

TOPBAND 拓邦

# Annual Report 2024

Shenzhen Topband Co., Ltd.

Stock code 002139.SZ

March 2025

# Annual Report 2024

## Section I Important Notes, Contents and Interpretations

The Board of Directors, the Board of Supervisors and directors, supervisors and senior executives of the Company hereby guarantee that the content set out in the Annual Report is free from false records, misleading statements or major omissions, and undertake joint and several liabilities for the authenticity, accuracy and integrity of the report.

Wu Yongqiang, the principal of the Company, Luo Muchen, the accounting head and accounting department head (the accountant in charge) hereby guarantee the truth, accuracy and completeness of the financial statements in this Annual Report.

All directors have attended the Board Meeting at which this Annual Report was deliberated.

Forward-looking statements such as plans and development strategies covered in the Report involve uncertainty, so they do not represent the Company's profit forecasts, nor are they regarded as a substantive commitment to investors.

Topband has no material risks that affect its financial position and sustained profitability, and the possible risks in the operation of the Company are described in detail in Section III "Management Discussion and Analysis" of the Report. Investors are kindly reminded to pay attention to relevant content.

The profit distribution plan approved by the Board of Directors of the Company: cash dividends of RMB 0.7 (tax inclusive) per 10 shares are paid to all shareholders based on the 1,228,789,388 shares (excluding the repurchased shares), 0 shares of bonus shares (tax inclusive), and reserves would not be converted into share capital.

The Report is prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.



## Chairman's Statement

**Dear shareholders, partners, and all friends concerned about Topband,**

Hello, everyone!

Thank you for your continuous attention to and trust in Topband. In 2024, we successfully achieved the strategic goal of "restarting growth". The Company's operating income exceeded RMB 10 billion for the first time, seeing the year-on-year growth rate regain double-digit growth. The overall profitability, operational efficiency and per capita efficiency of the Company were significantly improved compared to those in 2023, with the health of the Company further enhanced. In the past year, the industry of power tools and home appliances experienced continuous rapid development, the transformation of digital energy business achieved initial success, and a series of intelligent systems with strong market competitiveness were launched. These advances are inseparable from the efforts and dedication of all Topband employees, as well as the continued support of all shareholders and partners.

In the past decade, we have achieved tenfold growth. Such sustained and stable "resilient growth" not only reflects the society's increasing demand for intelligent products but also embodies Topband's original aspiration of long-term adherence to "value creation through technology" and the fact that it has always implemented the business philosophy of "Agility·Innovation·Partnership". We have built a technical platform of "four electrics and one network" and established a customer-centered global operating system, forming a multi-level business layout and a good customer structure and enabling the Company to maintain resilient growth in the face of market fluctuations.

In 2025, we have three strategic priorities to support the realization of the overall strategic policy of "accelerating growth":

I. Expand the share of component business. The business of intelligent controller components has always been Topband's dominant field. In 2025, we will continue to focus on resources, enhance our competitiveness, further expand our market share in existing fields, and actively explore new fields to become the "hidden champion" in more segments.

II. Make breakthroughs in AI system business. Artificial intelligence (AI) is rapidly changing

our lives and industrial models. Topband will continue to increase investments in AI and intelligence, with a particular focus on the application of AI technology in terminal products. The Company plans to implement a responsibility system for younger product managers, stimulate the team's innovation potential, continuously launch more competitive AI system products, and strive to create "category champions" in multiple sub-categories, gradually growing into a leading AI application company.

III. Accelerate overseas marketing. At present, half of the Company's business comes from overseas markets, and we have established multiple operation bases overseas. We shall further accelerate "overseas marketing". We shall not only seize the opportunities of global industrial chain transfer but also actively develop local markets and build a truly international company.

We are well aware that there are no companies successful once and for all, but only ones that constantly adapt to the development of the times. From RMB 10 billion to RMB 100 billion, we stand at a new starting point. We firmly believe that when the control technology is deeply integrated with artificial intelligence, a new pattern of a trillion-level intelligent hardware industry is taking shape. Topband will gradually grow from a leader in intelligent control to an expert in AI applications, and actively participate in and promote industrial upgrading.

We look forward to working with you to create this intelligent and beautiful future!

Chairman and President of Shenzhen Topband Co., Ltd.



**March 28, 2025**

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## **Directory of documents for future reference**

- I. The financial statements bearing the signature and seal of the principal of the Company, the accounting head and the accounting department head.
- II. The original audit report bearing the seal of the accounting firm and the signature and seal of the certified public accountant.
- III. The originals of all the company documents publicly disclosed in newspapers designated by the CSRC during the Reporting Period and the original manuscripts of announcements.
- IV. The original of the Annual Report 2024 bearing the signature of the Chairman.
- V. All the above documents are complete, and are available for reference at the office of the Board of Directors of the Company.

## Interpretations

Terms	Refer to	Contents
Company, the Company, Topband	Refer to	Shenzhen Topband Co., Ltd.
CSRC	Refer to	China Securities Regulatory Commission
Exchange	Refer to	Shenzhen Stock Exchange
Reporting Period	Refer to	January 1, 2024 to December 31, 2024
Articles of Association	Refer to	Articles of Association of Shenzhen Topband Co., Ltd.
Huizhou Topband	Refer to	Huizhou Topband Electrical Technology Co., Ltd.
YAKO Automation	Refer to	Shenzhen YAKO Automation Technology Co., Ltd.
SZACS	Refer to	Shenzhen Allied Control System Co., Ltd.
Topband Software	Refer to	Shenzhen Topband Software Technology Co., Ltd.
ORVIBO	Refer to	Shenzhen ORVIBO Technology Co., Ltd.
Ningbo Topband	Refer to	Ningbo Topband Intelligent Control Co., Ltd.
Meanstone Intelligent	Refer to	Shenzhen Meanstone Intelligent Technology Co., Ltd.
HANSC Intelligent	Refer to	Shenzhen HANSC Intelligent Technology Co., Ltd.
Hong Kong Topband	Refer to	Topband (Hong Kong) Co., Ltd.
Topband Romania	Refer to	Topband Smart Europe Company Limited S.R.L.
Topband Mexico	Refer to	Topband Mexico Company Limited
Topband Battery	Refer to	Shenzhen Topband Battery Co., Ltd.
Four electrics and one network	Refer to	Electric control, motor, battery, power, and IoT
IOT	Refer to	Internet of Things
AI	Refer to	Artificial intelligence
AIoT	Refer to	Artificial Intelligence + Internet of Things (AI + IoT)
E-Bike	Refer to	Electric bike
BLDC Motor	Refer to	Brushless DC Motor
Cell	Refer to	Cell without a protection circuit board
BMS	Refer to	Battery management system, for monitoring battery status
PACK	Refer to	Battery pack
BG, BU	Refer to	Business Group, Business Unit
IPD	Refer to	Integrated Product Development
ISC	Refer to	Integrated Supply Chain
PLC	Refer to	Programmable Logic Controller
AIGC	Refer to	Artificial Intelligence Generated Content
1C1C3S	Refer to	Cell, cloud platform, BMS, PCS, EMS
PCS	Refer to	Power conversion system, for controlling discharge/charge and current direction change
EMS	Refer to	Energy management system, for monitoring the status of the energy system
Tier 1	Refer to	The first tier
RTK	Refer to	Real-time kinematic

HVAC/R	Refer to	Heating, ventilation, air conditioning & refrigerating
GPT	Refer to	An Internet-based, data-trained and text-generated deep learning model (Generative Pre-Trained Transformer)
BERT	Refer to	A language representation model (Bidirectional Encoder Representations from Transformers)

## Section II Company Profile and Primary Financial Indicators

### I. Company information

Stock abbreviation	Topband	Stock code	002139
Listed stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	深圳拓邦股份有限公司		
Chinese abbreviation of the Company name	拓邦股份		
Name of the Company in foreign language (if any)	Shenzhen Topband Co., Ltd		
Abbreviation of the Company name in foreign language (if any)	Topband		
Legal representative of the Company	Wu Yongqiang		
Registered address	Address: F1, Topband Industrial Park Phase II, Keji Second Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen		
Postal code of registered address	518108		
Changes of the Company's registered address	The registered address of the Company is changed from "Room 413, Block B, Research Institute of Tsinghua University, High-tech Industrial Park, Yuehai Sub-district, Nanshan District, Shenzhen" to "F1, Topband Industrial Park Phase II, Keji Second Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen".		
Office address	Topband Industrial Park, Keji Second Road, Shiyan Sub-district, Bao'an District, Shenzhen		
Postal code of office address	518108		
Website	<a href="https://www.topband.com">https://www.topband.com</a>		
Email	wenzh@topband.com.cn		

### II. Contact person and contact information

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

**III. Information disclosure and storage place**

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

**IV. Changes in registration**

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

**V. Other relevant information**

Accounting firm engaged by the Company

Name of accounting firm	RSM China CPA LLP (Special General Partnership)
Office address of accounting firm	901-22 to 901-26, Waijingmao Mansion, Building 1, No. 22 Fuchengmenwai Street, Xicheng District, Beijing
Name of accountants	Tian Jingliang, Zhu Aiyin, and Fan Lihua

