	425,476,489.30
Subtotal of cash generated from operating activities		6,814,383,711.06	5,218,144,442.11
Payments for goods and services		4,252,140,785.92	2,983,263,301.71
Cash paid to and for employees		622,109,797.27	570,574,072.87
Taxes and levies paid		262,378,388.50	260,167,559.31
Cash used in other operating		898,019,962.90	1,206,376,854.94

activities			
Subtotal of cash used in operating activities		6,034,648,934.59	5,020,381,788.83
Net cash generated from/used in operating activities		779,734,776.47	197,762,653.28
II Cash flows from investing activities:			
Proceeds from disinvestment			10,000,000.00
Return on investment		1,095,128,801.14	1,254,671,774.57
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets		17,822,095.19	2,013,719.94
Net proceeds from the disposal of subsidiaries and other business units			
Cash generated from other investing activities		4,390,001,001.00	8,634,924,351.94
Subtotal of cash generated from investing activities		5,502,951,897.33	9,901,609,846.45
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		351,818,203.17	273,896,576.96
Payments for investments		11,000,000.00	1,000,000.00
Net payments for the acquisition of subsidiaries and other business units			
Cash used in other investing activities		3,906,990,656.00	11,067,530,000.00
Subtotal of cash used in investing activities		4,269,808,859.17	11,342,426,576.96
Net cash generated from/used in investing activities		1,233,143,038.16	-1,440,816,730.51
III Cash flows from financing activities:			
Capital contributions received		58,919,460.00	3,567,124,820.42
Borrowings received		633,145,768.73	660,000,000.00
Cash generated from other financing activities			
Subtotal of cash generated from financing activities		692,065,228.73	4,227,124,820.42
Repayment of borrowings		633,145,768.73	
Interest and dividends paid		1,225,366,634.27	2,286,031,250.00
Cash used in other financing activities		11,332,303.38	12,187,726.42
Subtotal of cash used in financing activities		1,869,844,706.38	2,298,218,976.42
Net cash generated from/used in financing activities		-1,177,779,477.65	1,928,905,844.00
IV Effect of foreign exchange rate changes on cash and cash equivalents			
V Net increase in cash and cash equivalents			
Add: Cash and cash equivalents, beginning of the period		835,098,336.98	685,851,766.77
		894,111,904.74	208,260,137.97
VI Cash and cash equivalents,		1,729,210,241.72	894,111,904.74

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

Chief Financial Officer: Zhang Lina

Consolidated Statements of Changes in Owners' Equity
January-December 2021

Unit: RMB

Item	2021													Non-control ling interest s	Total owners' equity
	Equity attributable to owners of the Company as the parent														
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehe nsive income	Speci fic reser ve	Surplus reserves	Gene ral reser ve	Retained earnings	Oth ers	Subtotal		
Prefere nce shares		Perpet ual bonds	Oth ers												
I Balance as at the end of the prior year	600,613,8 00.00				3,820,175,6 08.14	46,728,59 4.00	28,863,76 9.91		302,797,9 98.73		4,431,669,9 86.31				9,137,392,5 69.09
Add: Adjustment s for changes in accounting policies															
Adjustment s for correction of previous errors															
Adjustment s for business combinatio ns involving entities under common control															
Other adjustments															
II Balance	600,613,8				3,820,175,6	46,728,59	28,863,76		302,797,9		4,431,669,9				9,137,392,5

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as at the beginning of the year	00.00				08.14	4.00	9.91		98.73		86.31			69.09
III Increase/decrease in the period (“-” for decrease)	566,720.00				93,892,680.42	33,982,946.00	21,326,379.54				1,579,208,932.66			1,618,359,007.54
(I) Total comprehensive income							21,326,379.54				2,780,360,732.66			2,759,034,353.12
(II) Capital increased and reduced by owners	566,720.00				93,892,680.42	33,982,946.00								60,476,454.42
1. Ordinary shares increased by owners	566,720.00				50,544,523.60									51,111,243.60
2. Capital increased by other equity holders														
3. Share-based payments recognized in owners’ equity					43,348,156.82	33,982,946.00								9,365,210.82
4. Others														
(III) Profit distribution											1,201,151,800.00			1,201,151,800.00
1. Appropriation to surplus reserves														
2. Appropriation to														

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

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

Item	2020													Non-control ling interest s	Total owners' equity
	Equity attributable to owners of the Company as the parent														
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehe nsive income	Speci fic reser ve	Surplus reserves	Gene ral reser ve	Retained earnings	Oth ers	Subtotal		
Prefer ence shares		Perpet ual bonds	Oth ers												
I Balance as at the end of the prior year	540,000,000.00				310,256,119.20		9,811.86		302,797,998.73		4,398,239,912.17				5,551,303,841.96
Add: Adjustments for changes in accounting policies															
Adjustments for correction of previous errors															

Adjustments for business combinations involving entities under common control														
Other adjustments														
II Balance as at the beginning of the year	540,000,000.00				310,256,119.20		9,811.86		302,797,998.73		4,398,239,912.17			5,551,303,841.96
III Increase/decrease in the period ("-" for decrease)	60,613,800.00				3,509,919,488.94	46,728,594.00	28,853,958.05				33,430,074.14			3,586,088,727.13
(I) Total comprehensive income							28,853,958.05				2,313,430,074.14			2,342,284,032.19
(II) Capital increased and reduced by owners	60,613,800.00				3,509,919,488.94	46,728,594.00								3,523,804,694.94
1. Ordinary shares increased by owners	60,613,800.00				3,489,323,294.00									3,549,937,094.00
2. Capital increased by other equity holders														
3. Share-based payments recognized in owners' equity					20,596,194.94	46,728,594.00								-26,132,399.06

4. Changes in defined benefit schemes transferred to retained earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others															
(V) Specific reserve															
1. Increase in the period															
2. Used in the period															
(VI) Others															
IV Balance as at the end of the period	600,613,800.00				3,820,175,608.14	46,728,594.00	28,863,769.91		302,797,998.73		4,431,669,986.31		9,137,392,569.09		9,137,392,569.09

Legal representative: Ruan Liping

Chief Financial Officer: Zhang Lina

Head of the financial department: Luo Yuebo

Statements of Changes in Owners' Equity of the Company as the Parent
January-December 2021

Unit: RMB

Item	2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I Balance as at the end of the prior year	600,613,800.00				3,815,676,184.48	46,728,594.00			302,797,998.73	2,112,413,955.75	6,784,773,344.96
Add: Adjustments for changes											

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in accounting policies											
Adjustments for correction of previous errors											
Other adjustments											
II Balance as at the beginning of the year	600,613,80 0.00				3,815,676, 184.48	46,728,594 .00			302,797,9 98.73	2,112,413, 955.75	6,784,773, 344.96
III Increase/ decrease in the period (“-” for decrease)	566,720.00				93,892,680 .42	33,982,946 .00				1,614,540, 967.34	1,675,017, 421.76
(I) Total comprehensive income										2,815,692, 767.34	2,815,692, 767.34
(II) Capital increased and reduced by owners	566,720.00				70,456,679 .24	33,982,946 .00					37,040,453 .24
1. Ordinary shares increased by owners	566,720.00				50,544,523 .60						51,111,243 .60
2. Capital increased by other equity holders											
3. Share-based payments recognized in owners’ equity					19,912,155 .64	33,982,946 .00					- 14,070,790 .36
4. Others											
(III) Profit distribution										- 1,201,151, 800.00	- 1,201,151, 800.00
1. Appropriation to surplus reserves											
2. Appropriation to owners (or shareholders)										- 1,201,151, 800.00	- 1,201,151, 800.00
3. Others											
(IV) Transfers within owners’ equity											
1. Increase in capital (or share capital) from capital reserves											
2. Increase in capital (or share capital) from surplus reserves											
3. Surplus reserves used to offset loss											
4. Changes in defined benefit											

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

Item	2020										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I Balance as at the end of the prior year	540,000,000.00				305,756,695.54				302,797,998.73	2,713,402,492.85	3,861,957,187.12
Add: Adjustments for changes in accounting policies											
Adjustments for correction of previous errors											
Other adjustments											
II Balance as at the beginning of the year	540,000,000.00				305,756,695.54				302,797,998.73	2,713,402,492.85	3,861,957,187.12
III Increase/ decrease in the period ("-" for decrease)	60,613,800.00				3,509,919,488.94	46,728,594.00				600,988,537.10	2,922,816,157.84
(I) Total comprehensive income										1,679,011,462.90	1,679,011,462.90
(II) Capital increased and reduced by owners	60,613,800.00				3,498,708,038.69	46,728,594.00					3,512,593,244.69
1. Ordinary shares increased by owners	60,613,800.00				3,489,323,294.00						3,549,937,094.00
2. Capital increased by other											

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equity holders											
3. Share-based payments recognized in owners' equity					9,384,744.69	46,728,594.00					- 37,343,849.31
4. Others											
(III) Profit distribution										- 2,280,000.00	- 2,280,000.00
1. Appropriation to surplus reserves											
2. Appropriation to owners (or shareholders)										- 2,280,000.00	- 2,280,000.00
3. Others											
(IV) Transfers within owners' equity											
1. Increase in capital (or share capital) from capital reserves											
2. Increase in capital (or share capital) from surplus reserves											
3. Surplus reserves used to offset loss											
4. Changes in defined benefit schemes transferred to retained earnings											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(V) Specific reserve											
1. Increase in the period											
2. Used in the period											
(VI) Others					11,211,450.25						11,211,450.25
IV Balance as at the end of the period	600,613,800.00				3,815,676.184.48	46,728,594.00			302,797,998.73	2,112,413,955.75	6,784,773,344.96

Legal representative: Ruan Liping

Chief Financial Officer: Zhang Lina

Head of the financial department: Luo Yuebo

III Company Profile

1. Company overview

Applicable Not applicable

Gongniu Group Co., Ltd (hereinafter referred to as “the Company” or “Gongniu”) is a joint stock limited company transformed from the former Gongniu Group Limited with 31 August 2017 as the base date. It was registered with Ningbo Municipal Market Supervision Administration on 27 December 2017 and is headquartered in Ningbo City, Zhejiang Province. The Company now holds a business license with a unified social credit code of 91330282671205242Y, with a registered capital of RMB601,180,500 and a total of 601,180,500 shares (each with a par value of RMB1). Among them, there are 525,579,500 restricted public A-shares and 75,601,000 unrestricted public A-shares. The Company’s shares were listed for public trading on the Shanghai Stock Exchange on 6 February 2020.

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

These financial statements have been authorized for issue by the Tenth Meeting of the Second Board of Directors of the Company on 11 April 2022.

2. Scope of consolidated financial statements

Applicable Not applicable

The Company included 16 subsidiaries, including Ningbo Gongniu Electrics Co., Ltd., Cixi Gongniu Electrics Co., Ltd. and Shanghai Gongniu Electrics Co., Ltd. in the scope of consolidated financial statements for the current period. For details, please refer to the notes of "VIII. Changes in Consolidation Scope" and "IX. Interests in Other Entities" in "Section 10 Financial Report" of this annual report.

IV Preparation Basis of Financial Statement

1. Basis of preparation

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

2. Continuing operations

Applicable Not applicable

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

V Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimation hint:

Applicable Not applicable

1. Statement on Compliance with Accounting Standards for Business Enterprises

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

2. Accounting period

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

3. Operating cycle

Applicable Not applicable

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

4. Standard currency for accounting

The standard currency for accounting is RMB.

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

Applicable Not applicable

(1) Accounting methods of business combination under the same control

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

(2) Accounting methods of business combination not under the same control

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

6. Method of preparation of consolidated financial statements

Applicable Not applicable

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

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

7. Classification of joint arrangements and accounting of joint operations

Applicable Not applicable

8. Criteria for recognition of cash and cash equivalents

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

9. Foreign currency business and conversion of foreign currency statement√ Applicable Not applicable**(1) Conversion of foreign currency business**

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

(2) Conversion of foreign currency financial statements

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

10. Financial instruments√ Applicable Not applicable**(1) Classification of financial assets and financial liabilities**

Financial assets are classified into the following three categories when they are initially recognized:

a) Financial assets measured at amortized cost; b) financial assets at fair value through other comprehensive income; c) financial assets at fair value through current profit or loss.

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

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

a) Determination basis and measuring methods for financial assets and financial liabilities

A financial instrument is recognized as an asset or liability when the Company becomes a party thereto. For financial assets or financial liabilities measured at fair value through profit or loss, the

transaction expenses are directly included in profit and loss of the current period; for financial assets or financial liabilities in other categories, the transaction expenses are included in the amount initially recognized. However, accounts receivable initially recognized by the Company that do not include a significant financing component or where the Company does not consider the financing component in a contract with a term not exceeding one year will be initially measured at the transaction price defined in *Accounting Standard for Business Enterprises No.14-Income*.

b) Subsequent measurement of financial assets

A. Financial assets measured at amortized cost

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

B. Investments in debt instruments at fair value through other comprehensive income

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

C. Investments in equity instruments at fair value through other comprehensive income

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

D. Financial assets at fair value through profit or loss

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

c) Method for the subsequent measurement of financial liabilities

A. Financial liabilities measured at fair value through profit and loss of the current period

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

loss, unless such financial liabilities form part of a hedging relationship. On derecognition, cumulative gains or losses that were previously recorded in other comprehensive income are transferred from other comprehensive income and recorded in retained earnings.

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

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

D. Financial liabilities measured at amortized cost

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

d) Derecognition of financial assets and financial liabilities

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

a. The contractual rights to receive the cash flows from the financial assets terminate; or
 b. The financial asset has been transferred, and such transfer satisfies the criteria set out in the *Accounting Standard for Business Enterprises No.23-Transfer of Financial Assets* regarding the de-recognition of financial assets.

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

(3) Recognition basis and measurement method of financial asset transfer

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

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

(4) Methods for determining the fair value of financial assets and financial liabilities

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

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

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

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

(5) Impairment of financial instruments

a) Measurement and accounting treatment of impairment of financial instruments

Based on the expected credit loss, for financial assets measured in amortized cost, investment in debt instruments measured at fair value and whose changes are recorded in other comprehensive income, contract assets, lease receivables, loan commitments classified as financial liabilities measured at fair value and whose changes are recorded in profit and loss of the current period, financial guarantee contracts that do not belong to financial liabilities measured at fair value and whose changes are

recorded in the profits and losses of the current period or financial liabilities formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets shall be impaired and loss reserves shall be recognized.

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

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

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

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

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

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

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

The Company re-measures expected credit loss at each balance sheet date, and the amount of increase in loss provision or the written-back amount of loss provision arising from re-measurement is recorded in current profit or loss as an impairment loss or gain. For financial assets measured at amortized cost, impairment losses were allocated to offset the carrying value of the financial asset

presented in the balance sheet. For the debt investments measured at fair value through other comprehensive income, the Company recognized its loss reserves in other comprehensive income but did not offset the carrying value of the financial asset.

b) Financial instruments for assessing expected credit risk and measuring expected credit loss by portfolio

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

c) Receivables and contract assets with expected credit losses measured by portfolio

A. Specific combination and method of measuring expected credit loss

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

B. Accounts receivable--comparison of aging portfolio with expected credit loss rate over the lifetime

Aging	Accounts receivable Expected credit losses (%)
Within 1 year (inclusive, the same below)	5.00

Aging	Accounts receivable Expected credit losses (%)
1 to 2 years	10.00
2 to 3 years	50.00
Over 3 years	100.00

(6) Offsetting financial assets and financial liabilities

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

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

11. Notes receivable

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

Applicable Not applicable

12. Accounts receivable

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

Applicable Not applicable

13. Receivables financing

Applicable Not applicable

14. Other receivables

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

Applicable Not applicable

15. Inventories

Applicable Not applicable

1. Classification of inventories

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

2. Valuation method of inventories upon delivery

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

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

On the balance sheet date, inventories should be measured whichever is lower in accordance with the cost and net reliable value, and the provision for decline in value of inventories shall be made according to the difference that the cost of each item of inventories higher than the net realizable value. For inventories directly used for sale, the net realizable value shall be determined by the estimated

selling price of the inventory minus the estimated selling expenses and relevant taxes and fees in the normal production and operation process. For materials inventory requiring processing during normal process of production and operation, the net realizable value shall be determined by deducting estimated costs occurring during completion, estimated selling expenses and related taxes from estimated sale price of finished products. On the balance sheet date, some of the same inventory have contract price agreed, others not; their net realizable value shall be recognized respectively and compared with the corresponding cost to determine the amount of provision or write-back of inventory depreciation reserve.

4. Inventory system of inventories

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

5. Amortization of low-value consumables and packing materials

(1) Low-value consumables

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

(2) Packing materials

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

16. Contract assets

(1). Method and criteria for determining contract assets

Applicable Not applicable

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

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

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

Applicable Not applicable

17. Assets held for sale

Applicable Not applicable

18. Debt investments

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

Applicable Not applicable

19. Other debt investments

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

Applicable Not applicable

20. Long-term receivables

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

Applicable Not applicable

21. Long-term equity investments

√ Applicable Not applicable

1. Judgment criteria for joint control and significant influence

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

2. Determination of investment cost

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

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

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

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

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

2) In the consolidated financial statements, it is determined whether it is a "package deal". If the deals fell into a "Package Deal", all transactions shall be treated as a transaction to gain control. If it is not a "Package Deal", the equity of the acquiree held prior to the acquisition date shall be re-measured according to the fair value of the equity at the acquisition date, and the difference between the fair value

and the carrying value shall be recorded in the current investment income. Where the equity of the acquiree held prior to the acquisition date involves other comprehensive income accounted for based on the equity method, etc., the other comprehensive income related to it shall be converted into the current investment income of the acquisition date. However, other comprehensive income arising from the re-measurement of net liabilities or changes in net assets of defined benefit plans by the investee is excluded.

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

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

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

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

(1) Separate financial statements

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

(2) Consolidated financial statements

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

In case of loss of control over the original subsidiary, the remaining equity shall be re-measured according to its fair value on the date of loss of control. The aggregate of the consideration obtained by disposing of the equity and the fair value of the remaining equity less the portion of the net assets of the subsidiary that has been measured, as calculated at the original shareholding proportion, from the

acquisition date or combination date is recognized in profit and loss of the current period on investments in which the control is lost, and goodwill shall be offset. Other comprehensive income, etc. related to the original subsidiary's equity investment will be converted into income from investment for the current period when the control is lost.

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

22. Investment property

Not applicable

23. Fixed assets

(1). recognition criteria

Applicable Not applicable

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

(2). Depreciation method

Applicable Not applicable

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

(3). Recognition basis, valuation and depreciation method for fixed assets under financing lease

Applicable Not applicable

24. Construction in progress

Applicable Not applicable

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

2. When construction in progress reaches expected serviceable conditions, it will be carried forward

into fixed assets based on its actual cost. For those that have reached their intended serviceable status but have not yet completed the settlement, they shall be transferred to fixed assets according to the estimated value, and the original provisional value shall be adjusted according to the actual cost after the final accounts are completed, but the depreciation already accrued shall not be adjusted.

25. Borrowing costs

Applicable Not applicable

1. Recognition principles for the capitalization of borrowing costs

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

2. Period for capitalization of borrowing costs

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

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

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

3. Capitalization rate and capitalization amount of borrowing costs

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

26. Biological assets

Applicable Not applicable

27. Oil and gas assets

Applicable Not applicable

28. Right-of-use assets

Applicable Not applicable

29. Intangible assets**(1). Pricing method, service life, and impairment test**√ Applicable Not applicable

1. Intangible assets include land use rights, patent rights, and non-patent technology, which are initially measured at costs.

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

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

(2). Accounting policies for internal research and development costs√ Applicable Not applicable

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

30. Long-term assets impairment√ Applicable Not applicable

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

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

31. Long-term prepaid expense√ Applicable Not applicable

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

32. Contract liabilities

(1). Method for determining contract liabilities

Applicable Not applicable

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

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

33. Employee remuneration

(1). Accounting treatment methods of short-term remuneration

Applicable Not applicable

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

(2). Accounting treatment method for post-employment benefits

Applicable Not applicable

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

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

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

1) Based on the projected unit credit method, related demographic variables and financial variables are estimated by using unbiased and mutually compatible actuarial assumptions, the obligations under the defined benefit plan are measured, and the periods to which relevant obligations are attributed are determined. Meanwhile, the Company will discount the obligations incurred from a defined benefit plan, to determine present value of defined benefit plan and current service cost.

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

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

(3). Accounting treatment method for dismissal benefits

Applicable Not applicable

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

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

Applicable Not applicable

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

34. Lease liabilities

Applicable Not applicable

35. Provisions

Applicable Not applicable

36. Share-based payment

Applicable Not applicable

1. Category of share-based payment

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

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

(1) Equity-settled share-based payment

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

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

(2) Cash-settled share payment

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

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

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

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

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

37. Preference shares, perpetual bonds and other financial instruments

Applicable Not applicable

38. Revenue

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

Applicable Not applicable

1. Principles of revenue recognition

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

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

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

2. Principles of revenue measurement

(1) The Company measures revenue on the basis of the transaction price allocated to each performance obligation. Transaction price is the amount of consideration that the Company is expected

to be entitled to receive for transferring goods or services to customers, excluding the amount received on behalf of third parties and the amount expected to be refunded to customers.