Sponsor institution engaged by the Company to perform ongoing supervisory duties during the Reporting Period

 Applicable  Not applicable

Financial consultant engaged by the Company to perform ongoing supervisory duties during the Reporting Period

 Applicable  Not applicable**VI. Main accounting data and financial indicators**

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

 Yes  No

	2024	2023	Increase or decrease compared with the previous year	2022
Operating income (RMB)	10,501,219,821.54	8,992,342,169.08	16.78%	8,875,099,137.06
Net profit attributable to shareholders of listed companies (RMB)	671,442,652.91	515,513,995.18	30.25%	583,000,286.76
Net profit attributable to shareholders of listed companies after deducting non-recurring profit and loss (RMB)	642,049,717.52	511,919,208.82	25.42%	484,048,089.18

Net cash flow from operating activities (RMB)	1,091,950,718.25	1,465,948,499.18	-25.51%	491,055,076.33
Basic earnings per share (RMB/share)	0.55	0.41	34.15%	0.46
Diluted earnings per share (RMB/share)	0.55	0.41	34.15%	0.46
Weighted return on average equity	10.44%	8.54%	1.90%	10.85%
	End of 2024	End of 2023	Change at the end of the current Reporting Period compared with the end of the previous year	End of 2022
Total assets (RMB)	12,848,865,960.24	11,184,119,392.80	14.88%	10,385,326,794.56
Net assets attributable to shareholders of listed companies (RMB)	6,672,327,751.46	6,284,917,468.50	6.16%	5,729,233,981.14

The Company's net profit before and after deducting the non-recurring profit and loss (whichever is lower) is negative in the last three fiscal years, and the audit report of the latest year shows that the uncertainty in the Company's sustainable operation ability

Yes  No

The net profit before and after deducting the non-recurring profit and loss (whichever is lower) is negative

Yes  No

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

### (1) Differences in net profit and net assets between financial statements disclosed in accordance with International Accounting Standards and those disclosed in accordance with PRC GAAP at the same time

Applicable  Not applicable

There is no difference in net profit and net assets between financial statements disclosed in accordance with International Accounting Standards and those disclosed in accordance with PRC GAAP during the Reporting Period.

### 2. Difference between the net profit and net assets in the financial statements disclosed in accordance with both foreign accounting standards and Chinese accounting standards at the same time

Applicable  Not applicable

There is no difference in net profit and net assets between financial statements disclosed in accordance with Overseas Accounting Standards and those disclosed in accordance with PRC GAAP during the Reporting Period.

**VIII. Quarterly primary financial indicators**

Unit: RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	2,318,132,398.80	2,697,652,766.79	2,683,824,552.60	2,801,610,103.35
Net profit attributable to shareholders of listed companies	175,637,574.45	213,190,940.73	163,393,117.62	119,221,020.11
Net profit attributable to shareholders of listed companies after deducting non-recurring profit and loss	169,367,238.38	203,789,537.88	166,016,327.05	102,876,614.21
Net cash flow from operating activities	99,471,015.01	370,843,159.66	281,568,559.04	340,067,984.54

Whether there are major differences between the above financial indicators or the total and the financial indicators in the quarterly report and semi-annual report disclosed by the Company

Yes  No

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

Applicable  Not applicable

Unit: RMB

Items	Amount of 2024	Amount of 2023	Amount of 2022	Description
Profits and losses on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	-12,272,827.51	-11,399,766.84	-3,145,453.49	
Government subsidies included in current profits and losses (except those that are closely related to the normal business of the Company, conform to national policies and regulations, are enjoyed according to certain standards and have a lasting impact on the Company's profits and losses)	36,473,349.43	32,905,181.89	33,217,045.91	
Profits and losses due to fair value changes arising from the financial assets and liabilities held by the non-financial business, as well as the profits and losses arising from the disposal of financial assets and liabilities, except for the effective hedging business related to the normal business of the Company	-1,934,735.46	-1,302,568.51	90,812,862.06	
Reversal of provision for impairment of accounts receivable that has been separately tested for impairment	3,769,982.90		120,596.48	
Debt restructuring gains and losses	-1,281,246.63			
One-time share-based payment due to cancellation or modification of the stock incentive plan		-28,092,840.35		
Other non-operating income and expenses other than those mentioned above	8,149,822.58	21,796,444.13	373,250.06	
Other profits and losses that conform to the definition of non-recurring profit and loss	1,150,853.84	1,477,128.99	270,112.67	
Minus: amount affected by income tax	4,660,769.24	11,184,636.52	22,265,407.68	

Amount affected by minority shareholders' equity (after tax)	1,494.52	604,156.43	430,808.43	
Total	29,392,935.39	3,594,786.36	98,952,197.58	--

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

Applicable  Not applicable

None.

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

Applicable  Not applicable

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

## Section III Management Discussion and Analysis

### I. Industry situation of the Company during the Reporting Period

#### 1. Basic situation of the industry

Intelligent controllers are a high-tech product that integrates advanced automatic control technology, computer technology, sensor technology, microelectronics technology and power electronics technology. They play a role similar to the "nerve center" and "brain" of the human nervous system in electronic products. By efficiently collecting, processing and analyzing various types of information and instructions, intelligent controllers can achieve intelligent driving and control of controlled objects, thereby executing various complex tasks. As the trend of intelligent substitution becomes increasingly prominent, it has not only changed our lifestyle but also revolutionized our working mode. As one of the key components of intelligence, intelligent controllers have a wide range of applications, covering multiple important fields such as home appliances, smart homes, smart buildings, power tools, industry automation, automotive electronics, new energy, and medical equipment.

Thanks to the increasing penetration rate of downstream industries and the continuous expansion of application scenarios, the global intelligent controller market has shown a trend of steady growth in recent years. According to the latest research data from Frost & Sullivan, the global intelligent controller industry has shown a trend of significant growth: the market size reached USD 1,546.2 billion in 2019, with a compound annual growth rate of 5.9% compared to that in 2015. The organization predicted that the global market size would further expand to USD 1,959.9 billion by 2024. In this development process, China has gradually established its dominant position in the global industrial chain with its well-established electronic supply chain system and the technological upgrading capabilities of local companies. Data shows that China's market share of intelligent controllers has jumped from 16% in 2016 to over 30% in 2024, indicating that the global industrial landscape is undergoing a structural transformation of "rising in the east and falling in the west", and this trend is expected to continue to deepen in the future.

The continuous advancement of technology has not only accelerated the pace of product updates but also depicted a broader picture of prospects for the intelligent controller industry. We are at the forefront of the intelligent technology revolution. The deep integration of intelligent controllers with artificial intelligence and robotics is redefining the way we live and work, opening up unprecedented possibilities. With the continuous advancement of technological innovation in the future, we will witness the emergence of more new products, new formats and new models, which will inject new impetus into the vigorous development of the intelligent controller industry.

## **2. Position in industry**

As a global leading company in intelligent control solutions, Topband has always adhered to the core values of "Agility·Innovation·Partnership". Relying on the technology matrix of "four electrics and one network" (electric control, motor, battery, power, and IoT platform), it has built a complete closed-loop technology ecosystem covering hardware development to cloud services. The Company provides in-depth services in three major fields: power tools and home appliances, digital energy and intelligent vehicles, and robots, offers customized solutions to global customers, and continues to consolidate its position as an industry benchmark.

In 2024, The Company was awarded the title of "Manufacturing Individual Champion Demonstration Enterprise (Smart Home Control Module)" by the Ministry of Industry and Information Technology of China, indicating that its technical strength and market leadership in the segment have been recognized at the national level. At the same time, the Company has been at the forefront of the top 500 manufacturing industries in Guangdong Province for consecutive years. It ranked 62nd in 2024, five places higher than that in 2022, demonstrating its continuously increasing industry competitiveness.

Topband's core competitiveness lies in "platform-based technology innovation capability, partner-style customer service capability, and systematic agile service capability". Based on these three capabilities, the Company has gradually built a global production base network covering Asia, Europe and America and created an efficient supply chain collaboration mechanism, not only promoting the Company's continuous progress and development but also helping us establish close and lasting cooperative relationships with many leading customers in many industries. At present, we take the lead in intelligent control solutions for the industry of power tools and home appliances, and have become an innovation leader in the fields of digital energy and intelligent vehicles, and robots.

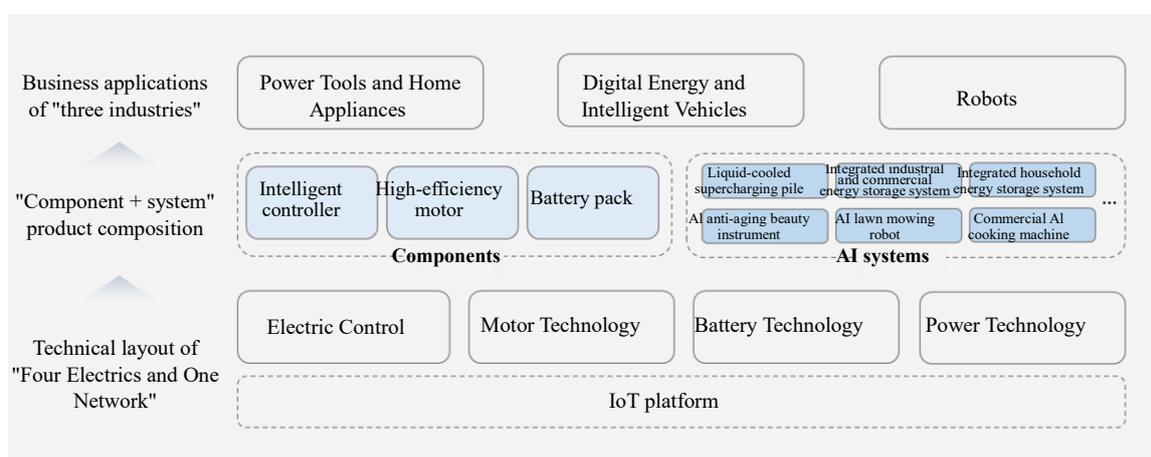
## **II. Main business engaged by the Company during the Reporting Period**

The 10-fold growth to over RMB 10 billion in the past 10 years originated from the Company's brand concept of "Agility·Innovation·Partnership". With value creation through technology as its mission and quick response to customers as its business philosophy, the Company has built the technology platform capability of "four electrics and one network" (electric control, motor, battery, power, and IoT platform) and a customer-centered full-process system. At the same time, we firmly believe that the long-term trend of "intelligence, low-carbon development, and internationalization" will remain unchanged. We will accelerate overseas marketing and increase investments in emerging application fields.

During the Reporting Period, the Company researched, developed, produced and sold component and system products based on the core technology system of "four electrics and one network". Component products mainly include intelligent controllers, high-efficiency motors and battery packs, and system products include charging piles, energy storage and AI hardware. Our products are widely used in three major fields: power tools and home appliances, digital energy and intelligent vehicles, and robots. We not only offer innovative, efficient and reliable customized services to global customers but also bring green, intelligent and innovative products to consumers.

Intelligent controllers are the core business of Topband. In 2024, it shipped 178 million sets of intelligent controllers, with a year-on-year increase of 28.5% and a cumulative shipment of 1.63 billion sets, and it took a lead in intelligent control solutions for the industry of power tools and home appliances. Topband's high-efficiency motors focus on three categories, including external-rotor brushless DC motors used in the tool industry, laser radar motors used for automobiles, and coreless motors used for robots. In 2024, it shipped 3.53 million sets of high-efficiency motors, with a year-on-year increase of 100%, and it ranked among Tier 1 in the industry. Battery packs are the third largest category of Topband's component products, with a wide range of applications, including not only the industry of power tools and home appliances but also E-Bikes, onboard equipment and other business scenarios. In 2024, it shipped 564MWh of battery packs, with a year-on-year increase of 27%.

While consolidating its leading position in intelligent control components, Topband actively develops product and brand capabilities, and builds a new growth curve. The Company's system products are based on the technology of "four electrics and one network", are deeply integrated with scenario-based needs, and mainly focus on the AI field, including liquid-cooled supercharging piles, integrated industrial and commercial energy storage systems, integrated household energy storage systems, AI anti-aging beauty instruments, AI lawn mowing robots, and commercial AI cooking machines. Currently, all of these products have been mass-produced and achieved good market performance.



**1. The Company's core technology: "Four Electrics and One Network" (electric control, motor, battery, power, and IoT platform).**

### **1.1 Electric control technology**

The electric control technology achieves intelligent control by taking the microcomputer as the core, involving many technologies such as the sensor, power electronics, signal processing, communication, interaction, power and energy conversion, electromagnetic compatibility, etc. The Company has profound accumulation in key fields such as automatic control, human-computer interaction, embedded computing, machine vision, robotics, intelligent sensor and motion control.

The Company has developed hundreds of electric control technology platforms to meet the diverse needs of products in industries such as home appliances, tools, digital energy, robots, and intelligent vehicles. Electric control technology is widely used in products such as controllers, M&E products, power supplies and smart batteries.

### **1.2 Motor technology**

Motor technology plays a key role in converting electric energy into kinetic energy in the intelligent control system. The Company has established complete technical capability from motor design and simulation, testing and verification to scale manufacturing based on continuous innovation in high efficiency, low noise, high precision and high stability of motors, forming dozens of advanced motor product platforms such as brushless DC motor (BLDC), coreless motor, stepper motor and servo motor.

The Company's motor technology has been successfully applied in many fields. Our motor technology takes the lead in the field of power tools and automation equipment, and in terms of the application of motor technology in new energy vehicles, robots and medical care, we have achieved remarkable results, which has been widely recognized in the market.

Coreless motors are known as the "crown jewel" in the field of motors, with a high technical content and outstanding performance advantages. Topband has been engaged in the research, development and production of brush/brushless coreless motors since 2007, and is one of the earliest domestic manufacturers to break the monopoly of Europe, America and Japan and successfully achieve mass production of coreless motors. At present, we have a coreless motor product platform covering outer diameters of  $\Phi 7$  to  $\Phi 40$ , a complete brush/brushless product lineup, and design, research, development and production capabilities for key components including motors, reduction gearboxes, screws, encoders, controllers as well as their actuator module assemblies, with an annual production capacity of over one million motors. Among others, samples of motors and actuators applied to the dexterous hands

of humanoid robots have been sent to more than 10 leading companies in the industry.

### **1.3 Battery technology**

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

In terms of battery management system (BMS), we have achieved industry-leading accuracy and reliability. With advanced algorithms and control strategies, our BMS can monitor and manage the battery status in real-time, ensuring optimal performance and safe operation of the battery system. Technological innovations in this area have made us a market leader when providing efficient and safe battery solutions for energy storage systems, power backup, power exchange and portable devices.

### **1.4 Power technology**

Power technology, as the key to efficient conversion of electric energy, covers analog power, switching power and digital power. We have a wide range of technology platforms in this field and focus on providing efficient and reliable power solutions.

With innovative energy management strategies and high-precision power quality control technology, we have optimized the charging and discharging process of the power conversion system (PCS) and improved the overall efficiency and life of the system. Our PCS technology supports a wide range of battery types and configurations and meets the needs of energy storage applications varying in scale. In terms of photovoltaic inverter technology, we have significantly improved the energy conversion efficiency of solar panels with advanced control algorithm and efficient electrical energy conversion circuit design, supporting a variety of communication protocols.

In the field of high power DC charging piles, we have achieved fast and safe charging of electric vehicles by

using efficient power electronic conversion technique and intelligent charging control algorithm. Our DC charging piles are of high power density and excellent heat dissipation performance, which ensures the efficiency and stability of the charging process.

### **1.5 IoT platform**

The IoT platform, as the key to connecting the perception layer, network layer and application layer, enables us to achieve intelligent connection of devices and efficient management of data. With complete technical capabilities from modules and smart terminals to applications (APP) and Platform as a Service (PaaS), our IoT platform can provide integrated solutions for multiple industries.

Especially in the cloud platform for household energy management, we have made remarkable achievements. By intelligently analyzing and processing the household energy consumption data, the platform helps users optimize energy consumption and achieve the conservation and efficient use of energy. By seamlessly integrating with smart home devices, the platform provides users with a comprehensive and easy-to-use energy management and control solution.

In the development of the photovoltaic energy storage and charging cloud platform, we have achieved the intelligent collaboration of solar power generation, energy storage and charging facilities by using advanced Internet of Things. The platform not only improves the energy efficiency but also provides users with convenient energy management and use experience, promoting the wide application of renewable energy.

In addition, our digital energy management platform provides comprehensive energy monitoring, analysis and optimization for the industrial, commercial and public facilities with big data and artificial intelligence technology. The platform helps users to reduce energy consumption and improve the sustainability of energy use, supporting the enterprises and society in achieving green development goals.

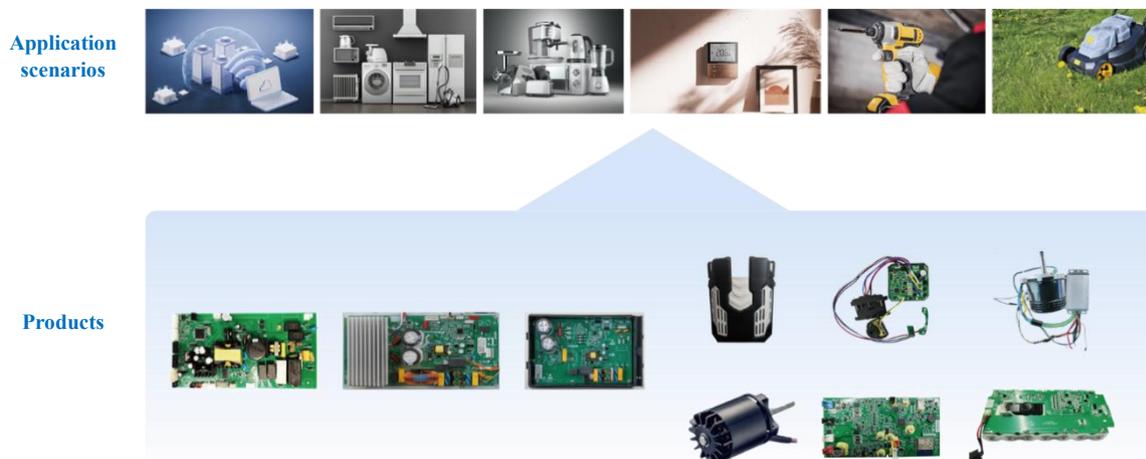
**2. The Company mainly provides customized components, system solutions and system products for three industries: power tools and home appliances, digital energy and intelligent vehicles, and robots.**

The Company's products are mainly classified into two categories: components and systems. The mode of product provision is to provide customized components, system solutions and system products by comprehensively utilizing the core technology of "four electrics and one network" around the needs of downstream customers and consumers in the industries of power tools and home appliances, digital energy and intelligent vehicles, and robots.