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

(3) If there is a significant financing component in a contract, the Company shall determine the transaction price according to the amount payable in cash when the customer assumes control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period. On the commencement date of a contract, if the Company expects that the interval between the customer obtaining the control right of goods or services and the customer paying the price will not exceed one year, the major financing components in the contract will not be considered.

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

3. Specific methods for revenue recognition

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

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

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

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

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

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

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

Applicable Not applicable

39. Contract costs

Applicable Not applicable

40. Government grants

Applicable Not applicable

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

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

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

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

Government grants other than government grants related to assets were classified as government grants related to income. For government grants, including both asset-related parts and income-related parts that are difficult to be distinguished, overall government grants shall be classified as government grants related to income. Government grants related to income shall be recognized as deferred income if they are used to compensate related future expenses or losses and recorded in profit and loss of the current period during the period when relevant expenses are recognized, or shall be recognized as current profit and loss or offset the related costs if they are used to compensate related expenses or losses incurred.

4. Government grants related to daily activities are recognized as other income or used to offset relevant costs according to the substance of business activities. Government grants that are not related to daily activities are recognized as non-operating income and expenses.

41. Deferred income tax assets/Deferred income tax liabilities

Applicable Not applicable

1. Based on the difference between the carrying value of assets and liabilities and their tax bases (the difference between the tax base and the carrying value, where tax bases of items that are not

recognized as assets and liabilities can be determined according to the tax law), deferred income tax assets or deferred income tax liabilities are recognized in accordance with the applicable tax rates during the expected period in which such assets are to be recovered or such liabilities are to be settled.

2. Deferred income tax assets shall be recognized to the extent of the amount of the taxable income that is likely to be obtained and deducted from deductible temporary difference. On the balance sheet date, if there is conclusive evidence that it is probable that sufficient taxable income will be available to offset the deductible temporary differences in the future, the deferred income tax assets that have not been recognized in the previous accounting period shall be recognized.

3. The Company reviews carrying values of deferred tax assets on the balance sheet date. If it is determined that the Company is not Period likely to obtain adequate taxable income to offset benefits from deferred tax assets, the carrying values of deferred tax assets are written down. Such write-downs are reversed when it becomes probable that sufficient taxable income should be available.

4. The current income tax and deferred income tax of the Company shall be recorded in profit and loss of the current period as income tax expenses or incomes, excluding the income taxes incurred in the following circumstances: (1) Business combination; (2) Transactions or events directly recognized in the owner's equity.

42. Leases

(1). Accounting treatment method for operating lease

Applicable Not applicable

1. The Company as the lessee

On the beginning date of the lease term, the Company will recognize the lease with a lease term not exceeding 12 months and excluding the purchase option as a short-term lease. Leases with lower value when a single leased asset is a brand-new asset are identified as low-value asset leases. If the Company sublets or expects to sublet the leased assets, the original lease shall not be deemed as a low-value asset lease.

The Company records the payments of short-term and low-value asset leases incurred during each period of the lease term in the relevant asset costs or the profit or loss for the current period by the straight-line method.

The Company will recognize right-of-use assets and lease liabilities on the inception date of the lease term, excluding the above short-term and low-value asset leases.

(1) Right-of-use assets

Right-of-use assets are initially measured at costs, including: 1) The initial measurement amount of lease liabilities; 2) If there is a lease incentive for the lease payment paid on or before the start date of the lease term, the relevant amount of the lease incentive already enjoyed shall be deducted; 3) Initial direct expenses incurred by the lessee; 4) The expected cost to be borne by the lessee in order to dismantle and remove the assets leased, restore original state of the place where the assets leased are in, or restore the assets leased to the state stipulated in the lease terms.

The Company depreciates right-of-use assets on a straight-line basis. If it is reasonably certain that

ownership of the leased asset(s) will be obtained at the end of the lease term, the Company depreciates the leased asset(s) over its/their remaining service life. If it is not reasonably certain that the ownership of the leasehold property will be obtained at the end of the lease term, the Company will depreciate the leased asset(s) over the lease term or the remaining service life, whichever is shorter.

On the balance sheet date, if there is any sign that right-of-use assets are impaired, the corresponding impairment reserve shall be made according to the difference between the carrying value and the recoverable amount.

(2) Lease liabilities

On the start date of the lease term, the Company recognizes the present value of the outstanding lease payments as lease liabilities. The Company regards the interest rate implicit in lease as the rate of discount when calculating the present value of the lease payment. The incremental lending rate of the lessee will be deemed as the rate of discount, if the interest rate implicit in lease cannot be confirmed. The difference between the lease payment and its present value is regarded as an unrecognized financing expense. Interest expense is recognized at the discount rate of the present value of the recognized lease payment during each period of the lease term and is recorded in the profits and losses of the current period. Variable lease payments that are not recorded in the lease liabilities measurement are recorded in profits and losses of the current period when they are actually incurred.

After the start of the lease term, in case of any changes in actual fixed payment amount, the expected payable amount of the guarantee residual value, the index or ratio used to determine the lease payment amount, and the evaluation result or actual exercise of the purchase option, renewal option or termination option, the Company will re-calculate the lease obligation using the present value of the changed lease payment, and adjusts the carrying value of right-of-use assets accordingly. If the carrying value of right-of-use assets has been reduced to zero, while lease liabilities still needs to be further reduced, the remaining amount will be recorded in the profits and losses of the current period.

2. The Company as lessor

On the start date of the lease term, the Company divides the lease that substantially transfers almost all risks and rewards related to the ownership of the leased assets into finance leases, except for operating leases.

The Company recognizes the lease payments receivable as rental earnings in each period within the lease term on a straight-line basis. The initial direct costs related to the operating lease are capitalized, amortized within the lease term on the same basis as the recognition of rental earnings, and included in the profit or loss for the current period. Variable lease payments obtained by the Company in relation to operating leases that are not included in the lease receivable are included in the profit or loss for the current period when they are actually incurred.

(2). Accounting treatment method for finance lease

Applicable Not applicable

(3). Definition method and accounting treatment method of lease under the new lease standards

Applicable Not applicable

43. Other important accounting policies and accounting estimation

Applicable Not applicable

44. Changes in important accounting policies and accounting estimation**(1). Changes in important accounting policy**

Applicable Not applicable

Contents of and reasons for the changes to accounting policies	Approval procedure	Remarks (Name and amount of items in the statement suffering significant influence)
Changes in accounting policies caused by changes in Accounting Standards For Business Enterprises	Implement new standards	Refer to other notes

Other notes:

From 1 January 2021 (hereinafter referred to as the "date of initial adoption"), the Company started to adopt the revised *Accounting Standards for Business Enterprises No. 21 – Leases* (hereinafter referred to as the "new lease standards").

For a contract already existing prior to the date of initial adoption, the Company will decide not to reassess whether it is a lease or includes any lease.

For the lease contract for which the Company is the lessee, the Company adjusts the retained earnings at the beginning of the reporting period and the amount of other related items in the financial statements according to the cumulative impact of the implementation of the new lease standards and the original standards on the date of initial adoption, and does not adjust the information of comparable periods. The specific accounting processing is as follows:

For a finance lease before its date of initial adoption, the lessee shall, on the date of initial adoption, measure the right-of-use asset and the lease liability respectively according to the original carrying value of the assets acquired under finance lease and the finance lease payable.

For operating leases prior to the date of initial adoption, the Company measures lease liabilities at the present value of the remaining lease payments discounted at the Company's incremental borrowing rate at the date of initial adoption, and measures right-of-use assets at an amount equal to lease liabilities, with necessary adjustments based on prepaid rent.

On the date of initial adoption, the Company shall test the impairment of right-of-use assets and carry out corresponding accounting treatment in accordance with the aforesaid provisions on impairment of long-term assets in this section.

The main impacts of the implementation of the new lease standards on the Company's financial statements on 1 January 2021 are as follows:

Item	Balance Sheet		
	31 December 2020	New lease standards adjustment impact	1 January 2021
Right-of-use assets		21,484,142.88	21,484,142.88
Current portion of non-current liabilities		9,622,886.25	9,622,886.25
Lease liabilities		11,861,256.63	11,861,256.63

(2). Key changes in accounting estimates

Applicable Not applicable

(3). Adjustments to the financial statements at the beginning of the year of implementation of the new lease standards for the first time since 2021

Applicable Not applicable

Consolidated Balance Sheet

Unit: RMB Currency: RMB

Item	31 December 2020	1 January 2021	Adjustment number
Right-of-use assets		21,484,142.88	21,484,142.88
Current portion of non-current liabilities		9,622,886.25	9,622,886.25
Lease liabilities		11,861,256.63	11,861,256.63

Explanation of adjustments of each item:

Applicable Not applicable

(4). Explanation of retroactive adjustment of previous comparative data for the first time since 2021

Applicable Not applicable

45. Other information

Applicable Not applicable

Hedge accounting

1. The hedging relationship is classified into fair value hedge, cash flow hedge and hedge of net investment in foreign operations.

2. For hedging that meets the following conditions, hedging accounting methods are used to deal with it: (1) The hedging relationship is only composed of qualified hedging instruments and hedged instruments; (2) At the beginning of hedging, the Company formally designated hedging instruments and hedged items, and prepared written documents on hedging relationship and risk management strategies and risk management objectives of the Company engaged in hedging; (3) The hedging relationship meets the requirements of hedging effectiveness.

When the hedging meets the following conditions at the same time, the Company determines that the hedging relationship meets the requirements of hedging effectiveness: (1) There is an economic relationship between the hedged item and the hedging instrument; (2) Credit risk does not play a dominant role in the value changes caused by the economic relationship between hedged items and hedging instruments; (3) The hedging ratio of the hedging relationship is equal to the ratio of the number of hedged items actually hedged by the Company to the actual number of hedging instruments, but does not reflect the imbalance of the relative weights of hedged items and hedging instruments.

The Company continuously evaluates whether the hedging relationship meets the hedging effectiveness requirements on and after the hedging start date. If the hedging relationship no longer meets the requirements of hedging effectiveness due to the hedging ratio, but the risk management objectives of the designated hedging relationship have not changed, the Company shall rebalance the hedging relationship.

3. Hedging accounting treatment

(1) Fair value hedge

1) Gain or loss arising from a hedging instrument shall be recorded in profit and loss of the current period. If the hedging instrument is used to hedge a non-trading equity instrument (or a component

thereof) that is chosen to be measured at fair value and whose changes are included in other comprehensive income, the gains or losses arising from the hedging instrument are included in other comprehensive income.

2) Gain or loss of a hedged item arising from hedged risk exposure shall be recorded in profit and loss of the current period and meanwhile the carrying value of the hedged item not measured at fair value shall be adjusted. If a hedged item is classified as financial assets (or a component thereof) that are measured at fair value and whose changes are recorded in other comprehensive income according to Article 18 of *Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments*, its gains or losses due to hedged risk exposure are recorded in profit and loss of the current period, and its carrying value has been measured at fair value and will not be adjusted. If the hedged item is a non-trading equity instrument investment (or a component thereof) that the Company chooses to measure at fair value and its changes are recorded in other comprehensive income, the gains or losses arising from the hedged risk exposure are recorded in other comprehensive income, and its carrying value has been measured at fair value and will not be adjusted.

If a hedged item is an unrecognized firm commitment (or a component thereof), the cumulative changes in the fair value arising from hedged risk after the designation of hedging relationship shall be recognized as an asset or liability, and the related gain or loss shall be recorded in profit and loss of the respective periods. In case of acquiring assets or bearing liabilities for performing a firm commitment, the initially recognized amount of the assets or liabilities shall be adjusted to include the cumulative changes in the fair value of the recognized hedged item.

If a hedged item is a financial instrument (or a component thereof) at measured amortized cost, the adjustment to the carrying value of the hedged item shall be amortized based on the actual interest rate recalculated on the commencement date of amortization and recorded in profit and loss of the current period. If a hedged item is classified as financial assets (or a component thereof) that are measured at fair value and whose changes are recorded in other comprehensive income according to Article 18 of *Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments*, cumulative recognized hedging gains or losses are amortized in the same manner and recorded in profit and loss of the current period, but the carrying value of financial assets (or their components) is not adjusted.

(2) Cash flow hedge

1) The part of the gain or loss of the hedging instrument that belongs to the effective hedging is included in the other comprehensive income as a reserve for cash flow hedges, and the invalid part is included in profit and loss of the current period. The amount of reserve for cash flow hedges is recognized as the absolute amount of the lower of the following two items: A. The cumulative gains or losses of hedging instruments since hedging; B. The cumulative change in the present value of the estimated future cash flows of the hedged item since hedging.

2) If a hedged item is a forecast transaction and the forecast transaction leads the Company to subsequently recognize a non-financial asset or non-financial liability, or the forecast transaction of the non-financial asset or non-financial liability forms a recognized commitment to which fair value hedge accounting is applicable, the original amount of reserve for cash flow hedges recognized in other comprehensive income shall be transferred out and recorded in the initially recognized amount of such non-financial asset or non-financial liability.

3) For other cash flow hedges, the amount of reserve for cash flow hedges originally included in other comprehensive income is transferred out during the same period when the hedged expected transaction affects the profit and loss, and is recorded in the profit and loss of the current profit.

(3) Net investment hedge in a foreign operation

The part of the gains or losses formed by hedging instruments that belong to effective hedging is recognized as other comprehensive income, and when disposing of foreign operations, it is transferred out and recorded in the profit and loss of the current profit. The part of the gains or losses resulting from hedging instruments that belong to invalid hedging shall be recorded in profit and loss of the current period.

VI Taxation

1. Main taxes and tax rates

Major types of taxes and tax rates

√ Applicable □ Not applicable

Tax	Tax basis	Tax rate
VAT	Revenue from commodity sales and taxable services calculated according to the tax law are the basic calculation of output tax. After deducting the amount of input tax which is allowed to be deducted in the current period, the difference is the VAT payable.	13%, 9%, 6%, 5% [Note 1]
Real estate tax	Ad valorem tax: levied at 1.2% of the remaining value after deducting 30% from the original value of the housing property; Tax levied from rent: levied at 12% of the rental income.	1.2%, 12%
Urban maintenance and construction tax	Turnover tax paid	5%, 7% [Note 2]
Educational fee	Turnover tax paid	3%
Local educational fee	Turnover tax paid	By 2%
Enterprise income tax	Amount of taxable income	25%, 20%, 15%, 8.25%

[Note 1] The tax of the Company's main products is levied at the tax rate of 13%, and VAT of interest income is levied at the tax rate of 6%; VAT of the real estate rental income of subsidiaries Banmen Electric Appliance and Shanghai Gongniu is levied at a tax rate of 5% according to the simple method; VAT of Lingbo Gongniu's real estate rental income is partly levied at a tax rate of 5% and partly at 9% according to the simple method.

[Note 2] Electric Sales is levied at a tax rate of 7%, and other companies at a tax rate of 5%

Explanation of disclosure if different income tax rates apply to different corporate taxpayers

√ Applicable □ Not applicable

Name of taxpayer	Income tax rate (%)
The Company	15
Ningbo Gongniu	15
Gongniu Photoelectric	15
Gongniu Digital	15
Bull HK	8.25
Xingluo Trading	20
Other taxpayers except the above	25

2. Tax concessions

Applicable Not applicable

1. According to the *Notice on Publishing the List of High-tech Enterprises in Ningbo in 2019* (YGQRL [2020] No.1) issued by the Leading Group for the Identification and Management of High-tech Enterprises in Ningbo on 15 January 2020, the Company was identified as a high-tech enterprise in Ningbo in 2019, and its qualification is valid for 3 years. From 2019 to 2021, the Company enjoys a preferential corporate income tax rate of 15%.

2. According to the *Notice on Publishing the List of High-tech Enterprises in Ningbo in 2020* (YGQRL [2020] No.1) issued by Beilun District Science and Technology Bureau of Ningbo on 15 January 2021, Gongniu Digital was recognized as a high-tech enterprise in Ningbo in 2020, and its qualification is valid for 3 years. From 2020 to 2022, Gongniu Digital enjoys a preferential corporate income tax rate of 15%.

3. According to the *Notice on Publishing the List of High-tech Enterprises in Ningbo in 2021* issued by Beilun District Science and Technology Bureau of Ningbo on 19 January 2022, Ningbo Gongniu and Gongniu Photoelectric were recognized as high-tech enterprises in Ningbo in 2020, and their qualification is valid for 3 years. From 2021 to 2023, Ningbo Gongniu and Gongniu Photoelectric enjoy a preferential corporate income tax rate of 15%.

4. In accordance with the *Notice on Implementing Inclusive Tax Credit Policies for Small and Micro Enterprises* (C.SH. [2019] No. 13) issued by the Ministry of Finance and the State Taxation Administration and the *Announcement on Issues Related to Implementing Inclusive Income Tax Reduction and Exemption Policy for Small Low-profit Enterprises* (State Administration of Taxation Announcement No. 2 in 2019) issued by the State Administration of Taxation, from 1 January 2019 to 31 December 2021, the annual taxable revenue of small low-profit enterprises with a value of less than RMB1 million (including RMB1 million) shall be included in the taxable revenue at a reduced rate of 25%, and the corporate revenue tax shall be levied at the tax rate of 20%. The part that the annual taxable revenue exceeds RMB1 million but not more than RMB3 million shall be included in the taxable revenue at a reduced rate of 50%, and the corporate revenue tax shall be levied at the tax rate of 20%. According to the *Announcement on the Implementation of Preferential Income Tax Policies for Small- and Micro-sized Enterprises and Individual Industrial and Commercial Entities* (No. 12 of 2021) issued by the Ministry of Finance and the State Taxation Administration, from 1 January 2021 to 31 December 2022, the portion of the annual taxable income of small- and micro-sized enterprises not exceeding RMB1 million, the corporate income tax will be levied by half on the basis of the preferential policies stipulated in Article 2 of the *Tax Credit Policies for Small and Micro Enterprises* (C.SH. [2019] No. 13) issued by the Ministry of Finance and the State Taxation Administration.

Xingluo Trading meets the recognition criteria of small low-profit enterprises, and pays corporate income tax at the preferential tax rate of small low-profit enterprises.

3. Other information

Applicable Not applicable

VII Notes to the Consolidated Financial Statements

1. Monetary assets

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand		
Bank deposits	4,230,383,599.91	3,659,966,981.92
Other monetary assets	87,372,876.35	80,072,357.23
Interest receivable	59,472,080.48	12,818,522.27
Total	4,377,228,556.74	3,752,857,861.42
Of which: Total amount deposited overseas	217,966.13	267,996.52

Other notes:

The closing balance of other monetary assets includes futures margin of RMB25,988,465.80, cash deposits for L/G of RMB6,654,782.17, bank acceptance margin of RMB2,333,774.75, and account margin for third-party payment platform of RMB63,000.00.

2. Held-for-trading financial assets

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	5,926,600,000.00	2,863,300,000.00
Of which:		
Banking WM products	1,936,600,000.00	2,213,300,000.00
Details of trust products	1,120,000,000.00	650,000,000.00
Asset management plan	2,670,000,000.00	
Securities return voucher	200,000,000.00	
Total	5,926,600,000.00	2,863,300,000.00

Other notes:

√Applicable □Not applicable

(1) Description of held-for-trading financial assets with restrictions on realization

The closing balance of held-for-trading financial assets includes closed-end wealth management products worth RMB3,722,000,000.00.