#### **2.1 Business of power tools and home appliances**

The Company mainly provides a series of customized products and services from product concept, design and

development to manufacture and delivery for brand customers in the industry of power tools and home appliances. The products provided by it mainly include four key components: controllers, motors, batteries and power supplies, as well as a series of intelligent system products. These products are used in almost all categories of home appliances, and are widely used in power tools, garden tools and various professional tools.



## 2.2 Business of digital energy and intelligent vehicles

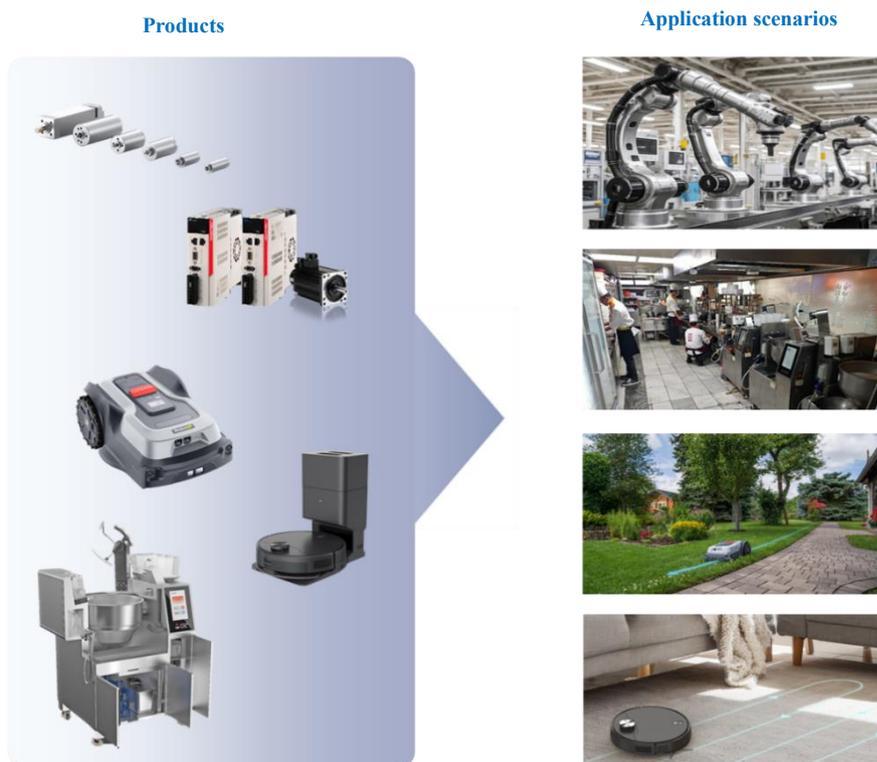
In the field of digital energy and intelligent vehicles, we have focused on laying out storage and charging system and intelligent driving scenarios. For storage and charging systems, the Company has formed a complete product matrix covering core components, systems and system solutions. In terms of core components, the Company has completed the layout of "1Charging, 1 Cell, 3S" core products, including the charging module, cell, BMS, PCS and EMS. In terms of systems, the Company has developed a full range of products such as charging piles, household energy storage, industrial and commercial energy storage, communication backup power and portable energy storage devices. In terms of system solutions, the Company has combined the core technical capability of systems and cloud platforms and developed complete solutions for scenarios such as photovoltaic power generation, energy storage and charging, zero-carbon parks and household green energy, and has achieved application among multiple customers at home and abroad. For intelligent driving scenarios, we provide laser radar motors, in-vehicle infotainment systems, and thermal management control products. Our main customers include Tier 1 and automotive OEMs.



### 2.3 Robots

In the field of robots, our main business is the research, development, production and sales of industrial intelligent control products and high-efficiency motors, and our downstream applications involve 3C electronics, robots, medical equipment, semiconductor equipment, photovoltaics and lithium battery industries.

Robots are a key layout area of Topband, with a focus on application forms such as industrial robots, service robots and humanoid robots. Currently, the product platforms of servo drive + motor + motion control and 8mm and 10mm coreless motors that have been built take the lead in the industry and have achieved supply in batches. For humanoid robots, in addition to the coreless motor, we have also reserved dexterous hand actuator capabilities - integrating key components independently developed and customized by the Company such as coreless motor, encoder, reduction gearbox, and ball screw drive, achieving leading accuracy of repeated positioning and absolute positioning in the industry and accurately reproducing fine human finger operation at 0.1mm level. The Company is optimistic about the extensive application scenarios of robots in the future. While increasing research and development, it speeds up market promotion and actively engages with leading system manufacturers to promote the implementation of products and scenarios. The Company has also reserved system capabilities in the field, such as lawn mowing robots, educational robots, and sweeping robots.



### III. Analysis of core competitiveness

#### 1. Platform-based technology innovation capability

The Company takes technology as the gene of enterprise development and considers innovation as the core competence of the Company. With industry-leading platform technology innovation capabilities, we have built a technology platform that comprehensively covers all core technology areas of integrated intelligent-control solutions.

Our professional team has a deep understanding of various control mechanisms, and has the ability of independent realization and continuous innovation. This covers a wide range of areas from intelligent control algorithms and motor control to lithium battery and sodium battery technology, sensor technology, human-machine interaction interface, image recognition, digital power management, embedded software development and temperature control (including heating and cooling). Through the integration and application of these core technologies, we can provide customers with advanced intelligent control solutions.

In addition, we own rich product lines, forming numerous core product platforms that have been verified through mass production. Each product platform strictly follows the quality assurance process to ensure the high quality and reliability of products. Based on these mature technologies and product platforms, we can quickly respond to customer needs and provide customized high-quality solutions to meet the diverse needs of customers.

It is particularly worth mentioning that we have the unique overall solution capability of "controller + motor + battery + power + cloud platform" in the industry. This comprehensive technology integration not only enables us to maintain a leading position in a single field but also allows us to continuously develop new category solutions to help our customers stand out in fierce market competition. Regardless of improving the performance of existing products or exploring new market opportunities, we are committed to creating maximum value for our customers and helping them achieve innovation and success in their respective industry.

## **2. Partnership customer service capability**

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

Based on multi-region layout, the Company has established international production bases mainly covering Pearl River Delta, Yangtze River Delta, Southeast Asia, North America, and Europe. It also establishes international market platforms to improve its ability to serve nearby through management capabilities, resource allocation and other aspects. A number of overseas offices have been set up for close cooperation with customers. The Company has established close partnerships with excellent customers at home and abroad in various business areas. Based on long-term cooperation and mutual development, we have formed a good image and brand reputation in the industry, widely recognized and generally praised by our customers.

## **3. Systematic agile service capability**

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

## IV. Analysis of main business

### 1. Overview

In the context of ongoing geopolitical conflicts and expected tariff increases, the global industrial chain continues to be "regionalized", and domestic and foreign markets are facing opportunities for economic and market restructuring. Faced with the impact of external risks, the Company adopted a "two-step" strategy. On the one hand, it focused on customer needs, optimized component product capabilities, and strengthened innovation empowerment, achieving an increase in market share among leading customers and breakthroughs in new category customers. On the other hand, it continuously developed the core technology of "four electrics and one network", actively expanded application opportunities for system categories, and built new growth space. At the same time, the Company deepened strategy implementation, focused on advantageous management resources, and built the competitiveness of overseas factories; it increased R&D investments in emerging fields, explored incremental application opportunities for new technologies and new products, achieved the growth of revenue and profits, demonstrated resilience in quality and sustainable development, and moved forward steadily. In 2024, with the concerted efforts of all employees, the Company realized operating revenue of RMB 10.501 billion, with a year-on-year increase of 16.78%, net profit attributable to shareholders of listed company of RMB 671 million, with a year-on-year increase of 30.25%, and net profit attributable to shareholders of listed company after deduction of non-cash dividends of RMB 642 million, with a year-on-year increase of 25.42%.

Annual operating results and core operating metrics for 2024 are set forth below:

#### **(I) The Company continuously made efforts, with revenue over RMB 10 billion**

##### **1. Steady growth has achieved RMB 10 billion, and multiple business types are reshaping the strategic landscape**

Over the past decade, the Company has achieved a compound annual growth rate of 25% in a complex and ever-changing market environment. The breakthrough progress of over RMB 10 billion has verified the Company's global competitiveness in the R&D, production and manufacture of intelligent control products. Based on insights into the needs of an intelligent and low-carbon society, component products under the intelligent control category and system products with multiple application scenarios jointly constitute the core driving force for the Company's growth. The Company has accumulated momentum for its future business and market expansion through the accumulation of strategic products and excellent technologies (such as photovoltaic power generation, energy storage and charging, liquid-cooled supercharging, motor drive, robot core components and systems, AI+ intelligent

hardware, and variable frequency control technology) and the establishment of overseas factories. In 2025, the goal of continuous breakthroughs in overseas output value and industry changes and opportunities brought about by new technologies form a strategic echo with the continuous development of the market for tools, home appliances, intelligent energy and intelligent vehicles. The demand of the development pattern in this new situation for the Company's "categories of multiple business types" is reshaping its new business landscape.

## **2. The Company is creating the future with intelligence and keeping pace with the times**

Driven by today's wave of digitalization, the rapid development of artificial intelligence (AI) technology and its deep integration with the Internet of Things (IoT) are injecting unprecedented vitality into many fields such as smart homes, smart energy, and smart factories. This is expected to give birth to more powerful and intelligent hardware products, while stimulating new demands in downstream markets. In the context of the "AI+" era, the industry in which the Company operates is facing unprecedented opportunities for value reassessment.

Since the establishment of the Company, we have always kept pace with the trend of intelligence and low-carbon development, adhered to the pursuit of innovation in intelligent control systems, and actively explored the broad market demand brought by new technologies with a high proportion of R&D investments. In the future, with the gradual implementation of cutting-edge technologies such as intelligent upgrading, artificial intelligence algorithms, human-machine interaction, edge AI and robot products in hardware applications, the intelligent control industry is standing at a new starting point for development. The integration and innovation of these technologies will bring new development opportunities to the industry, give birth to the application of more intelligent scenarios, and promote the development of society in a smarter, more efficient and greener direction.

## **3. Carbon peaking and carbon neutrality development brings new energy and drives the growth of demand for the periphery of intelligent energy and intelligent vehicles**

As the global energy structure accelerates its transformation towards cleanliness and intelligence, the construction of the intelligent energy system remains hot, and the upgrading of technical standards for products for the charging scenario has brought new growth to the industry. On the one hand, the continuous promotion of the "carbon peaking and carbon neutrality" policy of countries and the accelerated construction of the new energy system have promoted the further development of energy management towards digitization and intelligence, injecting strong impetus into the intelligent energy industry; on the other hand, the rapid iteration of technical standards has pushed existing equipment into a period of renewal, further requiring the transformation of terminal

products towards integration, networking and intelligence, driving an increase in the penetration rate of integrated software and hardware solutions and bringing new growth opportunities to the market.

#### **4. Operation of each business segment:**

**(1) Power Tool and Home Appliance segments:** During the Reporting Period, the revenue was RMB 7.981 billion, with a year-on-year increase of 25.48%, and the gross profit margin was 23.17%, with a year-on-year increase of 0.25 percentage points. The revenue from tools and that from home appliances are comparable, with a year-on-year growth rate of over 20%.

**Power Tool segment:** The share of downstream customers in the tool segment is highly concentrated and mainly overseas. As a core Chinese supplier in the power tool industry, the Company provides customers with one-stop solutions, including controllers, motors, battery packs and systems. According to the White Paper on the Development of China's Power Tool Industry (2025) jointly released by EVTank, China YiWei Institute of Economics and China Battery Industry Research Institute, the global power tool shipment experienced two consecutive years of decline in 2022 and 2023. Since 2024, new products have been continuously launched, downstream channels have continued to replenish inventory, and the interest rate cut cycle has driven the recovery of the North American real estate market. In 2024, the whole global power tool market rebounded significantly and achieved year-on-year positive growth. The annual shipment increased by 24.8% to 570 million, driving the global power tool market size to USD 56.64 billion, with a year-on-year increase of 5.8%. It is expected that the market will continue to grow steadily in the future, and the global power tool market size will reach USD 98.7 billion by 2030. With the steady growth trend of the industry and the market opportunities brought by the global layout, the Company built global supply capabilities for leading customers by virtue of its technology accumulation, innovation advantages, reliable delivery ability and leading advantages in "going overseas", and its market share steadily increased. During the Reporting Period, the United States cut the interest rate to ease the pressure on the real estate market, the end of downstream de-stocking drove the recovery of the tool & OPE market, the lithium-ion battery and cordless tool development of the tool industry accelerated, the penetration rate of lithium-ion battery products continued to increase, and the demand for professional-grade tools and garden tools resumed growth.

**Home Appliance segment:** The Company focused on developing advantageous categories, continued to develop the fields of large white home appliances (refrigerators, washing machines, and air conditioners), kitchen and bathroom appliances and innovative small home appliances, and expanded market applications such as cleaning appliances, temperature control and commercial scenarios. During the Reporting Period, the share of commercial

categories such as fresh air ventilators, thermostats and scrubbers and personalized demand categories in innovation scenarios increased while the Company's core categories achieved rapid growth.

With the deep penetration of AI technology, it is expected to promote the development process of home appliances from "functional devices" to "home intelligent agents". Through the integration of multimodal perception, edge computing and autonomous decision-making capabilities, home appliances are expected to break through the boundary of the single function and evolve into intelligent devices with the ability to understand the environment and provide personalized services.

**(2) Digital energy and intelligent vehicles:** During the Reporting Period, the total revenue was RMB 2.052 billion, with a year-on-year decrease of 6.32%, and the gross profit margin was 20.91%, with a year-on-year increase of 1.52 percentage points.

**Field of digital energy:** During the Reporting Period, the revenue was RMB 1.672 billion, with a year-on-year decrease of 17.16%. The Company is positioned as a provider of full-scenario energy storage solutions, with the ability to provide components (BMS, PCS, EMS), systems (charging piles, onboard equipment, backup power, household energy storage & industrial and commercial energy storage) and solutions for all energy storage scenarios. Its products focus on energy storage systems, components and cloud solutions. Affected by the continued decline in the cell price, the revenue from the segment of digital energy declined. During the Reporting Period, the Company continued to expand customized application scenarios such as industrial and commercial energy storage, household energy storage and RV electrical power supplies, and was deeply bound to high-quality leading customers in the industry, with the integrated industrial and commercial energy storage solution typically applied in the Czech Republic, Tokyo in Japan, and Poland; at the same time, based on the accumulation of rectification/inversion technology, grid-connected control technology, module series and parallel connection technology and electrical safety and protection technology, the Company increased investments in the R&D of energy storage inverters, developed household three-phase/single-phase hybrid inverters, photovoltaic grid-connected inverters, industrial and commercial energy storage inverters and low-voltage/high-voltage integrated household storage systems, utilized its AI digital energy cloud platform to realize remote operation and maintenance, improved product safety and reliability, and enhanced its overall competitiveness on the energy storage market. In terms of marketing, the Company built an overseas marketing platform, and actively participated in various exhibitions, such as: "Global Sources Hong Kong Electronics Show", "136th Canton Fair", "All-Energy Australia 2024", "North American RE + International Energy Exhibition", "EESA Shanghai Energy Storage Exhibition", "Nuremberg Industry Automation

Exhibition in Germany", "Munich Energy Storage Exhibition in Germany (EES Europe 2024)", "London Electric Vehicle Show in the UK" and "Shanghai BMW Construction Machinery Exhibition", to showcase its "photovoltaic power generation, energy storage and charging" technology, "smart charging products", AI digital energy cloud platform and other products. The Company continued to exert its efforts in domestic and foreign markets, gave full play to the innovative advantages of product managers and young teams, injected vitality into the market insight, product iteration and business expansion of new categories, and contributed to future growth increments.

During the Reporting Period, we also achieved breakthrough progress overseas. The Company won the "Best Energy Storage BMS Supplier Award 2024" at the EESA exhibition, and expanded the application of its products in overseas large energy storage power stations, with a cumulative overseas energy storage BMS shipment of over 26GWh. At the same time, the Company's PCS (inverter) products have successfully obtained certificates and test reports from CQC and TUV Rheinland, and can meet the safety regulations and grid-connected requirements of most overseas countries. Among others, the hybrid inverters TB10K-H3P and TB6K-H1P have passed IEC 62109, IEC 61000, EN 50549, and VDE 4105 international standard certification.

In the next three years, the global energy storage market is expected to show rapid growth, and the total demand for energy storage will increase significantly. At the same time, energy storage technology will develop towards high safety, low cost, high capacity, high efficiency, centralization, digitization, intelligence, and greening. Currently, the Company has established product reserves and the construction of the overseas market platform. In the future, it will leverage its global layout and rapid response capabilities to accelerate its entry into Tier 1 in the field.

**Intelligent vehicle business:** During the Reporting Period, the revenue was RMB 380 million, with a year-on-year increase of 121.07%. The Company built a product matrix mainly around electrification and high-level intelligent driving applications, with its core products including LiDAR motors and charging piles.