(2) Details of banking wealth management products

Item	Closing balance	Opening balance	Category
CMBC Tiantian Zengli	372,000,000.00		Non-principal-guaranteed floating income
CMBC Fuzhu Bond, Automatically Renewed Public Wealth Management Products, with a Holding Period of 182 Days	200,000,000.00		Non-principal-guaranteed floating income
2020 Closed-end Net-value Private Placement Products of Bank of Ningbo	200,000,000.00	950,000,000.00	Non-principal-guaranteed floating income
Ningxin Semi-annual Regular Open Wealth Management Product No. 6 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	180,000,000.00		Non-principal-guaranteed floating income

Ningxin One-year Regular Open Wealth Management Product No. 34 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	170,000,000.00		Non-principal-guaranteed floating income
CMBC Corporate Wealth Management Product Ririxin 80008	125,200,000.00		Non-principal-guaranteed floating income
Ningxin Closed Wealth Management Product No. 75 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	120,000,000.00		Non-principal-guaranteed floating income
CMBC Extraordinary Asset Management Daily Profit-increasing Wealth Management Products (Institutional Funds)	100,000,000.00		Non-principal-guaranteed floating income
Ningxin Closed Wealth Management Product No. 183 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	100,000,000.00		Non-principal-guaranteed floating income
Ningxin One-year Regular Open Wealth Management Product No. 32 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	100,000,000.00		Non-principal-guaranteed floating income
"ABC Pay at Any Time" Open RMB Wealth Management Products of ABC Wealth Management	92,500,000.00		Non-principal-guaranteed floating income
Everbright Cash A of Everbright Bank	50,000,000.00		Non-principal-guaranteed floating income
2021 Closed-end Net-value Private Placement Products of Bank of Ningbo	50,000,000.00		Non-principal-guaranteed floating income
Ningxin Semi-annual Regular Open Wealth Management Product No. 1 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	50,000,000.00	100,000,000.00	Non-principal-guaranteed floating income
ICBC "TLB" Net-value Wealth Management Products	16,900,000.00	18,000,000.00	Non-principal-guaranteed floating income
ABC "Golden Key, Anxin Profits 90 Days" RMB Wealth Management Products	10,000,000.00		Non-principal-guaranteed floating income
ABC Huilifeng "2020 No. 4249 RMB Structured Deposit Products		620,000,000.00	Non-principal-guaranteed floating income

Customized for Corporates"			
ABC "Golden Key, Anxin Express" Open RMB Wealth Management Products with Daily Profits Earning		213,300,000.00	Non-principal-guaranteed floating income
Net-value Wealth Management Product No. 1 of Bank of Ningbo		138,000,000.00	Non-principal-guaranteed floating income
CMBC Structural Deposits with Linked Interest Rate		60,000,000.00	Non-principal-guaranteed floating income
Jingyao One-year Regular Open Wealth Management Product No. 1 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo		50,000,000.00	Non-principal-guaranteed floating income
Intelligent Regular Wealth Management Product No. 11 of Bank of Ningbo		50,000,000.00	Non-principal-guaranteed floating income
CCB "Qianyuan-Daily Profit Increase" RMB Wealth Management Products with Open-ended Asset Portfolio		14,000,000.00	Non-principal-guaranteed floating income
Subtotal	1,936,600,000.00	2,213,300,000.00	

(3) Details of trust products

Item	Closing balance	Opening balance	Category
Financial City Hongyu No. 1 of Lujiazui International Trust	350,000,000.00	300,000,000.00	Non-principal-guaranteed floating income
Xicheng Profit Increase - Fund Trust of Huaneng Guicheng Trust	300,000,000.00		Non-principal-guaranteed floating income
Xinyue Fengli Series Collective Fund Trust Plan of Shanghai Trust	240,000,000.00		Non-principal-guaranteed floating income
Everbright Securities Everbright Trust - Shengyuan Profit-increasing Bond Collective Fund Trust Plan	200,000,000.00	50,000,000.00	Non-principal-guaranteed floating income
Xinxiang Bond Investment Collective Fund Trust Plan of CITIC Trust	30,000,000.00		Non-principal-guaranteed floating income
"Ruby" Safe and Stable Series Investment Fund Trust Plan of Shanghai Trust		300,000,000.00	Non-principal-guaranteed floating income
Subtotal	1,120,000,000.00	650,000,000.00	

(4) Asset management plan

Item	Closing balance	Opening balance	Category
Yuexiang No. 1 Collective Asset Management Plan of Everbright Securities Asset	800,000,000.00		Non-principal-guaranteed floating income

Management, Everbright Securities			
Niannianwang Collective Asset Management Plan of Haitong Securities Asset Management	400,000,000.00		Non-principal-guaranteed floating income
Huatai Zijin Collective Asset Management Plan of Huatai Securities	400,000,000.00		Non-principal-guaranteed floating income
Yuxiang No. 1 Collective Asset Management Plan of Everbright Securities Asset Management, Everbright Securities	250,000,000.00		Non-principal-guaranteed floating income
Yuxiang No. 2 Collective Asset Management Plan of Everbright Securities Asset Management, Everbright Securities	220,000,000.00		Non-principal-guaranteed floating income
Yongxin Single Asset Management Plan of Yongxing Securities Asset Management, Yongxing Securities	200,000,000.00		Non-principal-guaranteed floating income
Niannianwang No.88 Collective Asset Management Plan of Haitong Securities Asset Management	150,000,000.00		Non-principal-guaranteed floating income
Financing Business, Debt Income Right Transfer and Forward Transfer Contract of Founder Securities	100,000,000.00		Non-principal-guaranteed floating income
Everbright Sunshine Big Dipper Star No. 7 Collective Asset Management Plan of Everbright Securities	90,000,000.00		Non-principal-guaranteed floating income
Everbright Sunshine Big Dipper Star No. 6 Collective Asset Management Plan of Everbright Securities	60,000,000.00		Non-principal-guaranteed floating income
Subtotal	2,670,000,000.00		

(5) Securities return voucher

Item	Closing balance	Opening balance	Category
Xingdong Series Automatically-redeemed Floating Return Voucher No. 65 of Industrial Securities (CSI 500 Long)	50,000,000.00		Principal-guaranteed floating income
Return Voucher "JinTianli" No. D184 of Founder Securities	50,000,000.00		Principal-guaranteed floating income
Guangjing Series Return Voucher No. 30 of	50,000,000.00		Principal-guaranteed floating income

Everbright Securities			
Xingzhi Series Dansha Floating Return Voucher No. 107of Industrial Securities (Ningbo) (CSI 500 Long)	50,000,000.00		Principal-guaranteed floating income
Subtotal	200,000,000.00		

3. Derivative financial assets√Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Hedge instruments - Commodity future contract	3,613,050.00	27,159,170.00
Total	3,613,050.00	27,159,170.00

Other notes:

The Company hedged raw materials such as copper and plastic particles purchased, performed accounting treatment as cash flow hedges, and recorded the profit on the book in the derivative financial assets.

4. Notes receivable**(1). Notes receivable listed by category**√Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill		
Commercial acceptance bill	750,723.35	
Total	750,723.35	

(2). Notes receivable pledged by the Company at the end of the periodApplicable Not applicable**(3). Notes receivable endorsed by the Company or discounted and not due on the balance sheet date at the end of the period**Applicable Not applicable**(4). Notes transferred to accounts receivable because the drawer failed to execute the contract or agreement at the end of the period**Applicable Not applicable**(5). Classified disclosure based on the bad debt provision method**√Applicable Not applicable

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying balance		Bad debt provision		Carrying value	Carrying balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Accrued proportion (%)		Amount	Proportion (%)	Amount	Accrued proportion (%)	
Bad debt provision accrued by item	361,810.71	31.41	361,810.71	100.00						
Of which:										
Bank acceptance bill										
Trade acceptance	361,810.71	100.00	361,810.71	100.00						

Bad debt provision accrued by portfolio	790,235.11	68.59	39,511.76	5.00	750,723.35					
Of which:										
Bank acceptance bill										
Trade acceptance	790,235.11	100.00	39,511.76	5.00	750,723.35					
Total	1,152,045.82	/	401,322.47	/	750,723.35		/		/	

Bad debt provision accrued by item:

√Applicable □Not applicable

Unit: RMB

Name	Closing balance			
	Carrying balance	Bad debt provision	Accrued proportion (%)	Reason for accruing
Tianjin Qirun Real Estate Development Co., Ltd.	150,000.00	150,000.00	100.00	Expected to be unrecoverable
Kaiping Fulin No.2 Textile & Garment Co., Ltd.	135,456.06	135,456.06	100.00	Expected to be unrecoverable
Dongguan Rongda Real Estate Development Co., Ltd.	50,885.73	50,885.73	100.00	Expected to be unrecoverable
Hainan Huafeng Huarui Industrial Co., Ltd.	25,468.92	25,468.92	100.00	Expected to be unrecoverable
Total	361,810.71	361,810.71	100.00	/

Notes to bad debt provision accrued by item:

□Applicable √Not applicable

Bad debt provision accrued by portfolio:

√Applicable □Not applicable

Item for which bad debt provision is accrued by portfolio: Trade acceptance

Unit: RMB

Name	Closing balance		
	Notes receivable	Bad debt provision	Accrued proportion (%)
Trade acceptance portfolio	790,235.11	39,511.76	5.00
Total	790,235.11	39,511.76	5.00

Criteria and explanation of bad debt provision accrued by portfolio

□Applicable √Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

□Applicable √Not applicable

(6). Status of bad debt provision

√Applicable □Not applicable

Unit: RMB

Category	Opening balance	Changes for the current period			Closing balance
		Accrued amount	Reversed or recovered	Charged-off or written-off	
Bad debt provision accrued by item		361,810.71			361,810.71

Bad debt provision accrued by portfolio		39,511.76			39,511.76
Total		401,322.47			401,322.47

Of which significant amount of recovered or transferred-back bad debt provision for the current period:

Applicable Not applicable

(7). Written-off notes receivable for the current period

Applicable Not applicable

Other notes:

Applicable Not applicable

5. Accounts receivable

(1). Disclosure by aging

Applicable Not applicable

Unit: RMB

Aging	Closing carrying amount
Within one year	
Of which: Sub-items within one year	
Subtotal within one year	229,304,992.42
1 to 2 years	1,436,567.23
2 to 3 years	254,179.91
Total	230,995,739.56

(2). Classified disclosure based on the bad debt provision method

Applicable Not applicable

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying balance		Bad debt provision		Carrying value	Carrying balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Accrued proportion (%)		Amount	Proportion (%)	Amount	Accrued proportion (%)	
Bad debt provision accrued by item										
Bad debt provision accrued by portfolio	230,995,739.56	100.00	11,735,996.31	5.08	219,259,743.25	193,692,531.23	100.00	9,763,917.29	5.04	183,928,613.94
Total	230,995,739.56	100.00	11,735,996.31	5.08	219,259,743.25	193,692,531.23	100.00	9,763,917.29	5.04	183,928,613.94

Bad debt provision accrued by item:

Applicable Not applicable

Bad debt provision accrued by portfolio:

Applicable Not applicable

Unit: RMB

Name	Closing balance		
	Accounts receivable	Bad debt provision	Accrued proportion (%)
Within one year	229,304,992.42	11,465,249.63	5.00
1 to 2 years	1,436,567.23	143,656.72	10.00
2 to 3 years	254,179.91	127,089.96	50.00
Total	230,995,739.56	11,735,996.31	5.08

Criteria and explanation of bad debt provision accrued by portfolio:

Applicable Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

Applicable Not applicable

(3). Status of bad debt provision

Applicable Not applicable

Unit: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Accrued amount	Reversed or recovered	Charged-off or written-off	Other changes	
Bad debt provision accrued by portfolio	9,763,917.29	2,796,678.02		824,599.00		11,735,996.31
Total	9,763,917.29	2,796,678.02		824,599.00		11,735,996.31

Of which significant amount of recovered or transferred-back bad debt provision for the current period:

Applicable Not applicable

(4). Status of written-off accounts receivable for the current period

Applicable Not applicable

Unit: RMB

Item	Written-off amount
Written-off accounts receivable	824,599.00

Of which the writing-off of significant accounts receivable

Applicable Not applicable

Notes to written-off accounts receivable:

Applicable Not applicable

(5). Status of accounts receivable of the top five closing balances by the parties in arrears

Applicable Not applicable

Unit: RMB

Name of entity	Closing balance	Proportion in total closing balances of accounts receivable (%)	Closing balance of bad debt provision
Beijing Jingdong Century Trading Co., Ltd.	90,004,162.29	38.96	4,500,208.11
ALPHA.LTD	38,031,684.76	16.46	1,901,584.24
BELKIN INTERNATIONAL, INC.	13,364,748.07	5.79	668,237.40
Zhejiang TMALL Technology Co., Ltd.	12,454,042.05	5.39	622,702.10
Beijing Jingdong Yaohong Trading Co., Ltd.	7,934,433.33	3.43	396,721.67
Total	161,789,070.50	70.04	8,089,453.52

(6). Accounts receivable derecognized due to transfers of financial assets

Applicable Not applicable

(7). Amount of assets and liabilities formed due to transfer of accounts receivable and continuous involvement

Applicable Not applicable

Other notes:

Applicable Not applicable

6. Receivables financing

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Bank acceptance bill	927,023.00	161,562.83
Total	927,023.00	161,562.83

Increase or decrease of receivables financing and changes in fair value for the current period:

Applicable Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

Applicable Not applicable

Other notes:

Applicable Not applicable

7. Prepayments

(1). Prepayments listed by aging

Applicable Not applicable

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within one year	28,765,116.10	98.71	34,254,737.26	98.68
1 to 2 years	319,248.90	1.10	273,025.05	0.79
2 to 3 years	18,358.00	0.06	183,855.00	0.53
Over 3 years	37,500.00	0.13		
Total	29,140,223.00	100.00	34,711,617.31	100.00

(2). Status of the top five advance payments in the closing balances by prepaid subject

Applicable Not applicable

Name of entity	Closing balance	Proportion in total closing balances of prepayments (%)
Jiangxi Chishuo Technology Co., Ltd.	4,445,822.06	15.26
Guangxi Jingdong Xinjie E-commerce Co., Ltd.	3,349,855.52	11.50
Hangzhou Fan Jia Technology Co., Ltd.	3,241,422.52	11.12
Hangzhou Alimama Software Service Co., Ltd.	1,549,790.32	5.32
Jiangsu Jingdong Information Technology Co., Ltd.	962,098.31	3.30
Total	13,548,988.73	46.50

Other notes:

Applicable Not applicable

8. Other receivables

List of items

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	195,924,505.99	126,043,394.07
Total	195,924,505.99	126,043,394.07

Other notes:

Applicable Not applicable

Interest receivable

(1). Category of interest receivables

Applicable Not applicable

(2). Significant overdue interest

Applicable Not applicable

(3). Status of accrued bad debt provision

Applicable Not applicable

Other notes:

Applicable Not applicable

Dividends receivable**(1). Dividends receivable**

Applicable Not applicable

(2). Significant dividends receivable aged over one year

Applicable Not applicable

(3). Status of accrued bad debt provision

Applicable Not applicable

Other notes:

Applicable Not applicable

Other receivables**(1). Disclosure by aging**

Applicable Not applicable

Unit: RMB

Aging	Closing carrying amount
Within one year	
Of which: Sub-items within one year	
Subtotal within one year	107,279,727.87
1 to 2 years	114,836,517.79
2 to 3 years	3,311,797.07
Over 3 years	4,841,063.05
Total	230,269,105.78

(2). Classification by nature of payments

Applicable Not applicable

Unit: RMB

Nature	Closing carrying amount	Opening carrying amount
Call money	111,000,000.00	110,407,671.23
Guaranteed deposit	101,781,134.68	7,024,541.50
Housing loan for employees	16,817,779.29	19,980,032.65
Refund of tax for export receivable		1,087,066.88
Others	670,191.81	440,120.15
Total	230,269,105.78	138,939,432.41

(3). Status of accrued bad debt provision

Applicable Not applicable

Unit: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected loss for the entire duration (without credit impairment)	Expected credit losses for the entire duration (with credit impairment)	
Balance as at January 1, 2021	6,113,832.87	757,910.65	6,024,294.82	12,896,038.34
Balance on January 1,				

2021 for the current period				
- Transferred to Stage 2	-5,741,825.89	5,741,825.89		
- Transferred to Stage 3		-815,286.01	815,286.01	
- Transferred back to Stage 2				
- Transferred back to Stage 1				
Amount accrued for the current period	4,991,979.44	16,799,201.25	-242,619.24	21,548,561.45
Amount transferred-back for the current period				
Amount charged-off for the current period				
Amount written-off for the current period			100,000.00	100,000.00
Other changes				
Balance as at 31 December 2021	5,363,986.42	22,483,651.78	6,496,961.59	34,344,599.79

Notes to significant changes in the carrying amount of other receivables for which changes in the loss reserve for the current period occurred:

Applicable Not applicable

The amount of bad debt provision for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable Not applicable

(4). Status of bad debt provision

Applicable Not applicable

Unit: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Accrued amount	Reversed or recovered	Charged-off or written-off	Other changes	
Bad debt provision accrued by item		22,000,000.00				22,000,000.00
Bad debt provision accrued by portfolio	12,896,038.34	-451,438.55		100,000.00		12,344,599.79
Total	12,896,038.34	21,548,561.45		100,000.00		34,344,599.79

Of which the bad debt provision recovered or transferred-back with significant amount during the Reporting Period:

Applicable Not applicable

(5). Status of written-off other receivable for the current period

Applicable Not applicable

Unit: RMB

Item	Written-off amount
Written-off other receivables	100,000.00

Status of written-off other significant receivables:

Applicable Not applicable

Notes of writing-off of other receivables:

Applicable Not applicable

(1). Status of other receivables of the top five closing balances by the parties in arrears

Applicable Not applicable

Unit: RMB

Name of entity	Nature	Closing balance	Aging	Proportion in total closing balances of other receivables (%)	Bad debt provision Closing balance
Sunac Real Estate Group [Notes]	Call money	110,000,000.00	1 to 2 years	47.77	22,000,000.00
	Interest on call money	1,000,000.00	Within one year	0.43	50,000.00
Shanghai Caohejing Development Zone Zhaoxiang Emerging Industry Economic Development Co., Ltd.	Guaranteed deposit	87,400,852.00	Within one year	37.96	4,370,042.60
Cixi Public Resources Trading Center	Guaranteed deposit	8,700,000.00	Within one year	3.78	435,000.00
Administrative Committee of Zhejiang Cixi Binhai Economic Development Zone	Guaranteed deposit	1,000,000.00	Within one year	0.43	50,000.00
		250,000.00	Over 3 years	0.11	250,000.00
Beijing Jingdong Century Trading Co., Ltd.	Guaranteed deposit	800,000.00	Within one year	0.35	40,000.00
Total	/	209,150,852.00	/	90.83	27,195,042.60

(6). Accounts receivable involving government grants

Applicable Not applicable

(7). Other receivables derecognized due to transfers of financial assets

Applicable Not applicable

(8). Amount of assets and liabilities formed due to transfer of other receivables and continuous involvement

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

9. Inventories**(1). Classification of inventories**

√Applicable □Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Shrinkage reserves for inventories/depreciation reserves for contract performance costs	Carrying amount	Carrying balance	Shrinkage reserves for inventories/depreciation reserves for contract performance costs	Carrying amount
Raw materials	124,009,445.42		124,009,445.42	119,277,030.91		119,277,030.91
Goods in process	163,087,929.27		163,087,929.27	121,129,823.11		121,129,823.11
Merchandise on hand	893,826,248.24	9,387,709.01	884,438,539.23	416,382,203.12	6,675,595.59	409,706,607.53
Merchandise shipped	130,428,496.71		130,428,496.71	83,307,664.02		83,307,664.02
Commissioned products	57,323,866.45		57,323,866.45	39,638,756.02		39,638,756.02
Packaging material	7,400,437.04		7,400,437.04	6,210,944.73		6,210,944.73
Low-value consumables	10,298,408.48		10,298,408.48	8,969,233.99		8,969,233.99
Total	1,386,374,831.61	9,387,709.01	1,376,987,122.60	794,915,655.90	6,675,595.59	788,240,060.31

(2). Shrinkage reserves for inventories/depreciation reserves for contract performance costs

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Increased amount for the current period		Decreased amount for the current period		Closing balance
		Accrued amount	Others	Transferred-back or charged-off	Others	
Merchandise on hand	6,675,595.59	7,512,895.82		4,800,782.40		9,387,709.01
Total	6,675,595.59	7,512,895.82		4,800,782.40		9,387,709.01

Other notes:

The specific basis for determining the net realizable value, the reasons for the shrinkage reserves for transferred-back or charged-off inventories for the current period

Item	The specific basis for determining the net realizable value	The reasons for shrinkage reserves for transferred-back inventories for the current period	The reasons for shrinkage reserves for charged-off inventories for the current period
Merchandise on hand	The net realizable value is determined by estimated selling price		For the current period, the inventories, which accrued shrinkage

	deducting the estimated selling expense and the relevant taxes		reserves, have been sold
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(3). Notes of the amount of capitalized borrowing cost in the closing balance of inventories

Applicable Not applicable

(4). Notes of the amount of contract performance costs amortized for the current period

Applicable Not applicable

Other notes:

Applicable Not applicable

10. Contract assets**(1). Status of contract assets**

Applicable Not applicable

(2). The amount and reason for significant changes in carrying value during the Reporting Period

Applicable Not applicable

(3). Status of depreciation reserves accrued for contract assets for the current period

Applicable Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

Applicable Not applicable

Other notes:

Applicable Not applicable

11. Assets held for sale

Applicable Not applicable

12. Current portion of non-current assets

Applicable Not applicable

Significant debt investments and other debt investments at the end of the period:

Applicable Not applicable

13. Other current assets

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Contract acquisition costs		
Refund costs receivable		
Structural bank deposits	1,114,551,150.68	2,726,587,945.21
Input VAT to be credited	10,534,966.75	3,721,828.78
Advance payment of enterprise income tax	1,434,781.01	11,080,165.39
Total	1,126,520,898.44	2,741,389,939.38

14. Debt investments**(1). Status of debt investments**

Applicable Not applicable

(2). Significant debt investments at the end of the period

Applicable Not applicable

(3). Status of accrued depreciation reserves

Applicable Not applicable

The amount of the depreciation reserves for the current period and the basis for assessing whether the credit risk for financial instruments has increased significantly

Applicable Not applicable

Other notes:

Applicable Not applicable

15. Other debt investments**(1). Status of other debt investments**

Applicable Not applicable

(2). Significant other debt investments at the end of the period

Applicable Not applicable

(3). Status of accrued depreciation reserves

Applicable Not applicable

The amount of the depreciation reserves for the current period and the basis for assessing whether the credit risk for financial instruments has increased significantly

Applicable Not applicable

Other notes:

Applicable Not applicable

16. Long-term receivables**(1). Status of long-term receivables**

Applicable Not applicable

(2). Status of accrued bad debt provision

Applicable Not applicable

The amount of the bad debt reserves for the current period and the basis for assessing whether the credit risk for financial instruments has increased significantly

Applicable Not applicable

(3). Long-term receivables derecognized due to transfers of financial assets

Applicable Not applicable

(4). Amount of assets and liabilities formed due to transfer of long-term receivables and continuous involvement

Applicable Not applicable

Other notes:

Applicable Not applicable

17. Long-term equity investments

Applicable Not applicable

18. Other equity investments**(1). Status of other equity investments**

Applicable Not applicable

(2). Status of an equity investment that is not held for trading

Applicable Not applicable

Other notes:

Applicable Not applicable

19. Other non-current financial assets

Applicable Not applicable

Other notes:

Applicable Not applicable

20. Investment property

Measurement model of investment property

Not applicable

21. Fixed assets**List of items**

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	1,489,874,874.31	1,180,444,953.99
Fixed assets liquidation	3,858,246.51	1,338,464.52

Total	1,493,733,120.82	1,181,783,418.51
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Other notes:

□Applicable √Not applicable

Fixed assets**(1). Status of fixed assets**

√Applicable □Not applicable

Unit: RMB

Item	Houses and buildings	Machinery equipment	Means of transportation	Electronic and other equipment	Fixed assets fixtures	Total
I. Original Carrying Value:						
1. Opening balance	828,101,501.88	848,155,548.70	33,262,974.36	112,720,068.52	57,954,323.61	1,880,194,417.07
2. Increased amount for the current period	357,359,333.97	176,023,514.99	4,930,975.31	18,463,495.63	4,434,459.19	561,211,779.09
(1) Purchase	8,319,491.27	42,340,120.21	4,930,975.31	5,211,659.58	1,702,184.56	62,504,430.93
(2) Transfer-in of construction in progress	349,039,842.70	133,683,394.78		13,251,836.05	2,732,274.63	498,707,348.16
3. Decreased amount for the current period	7,218,308.80	73,931,026.90	5,482,643.10	5,773,217.88		92,405,196.68
(1) Disposed or scrapped	7,218,308.80	73,931,026.90	5,482,643.10	5,773,217.88		92,405,196.68
(2) Other decreases						
4. Closing balance	1,178,242,527.05	950,248,036.79	32,711,306.57	125,410,346.27	62,388,782.80	2,349,000,999.48
II. Accumulated Depreciation						
1. Opening balance	192,680,701.18	353,172,524.37	28,268,035.05	92,501,359.88	33,126,842.60	699,749,463.08
2. Increased amount for the current period	53,127,442.69	120,515,881.73	5,416,662.87	18,428,269.98	8,935,983.90	206,424,241.17
(1) Accrued amount	53,127,442.69	120,515,881.73	5,416,662.87	18,428,269.98	8,935,983.90	206,424,241.17
3. Decreased amount for the current period	1,013,624.27	44,264,126.81	4,875,103.40	5,638,952.04		55,791,806.52
(1) Disposed	1,013,624.27	44,264,126.81	4,875,103.40	5,638,952.04		55,791,806.52

or scrapped						
(2) Other decreases						
4. Closing balance	244,794,519.60	429,424,279.29	28,809,594.52	105,290,677.82	42,062,826.50	850,381,897.73
III. Depreciation Reserves						
1. Opening balance						
2. Increased amount for the current period		8,124,587.26		619,640.18		8,744,227.44
(1) Accrued amount		8,124,587.26		619,640.18		8,744,227.44
3. Decreased amount for the current period						
(1) Disposed or scrapped						
4. Closing balance		8,124,587.26		619,640.18		8,744,227.44
IV. Carrying Value						
1. Closing carrying value	933,448,007.45	512,699,170.24	3,901,712.05	19,500,028.27	20,325,956.30	1,489,874,874.31
2. Opening carrying value	635,420,800.70	494,983,024.33	4,994,939.31	20,218,708.64	24,827,481.01	1,180,444,953.99

(2). Status of temporarily idle fixed assets

□Applicable ✓Not applicable

(3). Status of fixed assets obtained by finance lease

□Applicable ✓Not applicable

(4). Fixed assets rented out by operating lease

✓Applicable □Not applicable

Unit: RMB

Item	Closing carrying value
Houses and buildings	2,705,236.81
Subtotal	2,705,236.81

(5). Status of fixed assets without certificate of title

□Applicable ✓Not applicable

Other notes:

□Applicable ✓Not applicable

Fixed assets liquidation

✓Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Scrapped machinery equipment yet to be completely disposed	3,858,246.51	1,338,464.52
Total	3,858,246.51	1,338,464.52

22. Construction in progress**List of items**

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

Construction in progress**(1). Status of construction in progress**

√Applicable □Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Depreciation reserves	Carrying amount	Carrying balance	Depreciation reserves	Carrying amount
R&D center and headquarters base construction project	73,430,650.25		73,430,650.25	3,208,264.20		3,208,264.20
Base construction project for annual output of 180 million sets of LED lamps	71,757,502.31		71,757,502.31	19,240,623.12		19,240,623.12
Construction project for automation upgrading of annual output of 400 million sets of converters	14,280,038.14		14,280,038.14	132,436,589.06		132,436,589.06
Information construction project	3,539,851.67		3,539,851.67	1,659,106.72		1,659,106.72
Base construction project for annual output of 410 million sets of wall switches and sockets	2,156,275.13		2,156,275.13	113,087,757.59		113,087,757.59
Equipment to be installed	28,504,645.70		28,504,645.70	3,772,450.17		3,772,450.17
Other small projects	4,695,173.77		4,695,173.77	4,725,865.28		4,725,865.28
Total	198,364,136.97		198,364,136.97	278,130,656.14		278,130,656.14

(2). Significant changes in the construction in progress for the current period

√Applicable □Not applicable

Unit: RMB

Project	Budget	Opening balance	Increased amount for the current period	Amount of fixed assets transferred-in for the current period	Other decreased amount	Closing balance	Proportion of project investment to budget (%)	Job schedule	Accumulated amount of capitalized interest	Of which: Amount of capitalized interests for the current period	Capitalization rate of interest for the current period (%)	Source of fund
R&D center and headquarters base construction project	708,225,600.00	3,208,264.20	71,438,099.85	1,215,713.80		73,430,650.25	10.55	10.55				Fund raising
Base construction project for annual output of 180 million sets of LED lamps	743,810,500.00	19,240,623.12	83,949,551.08	31,432,671.89		71,757,502.31	13.87	13.87				Fund raising
Construction project for automation upgrading of annual output of 400 million sets of converters	999,036,300.00	132,436,589.06	105,897,216.90	224,053,767.82		14,280,038.14	25.19	25.19				Fund raising

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Information construction project	240,350,000.00	1,659,106.72	4,524,397.93	2,643,652.98		3,539,851.67	2.57	2.57				Fund raising
Base construction project for annual output of 410 million sets of wall switches and sockets	1,204,528,600.00	113,087,757.59	52,456,993.84	163,388,476.30		2,156,275.13	21.75	21.75				Fund raising
Equipment to be installed		3,772,450.17	91,552,886.44	66,820,690.91		28,504,645.70						Equity fund
Other small projects		4,725,865.28	9,121,682.95	9,152,374.46		4,695,173.77						Equity fund
Total	3,895,951,000.00	278,130,656.14	418,940,828.99	498,707,348.16		198,364,136.97						

(3). Status of accrued depreciation reserves for construction in progress for the current period

□Applicable √Not application

Other notes:

□Applicable √Not applicable

Engineering materials**(4). Status of engineering materials**

□Applicable √Not applicable

23. Productive living assets**(1). Productive living assets measured at cost**

□Applicable √Not applicable

(2). Productive living assets measured at fair value

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

24. Oil and gas assets

□Applicable √Not applicable

25. Right-of-use assets

√Applicable □Not applicable

Unit: RMB

Item	Houses and buildings	Total
I. Original Carrying Value		
1. Opening balance	21,484,142.88	21,484,142.88
2. Increased amount for the current period	8,570,641.70	8,570,641.70
Rented	8,570,641.70	8,570,641.70
3. Decreased amount for the current period		
Disposed amount		
4. Closing balance	30,054,784.58	30,054,784.58
II. Accumulated Depreciation		
1. Opening balance		
2. Increased amount for the current period	11,244,984.87	11,244,984.87
(1) Accrued amount	11,244,984.87	11,244,984.87
3. Decreased amount for the current period		
(1) Disposed amount		
4. Closing balance	11,244,984.87	11,244,984.87
III. Depreciation Reserves		
1. Opening balance		
2. Increased amount for the current period		
(1) Accrued amount		

3. Decreased amount for the current period		
(1) Disposed amount		
4. Closing balance		
IV. Carrying Value		
1. Closing carrying value	18,809,799.71	18,809,799.71
2. Opening carrying value	21,484,142.88	21,484,142.88

Other notes:

The difference between the opening amount for the period and the year-end balance of the previous year (December 31, 2020) is detailed in the notes of "Important Accounting Policies and Accounting Estimates" and "44. Changes in Significant Accounting Policies and Accounting Estimates" in the "Section 10 Financial Report" of the Annual Report.

26. Intangible assets

(1). Status of intangible assets

√Applicable □Not applicable

Unit: RMB

Item	Land use right	Patent right	Non-patent technologies	Software	Patent and know-how	Total
I. Original Carrying Value						
1. Opening balance	311,759,224.07			72,393,811.06	30,283,018.69	414,436,053.82
2. Increased amount for the current period				12,324,352.31		12,324,352.31
(1) Purchase				12,324,352.31		12,324,352.31
(2) Internal R&D						
(3) Increase of business integration						
(4) Transfer-in of construction in progress						
3. Decreased amount for the current period				227,707.36		227,707.36
(1) Disposed amount				227,707.36		227,707.36
4. Closing balance	311,759,224.07			84,490,456.01	30,283,018.69	426,532,698.77
II. Accumulated Amortization						
1. Opening balance	33,775,738.53			50,395,893.41	30,283,018.69	114,454,650.63
2. Increased amount for the current period	6,176,756.89			10,281,457.79		16,458,214.68
(1) Accrued amount	6,176,756.89			10,281,457.79		16,458,214.68
3. Decreased amount for the				149,809.02		149,809.02

current period						
(1) Disposed amount				149,809.02		149,809.02
4. Closing balance	39,952,495.42			60,527,542.18	30,283,018.69	130,763,056.29
III. Depreciation Reserves						
1. Opening balance						
2. Increased amount for the current period						
(1) Accrued amount						
3. Decreased amount for the current period						
(1) Disposed amount						
4. Closing balance						
IV. Carrying Value						
1. Closing carrying value	271,806,728.65			23,962,913.83		295,769,642.48
2. Opening carrying value	277,983,485.54			21,997,917.65		299,981,403.19

At the end of the period, the intangible assets formed through internal R&D of the Company accounted for 0.00% of the balance of intangible assets.

(2). Status of land use right without certificate of title

Applicable Not applicable

Other notes:

Applicable Not applicable

27. Development costs

Applicable Not applicable

28. Goodwill

(1). Original carrying value of goodwill

Applicable Not applicable

(2). Depreciation reserves for goodwill

Applicable Not applicable

(3). Information related to cash-generating units or groups of cash-generating units where goodwill is in

Applicable Not applicable

(4). Describe the goodwill depreciation testing process, key parameters (e.g., expect growth rate during the forecast period when the present value of future cash flows, growth rate during the stabilization period, profit margin, discount rate, forecast period, etc., if applicable) and the method of recognizing impairment losses of goodwill.

Applicable Not applicable

(5). Impact of the goodwill impairment test

Applicable Not applicable

Other notes:

Applicable Not applicable

29. Long-term prepaid expense

Applicable Not applicable

Unit: RMB

Item	Opening balance	Increased amount for the current period	Amortization amount of the period	Other decreased amount	Closing balance
2020 Special Talent Shareholding Plan	3,150,000.00	26,592,932.00	6,701,548.01	5,290,548.00	17,750,835.99
Total	3,150,000.00	26,592,932.00	6,701,548.01	5,290,548.00	17,750,835.99

Other notes:

For details of the 2020 Special Talent Shareholding Plan, please refer to "5. Others" in "XIII. Share-based Payment" of "Section 10 Financial Report" of the Annual Report.

30. Deferred income tax assets/Deferred income tax liabilities**(1). Deferred income tax assets not offset**

Applicable Not applicable

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax Assets	Deductible temporary differences	Deferred income tax Assets
Allowance for impairment losses on assets				
Unrealized profit of intra-company transaction	131,943,914.81	32,868,900.61	105,549,134.11	26,374,103.51
Deductible losses				
Discount on sale accrued in advance	285,699,608.15	71,424,902.04	118,865,777.96	29,622,780.68
Uncovered losses			15,579,787.48	3,894,946.87
Restricted share incentive scheme	40,618,629.47	6,833,658.60	20,061,461.90	3,402,553.14
Shrinkage reserves for inventories	9,387,709.01	1,686,199.27	6,675,595.59	1,181,675.31
Bad debt provision for accounts receivable	11,005,073.06	2,741,024.17	9,763,917.29	2,360,617.77
2020 Special Talent Shareholding Plan	5,569,298.01	901,685.09	410,000.00	66,500.00
Total	484,224,232.51	116,456,369.78	276,905,674.33	66,903,177.28

(2). Deferred income tax liabilities not offset

Applicable Not applicable

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax LIABILITIES	Taxable temporary difference	Deferred income tax LIABILITIES
Estimated added value of assets not under the same control				
Changes in the fair value of other debt investments				
Changes in the fair value of other equity investments				
Depreciation policy on fixed assets subject to tax variances	309,268,738.92	50,024,829.68	246,146,941.29	38,154,381.04
Gain and loss of hedge instrument included in the other comprehensive income	1,021,158.47	255,289.62	38,494,957.72	9,623,739.43
Total	310,289,897.39	50,280,119.30	284,641,899.01	47,778,120.47

(3). Deferred income tax assets or liabilities listed by net debt after being offset

Applicable Not applicable

(4). Details of deferred income tax assets details were not confirmed

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	43,819,750.48	13,795,210.70
Deductible losses	46,483,443.12	11,515,440.62
Total	90,303,193.60	25,310,651.32

(5). Deductible losses from unrecognized deferred income tax assets will mature in the following years

Applicable Not applicable

Unit: RMB

Year	Closing amount	Opening amount	Remarks
2025	11,515,440.62	11,515,440.62	
2026	34,968,002.50		
Total	46,483,443.12	11,515,440.62	/

Other notes:

Applicable Not applicable

31. Other non-current assets

Applicable Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Depreciation reserves	Carrying amount	Carrying balance	Depreciation reserves	Carrying amount
Contract acquisition						

costs						
Contract performance costs						
Refund costs receivable						
Contract assets						
Prepayment for equipment acquisition	21,722,939.50		21,722,939.50	43,400,700.00		43,400,700.00
2020 Special Talent Shareholding Plan	27,355,319.00		27,355,319.00	46,400,000.00		46,400,000.00
Prepayment for investment	26,990,656.00		26,990,656.00			
Total	76,068,914.50		76,068,914.50	89,800,700.00		89,800,700.00

Other notes:

1. For details of the 2020 Special Talent Shareholding Plan, please refer to "5. Others" in "XIII. Share-based Payment" of "Section 10 Financial Report" of the Annual Report. 2. On August 18, 2021, the Company signed the *Equity Transfer Agreement* with Dalitek Intelligent Technology (Shanghai) Inc. (hereinafter referred to as "Dalitek") and its shareholders BRIDGES ELECTRONIC TECHNOLOGY CO., LTD. and Shanghai Houqi Investment Center (Limited Partnership) and natural person shareholders Pan Xiaobin and Zhang Wenying, agreeing that 70% of the equity interests of the Company held by the shareholders be transferred at the price of RMB91 million, the down payment of RMB63.7 million shall be made within 10 business days after the completion of the relevant procedures and the delivery of the assets, and the remaining equity transfer payment shall be made in three years in line with the completion of the performance commitment. As at 13 December 2021, the Company had paid a total of RMB26.9907 million for the equity transfer, which had not yet reached 50% of the amount payable, so Dalitek was not included in the Company's 2021 consolidated financial statements. On 21 January 2022, the Company made the remaining equity transfer payment of RMB36.7093 million for the down payment, which completed the down payment for the equity transfer.

32. Short-term borrowings**(1). Classification of short-term borrowings**√Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Pledged loans		
Mortgage loans		
Guaranteed loans		500,000,000.00
Unsecured loans	500,000,000.00	
Interest payable on short-term borrowings	430,555.55	344,611.11
Total	500,430,555.55	500,344,611.11

(2). Status of short-term borrowings that have been overdue but not repaidApplicable Not applicable

Of which, the status of significant overdue short-term borrowings that are not repaid is as follows:

Applicable Not applicable

Other notes:

Applicable Not applicable**33. Held-for-trading financial liabilities**Applicable Not applicable**34. Derivative financial liabilities**Applicable Not applicable**35. Notes payable****(1). List of notes payable**√Applicable Not applicable

Unit: RMB

Category	Closing balance	Opening balance
Trade acceptance		
Bank acceptance bill	2,333,774.75	
Total	2,333,774.75	

The total amount of notes payable that has expired but remained unpaid at the end of the period is RMB0.00.

36. Accounts payable**(1). List of accounts payable**√Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	1,580,297,065.42	1,206,190,690.42
Payment for engineering equipment	69,316,617.33	30,578,679.95
Payment for expense	52,072,881.39	49,053,096.34
Total	1,701,686,564.14	1,285,822,466.71

(2). Significant accounts payable aged over one yearApplicable Not applicable

Other notes:

Applicable Not applicable

37. Advances from customers

(1). List of advance receipts

Applicable Not applicable

(2). Significant advances from customers aged over one year

Applicable Not applicable

Other notes:

Applicable Not applicable

38. Contract liabilities

(1). Status of contract liabilities

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Advance receipt of payment for goods	437,999,921.93	333,741,780.65
Total	437,999,921.93	333,741,780.65

(2). Significant changes in the amount of carrying value and the reason in the Reporting Period

Applicable Not applicable

Other notes:

Applicable Not applicable

39. Employee benefits payable

(1). List of employee benefits payable

Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Short-term Employee Benefits	238,790,661.64	1,678,352,557.29	1,645,835,739.01	271,307,479.92
II. Post-employment Benefit - Defined Contribution Plan	5,347,505.36	94,322,709.77	91,514,222.62	8,155,992.51
III. Termination Benefits		3,653,347.34	3,653,347.34	
IV. Other Benefits That Expire within One Year				
Total	244,138,167.00	1,776,328,614.40	1,741,003,308.97	279,463,472.43

(2). List of short-term employee benefits

Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Salary, Bonus, Allowance and Subsidy	237,762,951.90	1,499,741,472.25	1,471,513,049.54	265,991,374.61
II. Employee Benefits Cost		53,064,392.19	53,064,392.19	-
III. Social Insurance Premiums	916,967.74	59,994,623.21	55,728,192.64	5,183,398.31
Of which: Medical insurance premiums	653,849.91	55,521,502.58	51,356,500.41	4,818,852.08

Work-related injury insurance premiums	263,117.83	4,473,120.63	4,371,692.23	364,546.23
Maternity insurance premiums				
IV. Housing Allowance	110,742.00	43,832,256.05	43,810,291.05	132,707.00
V. Labor Union Expense and Employee Education Budget		21,719,813.59	21,719,813.59	
VI. Short-term Paid Absence				
VII. Short-term Profit Sharing Plan				
Total	238,790,661.64	1,678,352,557.29	1,645,835,739.01	271,307,479.92

(3). List of defined contribution plan√Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
1. Basic pension insurance	5,163,110.86	91,093,851.01	88,379,820.80	7,877,141.07
2. Unemployment insurance premiums	184,394.50	3,228,858.76	3,134,401.82	278,851.44
3. Supplementary pension payment				
Total	5,347,505.36	94,322,709.77	91,514,222.62	8,155,992.51

Other notes:

Applicable Not applicable**40. Taxes and levies payable**√Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
VAT	195,348,236.75	213,100,996.81
Consumption tax		
Business tax		
Enterprise income tax	305,914,943.40	195,359,429.80
Personal income tax		
Urban maintenance and construction tax	5,836,578.13	7,757,698.51
Real estate tax	10,692,552.05	7,294,975.55
Land use tax	4,695,105.35	4,549,989.64
Personal income tax withheld and remitted	4,038,032.19	4,164,201.08
Educational fee	2,387,890.63	2,763,217.77
Local educational fee	1,591,927.11	1,842,145.19
Stamp duty	877,508.40	896,168.00
Disability insurance	1,695,195.50	144,225.72
Total	533,077,969.51	437,873,048.07

41. Other payables**List of items**√Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Interest payable		
Dividends payable		

Other payables		
Discount on sale accrued in advance	285,699,608.15	118,865,777.96
Guaranteed deposit	61,020,316.08	56,445,206.58
Accrued expenses	46,433,533.02	22,268,751.16
Obligations of restricted stock repurchase within one year	34,586,352.50	18,691,437.60
Temporary receipts and advances payable	3,073,950.35	2,819,913.32
Total	430,813,760.10	219,091,086.62

Other notes:

Applicable Not applicable

Interest payable

(1). List by category

Applicable Not applicable

Dividends payable

(2). List by category

Applicable Not applicable

Other payables

(1). List of other payables by nature of payment

Applicable Not applicable

(2). Significant other payables aged over one year

Applicable Not applicable

Other notes:

Applicable Not applicable

42. Liabilities directly associated with assets held for sale

Applicable Not applicable

43. Non-current liabilities due within one year

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	660,000,000.00	
Bonds payable due within one year		
Long-term payables due within one year		
Lease liabilities due within one year	13,225,048.63	9,622,886.25
Long-term borrowings due within one year -- interest payable	686,888.90	
Total	673,911,937.53	9,622,886.25

Other notes:

The difference between the opening amount for the period and the year-end balance of the previous year (31 December 2020) is detailed in the notes of "V. Significant Accounting Policies

and Accounting Estimates" and "44. Changes in important accounting policies and accounting estimation" in "Section 10 Financial Report" of the Annual Report.