① **Lidar motors:** During the Reporting Period, the revenue was over RMB 100 million. In response to the rapidly developing market demand for intelligent driving systems, the Company has worked with a leading customer to jointly develop a new generation of rotating mirror LiDAR motors with stronger market competitiveness. Based on maintaining the high precision, high reliability and rapid response capabilities of the product, its structural design has been further optimized, its size and cost have been significantly reduced, and its technical indicators such as NVH are far ahead, helping the customer to continuously launch differentiated products and achieve market leadership at the highly competitive stage of LiDAR. The project has fully entered the mass production stage,

achieved stable cooperation with the leading customer in intelligent driving, and won the customer's "Best Partner Award". In the future, the Company will further expand its market share of LiDAR motor products in the intelligent driving industry, strive to achieve No. 1 in the industrial market share, and strengthen its technical influence in the field of onboard equipment business. The project will continue to promote the platform-based development of automotive-grade motors, improve product scalability and multi-model adaptability, and consolidate the Company's position in the customer's field of key parts for intelligent driving.

② **Charging piles:** The Company's products are centered around liquid-cooled supercharging, form a product matrix integrating AC points and integrated DC charging piles, and cover all scenario needs such as household, commercial application, public transportation, and long-distance travel. Topband has built a trinity solution of "equipment + platform + service". Through the collection, analysis, processing and value mining of data, it can enhance the service value from multiple dimensions. For example, in the charging field, it can predict charging demand and optimize charging strategy based on data analysis, intelligently schedule charging behavior, improve operational efficiency, and realize fine management and cost control. During the Reporting Period, the Company sold nearly 50,000 AC and DC charging piles. As of the end of the Reporting Period, the cumulative sales exceeded 60,000; the cumulative charging quantity of charging piles connected to Topband's AI digital energy cloud platform reached 1.1717 million kWh, including 550,700 kWh consumed in 2024. In response to the development trend of high-power fast charging in the electric vehicle industry, the Company focused on key areas such as liquid-cooled heat dissipation, high-power output and intelligent scheduling, and developed a high-performance liquid-cooled supercharging system. Through a split master-slave architecture, the Company has achieved flexible deployment of charging controllers and terminals, improved adaptability in multiple scenarios such as urban street corners and expressway service areas, comprehensively enhanced users' charging experience, and built its core technology and product competitiveness in the field of charging equipment. At present, the liquid-cooled supercharging system has been commercially deployed and put into operation in multiple pilot stations, with the overall charging efficiency increased by more than 20%. The system adopts a full-matrix power scheduling design, which supports any power module to be flexibly assigned to any charging gun, thereby significantly improving the equipment utilization rate. The power distribution module is highly modular and has the ability to be flexibly configured on demand to meet the customized needs of multiple scenarios. The project has been deeply integrated with the Company's "Topband cloud charging" platform to build an integrated operation and management capability of "equipment+platform", achieving end-to-end intelligent control, data interoperability and remote maintenance.

**Industry trend:** Data from China Association of Automobile Manufacturers shows that in 2024, the production and sales of new energy vehicles in China were 12.888 million and 12.866 million respectively, with a year-on-year growth of 34.4% and 35.5% respectively. The sales of new energy vehicles in China accounted for 70.5% of the global sales, an increase of 5.7 percentage points compared with that in 2023. There is a huge market demand for charging and intelligentization of new energy vehicles. In terms of intelligent driving, many high-end models are currently equipped with an L2 or even higher-level autonomous driving system, which can realize partial autonomous driving functions in environments such as expressways and urban roads. The system is equipped with advanced cameras, LiDAR and other high-precision sensors to quickly collect information on the surrounding environment, and utilizes advanced algorithms and big data analysis to achieve precise control of the vehicle's driving status. As the electric control system evolves towards the era of intelligent driving 3.0, the penetration rate of LiDAR is expected to continue to increase. According to the statistics and forecast of QYR (QYResearch), the global automobile LiDAR market sales reached USD 950.27 million in 2024, and is expected to reach USD 9,420.35 million in 2030, with a compound annual growth rate (CAGR) of 52.39% (2024-2030).

**(3) Robots: During the Reporting Period, the sales revenue was RMB 468 million, with a year-on-year increase of 6.09%, and the gross profit margin was 28.68%, with a year-on-year increase of 0.58 percentage points.**

This segment mainly focuses on service robots, humanoid robots, industrial robots and equipment as well as the provision of controls, motors, drives and AI system products. The Company's mobile robot chassis technology covers a number of core technologies such as robot map building, positioning, planning, navigation, movement, obstacle avoidance, multi-sensor fusion, AI visual perception, fusion obstacle avoidance algorithm, RTK technology, three-dimensional perception of point cloud information, and human-machine interaction. At present, the technology has realized modular integrated application in multiple product lines such as lawn mowers, care machines, and sweepers. Among others, the Company's lawn mowing robot solutions lead the industry in terms of shipments in the domestic professional third-party market. The Company has also accumulated system capabilities in this field, and its commercial cooking robots, educational robots, sweeping robots and other products have achieved mass sales of systems.

For humanoid robots, the Company has currently built product platforms of 8mm and 10mm coreless motors, which take the lead in the industry and have achieved mass supply. During the Reporting Period, the Company increased its investments in low-voltage multi-axis bus servo drive technology and the dexterous hand drive module,

which integrates core components such as coreless motor, reduction gearbox, screw and encoder to form a small modular drive unit with high precision, high output and low power consumption. The module has achieved stable performance with a single output of  $> 10\text{N}$ , a grasping life of  $> 100,000$  times, a position control accuracy of  $\leq 0.5\text{mm}$ , and industry-leading repeated positioning and absolute positioning accuracy. It can accurately reproduce the  $0.1\text{mm}$ -level fine operation of human fingers, innovatively adopts nanocrystalline coating technology to achieve ultra-light body design under the condition of ensuring power density, and meets the structural mechanics requirements for the multi-knuckle collaborative drive of the dexterous hand, further expanding the market application of the Company's products in the fields of industrial robots and humanoid robots.

The Company is optimistic about the extensive application scenarios of robots in the future. While increasing research and development, it speeds up market promotion and actively engages with leading system manufacturers to promote the implementation of products and scenarios.

**(II) The proportion of innovative products increased, the cost reduction and efficiency improvement achieved results, and the gross profit margin and profitability improved.**

In 2024, the Company achieved a comprehensive gross profit margin of 22.97%, a year-on-year increase of 0.66%. During the Reporting Period, the gross profit margin of the segments of power tools and home appliances, digital energy and intelligent vehicles, and robots increased year on year. On the one hand, the Company continuously improved the operational capabilities of each base through management empowerment; on the other hand, it built a digital management system to achieve internal systematic technical collaboration, realize a platform-based technology sharing mechanism, improve R&D response efficiency, and increase the gross profit of advantageous product categories.

**(III) The Company adhered to innovation-driven development, embraced the intelligent industry, and sought development through innovation.**

In today's world, emerging technologies are rapidly evolving, and commercial applications are constantly innovating. Digitalization, intelligence and low-carbon development are definite development trends, and the intelligent world is approaching at an accelerated pace. In 2024, even in the face of multiple challenges such as increased external risks, increased overseas taxes and a global economic slowdown, we still adhered to the innovation mechanism driven by both R&D and customer demand, and increased R&D investments in innovative application fields such as AI+, robots, motors, systems and intelligent vehicles, with R&D investments accounting for 9.07%. The Company applied for a total of 3,667 patents, including 1,270 invention patents, 1,844 utility models,

442 designs, 51 foreign patents and 60 PCT patents. The Company and its subsidiaries applied for a total of 307 software copyrights and 450 trademarks.

In 2024, the Company adhered to the multi-path and multi-scenario technical route, gave full play to the advantages of product platforms and technology platforms, and focused on AI+ home care, AI+ home learning, AI+ intelligent detection, intelligent companion scenarios and opportunities for intelligent vehicles and humanoid robots. In the field of power tools and home appliances, it actively laid out the research on artificial intelligence technologies on the terminal equipment side such as machine vision, voice recognition, and big data applications. By deploying or connecting the large cloud model on the terminal equipment side, it improved the intelligent control and human-machine interaction capabilities of products, enhanced user experience and product performance, and continued to create value for the industry. At the same time, intelligent control systems and motors for multiple scenarios such as power tools, garden tools and variable-frequency air conditioners achieved technical iteration. DC variable-frequency air conditioners on the Indian market realized a significant reduction in energy consumption with ISEER > 6.0 under high-temperature conditions, and have reached the 5-star standard. In the field of digital energy and intelligent vehicles, the storage and charging platform was equipped with self-developed cloud network technology, and an integrated operation and management capability of "equipment + platform" was built to realize end-to-end intelligent control, data interoperability and remote maintenance; in response to the demand for rapid development of intelligent driving systems, the Company launched a new generation of rotating mirror LiDAR motors with market competitiveness, and promoted the large-scale application of client LiDAR motor products. In the field of robotics, the Company gave full play to the advantages of coreless motor products, actively sent samples, developed robot application products with market competitiveness, and actively grasped opportunities for innovative categories brought by new technologies.

#### **(IV) Controllable cash flow management supported steady business expansion**

During the Reporting Period, the Company achieved an operating cash flow of RMB 1.092 billion, with a year-on-year decrease of 25.51%. This is mainly due to the consumption of low-priced raw materials stocked in the early stage of the Reporting Period, and an increase in demand for stocking raw materials brought about by an increase in sales revenue. At the same time, the Company actively expanded its business boundaries and laid out new business of systems; increased investments in the R&D of new technologies and new products to enhance product competitiveness. Based on the expansion of the Company's business scale, the development potential of new

business and the overall plan for funds, its cash flow was at a normal and controllable level, and all its business operations were steady and sustainable.