44. Other current liabilities

Status of other current liabilities

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Short-term bonds payable		
Refunds payable		
Output VAT to be charged off	56,939,989.86	43,285,234.93
Total	56,939,989.86	43,285,234.93

Increase/decrease of short-term bonds payable:

Applicable Not applicable

Other notes:

Applicable Not applicable

45. Long-term borrowings

(1). Classification of long-term borrowings

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Pledged loans		
Mortgage loans		
Guaranteed loans		160,000,000.00
Unsecured loans		
Interest payable on long-term borrowings		37,333.33
Total		160,037,333.33

Other notes, including interest rate range:

Applicable Not applicable

46. Bonds payable

(1). Bonds payable

Applicable Not applicable

(2). Changes in bonds payable: (excluding other financial instruments such as preference shares and perpetual bonds, which are classified as financial liabilities)

Applicable Not applicable

(3). Notes of the conditions for the conversion of convertible corporation bonds and the time of conversion

Applicable Not applicable

(4). Notes of other financial instruments classified as financial liabilities

Basic information about other financial instruments outstanding such as preference shares and perpetual bonds at the end of the period

Applicable Not applicable

Changes in financial instruments outstanding such as preference shares and perpetual bonds at the end of the period

Applicable Not applicable

Notes of basis for the classification of other financial instruments as financial liabilities:

Applicable Not applicable

Other notes:

Applicable Not applicable

47. Lease liabilities

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
The amount of the lease payment that has not yet been made	5,208,552.97	12,202,180.90
Minus: Unrecognized financing expenses	118,715.58	340,924.27
Total	5,089,837.39	11,861,256.63

Other notes:

The difference between the opening amount for the period and the year-end balance of the previous year (31 December 2020) is detailed in the notes of "V. Significant Accounting Policies and Accounting Estimates" and "44. Changes in important accounting policies and accounting estimation" in "Section 10 Financial Report" of the Annual Report.

48. Long-term payables

List of items

Applicable Not applicable

Other notes:

Applicable Not applicable

Long-term payables

(1). Long-term payables listed by nature of payment

Applicable Not applicable

Specific payables

(2). Special payables listed by nature of payments

Applicable Not applicable

49. Long-term employee benefits payable

Applicable Not applicable

50. Provisions

Applicable Not applicable

51. Deferred income

Status of deferred income

Applicable Not applicable

Item involving government grants:

Applicable Not applicable

Other notes:

Applicable Not applicable

52. Other non-current liabilities

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Contract liabilities		
Obligations of restricted stock repurchase for over one year	46,125,187.50	28,037,156.40
Total	46,125,187.50	28,037,156.40

53. Share capital

Applicable Not applicable

Unit: RMB

	Opening balance	Increase/Decrease (+/-)					Closing balance
		Issuance New shares	Bonus shares	Provident fund Conversion of capital	Others	Subtotal	
Total shares	600,613,800	668,400			-101,680	566,720	601,180,520

Other notes:

According to the resolution of the Company's 2020 Annual General Meeting and the Fifth Meeting of the Second Board of Directors, the Company granted 668,400 restricted shares to 523 incentive subjects at a grant price of RMB88.15 per share. The Company raised RMB58,919,460.00 from employees, which was included in share capital of RMB668,400.00 and capital reserves (share capital premium) of RMB58,251,060.00.

In 2021, due to the departure of employees participating in the restricted share incentive scheme, the Company repurchased 101,680 shares of restricted shares, reducing share capital by RMB101,680.00 and capital reserves (share capital premium) by RMB7,706,536.40.

54. Other equity instruments

(1). Basic information about other financial instruments outstanding such as preference shares and perpetual bonds at the end of the period

Applicable Not applicable

(2). Changes in financial instruments outstanding such as preference shares and perpetual bonds at the end of the period

Applicable Not applicable

Increase and decrease of other equity instruments for the current period, the reason for the changes, and the basis of the relevant accounting treatment:

Applicable Not applicable

Other notes:

Applicable Not applicable

55. Capital reserves

Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Additional paid-in capital (Additional share capital)	3,705,839,350.19	58,251,060.00	7,706,536.40	3,756,383,873.79
Other capital reserves	114,336,257.95	43,348,156.82		157,684,414.77
Total	3,820,175,608.14	101,599,216.82	7,706,536.40	3,914,068,288.56

Other notes, including a description of the increase or decrease for the current period and the reasons for the change:

The increase in the Company's capital reserves (share capital premium) was attributable to the restricted share premium of RMB58,251,060.00; the decrease in the Company's capital reserves (share capital premium) was attributable to the reduction of RMB7,706,536.40 from the Company's repurchase of restricted shares.

Based on the performance appraisal conditions and service vesting period of the restricted shares, the Company recognized the share incentive cost of RMB41,090,453.82, which was included in capital reserves (other capital reserves) of RMB41,090,453.82. Based on the grant of the 2020 Special Talent Shareholding Plan, the Company transferred part of the granted share of the 2020 Special Talent Shareholding Plan to the long-term prepaid expense by vesting period, increasing the long-term prepaid expense by RMB21,302,384.00, increasing capital reserves by RMB2,257,703.00, and reducing the other non-current assets RMB19,044,681.00.

56. Treasury shares

Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Treasury shares	46,728,594.00	58,919,460.00	24,936,514.00	80,711,540.00
Total	46,728,594.00	58,919,460.00	24,936,514.00	80,711,540.00

Other notes, including a description of the increase or decrease for the current period and the reasons for the change:

The increase in treasury shares for the current period is the result of the Company's 2021 restricted share incentive scheme, as detailed in the description in "53. Share capital" in "VII. Notes to Items in the Consolidated Financial Statements" of "Section 10 Financial Report".

The decrease of treasury shares for the current period is due to the repurchase of restricted shares of resigned employees, a decrease of treasury shares worth RMB7,907,976.40; the partial unlocking of the 2020 restricted share incentive scheme caused a decrease of treasury shares worth RMB16,407,537.60; the cash dividend of RMB2 (including tax) per share in 2021 caused decrease of treasury shares worth RMB621,000.00.

57. Other comprehensive income

Applicable Not applicable

Unit: RMB

Item	Opening balance	Amount for the current period						Closing balance
		Amount before deducting income tax for the current period	Minus: Profits and losses of other comprehensive income recorded for the previous period and transferred to the current period	Minus: Retained earnings of other comprehensive income recorded for the previous period and transferred to the current period	Minus: Income tax expense	Attributable to the Company as the parent after tax	Attributable minority shareholders after tax	
I. Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss								
Of which: Changes caused by remeasurements on defined benefit schemes								
Other comprehensive income that will not be reclassified to profit or loss under the equity method								
Changes in the fair value of other equity investments								
Changes in the fair value arising from changes in own credit risk								
II. Other Comprehensive Income That Will Be Reclassified to Profit or Loss	28,863,769.91	-30,694,829.35			9,368,449.81	-21,326,379.54		7,537,390.37
Of which: Other comprehensive income that will								

be reclassified to profit or loss under the equity method								
Changes in the fair value of other debt investments								
Other comprehensive income arising from the reclassification of financial assets								
Credit impairment allowance for other debt investments								
Reserve for cash flow hedges	28,871,218.29	- 30,693,435.89			- 9,368,449.81	-21,324,986.08		7,546,232.21
Differences arising from the translation of foreign currency-denominated financial statements	-7,448.38	-1,393.46				-1,393.46		-8,841.84
Other comprehensive income in total	28,863,769.91	- 30,694,829.35			- 9,368,449.81	-21,326,379.54		7,537,390.37

58. Specific reserve

Applicable Not applicable

59. Surplus reserves

Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Statutory surplus reserves	302,797,998.73			302,797,998.73
Any surplus reserves				
General reserves				
Enterprise expansion fund				
Others				
Total	302,797,998.73			302,797,998.73

60. Retained earnings

Applicable Not applicable

Unit: RMB

Item	2021	2020
Last closing retained earnings before adjustment		
Total opening retained earnings adjustment (increase +, decrease -)		
Opening retained earnings after adjustment	4,431,669,986.31	4,398,239,912.17

Plus: Net profit attributable to the owners of the parent at the beginning of the current period	2,780,360,732.66	2,313,430,074.14
Minus: Withdrawal of statutory surplus reserves		
Withdrawal of any surplus reserves		
Withdrawal of general reserve		
Dividends of common shares payable	1,201,151,800.00	2,280,000,000.00
Dividends of common shares converted to share capital		
Closing retained earnings	6,010,878,918.97	4,431,669,986.31

Other notes:

On 20 May 2021, the Company held the 2020 Annual General Meeting and deliberated and approved the 2020 annual profit distribution plan, and based on the total share capital registered on the record date of the implementation of the equity distribution, distributed a cash drain of RMB20.00 (including tax) to all shareholders for every 10 shares, for a total of RMB1,201,151,800.00.

61. Operating revenue and cost of sales

(1). Status of operating revenue and cost of sales

Applicable Not applicable

Unit: RMB

Item	2021		2020	
	Revenue	Cost	Revenue	Cost
Principal business	12,336,870,690.29	7,790,762,754.47	10,021,281,624.73	6,006,704,233.21
Others	48,045,647.22	17,777,912.37	29,847,209.32	11,902,306.36
Total	12,384,916,337.51	7,808,540,666.84	10,051,128,834.05	6,018,606,539.57

(2). Status of contract revenue

Applicable Not applicable

Details of contract revenue:

Applicable Not applicable

(3). Details of obligation for contract performance

Applicable Not applicable

(4). Details of the apportionment to the remaining obligations for contract performance

Applicable Not applicable

Other notes:

None

62. Taxes and levies

Applicable Not applicable

Unit: RMB

Item	2021	2020
Business tax		
Urban maintenance and construction tax	31,545,703.77	32,659,124.77

Educational fee	17,945,609.53	18,179,685.07
Local educational fee	12,118,900.15	12,119,789.99
Tax on natural resources		
Real estate tax	10,754,950.02	7,691,038.95
Land use tax	4,791,701.11	4,582,664.97
Vehicle and vessel usage tax	53,029.46	44,571.09
Stamp duty	5,560,108.84	5,051,471.90
Environment protection tax	15,293.60	
Total	21,175,083.03	80,328,346.74

63. Selling expense√Applicable Not applicable

Unit: RMB

Item	2021	2020
Employee remuneration	261,647,749.30	253,150,571.42
Marketing expense	217,339,450.58	175,830,273.21
Travel expense	34,695,865.40	38,247,815.04
Administrative expense	32,909,137.36	24,066,926.31
Lease rental	1,976,612.98	11,404,814.01
Advertising expense	5,339,637.47	9,815,456.12
Others	6,278,549.71	5,330,676.02
Total	560,187,002.80	517,846,532.13

64. Administrative expense√Applicable Not applicable

Unit: RMB

Item	2021	2020
Employee remuneration	214,964,097.72	203,445,228.96
Administrative expense	56,125,085.23	44,504,315.74
Depreciation and amortization	43,934,085.95	92,318,399.02
Expense for restricted share incentive scheme	41,090,453.82	20,596,194.94
House and equipment maintenance expense	26,859,235.14	25,849,556.26
Consultant service expense	20,597,126.42	17,561,464.44
Expense for 2020 Special Talent Shareholding Plan	6,701,548.01	450,000.00
Entertainment expense	5,788,268.11	5,579,623.46
Lease rental	2,455,152.98	8,437,527.58
Tax	2,864,245.72	3,466,884.55
Others	6,236,257.87	8,497,352.59
Total	427,615,556.97	430,706,547.54

65. R&D expense√Applicable Not applicable

Unit: RMB

Item	2021	2020
R&D of converters	204,811,830.81	175,510,933.90
R&D of wall switches and sockets	141,889,975.17	125,115,667.60
R&D of LED	53,911,159.57	49,714,843.43
R&D of digital accessories	41,413,616.82	43,749,365.85
R&D of circuit breakers	11,834,088.08	7,090,879.50
R&D of domestic electrical appliance	17,154,346.37	

Total	471,015,016.82	401,181,690.28
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66. Finance costs√Applicable Not applicable

Unit: RMB

Item	2021	2020
Interest expense	39,763,491.76	9,718,888.89
Interest income	-128,887,165.64	-49,748,785.37
Exchange gain or loss	1,365,206.44	3,282,033.90
Auxiliary expense	1,194,046.81	1,010,376.04
Cash discount	-1,277,860.69	
Total	-87,842,281.32	-35,737,486.54

67. Other income√Applicable Not applicable

Unit: RMB

Item	2021	2020
Government grants related to income	388,196,973.94	126,164,339.75
Employment VAT reduction or exemption for veterans and key groups	416,950.00	544,850.00
Return of auxiliary expense for individual income tax withheld	2,322,217.53	470,121.00
Total	390,936,141.47	127,179,310.75

Other notes:

The government grants included in other income for the current period are detailed in the explanation in "84. Government grants" in "VII. Notes to Items in the Consolidated Financial Statements" of "Section 10 Financial Report" of the Annual Report

68. Return on investment√Applicable Not applicable

Unit: RMB

Item	2021	2020
Earnings of long-term equity investments accounted for by the equity method		
Disposal of return on investment resulting from long-term equity investments		
Return on investment of held-for-trading financial assets for the holding period		
Dividend income of other equity investments gained for the holding period		
Interest income of debt investments gained for the holding period		364,239.73
Interest income of other debt investments for the holding period		
Return on investment gained from disposal of held-for-trading financial assets		
Return on investment gained from disposal of other equity investments		
Return on investment gained from disposal of debt investments		
Return on investment gained from disposal of		

other debt investments		
Earnings of debt restructuring		
Return on investment of bank financing	171,623,256.63	165,861,739.74
Investment in futures	11,107,836.63	-114,631,050.00
Interest income of call money	7,294,215.55	407,671.23
Total	190,025,308.81	52,002,600.70

69. Net gain on exposure hedges

Applicable Not applicable

70. Gain on changes in fair value

Applicable Not applicable

71. Credit impairment loss

Applicable Not applicable

Unit: RMB

Item	2021	2020
Bad debt provision for notes receivable		
Bad debt provision for accounts receivable		
Bad debt provision for other receivables		
Depreciation reserves for debt investments		
Depreciation reserves for other debt investments		
Bad debt losses for long-term receivables		
Depreciation losses for contract assets		
Bad debt loss	-24,746,561.94	-7,435,665.10
Total	-24,746,561.94	-7,435,665.10

72. Asset impairment loss

Applicable Not applicable

Unit: RMB

Item	2021	2020
I. Bad Debt Loss		
II. Inventories Shrinkage Loss and Depreciation Loss of Contract Performance Cost	-7,512,895.82	-6,675,595.59
III. Depreciation Loss of Long-term Equity Investments		
IV. Depreciation Loss of Investment Property		
V. Depreciation Loss of Fixed Assets	-8,744,227.44	
VI. Depreciation Loss of Engineering Materials		
VII. Depreciation Loss of Construction in Progress		
VIII. Depreciation Loss of Productive Living Assets		
IX. Depreciation Loss of Oil and Gas Assets		

X. Depreciation Loss of Intangible Assets		
XI. Depreciation Loss of Goodwill		
XII. Miscellaneous		
Total	-16,257,123.26	-6,675,595.59

73. Asset disposal income

Applicable Not applicable

Unit: RMB

Item	2021	2020
Earnings from disposal of fixed assets	-11,308,464.89	-669,979.13
Total	-11,308,464.89	-669,979.13

74. Non-operating income

Status of Non-operating income

Applicable Not applicable

Unit: RMB

Item	2021	2020	Amount recorded in the current non-recurring profit or loss
Total earnings from disposal of non-current assets			
In which: Earnings from disposal of fixed assets			
Earnings from disposal of intangible assets			
Gains on exchange of non-monetary assets			
Donation accepted			
Government subsidies			
Default revenue of dealers	362,538.90	319,850.97	362,538.90
Default revenue of suppliers	931,382.02	1,144,128.54	931,382.02
Payment not required to be made	701,484.58	361,119.08	701,484.58
Damages for infringement	2,254,500.38	1,136,369.43	2,254,500.38
Others	103,363.88	20,988.20	103,363.88
Total	4,353,269.76	2,982,456.22	4,353,269.76

Government grants recorded in profit or loss for the current period

Applicable Not applicable

Other notes:

Applicable Not applicable

75. Non-operating expense

√Applicable □Not applicable

Unit: RMB

Item	2021	2020	Amount recorded in the current non-recurring profit or loss
Total loss caused by disposal of non-current assets	1,593,839.71	18,258.05	1,593,839.71
Of which: Loss caused by disposal of fixed assets			
Loss caused by intangible assets			
Loss caused by exchange of non-monetary assets			
Donation	32,185,534.91	50,539,870.31	32,185,534.91
Fines expenditure	294,810,000.00		294,810,000.00
Payments cannot be recovered		175,600.00	
Compensation expense	2,025,121.90	114,400.00	2,025,121.90
Others	43,227.39	66,725.79	43,227.39
Total	330,657,723.91	50,914,854.15	330,657,723.91

Other notes:

Details of donations:

Item	2021	2020
Red Cross Society of China Cixi Branch	11,583,534.91	16,850,000.00
Peking University Education Foundation	10,000,000.00	
Cixi General Institution of Charity	7,402,000.00	25,175,000.00
Red Cross Society of China Ningbo Branch	2,000,000.00	
Sichuan Province Leshan Normal University Education Development Foundation	1,000,000.00	
Red Cross Society of China Zhejiang Branch		8,000,000.00
Other petty donations	200,000.00	514,870.31
Total	32,185,534.91	50,539,870.31

76. Income tax expense**(1). Table of income tax expense**

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Income tax expense for the current period	582,281,936.16	450,216,636.03
Deferred income tax expense	-37,682,743.86	-8,981,772.14
Total	544,599,192.30	441,234,863.89

(2). Process of adjusting accounted profit and income tax expense√Applicable Not applicable

Unit: RMB

Item	2021
Gross profit	3,324,959,924.96
Income tax expense by statutory/applicable rates of tax	498,743,988.74
Influence of applying different tax rates by subsidiaries	45,229,334.65
Influence of income tax before adjustment	-859,475.32
Influence of non-taxable income	
Influence of non-deductible costs, expenses and losses	44,935,451.86
Influence of using deductible losses from previously unconfirmed deferred income tax assets	
Influence of no deductible temporary differences or deductible losses in deferred income tax assets unconfirmed for the current period	18,011,462.09
Influence of R&D and deductions	-61,461,569.72
Income tax expense	544,599,192.30

Other notes:

Applicable Not applicable**77. Other comprehensive income**Applicable Not applicable**78. Cash flow statement****(1). Other cash received from business activities**√Applicable Not applicable

Unit: RMB

Item	2021	2020
Income from government subsidy	390,519,191.47	124,834,460.75
Deposit received	46,881,551.84	55,469,419.20
Interest income	82,233,607.43	36,930,263.10
Return of housing loan for employees	2,447,354.41	3,233,861.00
Others	3,344,812.08	2,995,034.75
Total	525,426,517.23	223,463,038.80

(2). Cash payments related to other operating activities√Applicable Not applicable

Unit: RMB

Item	2021	2020
Out-of-pocket expense	705,132,660.86	664,628,863.42
Fine payment	294,810,000.00	
Deposit payment	173,494,360.86	61,160,771.18
Donation expenditure	32,185,534.91	50,539,870.31
2020 Special Talent Shareholding Plan		50,000,000.00

Housing loan for employees	4,840,000.00	6,700,000.00
Others	3,264,696.97	6,363,682.43
Total	1,213,727,253.60	839,393,187.34

(3). Other cash received from investment activities√Applicable Not applicable

Unit: RMB

Item	2021	2020
Redemption of investments such as bank wealth management	11,033,100,000.00	24,676,180,000.00
Recovery of futures deposit	241,233,253.72	143,416,262.00
Received interest on call money	7,200,000.00	
Total	11,281,533,253.72	24,819,596,262.00

(4). Other cash paid for investment activities√Applicable Not applicable

Unit: RMB

Item	2021	2020
Investment expenditure such as bank wealth management	12,413,600,000.00	28,393,490,000.00
Payment for futures deposit	180,500,000.00	278,900,000.00
Payment for equity transfer	26,990,656.00	
Call money to other parties		110,000,000.00
Total	12,621,090,656.00	28,782,390,000.00

(5). Other cash received from funding activitiesApplicable √Not applicable**(6). Other cash paid for funding activities**√Applicable Not applicable

Unit: RMB

Item	2021	2020
Repayment for lease liabilities	12,579,833.83	
Repurchase of share incentive	7,808,216.40	
Payment for listing		12,187,726.42
Total	20,388,050.23	12,187,726.42

79. Supplemental information for cash flow statement**(1). Supplemental information for cash flow statement**√Applicable Not applicable

Unit: RMB

Supplemental information	2021	2020
1. Reconcile net profit to cash flow from operating activities:		
Net profit	2,780,360,732.66	2,313,430,074.14
Add: Provision for impairment of assets	16,257,123.26	6,675,595.59
Credit impairment loss	24,746,561.94	7,435,665.10
Depreciation of fixed assets, oil and gas assets, and productive living assets	206,424,241.17	185,398,562.77
Amortization of right-of-use assets	11,244,984.87	
Amortization of intangible assets	16,458,214.68	48,155,030.75
Amortization of long-term prepaid expense	6,701,548.01	450,000.00

Loss caused by disposal of fixed assets, intangible assets and other long-term assets (gains represented by "-")	11,308,464.89	669,979.13
Losses caused by scrapping fixed assets (gains represented by "-")	1,593,839.71	18,258.05
Losses from changes in fair value (gains represented by "-")		
Finance costs (gains represented by "-")	41,128,698.20	13,000,922.79
Investment loss (gains represented by "-")	-190,025,308.81	-52,002,600.70
Decrease in deferred income tax assets (increase represented by "-")	-49,553,192.50	-15,527,276.42
Increase in deferred income tax liabilities (decrease represented by "-")	11,870,448.64	6,545,504.28
Decrease in inventories (increase represented by "-")	-596,259,958.11	184,355,682.23
Decrease in accounts receivable generated from operating activities (gains represented by "-")	-190,636,989.81	-45,335,926.56
Increase in accounts payable used in operating activities (decrease represented by "-")	869,359,175.52	763,337,045.56
Others	43,348,156.82	20,596,194.94
Net cash generated from/used in operating activities	3,014,326,741.14	3,437,202,711.65
2. Significant investing and financing activities without involvement of cash receipts and payments		
Conversion of debt to capital		
Convertible corporate bonds matured within 1 year		
Fixed assets financing lease		
3. Net increase/decrease of cash and cash equivalent:		
Closing balance of cash	2,552,716,453.54	1,829,551,296.70
Less: Opening balance of cash	1,829,551,296.70	719,322,675.44
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	723,165,156.84	1,110,228,621.26

(2). Net cash paid for the current period to acquire subsidiaries

□Applicable √Not applicable

(3). Net cash received for the disposal of subsidiaries for the current period

□Applicable √Not applicable

(4). Composition of cash and cash equivalents

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	2,552,716,453.54	1,829,551,296.70

Including: Cash on hand		
Bank deposits on demand	2,500,383,599.91	1,827,166,981.92
Other monetary assets on demand	52,332,853.63	2,384,314.78
Due from central banks that can be used for payment		
Due from banks and other financial institutions		
Interbank withdrawal		
II. Cash Equivalents		
Of which: Investment in bonds due within three months		
III. Cash and Cash Equivalents, End of the Period	2,552,716,453.54	1,829,551,296.70

Other notes:

Applicable Not applicable

As at 31 December 2021, the balance of monetary assets was RMB4,377,228,556.74, the balance of cash and cash equivalents was RMB2,552,716,453.54, the difference was RMB1,824,512,103.20, which was the futures deposits of RMB25,988,465.80 not belonging to cash and cash equivalents, the cash deposits for L/G was RMB6,654,782.17, and the bill deposits was RMB2,333,774.75. The third party pays the platform deposit of RMB63,000.00, and the fixed deposit of RMB1,730,000,000.00 and the interest of RMB59,472,080.48 that cannot be withdrawn at any time.

As at 31 December 2020, the balance of monetary assets was RMB3,752,857,861.42, the balance of cash and cash equivalents was RMB1,829,551,296.70, the difference was RMB1,923,306,564.72, which was the futures deposits of RMB75,613,882.89 not belonging to cash and cash equivalents, the cash deposits for L/G was RMB1,802,489.23, and the bill deposits was RMB2,333,774.75. The third party pays the platform deposit of RMB171,000.00 and deposit for contract performance of RMB100,670.33, and the fixed deposit of RMB1,832,800,000.00 and the interest of RMB12,818,522.27 that cannot be withdrawn at any time.

80. Notes to changes in owners' equity

Notes to the name of "Other" of closing balance of the same period of last year adjusted and the amount adjusted:

Applicable Not applicable

81. Assets with restricted ownership or right to use

Applicable Not applicable

Unit: RMB

Item	Closing carrying value	Reason for restriction
Monetary assets	35,040,022.72	Deposits that cannot be

		withdrawn at any time
Total	35,040,022.72	/

82. Foreign currency monetary items**(1). Foreign currency monetary items**√Applicable Not applicable

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing balance converted to RMB balance
Monetary assets	-	-	
Of which: USD	471,197.43	6.3757	3,004,213.45
EUR			
HKD	31,664.30	0.8176	25,888.73
Accounts receivable	-	-	
Of which: USD	9,564,990.25	6.3757	60,983,508.34
EUR			
HKD			
Long-term borrowings	-	-	
Of which: USD			
EUR			
HKD			
Accounts payable			
Of which: USD	6,034.74	6.3757	38,475.69

(2). Notes to overseas operating entities, including: for important overseas operating entities, their main overseas business location, bookkeeping base currency and basis for selection should be disclosed, and the reasons for changes in the bookkeeping base currency should also be disclosed√Applicable Not applicable

As Bull HK was established and carries out its operating activities in Hong Kong, its bookkeeping base currency is HKD.

83. Hedge√Applicable Not applicable

The hedge items, related hedging instruments, and qualitative and quantitative information about hedged risks are disclosed by hedging category:

The Company used commodity future contracts to hedge the Company's exposure to raw material price risks. The future contracts used by the Company are mainly the cathode copper future standard contracts of the Shanghai Futures Exchange and the polypropylene standard contracts of the Dalian Commodity Exchange.

Hedged items	Expected bulk-purchase of raw materials such as copper and plastic particles
Hedging instruments	Commodity future contracts
Hedging method	Commodity future purchase contracts locked in changes of price in expected raw materials bulk-purchase contract

The Company used commodity future contracts to hedge the expected bulk-purchase of raw materials of copper and plastic particles to avoid the risk of fluctuations in the expected future cash flows caused by the fluctuations in the market price of the above raw materials.

As at 31 December 2021, the pre-tax profit arising from the change in fair value of cash flow hedging instruments that has been included in other comprehensive income was RMB3,613,050.00. The futures have been delivered but the pre-tax profit of the inventories that has not yet been deposited is RMB4,188,471.83.

84. Government subsidies

(1). Basic information on government subsidy

Applicable Not applicable

Unit: RMB

Category	Amount	Listed items	Amount recorded in the current profit or loss
Cixi City Cultivation Incentives for Billion-scale Enterprises	258,647,000.00	Other income	258,647,000.00
Financial subsidy for Ningbo Meishan Bonded Port Area	66,730,000.00	Other income	66,730,000.00
The 2020 fiscal liquidation subsidy is in place	37,430,000.00	Other income	37,430,000.00
2020 Cixi Special Award for Industrial Technology Transformation Investment	5,311,800.00	Other income	5,311,800.00
2020 Ningbo Digital Workshop and Industrial Investment Technology Transformation Award	5,280,000.00	Other income	5,280,000.00
The 5th batch of incentive funds for key technology research and development in Ningbo in 2021	1,800,000.00	Other income	1,800,000.00
Industrial Economy Awards in 2020	908,000.00	Other income	908,000.00
2020 Ningbo Digital Workshop and Industrial Investment Technology Transformation Award	850,000.00	Other income	850,000.00

Award for key manufacturing enterprises whose output value growth rate reached the standard and the new manufacturing enterprises above designated size in Ningbo in the fourth quarter of 2020	800,000.00	Other income	800,000.00
Postdoctoral funding from the Human Resources and Social Security Bureau	625,000.00	Other income	625,000.00
2021 Ningbo Characteristic Chinese Software City Subsidy	600,000.00	Other income	600,000.00
2020 Annual Policy Incentive for Industrial Enterprises in Binhai District	541,100.00	Other income	541,100.00
2020 Cixi Subsidy for Enterprise Informatization Projects	500,000.00	Other income	500,000.00
2020 Ningbo Award for Green Manufacturing Project Enterprises	500,000.00	Other income	500,000.00
Cixi as hidden champion of exquisitely manufactured products in Zhejiang, while Ningbo as champion of single items in 2020	500,000.00	Other income	500,000.00
Output value growth rate standard rewards for key manufacturing enterprises in Ningbo in the fourth quarter of 2020	500,000.00	Other income	500,000.00
2020 Cixi Special Award for Industrial Technology Transformation Investment	413,000.00	Other income	413,000.00
Output value growth rate standard rewards for key manufacturing enterprises in Ningbo in the fourth quarter of 2020	400,000.00	Other income	400,000.00
New apprenticeship training in July and	396,000.00	Other income	396,000.00

November 2021			
Cixi's introduction of scientific management model awards in 2020	360,300.00	Other income	360,300.00
2020 Cixi Industrial Design Award	354,000.00	Other income	354,000.00
Independent brand products online sales incentives for consumer goods industry enterprises in Ningbo	350,000.00	Other income	350,000.00
Rewards for the growth rate of key enterprises in the third quarter	350,000.00	Other income	350,000.00
Industrial Economics Awards in 2020	256,000.00	Other income	256,000.00
Award for high-strength and high-conductivity XYK-32 copper alloy application research projects	240,000.00	Other income	240,000.00
Subsidies for work-based training	212,000.00	Other income	212,000.00
Award for compliance and pilot demonstration of integrated management system of informatization and industrialization and excellent industrial APPs in Cixi in 2020	200,000.00	Other income	200,000.00
The 1st batch of domestic authorized invention patent awards in Cixi City in 2021	200,000.00	Other income	200,000.00
Subsidy for short-term export credit insurance	193,000.00	Other income	193,000.00
Cash-in reward for service policy implementation to Guanhaiwei Town Government	187,475.80	Other income	187,475.80
Subsidy for Enterprise Informatization Projects in Cixi in 2020	183,300.00	Other income	183,300.00
2020 Cixi R&D Institution Incentive Fund	170,000.00	Other income	170,000.00
Industrial Economy Awards in 2020	147,100.00	Other income	147,100.00

2020 Cixi Subsidy for Open Economy	143,405.00	Other income	143,405.00
Financial support funds for Xinzhuang Industrial Zone in 2020	130,000.00	Other income	130,000.00
The 1st batch of domestic authorized invention patent awards in Cixi City in 2021	120,000.00	Other income	120,000.00
2020 Cixi Subsidy for Industrial Design Award	112,100.00	Other income	112,100.00
Subsidy for further accelerating the economic transformation and development	110,000.00	Other income	110,000.00
The research and development expenses of enterprises with the incentive deducted in Cixi in 2020	101,006.00	Other income	101,006.00
Rewards for enterprises that retained employees, hired talents, steadily developed and enhanced investment in the first quarter in Ningbo	100,000.00	Other income	100,000.00
Others	1,245,387.14	Other income	745,387.14
Subtotal	388,196,973.94		387,696,973.94

(2). Return of government subsidy

Applicable Not applicable

85. Other information

Applicable Not applicable

VIII Changes in Consolidation Scope**1. Business combinations involving entities not under common control**

Applicable Not applicable

(1). Business combinations involving entities not under common control for the current period

Applicable Not applicable

(2). Consolidation cost and goodwill

Applicable Not applicable

(3). The acquiree can identify the assets and liabilities on the date of purchase

Applicable Not applicable

(4). Gains or losses resulting from the remeasurement of equity held prior to the date of purchase at fair value

Whether there is a transaction that through multiple transaction step by step to realize business combination and gaining the control during the Reporting Period

Applicable Not applicable

(5). Notes to reasonable consideration or fair value of identifiable assets and liabilities of the Acquiree that cannot be determined on the date of purchase or at the end of the merger

Applicable Not applicable

(6). Other notes:

Applicable Not applicable

2. business combinations involving entities under common control

Applicable Not applicable

(1). Business combinations involving entities under common control for the current period

Applicable Not applicable

(2). Combination cost

Applicable Not applicable

(3). Carrying value of assets and liabilities of the combined party on the date of consolidation

Applicable Not applicable

Other notes:

3. Counter purchase

Applicable Not applicable

4. Disposal of subsidiary

Whether there was a single disposal of an investment in a subsidiary that resulted in a loss of control

Applicable Not applicable

Other notes:

Applicable Not applicable

5. Changes in combination scope for other reasons

Describe other changes in the consolidation scope (e.g., new subsidiaries, liquidation of subsidiaries, etc.) and relevant situations:

Applicable Not applicable

Name	Way to gain equity	Time and place of gaining equity	Contribution amount	Contribution proportion
Hainan Dacheng	Set-up	January 2021	RMB10 million	100.00%
Intelligent Technology	Set-up	October 2021	RMB1 million	100.00%

Hainan Dacheng completed the business registration procedures on 21 January 2021, and obtained a business license with a unified social credit code of 91469001MA5TUL9A2F, with a

registered capital of RMB10,000,000 and a shareholding ratio of 100% of the Company. As at 31 December 2021, the Company's paid-up capital contribution was RMB10,000,000. Therefore, since the date of its establishment, Hainan Dacheng has been included in the scope of the consolidated financial statements.

On 18 October 2021, Intelligent Technology completed the business registration procedures, and obtained a business license with a unified social credit code of 91330282MA7BJRX4XL, with a registered capital of RMB10,000,000 and a shareholding ratio of 100% of the Company. As at 31 December 2021, the Company's paid-up capital contribution was RMB1000,000. Therefore, since the date of its establishment, Intelligent Technology has been included in the scope of the consolidated financial statements.

6. Other information

Applicable Not applicable

IX Interests in Other Entities

1. Interests in subsidiaries

(1). Subsidiaries

Applicable Not applicable

Subsidiary Name	Main operating place	Registration place	Nature of business	Shareholding ratio (%)		Acquisition Method
				Directly	Indirectly	
Ningbo Gongniu	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Merge under common control
Gongniu Photoelectric	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up
Gongniu Digital	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up
Banmen Electric Appliance	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up
Gongniu Precision	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up
Electric Sales	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Merge under common control
Cixi Gongniu	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Merge under common control
Shanghai Gongniu	Shanghai	Shanghai	Commercial	100.00		Merge under common control

Gongniu Management	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Set-up
Bull International Trading	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Set-up
Bull HK	Hong Kong	Hong Kong	Commercial	100.00		Merge under common control
Xingluo Trading	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Merge under common control
Gongniu Low Voltage	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Set-up
Domestic Electrical Appliance	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up
Hainan Dacheng	Sanya, Hainan	Sanya, Hainan	Commercial services	100.00		Set-up
Intelligent Technology	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up

(2). Significant non-wholly-owned subsidiary

Applicable Not applicable

(3). The main financial information of significant not wholly-owned subsidiary

Applicable Not applicable

(4). Significant restrictions on the use of assets and the settlement of debts of the Group

Applicable Not applicable

(5). Financial or other support to structured entities included in the scope of consolidated financial statements

Applicable Not applicable

Other notes:

Applicable Not applicable

2. Changes occur in the owner's equity of the subsidiary, but the subsidiary's transactions are still controlled by the Company

Applicable Not applicable

(1). Notes to changes in owners' equity in the subsidiary

Applicable Not applicable

(2). Influence of transactions on non-controlling interests and equity attributable to owners of the Company as the parent

Applicable Not applicable

3. Equity in joint ventures or associated enterprises

Applicable Not applicable

(1). Significant joint ventures or associated enterprises

Applicable Not applicable

(2). Main financial information for significant joint ventures

Applicable Not applicable

(3). Main financial information for significant associated enterprises

Applicable Not applicable

(4). Summary of financial information of insignificant joint ventures or associated enterprises

Applicable Not applicable

(5). Notes to significant limitations on the ability of joint ventures or associated enterprises to transfer funds to the Company

Applicable Not applicable

(6). Excess losses incurred by joint ventures or associated enterprises

Applicable Not applicable

(7). Unconfirmed commitments related to investments of joint ventures

Applicable Not applicable

(8). Contingent liabilities related to investments of joint ventures or associated enterprises

Applicable Not applicable

4. Significant co-operation

Applicable Not applicable

5. Rights and interests in structured entities where not included in the consolidated financial statements

Notes to the structured entity excluded in the scope of consolidated financial statements:

Applicable Not applicable

6. Other information

Applicable Not applicable

X Risks Related to Financial Instruments

Applicable Not applicable

The Company is engaged in risk management to achieve balance between risks and returns, minimizing the negative effects of risks on its operation performance and maximizing the interests of its shareholders and other equity investors. Based on that risk management goal, the fundamental strategy of its risk management is to identify and analyze various risks facing the Company, establish an appropriate risk bottom line, carry out risk management and monitor various risks in a timely and reliable manner to control them within a restricted scope.

The Company faces various risks related to financial instruments in its routine activities, mainly including credit risk, liquidity risk market risk. The management has reviewed and approved the policies of managing those risks, which are summarized as follows.

(I) Credit risk

Credit risk means the risk of financial losses incurred to the other party when one party of a financial instrument is unable to fulfill its obligations.

1. Practices of credit risk management

(1) Methods for evaluating credit risk

On each balance sheet date, the Company shall evaluate whether the credit risk of relevant financial instruments has increased significantly since the initial recognition. After determining whether the credit risk has increased significantly since the initial recognition, the Company shall consider obtaining reasonable and reliable information without paying unnecessary extra costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk rating and forward-looking information. On the basis of the single financial instrument or combination of financial instruments with similar credit risk characteristics, the Company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the change of default risk of financial instruments during their expected duration.

When one or more of the following quantitative and qualitative criteria prevails, the Company shall believe the credit risk of financial instruments has increased significantly:

1) The quantitative criteria are mainly that the probability of default in the remaining period at the balance sheet date increases by more than a certain percentage from the time of initial recognition;

2) The qualitative criteria are mainly material adverse changes in the debtor's operating or financial status, changes in the existing or expected technical, market, economic or legal environment that will have a material adverse impact on the debtor's ability to repay the Company.

(2) Definition of default and asset with credit impairment

When a financial instrument meets one or more of the following conditions, the Company shall define the financial asset as having defaulted, and its criteria are consistent with the definition of having incurred credit impairment:

- 1) The debtor has major financial difficulties;
- 2) The debtor violates the binding clauses of the contract against the debtor;
- 3) The debtor is likely to go bankrupt or undergo other financial restructuring;

4) The creditor, out of economic or contractual considerations related to the debtor's financial difficulties, gives concessions to the debtor which would not have been made in any other circumstances.

2. Measurement of expected credit losses

The key parameters for measuring expected credit loss included default probability, loss given default and exposure at default. The Company considered quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method, repayment method, etc.) to establish a model of probability of default, default loss ratio and default risk exposure.

3. The reconciliation of opening balances and closing balances of the provision for losses of financial instruments is detailed in the "4. Notes receivable", "5. Accounts receivable", and "8. Other receivables" in "VII. Notes to Items in the Consolidated Financial Statements" of "Section 10 Financial Reports" of the Annual Report.

4. Credit risk exposure and credit risk concentrations

The Company's credit risk is primarily derived from monetary assets and amounts receivable. To control the aforementioned relevant risks, the Company has adopted the following measures.

(1) Monetary assets

The Company deposited the bank deposit and other monetary assets to finance institutions with higher credit rating, which lowered the credit risk.

(2) Accounts receivable

The Company continuously conducted credit assessments for customers who trade on credit lines. Based on the credit assessment result, the Company chooses to trade with recognized customers with good credit and monitor the balance of the accounts receivable from them to ensure that the Company will not face any significant bad debt risk.

Due to the Company merely trades with the authorized third party with good credit, the guarantee is not required. Credit risk concentration is managed in accordance with the customers. As at 31 December 2021, the Company has certain credit concentration risks, with 70.04% of the Company's accounts receivable (31 December 2020: 48.77%) originating from the top five customers on balance. The Company did not hold any collateral or other credit enhancements on the balance of accounts receivable.

The maximum credit risk exposure the Company undertook shall be the carrying value of each financial asset on balance sheet.

(II) Liquidity risk

Liquidity risk refers to the risk of fund shortage occurring when the Company fulfills the settlement obligation in the mode of cash delivery or other financial assets. Liquidity risk may originate from the failure to sell financial assets at fair value as soon as possible; or from the other party's failure to pay off its contractual debts; or from the earlier maturity of debts; or from the failure to generate the expected cash flow.