#### **(V) Globalization was accelerating, and the advantages of overseas layout were highlighted**

In 2024, relying on the local operation advantages of the overseas manufacturing platform, the Company's service advantages of nearby delivery and quick response were highlighted. The output value of the overseas manufacturing platform exceeded RMB 2.2 billion, an increase of more than 70%, laying the foundation for further developing the overseas market, expanding the business landscape, and enhancing market influence.

#### **(VI) The Company adapted to low-carbon development and built green operation capabilities**

During the Reporting Period, the Company made every effort to implement the concept of low-carbon development. Through measures such as energy-saving transformation, production line upgrades and fine management, the Company's mature parks successfully achieved energy consumption reduction targets. At the same time, the Company actively carried out green supply chain and green enterprise certification, incorporated environmental protection standards into supplier screening, actively engaged with high-quality suppliers, and explored new environmentally friendly raw materials to strive to achieve green revolution on the raw material side; in addition, it incorporated environmental protection training and green production into its daily operations, enhanced organizational carbon emission and product-side carbon footprint accounting capabilities, and helped downstream companies achieve green, low-carbon and sustainable development goals.

## **2. Revenue and Cost**

### **(1) Composition of operating income**

Unit: RMB

	2024		2023		YoY increase or decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	10,501,219,821.54	100%	8,992,342,169.08	100%	16.78%
By industry					
Intelligent control electronics industry	10,501,219,821.54	100.00%	8,992,342,169.08	100.00%	16.78%
By product					
Power Tools and Home Appliances	7,980,983,546.40	76.00%	6,360,597,815.06	70.73%	25.48%
Digital Energy and Intelligent Vehicles	2,051,746,214.35	19.54%	2,190,147,490.26	24.36%	-6.32%
Robots	468,490,060.79	4.46%	441,596,863.76	4.91%	6.09%
By region					

PRC (mainland)	3,658,753,063.77	34.84%	3,615,419,893.91	40.21%	1.20%
Overseas	6,842,466,757.77	65.16%	5,376,922,275.17	59.79%	27.26%
Distribution model					
Basing production on sales prospects	10,501,219,821.54	100.00%	8,992,342,169.08	100.00%	16.78%

Note: In 2024, the segments were reorganized according to business attributes. The Power Tool and Home Appliance segments were merged into "Power Tools and Home Appliances", the New Energy segment was renamed "Digital Energy and Intelligent Vehicles", and the Industrial segment focused on expanding robot business and was renamed Robots.

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

Applicable  Not applicable

Unit: RMB

	Operating income	Less: operating cost	Gross profit rate	Increase or decrease of operating income over the same period of last year	Increase or decrease of operating costs over the same period of last year	Increase or decrease of gross profit rate over the same period of last year
By industry						
Intelligent control electronics industry	10,501,219,821.54	8,088,901,865.21	22.97%	16.78%	15.78%	0.66%
By product						
Power Tools and Home Appliances	7,980,983,546.40	6,132,027,485.15	23.17%	25.48%	24.68%	0.25%
Digital Energy and Intelligent Vehicles	2,051,746,214.35	1,622,768,649.58	20.91%	-6.32%	-7.31%	1.52%
By region						
PRC (mainland)	3,658,753,063.77	2,961,529,315.43	19.06%	1.20%	2.07%	-0.69%
Overseas	6,842,466,757.77	5,127,372,549.78	25.07%	27.26%	25.52%	1.02%
Distribution model						
Intelligent control electronics industry	10,501,219,821.54	8,088,901,865.21	22.97%	16.78%	15.78%	0.66%

The Company's main business data for the last year adjusted according to the caliber at the end of the Reporting Period when the statistical caliber of the Company's main business data is adjusted during the Reporting Period

Applicable  Not applicable

## (3) Whether the Company's revenue from physical sales is greater than that from services

Yes  No

Industry classification	Items	Unit	2024	2023	YoY increase or decrease

Intelligent controller electronics industry	Sales	pcs	186,754,409	143,304,884	30.32%
	Production output	pcs	188,636,179	138,284,579	36.41%
	Inventory	pcs	8,185,598	6,303,828	29.85%

Reasons for year-on-year changes of relevant data exceeding 30%

Applicable  Not applicable

The sales volume of the current period increased by 30.32% year on year, mainly due to improved performance, including improved product competitiveness, increased market demand and the driving force of the Company's marketing strategy.

The production of the current period increased by 36.41% year on year, mainly driven by performance.

For the selling price per unit  $P > \text{RMB } 200$ , the sales volume is 7,510,300 PCS, and the sales revenue is RMB 3.082 billion;

For the selling price per unit  $\text{RMB } 100 \leq P < \text{RMB } 200$ , the sales volume is 20,934,900 PCS, and the sales revenue is RMB 2.94 billion;

For the selling price per unit  $\text{RMB } 50 \leq P < \text{RMB } 100$ , the sales volume is 26,801,400 PCS, and the sales revenue is RMB 1.93 billion;

For the selling price per unit  $P < \text{RMB } 50$ , the sales volume is 131,507,700 PCS, and the sales revenue is RMB 2.549 billion;

#### (4) Performance of major sales contracts and major procurement contracts signed by the Company as of the Reporting Period

Applicable  Not applicable

#### (5) Composition of operating costs

Industry and product classification

Unit: RMB

Industry classification	Items	2024		2023		YoY increase or decrease
		Amount	Proportion to operating costs	Amount	Proportion to operating costs	
Intelligent control electronics industry	Operating costs	8,088,901,865.21	100.00%	6,986,324,444.52	100.00%	15.78%

Unit: RMB

Product category	Items	2024		2023		YoY increase or decrease
		Amount	Proportion to operating costs	Amount	Proportion to operating costs	
Power Tools and Home Appliances	Operating costs	6,132,027,485.15	75.81%	4,918,132,354.42	70.40%	24.68%
Digital Energy and Intelligent Vehicles	Operating costs	1,622,768,649.58	20.06%	1,750,713,393.28	25.06%	-7.31%
Robots	Operating costs	334,105,730.48	4.13%	317,478,696.82	4.54%	5.24%

#### (6) Whether the consolidation scope has changed during the Reporting Period

Yes  No

In August 2024, a wholly-owned sub-subsidiary, Topband Digital Energy Technology (Huizhou) Co., Ltd., was established with a registered capital of RMB 1 million;

In September 2024, a wholly-owned sub-subsidiary, Chongqing Topband Yishu Energy Technology Co., Ltd., was established with a registered capital of RMB 1 million;

#### (7) Major changes or adjustments of the Company's business, products or services during the Reporting Period

Applicable  Not applicable

#### (8) Main clients and suppliers

Information on main clients of the Company

Total sales of the top five clients (RMB)	4,152,309,618.24
Proportion of total sales of the top five clients in the annual sales	39.54%
Proportion of related party sales in the total sales of the top five clients in the annual sales	0.00%

Information of the Company's top five clients

No.	Client name	Sales (RMB)	Proportion to the annual sales
1	No. 1	2,989,747,216.02	28.47%
2	No. 2	335,454,933.41	3.19%
3	No. 3	300,097,680.27	2.86%
4	No. 4	275,706,988.54	2.63%
5	No. 5	251,302,800.00	2.39%
Total	--	4,152,309,618.24	39.54%

Other information on main clients

Applicable  Not applicable

#### Information on main suppliers of the Company

Total purchase amount of the top five suppliers (RMB)	1,953,273,659.85
Proportion of total purchase amount of the top five suppliers in the annual purchase amount	28.22%
Proportion of related party purchase amount in the total purchase amount of the top five suppliers in the annual purchase amount	0.00%

#### Information on top five suppliers of the Company

No.	Supplier name	Purchase amount (RMB)	Proportion to the annual purchase amount
1	No. 1	1,442,300,252.03	20.84%
2	No. 2	240,668,280.09	3.48%
3	No. 3	130,406,112.05	1.88%
4	No. 4	72,394,302.97	1.05%
5	No. 5	67,504,712.71	0.98%
Total	--	1,953,273,659.85	28.22%

#### Other information on main suppliers

Applicable  Not applicable

### 3. Expenses

Unit: RMB

	2024	2023	YoY increase or decrease	Explanation of major changes
Selling expenses	379,247,836.25	322,340,584.49	17.65%	Mainly due to the increase in the employee benefits for personnel engaged in new businesses, as well as the increase in travel expenses and exhibition expenses incurred for the development of overseas markets.
Overheads	401,415,660.16	438,361,342.66	-8.43%	Mainly due to the Company's optimization of internal management and improvement of operating efficiency during the Reporting Period.
Finance expenses	-52,598,946.07	-51,708,683.93	-1.72%	No significant changes
R&D expenses	809,006,999.25	689,969,610.98	17.25%	Mainly due to the Company's increased investments in R&D during the Reporting Period.