To control the risk, the Company comprehensively used a variety of financing methods such as bank clearing and bank borrowing, and adopted the appropriate combination of long-term and short-term financing methods to optimize the financing structure and maintain a balance between financing sustainability and flexibility. The Company has obtained the line of credit from a number of commercial banks to satisfy its operation fund needs and capital expenditure.

Financial liabilities classified by remaining maturity

Item	Closing balance				
	Carrying amount	Undiscounted contract amount	Within one year	1-3 years	Over 3 years
Banking borrowings	1,161,117,444.45	1,172,065,444.45	1,172,065,444.45		
Notes payable	2,333,774.75	2,333,774.75	2,333,774.75		
Accounts payable	1,701,686,564.14	1,701,686,564.14	1,701,686,564.14		
Other payables	430,813,760.10	430,813,760.10	430,813,760.10		
Current portion of non-current liabilities	13,225,048.63	13,759,081.13	13,759,081.13		
Lease liabilities	5,089,837.39	5,208,552.97		5,208,552.97	
Subtotal	3,314,266,429.46	3,325,867,177.54	3,320,658,624.57	5,208,552.97	

(Continued)

Item	Year-end balance of last year				
	Carrying amount	Undiscounted contract amount	Within one year	1-3 years	Over 3 years
Banking borrowings	660,381,944.44	670,962,082.19	510,630,684.93	160,331,397.26	

Item	Year-end balance of last year				
	Carrying amount	Undiscounted contract amount	Within one year	1-3 years	Over 3 years
Accounts payable	1,285,822,466.71	1,285,822,466.71	1,285,822,466.71		
Other payables	219,091,086.62	219,091,086.62	219,091,086.62		
Subtotal	2,165,295,497.77	2,175,875,635.52	2,015,544,238.26	160,331,397.26	

(III) Market risk

Market risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments arising from changes in market prices. Market risk mainly includes interest rate risk and foreign exchange risk.

1. Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments arising from changes in market interest rates. Interest-bearing financial instruments with fixed interest rates may bring the fair value interest rate risk to the Company, while those with floating interest rate may bring the cash flow interest rate risk to the Company. The Company will determine the proportion between the financial instruments with fixed interest rate and those with floating interest rate in combination with market environment, and maintain an appropriate portfolio of financial instruments through regular review and monitoring. The interest rate risk of cash flows facing the Company is mainly related to the bank loans calculated by floating interest rate of the Company.

As at 31 December 2021, the Company had borrowed RMB1,160,000,000.00 from banks and the interest rate change would not have a significant influence on the Company's gross profit and shareholders' equity.

2. Foreign exchange risk

Foreign exchange risk refers to the risk that may lead to the changes of fair value of financial instruments or future cash flows due to fluctuation in exchange rate. The Company operates in mainland China, and the main activities are recorded by RMB. Thus, the foreign exchange market risk undertaken is insignificant for the Company.

The Company's foreign currency monetary assets and liabilities at the end of the period are detailed in "82. Foreign currency monetary items" in "VII. Notes to Items in Consolidated Financial Statements" of "Section 10 Financial Report" of the Annual Report.

XI The Disclosure of Fair Value

1. Closing fair value of assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement				
(I) Held-for-trading financial assets				
1. Financial assets measured at fair value through profit or loss for the current period				
(1) Debt instrument investments				
(2) Equity instruments investments				
(3) Derivative financial assets	3,613,050.00			3,613,050.00
(4) Asset management plan			2,670,000,000.00	2,670,000,000.00
(5) Banking WM product			1,936,600,000.00	1,936,600,000.00
(6) Trust product			1,120,000,000.00	1,120,000,000.00
(7) Securities return voucher			200,000,000.00	200,000,000.00
2. Designated financial assets at fair value through profit or loss				
(1) Debt instrument investments				
(2) Equity instruments investments				
(II) Other debt investments				
(III) Other equity investments				
(IV) Investment property				
1. Land use right for rent				

2. Buildings for rent				
3. Land use right held and to be transferred after appreciation				
(V) Biological assets				
1. Consumptive biological assets				
2. Productive living assets				
The total amount of assets consistently measured at fair value	3,613,050.00		5,926,600,000.00	5,930,213,050.00
(VI) Held-for-trading financial liabilities				
1. Financial liabilities measured at fair value through profit or loss for the current period				
Of which: Issued trading bonds				
Derivative financial liabilities				
Others				
2. Designated as a financial liabilities measured at fair value through profit or loss for the current period				
Total amount of liabilities at fair value				
II. Inconsistent Fair Value Measurement				
(II) Assets held for sale				
Total assets of inconsistent fair value measurement				
Total liabilities of inconsistent fair value measurement				

1.1 Basis for determining the market prices of consistent and inconsistent fair value measurement items at Level 1

Applicable Not applicable

The Company's first-level item measured at fair value is derivative financial assets (futures contract), which determines the fair value based on the public quotation of the futures market.

2. Valuation technique adopted and qualitative and quantitative information of important parameters for consistent and inconsistent fair value measurement items at Level 2

Applicable Not applicable

3. Valuation technique adopted and qualitative and quantitative information of important parameters for consistent and inconsistent fair value measurement items at Level 3

Applicable Not applicable

The Company's third-level items measured at fair value are bank wealth management products and trust products, etc., with a low expected yield rate and a small change in fair value, so the initial recognition cost is used as its fair value.

4. Reconciliation information between opening and closing carrying value, and sensitivity analysis of unobservable parameters of third-level items measured consistently at fair value

Applicable Not applicable

5. The reason for the conversion and the policy for determining the timing of the conversion, where there is a conversion between the various levels for the current period in items consistently measured at fair value

Applicable Not applicable

6. Technical changes in valuation techniques that occurred for the current period and the reasons for the changes

Applicable Not applicable

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

Applicable Not applicable

8. Other information

Applicable Not applicable

XII Related Party and Related-party Transaction

1. The Company as the parent of the Company

Applicable Not applicable

Unit: RMB

Name	Registration place	Nature of business	Registered capital	Shareholding percentage held by the Company as the parent to the Company	Proportion of voting rights owned by the Company as the parent to the Company (%)
Liangji Industrial	Ningbo, Zhejiang	Investment	500,000,000.00	53.89	53.89

Notes: Information on the Company as the parent

Ruan Liping and Ruan Xueping are the joint actual controllers of the Company, and the two jointly hold 100% of the equity of Liangji Industrial, 53.89% of the equity of the Company through Liangji Industrial, and directly hold 32.22% of the equity of the Company through the Ningbo Ninghui Investment Management Partnership (Limited Partnership), indirectly holds 0.68% of the voting rights of the Company and indirectly holds 0.30% of the voting rights of the Company through the Ningbo Suiyuan Investment Management Partnership (Limited Partnership). The ultimate controllers of the Company are Ruan Liping and Ruan Xueping.

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are in the notes

Applicable Not applicable

The Company's subsidiaries are detailed in "IX. Interests in Other Entities" of "Section 10 Financial Report" of the Annual Report

3. Joint ventures and associated enterprises of the Company

Details of joint ventures and associated enterprises of the Company are in the notes

Applicable Not applicable

The following are the circumstances of other joint ventures or associated enterprises that have a balance with the Company for the current period or that have formed balances from related-party transactions with the Company for the previous period

Applicable Not applicable

Other notes:

Applicable Not applicable

4. Other related party

Applicable Not applicable

Name of other related party	Relationship with the Company
Ruan Shuhong	Daughter of the actual controller Ruan Liping
Ying Jianguo	Brother-in-law of Director Cai Yingfeng
Xia Zhonggui	Brother of Supervisor Li Yu's spouse
Yu Shoufu	Father of Director Cai Yingfeng's daughter Cai Mengshu's spouse
Baidi Electrics	A company controlled by Sun Xiaoping, the spouse of the actual controller, Ruan Xueping
Liangniu Hardware	A company controlled by the actual controller, Ruan Liping's wife's brother Pan Minfeng and his wife Xu Yirong
Hangniu Hardware	A company controlled by the actual controller, Ruan Liping's wife's brother Pan Minfeng and his wife Xu Yirong
Feiniu Hardware	The actual controller Ruan Liping's wife's brother Pan Minfeng and his wife Xu Yirong's son Pan Qianliang holds 55% of the shares, and Xu Yirong holds 45% of the shares
Niuweiwang Trading	A company controlled by Yu Shoufu, father of Director Cai Yingfeng's daughter's spouse
Cixi Libo	The main body controlled by Cai Libo, sister of Director Cai Yingfeng
Jianke Trading	A company controlled by the Ying Jianguo, brother-in-law of Director Cai Yingfeng
Yaoyang Trading	Zhang Meina, sister of Senior Executive Zhang Lina, holds 40% of the shares, and Xu Yanhao, son of Zhang Meina, holds 60% of the shares
Huantian Trading	Zhang Meina, sister of Senior Executive Zhang Lina, holds 1.33% of the shares, and Xu Yanhao, son of Zhang Meina, holds 98.67% of the shares<
Chenhao Electronic	A company controlled by Xia Zhonggui, brother of Supervisor Li Yu's spouse, and his spouse Zeng Minhui

5. Related-party transactions

(1). Related-party transactions of purchase and sale of goods, provision and acceptance of services

Information on acquisition of goods and reception of labor service

Applicable Not applicable

Information of sales of goods and provision of labor service

Applicable Not applicable

Unit: RMB

Related party	Content	2021	2020
Liangniu Hardware	Adapters, wall switches, LEDs, digital products	19,286,108.43	25,692,578.69
Hangniu Hardware	Adapters, wall switches, LEDs, digital products	35,795,907.44	35,572,317.82
Feiniu Hardware	Adapters, digital products	1,282,944.42	2,727,584.86
Subtotal of Hangniu Hardware [note]		56,364,960.29	63,992,481.37
Huantian Trading	Adapters, LEDs, digital products	12,206,053.32	8,896,692.07
Niuweiwang Trading	Adapters, LEDs	21,108,464.96	18,101,438.63
Jianke Trading	Adapters, LEDs, digital products	10,814,536.24	12,085,364.10
Cixi Libo	Adapters, LEDs, digital products	11,075,424.86	10,617,022.78
Chenhao Electronic	Digital products, Adapters	894,547.84	784,582.86
Subtotal		112,463,987.51	114,477,581.81

Notes to acquisition of goods and reception of labor service

Applicable Not applicable

[Note] Hangniu Hardware includes Hangniu Hardware, Liangniu Hardware, and Feiniu Hardware. Liangniu Hardware and Hangniu Hardware are controlled by Pan Minfeng and his spouse Xu Yirong; Feiniu Hardware is 55% owned by Pan Minfeng's son Pan Qianliang and 45% owned by Xu Yirong.

(2). Related entrusted management/contracting and entrusted management/outsourcing

Lists of trusteeship/contract:

Applicable Not applicable

Notes:

Applicable Not applicable

Entrusted management/contracting of the Company

Applicable Not applicable

Notes:

Applicable Not applicable

(3). Information on related-party lease

The Company was lessor:

Applicable Not applicable

The Company was lessee:

Applicable Not applicable

Unit: RMB

Name of lessor	Category of leased assets	The lease fee confirmed in the Reporting Period	The lease fee confirmed in the same period of last year
Ruan Shuhong	Houses and buildings	799,598.46	624,000.00
Baidi Electrics	Vehicle		81,471.29
Total		799,598.46	705,471.29

Notes:

Applicable Not applicable

(4). Information on related-party guarantee

The Company was guarantor:

Applicable Not applicable

The Company was secured party

Applicable Not applicable

Unit: RMB'0,000

Guarantor:	Amount of guarantee	Start date	End date	Execution accomplished or not
Liangji Industrial	16,000.00	28 December 2020	27 January 2022	Yes
Liangji Industrial	50,000.00	8 April 2021	7 May 2022	No

Notes:

Applicable Not applicable

Guarantees that have expired before the reporting date are processed as completed.

(5). Borrowings of funds

Applicable Not applicable

(6). Information on assets transfer and debt restructuring by related party

Applicable Not applicable

(7). Remuneration for key management personnel

Applicable Not applicable

Unit: RMB'0,000

Item	2021	2020
Remuneration for key management personnel	2,436.63	2,089.16

(8). Other related transaction

Applicable Not applicable

6. Accounts receivable and payable of related party

(1). Accounts receivable

Applicable Not applicable

(2). Accounts payable

Applicable Not applicable

Unit: RMB

Project	Related party	Closing carrying	Opening carrying amount
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		amount	
Contract liabilities	Liangniu Hardware	1,500,950.96	32,690.76
Contract liabilities	Jianke Trading	322,837.70	934,206.12
Contract liabilities	Cixi Libo	157,748.83	709,155.01
Contract liabilities	Hangniu Hardware	96,061.89	1,045,591.50
Contract liabilities	Huantian Trading	28,959.98	2,156,284.68
Contract liabilities	Niuweiwang Trading	13,432.85	1,520,723.27
Contract liabilities	Feiniu Hardware	11,914.81	234.58
Contract liabilities	Yaoyang Trading	3,461.19	3,461.19
Contract liabilities	Chenhao Electronic	2,727.19	13,855.94
Subtotal		2,138,095.40	6,416,203.03
Other current liabilities	Liangniu Hardware	195,123.62	4,249.80
Other current liabilities	Jianke Trading	41,968.90	121,446.79
Other current liabilities	Cixi Libo	20,507.35	92,190.15
Other current liabilities	Hangniu Hardware	12,488.05	135,926.89
Other current liabilities	Huantian Trading	3,764.80	280,317.01
Other current liabilities	Niuweiwang Trading	1,746.27	197,694.02
Other current liabilities	Feiniu Hardware	1,548.92	30.49
Other current liabilities	Yaoyang Trading	449.95	449.95
Other current liabilities	Chenhao Electronic	354.53	1,801.27
Subtotal		277,952.39	834,106.39
Other payables	Hangniu Hardware	70,000.00	70,000.00
Other payables	Liangniu Hardware	70,000.00	70,000.00
Other payables	Cixi Libo	30,000.00	30,000.00
Other payables	Yaoyang Trading	30,000.00	30,000.00
Other payables	Jianke Trading	20,000.00	20,000.00
Other payables	Niuweiwang Trading	20,000.00	20,000.00
Other payables	Feiniu Hardware	20,000.00	20,000.00
Other payables	Huantian Trading	20,000.00	20,000.00
Other payables	Chenhao Electronic	10,000.00	10,000.00
Subtotal		290,000.00	290,000.00

7. Commitments of related party

Applicable Not applicable

8. Other information

Applicable Not applicable

XIII Share-based Payment

1. Overall status of share payments

Applicable Not applicable

Unit: Share

The total amount of equity instruments granted by the Company for the current period	668,400.00
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The total amount of the Company's equity instruments exercised for the current period	215,520.00
The total amount of equity instruments of the Company losing efficacy for the current period	
The range of exercise prices of stock options issued and outstanding at the end of the period of the Company and the remaining term of the contract	
The scope of exercise prices of other equity instruments issued by the Company at the end of the reporting period and the remaining term of contracts	The exercise price of restricted shares in 2020 was: RMB76.13; the remaining contract term was: 1.5 years; the exercise price of restricted shares in 2021 was: RMB88.15; the remaining contract term was: 2.5 years.

Other notes:

(1) Restricted share incentive scheme in 2020

The Company held the 12th Meeting of the 1st Board of Directors of the Company and the 2019 Annual General Meeting, where the *Proposal on the Company's Restricted Share Incentive Scheme in 2020 (Draft) and Its Summary, Proposal on Adjusting the List of Incentive Targets, the Number of Grants and the Grant Price of the Restricted Share Incentive Scheme in 2020* and the *Proposal on Granting Restrictive Shares to Incentive Targets* were deliberated and adopted. The Company decided to grant 613,800 restricted shares to 441 incentive subjects who met the conditions for the grant at a price of RMB76.13 per share, with an equity grant date of 3 June 2020.

The main performance appraisal requirements for restricted shares: For the first release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2020 was not less than the average of the previous three fiscal years (i.e. 2017 - 2019); for the second release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2021 was not lower than the average of the previous three fiscal years (i.e. 2018 - 2020); for the third release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2022 was not lower than the average of the previous three fiscal years (i.e. 2019 - 2021).

In 2021, the Company's restricted share incentive scheme in 2020 recognized equity incentive expenses of RMB18,904,562.82.

(2) Restricted share incentive scheme in 2021

The Company held the 5th Meeting of the 2nd Board of Directors of the Company and the 2020 Annual General Meeting, where the *Proposal on the Company's Restricted Share Incentive Scheme in 2021 (Draft) and Its Summary*, *Proposal on Adjusting the List of Incentive Targets*, the Number of Grants and the Grant Price of the Restricted Share Incentive Scheme in 2021 and the Proposal on Granting Restrictive Shares to Incentive Targets were deliberated and adopted. The Company decided to grant 668,400 restricted shares to 523 incentive subjects who met the conditions for the grant at a price of RMB88.15 per share, with an equity grant date of 4 June 2021.

The main performance appraisal requirements for restricted shares: For the first release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2021 was not less than 110% of the average of the previous three fiscal years (i.e. 2018 - 2020); for the second release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2022 was not lower than 110% of the average of the previous three fiscal years (i.e. 2019 - 2021); for the third release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2023 was not lower than 110% of the average of the previous three fiscal years (i.e. 2020 - 2022).

As at 22 June 2021, the Company has received a total of RMB58,919,460.00 in restricted share subscription payments from 523 incentive subjects in monetary assets, of which RMB668,400.00 is included in the paid-up share capital, and RMB58,251,060.00 in capital reserves (share capital premium). The matter was examined by Pan-China Certified Public Accountants LLP, which issued the *Capital Verification Report* (T.J.Y. [2021] No. 343).

In 2021, the Company's restricted share incentive scheme in 2021 included in the equity incentive expense of RMB22,185,891.00.

2. Equity-settled share payments

Applicable Not applicable

Unit: RMB

Methods for determining the fair value of equity instruments on the grant date	The fair value of the restricted shares is the closing price on the grant date
Basis for determining the number of feasible right equity instruments	The number of people expected to exercise the rights is multiplied by the number granted per person
Reasons for the significant discrepancy between	

the current period estimates and the previous estimates	
Equity-settled share-based payments were included in the cumulative amount of capital reserves	RMB61,686,648.76
The total amount of the expense recognized for the current period paid on equity-settled shares	RMB41,090,453.82

Other notes:

The Company accounts for the above share payments in line with the relevant provisions of share-based payments in Accounting Standard for Business Enterprises as equity-settled share-based payments, and on each balance sheet date of the waiting period, on the basis of the best estimate of the number of viable equity instruments, the services received in the current period are included in the administrative expense based on the fair value of the equity instruments granted on the grant date, and the capital reserves (other capital reserves) of RMB41,090,453.82 are added.

3. Cash-settled share payments

Applicable Not applicable

4. Modification or termination of share payments

Applicable Not applicable

5. Others

Applicable Not applicable

On 23 April 2020, the Company held the 11th Meeting of the 1st Board of Directors, where the Special Talent Shareholding Plan was deliberated and adopted, which granted shares of the Special Talent Shareholding Plan to eligible employees of the Company. The number of people involved included supervisors, specially introduced talents and talents with special contribution, and the number of people did not exceed 23. The source of funds for the shareholding plan is the special fund of the shareholding plan accrued by the Company, and the total amount of funds for the shareholding plan is RMB50,000,000, RMB1 per share. The source of stock in the shareholding plan is the A-share common stock of the Company acquired in the secondary market.

After the Company's performance evaluation target under the current shareholding plan is achieved, the corresponding interests of the underlying stock of the holders will be vested to the holders in batches in line with the evaluation situation in the year of attribution. If there is any remaining unallocated underlying stock and its corresponding dividends (if any), they will all belong to the Company.

The duration of the shareholding plan is 60 months, counting from the date of completion of the acquisition of the underlying stock announced by the Company. Before the expiration of the duration, it may be extended after the shareholding plan management committee submits it to the Board of Directors for deliberation and adoption.

The lock-up period for each batch of the subject shares under the shareholding plan is 12 months, 24 months, 36 months and 48 months, respectively, and the lock-up period is calculated from the date of the Company's disclosure of the completion of the stock acquisition in the secondary market, and no transactions shall be carried out during the lock-up period.

After the expiration of the lock-up period, it is divided into four batches, and the specific attribution arrangement of each batch is as follows: Attribution of the 1st batch: 12 months from the date of completion of the Company's announcement of the completion of the stock acquisition, the planned attribution amount is 25% of the total number of stock subject to the shareholding plan. Attribution of the 2nd batch: 24 months from the date of completion of the stock acquisition announced by the Company, the planned attribution amount is 25% of the total number of stock subject to the shareholding plan. Attribution of the 3rd batch: 36 months from the date of completion of the stock acquisition announced by the Company, the planned attribution amount is 25% of the total number of stock subject to the shareholding plan. Attribution of the 4th batch: 48 months from the date of completion of the stock acquisition announced by the Company, the planned attribution amount is 25% of the total number of stock subject to the shareholding plan.

The evaluation target for the attribution of each batch under the shareholding plan is that the operating revenue or net profit for the current year is not lower than the average of the previous three fiscal years.

On 25 September 2020, Sinolink Securities Co., Ltd., the manager entrusted by the Company, has completed the stock acquisition of the 2020 Special Talent Shareholding Plan through the 2020 Special Talent Shareholding Single Asset Management Plan of Sinolink Securities and Gongniu Group, with a total acquisition of 322,000 shares, a transaction amount of RMB50,002,409, and an average transaction price of RMB155.29 per share.

The Company actually granted 3,600,000 shares of the 2020 employee shareholding plan and 26,592,932.00 shares of the 2021 employee shareholding plan, and recovered 5,290,548.00 shares due to the resignation of employees. The Company presents the granted share of the plan as the

long-term prepaid expense, confirmed the amortization of share payment by the evaluation period, and presents the portion not granted as the other non-current assets. In 2021, the Company's amortization by service period was included in the administrative expense of RMB6,701,548.01 for the current period.

XIV. Commitment and Contingency

1. Significant commitment

Applicable Not applicable

The external significant commitments, nature and amounts that exist on the balance sheet date

As at 31 December 2021, the Company's public offerings to raise funds for investment items are as follows:

Project	Fund raising Investment amount (RMB'0,000)	Amount used Raised fund (RMB'0,000)
Base construction project for annual output of 410 million sets of wall switches and sockets	75,452.86	24,948.38
Construction project for automation upgrading of annual output of 400 million sets of converters	58,883.63	30,147.31
Base, R&D center and headquarters base construction project for an annual output of 180 million sets of LED lamps	115,203.61	32,096.12
Information construction project	16,035.00	8,762.33
Channel terminal construction and brand promotion projects	84,745.75	25,603.52
Total	350,320.85	121,557.66

2. Contingency

(1). Significant contingencies existing on the balance sheet date

Applicable Not applicable

(2). If the Company does not have significant contingencies to be disclosed, it should also be stated:

Applicable Not applicable

3. Others

Applicable Not applicable

XV Subsequent Events after the Balance Sheet Date

1. Significant non-adjusting event

Applicable Not applicable

2. Profit distribution

Applicable Not applicable

Unit: RMB

Profit or dividend to be distributed	1,442,833,248.00
Profit or dividend announced to issue	

after review and approval	
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3. Sales Returns

Applicable Not applicable

4. Notes to other events after balance sheet date

Applicable Not applicable

(1) Profit appropriation after balance sheet date

On 11 April 2022, the Company held the 10th Meeting of the 2nd Board of Directors, where the 2021 Annual Profit Appropriation Plan was passed. Based on the total share capital registered on the record date of the implementation of the equity appropriation, and the Company intended to allocate a cash dividend of RMB24 (including tax) to all shareholders for every 10 shares, calculated based on the total share capital of the Company as at the date of approval of the report, with a total cash dividend of RMB1,442,833,248.00 to be allocated.

(2) Restricted share incentive scheme in 2022

In line with the Restricted Share Incentive Scheme in 2022 approved at the 10th Meeting of the Company's 2nd Board of Directors on 11 April 2022, the Company granted a total of 1.55 million restricted shares to 670 incentive subjects at a certain price. The restricted share incentive scheme shall be implemented after the approval of the Company's General Meeting.

The restricted shares granted by the incentive scheme shall be evaluated for performance in three years during the release period and the restriction will be released, to achieve the performance evaluation target as the condition for releasing the restriction on the incentive subjects. For the 1st release period, the operating revenue or net profit in 2022 is not less than the average of the previous three fiscal years (i.e. 2019 - 2021) and not less than 110% of the average of the previous two fiscal years (i.e. 2020 - 2021); for the 2nd release period, the operating revenue or net profit in 2023 is not less than the average of the previous three fiscal years (i.e. 2020 - 2022) and not less than 110% of the average of the previous two fiscal years (i.e. 2021 - 2022); for the third release period, the operating revenue or net profit in 2024 is not less than the average of the previous three fiscal years (i.e. 2021 - 2023) and not less than 110% of the average of the previous two fiscal years (i.e. 2022 - 2023).

(3) The Company's stock repurchase scheme

The Company held the 10th Meeting of the 2nd Board of Directors on 11 April 2022, where it intended to repurchase its shares through a call auction transaction with its own funds, and the

repurchase price shall not exceed RMB203 per share (inclusive); the total amount of repurchase shall not be less than RMB200,000,000 (inclusive) and shall not exceed RMB300,000,000 (inclusive), and the repurchase period shall be within 12 months from the date when the Company's Board of Directors deliberates and adopts the repurchase scheme.

The shares repurchased by the Company will be used for equity incentives at an appropriate time in the future, and will be transferred within three years after the date of the announcement of the implementation of the share repurchase and the announcement of the change of shares. If it is not transferred, the Company will perform the procedures for deducting the registered capital in accordance with the law, and the shares not transferred will be canceled.

XVI Other Significant Events

1. Correction of prior-period accounting errors

(1). Retrospective restatement

Applicable Not applicable

(2). Prospective application

Applicable Not applicable

2. Debt reorganization

Applicable Not applicable

3. Asset replacement

(1). Exchange of non-monetary assets

Applicable Not applicable

(2). Replacement of other assets

Applicable Not applicable

4. Annuity plan

Applicable Not applicable

5. Termination of business

Applicable Not applicable

6. Segment information

(1). Basis for the determination of the reporting segment and accounting policies

Applicable Not applicable

The Company determines the reporting segment on the basis of the regional division, the income from principal businesses and the cost of principal business are divided based on the final sales place, and the assets and liabilities are divided based on the location of the operating entity.

(2). Financial information of reporting segment

Applicable Not applicable

Unit: RMB

Item	Domestic	Overseas		Offset among segment	Total
		Domestic company	Overseas company		
Principal business revenue	12,059,354,004.16	277,516,686.13			12,336,870,690.29
Principal operating cost	7,536,455,016.87	254,307,737.60			7,790,762,754.47
Total assets		15,473,709,339.85	195,326.77		15,473,904,666.62
Total liabilities		4,718,130,450.63	22,639.36		4,718,153,089.99

(3). If the Company does not report the segment, or cannot disclose the total assets and liabilities of each reporting segment, the reasons should be explained

Applicable Not applicable

(4). Other notes:

Applicable Not applicable

On 18 August 2021, the Company signed the *Equity Transfer Agreement* with Dalitek Intelligent Technology (Shanghai) Inc. (hereinafter referred to as "Dalitek") and its shareholders BRIDGES ELECTRONIC TECHNOLOGY CO., LTD., Shanghai Houqi Investment Center (Limited Partnership) and natural person shareholders Pan Xiaobin and Zhang Wenying, agreeing that 70% of the equity interests of the Company held by the shareholders be transferred at the price of RMB91,000,000, the down payment of RMB63,700,000 shall be made within 10 business days after the completion of the relevant procedures and the delivery of the assets, and the remaining equity transfer payment shall be made in three years in line with the completion of the performance commitment.

As at 13 December 2021, the Company had paid a total of RMB26.9907 million for the equity transfer, which had not yet reached 50% of the amount payable, so Dalitek was not included in the Company's 2021 consolidated financial statements.

On 21 January 2022, the Company made the remaining equity transfer payment of RMB36.7093 million for the down payment, which completed the down payment for the equity transfer.

7. Other significant transactions and events that have an influence on investors' decisions

Applicable Not applicable

8. Other information

Applicable Not applicable

XVII. Notes to Main Items in the Financial Statements of the Company as the Parent**1. Accounts receivable****(1). Disclosure by aging**√Applicable Not applicable

Unit: RMB

Aging	Closing carrying amount
Within one year	
Of which: Sub-items within one year	
Subtotal within one year	3,982,866.46
1 to 2 years	
2 to 3 years	
Over 3 years	
3 to 4 years	
4 to 5 years	
Over 5 years	
Total	3,982,866.46

(2). Classified disclosure based on the bad debt provision method√Applicable Not applicable

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying balance		Bad debt provision		Carrying value	Carrying balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Accrued proportion (%)		Amount	Proportion (%)	Amount	Accrued proportion (%)	
Bad debt provision accrued by item										
Of which:										
Bad debt provision accrued by portfolio	3,982,866.46	100.00	199,143.32	5.00	3,783,723.14	13,423,341.19	100.00	671,167.06	5.00	12,752,174.13
Of which:										
Total	3,982,866.46	100.00	199,143.32	5.00	3,783,723.14	13,423,341.19	100.00	671,167.06	5.00	12,752,174.13

Bad debt provision accrued by item:

Applicable Not applicable

Bad debt provision accrued by portfolio:

√Applicable Not applicable

Unit: RMB

Name	Closing balance		
	Accounts receivable	Bad debt provision	Accrued proportion (%)
Within one year	3,982,866.46	199,143.32	5.00
Total	3,982,866.46	199,143.32	5.00

Criteria and explanation of bad debt provision accrued by portfolio:

Applicable Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

Applicable Not applicable

(3). Status of bad debt provision

Applicable Not applicable

Unit: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Accrued amount	Reversed or recovered	Charged-off or written-off	Other changes	
Bad debt provision accrued by portfolio	671,167.06	-472,023.74				199,143.32
Total	671,167.06	-472,023.74				199,143.32

Of which significant amount of recovered or transferred-back bad debt provision for the current period:

Applicable Not applicable

(4). Status of written-off accounts receivable for the current period

Applicable Not applicable

Of which the writing-off of significant accounts receivable

Applicable Not applicable

(5). Status of accounts receivable of the top five closing balances by the parties in arrears

Applicable Not applicable

Unit: RMB

Name of entity	Closing balance	Proportion in total closing balances of accounts receivable (%)	Closing balance of bad debt provision
Ningbo Gongniu	2,677,692.31	67.23	133,884.62
Credit Card Center of China Construction Bank Co., Ltd.	1,195,144.00	30.01	59,757.20
Bull International Trading	39,150.76	0.98	1,957.54
National Super Computer Center in Tianjin	31,954.00	0.80	1,597.70
Retail customers	23,533.14	0.59	1,176.66
Total	3,967,474.21	99.61	198,373.72

(6). Accounts receivable derecognized due to transfers of financial assets

Applicable Not applicable

(7). Amount of assets and liabilities formed due to transfer of accounts receivable and continuous involvement

Applicable Not applicable

Other notes:

Applicable Not applicable

2. Other receivables**List of items**√Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable	2,000,000,000.00	1,000,000,000.00
Other receivables	1,038,980,082.79	686,576,004.18
Total	3,038,980,082.79	1,686,576,004.18

Other notes:

Applicable Not applicable**Interest receivable****(1). Category of interest receivables**Applicable Not applicable**(2). Significant overdue interest**Applicable Not applicable**(3). Status of accrued bad debt provision**Applicable Not applicable

Other notes:

Applicable Not applicable**(4). Dividends receivable**√Applicable Not applicable

Unit: RMB

Project (or investee)	Closing balance	Opening balance
Ningbo Gongniu	1,000,000,000.00	1,000,000,000.00
Electric Sales	700,000,000.00	
Gongniu Photoelectric	300,000,000.00	
Total	2,000,000,000.00	1,000,000,000.00

(5). Significant dividends receivable aged over one yearApplicable Not applicable**(6). Status of accrued bad debt provision**Applicable Not applicable

Other notes:

Applicable Not applicable**Other receivables****(1). Disclosure by aging**√Applicable Not applicable

Unit: RMB

Aging	Closing carrying amount
Within one year	
Of which: Sub-items within one year	
Subtotal within one year	1,091,314,971.96
1 to 2 years	1,611,099.90
2 to 3 years	1,561,739.04

Over 3 years	2,381,885.77
3 to 4 years	
4 to 5 years	
Over 5 years	
Total	1,096,869,696.67

(2). Classification by nature of payments√Applicable Not applicable

Unit: RMB

Nature	Closing carrying amount	Opening carrying amount
Intercourse funds	1,000,999,087.76	714,572,754.19
Guaranteed deposit	88,048,852.00	2,650,000.00
Housing loan for employees	7,347,019.79	8,475,021.98
Others	474,737.12	82,714.00
Total	1,096,869,696.67	725,780,490.17

(3). Status of accrued bad debt provision√Applicable Not applicable

Unit: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected loss for the entire duration (without credit impairment)	Expected credit losses for the entire duration (with credit impairment)	
Balance as at January 1, 2021	35,870,635.01	430,662.54	2,903,188.44	39,204,485.99
Balance on January 1, 2021 for the current period	—	—	—	
- Transferred to Stage 2	-80,555.00	80,555.00		
- Transferred to Stage 3		-394,362.48	394,362.48	
- Transferred back to Stage 2				
- Transferred back to Stage 1				
Amount accrued for the current period	18,775,668.59	44,254.93	-134,795.63	18,685,127.89
Amount transferred-back for the current period				
Amount charged-off for the current period				
Amount written-off for the current period				
Other changes				
Balance as at 31	54,565,748.60	161,109.99	3,162,755.29	57,889,613.88

December 2021				
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Notes to significant changes in the carrying amount of other receivables for which changes in the loss reserve for the current period occurred:

Applicable Not applicable

The amount of bad debt provision for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable Not applicable

(4). Status of bad debt provision

Applicable Not applicable

(5). Status of written-off other receivable for the current period

Applicable Not applicable

(6). Status of other receivables of the top five closing balances by the parties in arrears

Applicable Not applicable

Unit: RMB

Name of entity	Nature	Closing balance	Aging	Proportion in total closing balances of other receivables (%)	Bad debt provision Closing balance
Gongniu Photoelectric	Intercourse funds	657,729,993.64	Within one year	59.96	32,886,499.68
Gongniu Digital	Intercourse funds	120,660,975.62	Within one year	11.00	6,033,048.78
Cixi Gongniu	Intercourse funds	96,700,000.00	Within one year	8.82	4,835,000.00
Shanghai Caohejing Development Zone Zhaoxiang Emerging Industry Economic Development Co., Ltd.	Guaranteed deposit	87,400,852.00	Within one year	7.97	4,370,042.60
Hainan Dacheng	Intercourse funds	65,458,355.42	Within one year	5.97	3,272,917.77
Total	/	1,027,950,176.68		93.72	51,397,508.83

(7). Accounts receivable involving government grants

Applicable Not applicable

(8). Other receivables derecognized due to transfers of financial assets

Applicable Not applicable

(9). Amount of assets and liabilities formed due to transfer of other receivables and continuous involvement

Applicable Not applicable

Other notes:

Applicable Not applicable

3. Long-term equity investments

√Applicable □Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Depreciation on reserves	Carrying amount	Carrying balance	Depreciation on reserves	Carrying amount
Investment to subsidiaries	441,959,500.17		441,959,500.17	405,057,095.11		405,057,095.11
Investment to joint ventures and associated enterprises						
Total	441,959,500.17		441,959,500.17	405,057,095.11		405,057,095.11

(1). Investment to subsidiaries

√Applicable □Not applicable

Unit: RMB

Investee	Opening balance	Increase for the current period	Decrease for the current period	Closing balance	Depreciation on reserves accrued for the current period	Closing balance of depreciation on reserve
Ningbo Gongniu	134,194,532.81	8,525,964.85		142,720,497.66		
Gongniu Photoelectric	11,523,525.00	4,612,468.74		16,135,993.74		
Gongniu Digital	11,629,320.88	3,047,808.26		14,677,129.14		
Banmen Electric Appliance	10,713,034.88	833,107.38		11,546,142.26		
Gongniu Precision	100,638,808.63	1,502,630.20		102,141,438.83		
Cixi Gongniu	41,711,794.50	687,392.00		42,399,186.50		
Shanghai Gongniu	39,224,724.63	1,277,474.00		40,502,198.63		
Gongniu Management	30,000,000.00	41,028.00		30,041,028.00		
Bull International Trading	3,110,000.00			3,110,000.00		
Electric Sales	9,826,346.54	3,558,899.37		13,385,245.91		
Xingluo	9,910,274.20			9,910,274.20		

Trading					
LV Electric	1,248,151.13	550,933.98		1,799,085.11	
Domestic Electrical Appliance	1,326,581.91	1,264,698.28		2,591,280.19	
Hainan Dacheng		10,000,000.00		10,000,000.00	
Intelligent Technology		1,000,000.00		1,000,000.00	
Total	405,057,095.11	36,902,405.06		441,959,500.17	

Other notes:

1) The Company established Hainan Dacheng with a registered capital of RMB10,000,000 and an actual capital contribution of RMB10,000,000 as at 31 December 2021, and Intelligent Technology with a registered capital of RMB10,000,000 for the current period, and an actual contribution of RMB1000,000 as at 31 December 2021

2) For the current period, the Company granted restricted shares to the employees of the subsidiaries, increasing the long-term equity investments of the subsidiaries by RMB23,436,001.18; the Company granted the shares of the 2020 Special Talent Shareholding Plan Fund to the core managers of the subsidiaries, increasing the long-term equity investments of the subsidiaries by RMB2,466,403.88.

(2). Investment to joint ventures and associated enterprises

Applicable Not applicable

4. Operating revenue and cost of sales

(1). Status of operating revenue and cost of sales

Applicable Not applicable

Unit: RMB

Item	2021		2020	
	Revenue	Cost	Revenue	Cost
Principal business	5,196,022,727.01	3,782,944,961.56	4,382,278,159.34	3,156,072,624.63
Others	110,267,497.14	93,117,094.92	49,548,684.83	44,159,819.11
Total	5,306,290,224.15	3,876,062,056.48	4,431,826,844.17	3,200,232,443.74
Of which: Revenue generated by contracts with customers	5,292,184,752.33	3,867,282,763.40	4,424,933,809.19	3,194,189,103.44

(2). Status of contract revenue

Applicable Not applicable

(3). Details of obligation for contract performance

Applicable Not applicable

(4). Details of the apportionment to the remaining obligations for contract performance

Applicable Not applicable

Other notes:

None

5. Return on investment

Applicable Not applicable

Unit: RMB

Item	2021	2020
Long-term equity investments returns calculated by cost accounting	2,000,000,000.00	1,000,000,000.00
Earnings of long-term equity investments accounted for by the equity method		
Disposal of return on investment resulting from long-term equity investments		
Return on investment of held-for-trading financial assets for the holding period	79,124,417.58	80,364,389.36
Dividend income of other equity investments gained for the holding period		
Interest income of debt investments gained for the holding period		364,239.73
Interest income of other debt investments for the holding period		-3,305,694.45
Return on investment gained from disposal of held-for-trading financial assets		
Return on investment gained from disposal of other equity investments		-28,839,500.00
Return on investment gained from disposal of debt investments		
Return on investment gained from disposal of other debt investments		
Earnings of debt restructuring		
Total	2,079,124,417.58	1,048,583,434.64

Other notes:

None

6. Other information

Applicable Not applicable

R&D expense:

Item	2021	2020
Employee remuneration	119,019,111.86	100,927,352.11
Direct investment	44,047,037.17	43,314,601.05
Depreciation and amortization	5,049,216.83	4,815,821.33
Others	22,328,622.99	14,519,231.41
Total	190,443,988.85	163,577,005.90

XVIII Supplementary Information**1. Schedule of exceptional gains and losses in the current period**

√Applicable □Not applicable

Unit: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets	-9,714,625.18	
Exceptional tax rebates, reductions and exemptions given with ultra vires approval, in lack of official approval documents or for other reasons		
Government grants through profit or loss (exclusive of government grants consistently given in the Company's ordinary course of business at fixed quotas or amounts as per governmental policies or standards)	388,196,973.94	
Capital occupation charges on non-financial enterprises that are recognized in profit or loss	8,121,324.51	
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments		
Gain or loss on non-monetary asset swaps		
Gain or loss on assets entrusted to other entities for investment or management	171,623,256.63	
Allowance for asset impairments due to acts of God such as natural disasters		
Gain or loss on debt restructuring		
Restructuring costs in staff arrangement, integration, etc.		
Gain or loss on the over-fair value amount as a result of transactions with distinctly unfair prices		
Current profit or loss on subsidiaries obtained in business combinations involving entities under common control from the period-begin to combination dates, net		
Gain or loss on contingencies that do not arise in the Company's ordinary course of business		
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	11,107,836.63	
Reversed portions of impairment		

allowances for receivables and contract assets which are tested individually for impairment		
Gain or loss on loan entrustments		
Gain or loss on fair-value changes in investment property of which subsequent measurement is carried out using the fair value method		
Effects of all adjustments required by taxation, accounting and other applicable laws and regulations on current profit or loss		
Income from charges on entrusted management		
Non-operating income and expense other than the above	-327,898,293.86	RMB295 million was paid for the fine imposed by the anti-trust decision Zhe Shi Jian An (2021) No. 4.
Other gains and losses that meet the definition of exceptional gain/loss	2,739,167.53	
Less: Income tax effects	96,291,397.10	
Non-controlling interests effects (net of tax)		
Total	147,884,243.10	

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

Applicable Not applicable

2. Return on equity (ROE) and earnings per share (EPS)

Applicable Not applicable

Profit of the Reporting Period	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	28.28	4.63	4.63
Net profit attributable to ordinary shareholders before exceptional gains and losses	26.77	4.39	4.38

3. Accounting data differences under China's and foreign accounting standards

Applicable Not applicable

4. Other information

Applicable Not applicable

Chairman of the Board: Ruan Liping

Date when this Report was authorized for issue: 11 April 2022

Revised information:

Applicable Not applicable