### 4. R&D investment

Applicable  Not applicable

Description of main R&D projects	Project purpose	Project progress	Goals to be achieved	Impact on the Company's future development
High-power variable-frequency control technology platform	This project focuses on solving core technical problems of variable-frequency control technology, such as high power, high efficiency and low noise. By adopting advanced vector control algorithms and new topology technologies, the energy efficiency ratio of the system will be further improved. At the same time, by combining intelligent control technology and energy-saving and environmental protection design concepts, the product series will be expanded, and the comprehensive competitiveness of the Company in related markets will be enhanced.	<p>The project has completed technical development and verification at multiple product platforms, and products such as high-power air conditioners, refrigerators, washing machines and range hoods are being optimized continuously.</p> <p>Take air conditioner and heat pump products as examples:</p> <p>1. Energy efficiency improvement in the Indian market: By cooperating with local mainstream brands and adopting the Company's independently developed DC variable-frequency technology, ISEER &gt; 6.0 has been achieved under high-temperature conditions of above 45 °C in South Asia, with the 5-star standard reached and the energy efficiency increased by about 15% year on year.</p> <p>2. Breakthroughs in commercial air conditioners and heat pumps: Technologies such as interleaved PFC and three-phase active PFC have been used to improve system energy efficiency, purify the power grid and enhance system reliability, and significant breakthroughs have been made in high-threshold markets such as Europe and Japan.</p>	To achieve the industry-leading level of variable-frequency control technology in key indicators such as energy efficiency improvement, vibration and noise suppression and system reliability, and promote the large-scale industrial application of technological achievements in core product lines.	The project will effectively expand the Company's advantages in the control of high-end home and commercial appliances, enhance the added value and gross profit margin of products, and lay a solid foundation for the Company's continued expansion in the global market.

<p>Mobile robot chassis technology platform</p>	<p>This project focuses on the R&amp;D of the core chassis platform for mobile robots, covering key technologies such as map building, positioning, path planning, navigation control, dynamic obstacle avoidance, multi-sensor fusion, AI visual perception, RTK-based high-precision positioning, 3D point cloud perception, and human-machine interaction. It aims to build a rapidly reusable, stable and reliable robot chassis platform to support the rapid development and industrialization of the Company's various types of mobile robot products.</p>	<p>At present, the technology platform has achieved modular integrated application in multiple product lines such as lawn mowers, care machines and sweepers and supported the rapid iteration and technological leadership of system products, and has the ability to mass-produce multiple categories of products. During the project, dozens of invention patents and utility model patents have been applied for, and technological achievements have been gradually systematized.</p> <p>For example, in the field of perimeter wire-free intelligent lawn mowing robots, the platform integrates RTK-based high-precision positioning and virtual boundary technology, so that the robot can achieve centimeter-level precise positioning without embedding boundary lines, and the user just needs to set virtual boundaries via the mobile application, improving the convenience and user experience of the product.</p>	<p>To achieve the industry-leading level of the mobile robot chassis platform in aspects such as performance, compatibility and scalability, possess the ability of rapid development and deployment suitable for multiple types of robots for multiple indoor and outdoor scenarios, and support the continuous optimization and rapid iterative upgrading of the chassis platform.</p>	<p>The project will provide strong technical support for the Company's R&amp;D and mass production of various mobile robot products indoors and outdoors, and greatly improve product development efficiency and market response speed. In the process of promotion and application, the platform has a large number of key data resources accumulated and a group of technical backbone personnel with system capabilities trained, and possesses good scalability and ecological construction potential. In the future, it will not only support the development of the Company's own product lines but also provide customers with complete robot solutions, expand business boundaries, enhance the Company's core competitiveness and market risk resistance, and become a new revenue growth point of the Company.</p>
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<p>Hall-free motor drive and electromechanical integration technology platform</p>	<p>This project focuses on the research of Hall-free motor control technology and electromechanical integration technology, and is committed to creating a high-reliability, low-cost and small-volume tool motor-control integration solution to further enhance the Company's technical advantages in the tool product market.</p>	<p>At present, the project has completed the R&amp;D and verification of Hall-free motor drive technology and passed the scenario durability test stage on the customer's overall product side, and the electromechanical integration module has achieved mass production. The technology platform continues to undergo technological upgrades.</p>	<p>To make the Hall-free motor control algorithm reach the industry-leading level, improve the performance of the electromechanical integration module by more than 30%, reduce the cost by more than 30%, and ultimately make the electromechanical integration module developed in the project reach the leading level in terms of reliability, cost, size and weight.</p>	<p>The successful implementation of the project will further consolidate the Company's technological leading position in the field of tool motors and control, and bring good customer development potential. In the future, the technology platform is expected to be promoted and applied to more tool categories and application scenarios, thereby enhancing the Company's profitability and market development capabilities.</p>
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<p>Smart shared battery swap system technology platform for two-wheeled and three-wheeled vehicles</p>	<p>This project aims to focus on the R&amp;D of core key technologies for the shared battery swap system for two-wheeled and three-wheeled vehicles, including system architecture, BMS, intelligent charging management, data processing, safety control, battery tracking and cabinet fire protection, so as to comprehensively improve the intelligence and reliability of the battery swap system. The project aims to serve the shared travel industry, and is committed to creating an efficient, intelligent and safe battery swap service platform.</p>	<p>At present, the R&amp;D of the project is progressing smoothly, and each core technology module is being developed as planned. Among others, the fourth-generation BMS product has undergone technical development and rigorous testing and verification, and has been delivered and applied in batches.</p>	<p>The goal of the project is to make the smart shared battery swap system technology platform reach the industry-leading level in terms of intelligence and system reliability, and achieve large-scale industrial application.</p>	<p>The successful implementation of the project is expected to significantly enhance the Company's technical resolution capabilities in the battery swap application scenarios for two-wheeled and three-wheeled electric vehicles, and further consolidate its leading position in the field. As the technology platform becomes mature and is launched on the market, the market share of the Company's related business is expected to further increase, providing a new growth point for future development.</p>
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<p>Key technology platforms for intelligent vehicles such as intelligent cockpit and thermal management application</p>	<p>This project aims to focus on the field of intelligent vehicles, with a particular emphasis on R&amp;D in key technological directions such as the intelligent cockpit of vehicles and the thermal management of new energy vehicles. By establishing sound technology platforms, product platforms and verification platforms, the Company's technical level and product level will be comprehensively improved, laying a solid foundation for the development of business related to intelligent vehicles.</p>	<p>At present, important breakthroughs have been made in areas such as intelligent cockpits and thermal management, and several mature product platforms have been formed. Among others, the intelligent cockpit platform has been successfully delivered to domestic Top 10 automobile enterprises, and the platform for overseas markets has also entered the mass production stage; in addition, the electronic water pump has achieved mass production delivery to Tier 1 suppliers, indicating that the Company's related products have reached the first-class level in the industry.</p>	<p>The ultimate goal is to create independent and controllable key technology platforms for intelligent vehicles, master core technologies, and build a complete product verification system, so as to support the high reliability and large-scale mass production capabilities of products and ensure that the Company has core technological advantages and stable mass production capabilities in areas such as intelligent cockpits and thermal management.</p>	<p>The application of project achievements will enrich the Company's product lines, expand its market opportunities in key areas of intelligent vehicles such as intelligent cockpits and thermal management, and provide strong support for its sustainable development in the future.</p>
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Digital power technology platform	<p>This project aims to establish the Company's core technology system in the field of digital power and provide a unified digital power technology platform for the development of medium- and high-power power products. To this end, the project focuses on researching digital control architecture for different power topological structures, developing high-performance digital signal processors (DSPs) and all-digital feedback control platforms, and deeply mastering core digital power algorithms, so as to comprehensively enhance the Company's independent R&amp;D capabilities in the field of digital power.</p>	<p>The achievements of the project have been applied to a number of mass-produced products such as 300W to 5,000W bidirectional hybrid inverters, 30kW/40kW DC charging pile power modules, and DC/AC uninterruptible power supplies (UPS) for NAS systems.</p>	<p>To achieve industry-leading power conversion efficiency in high-power application scenarios ranging from several kilowatts to hundreds of kilowatts, and possess excellent adaptability to complex applications.</p>	<p>It is expected that the successful implementation of the project will strongly support the Company to achieve technological and product breakthroughs in the field of high-end digital power, and further expand its application space in the new energy market.</p>
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<p>Terminal-side artificial intelligence (AI) application technology platform</p>	<p>This project focuses on the research of terminal-side artificial intelligence algorithms such as machine vision, speech recognition, and embodied intelligence. By deploying or connecting large cloud model capabilities on terminal devices (terminal side), the intelligent control and human-machine interaction capabilities of products will be improved, thereby enhancing user experience. At the same time, the project will build an embedded AI algorithm and implementation platform to provide unified support for the terminal-side deployment of the above-mentioned AI capabilities.</p>	<p>The project has successfully realized the terminal-side deployment of AI models in the vertical field through large-model connection and quantitative tuning, and multiple prototype products have been developed accordingly. These prototype products have been used to carry out exploratory research in fields such as smart homes, smart home appliances and new energy, and have preliminarily demonstrated the feasibility and value of the project's technical solution.</p>	<p>The goal of the project is to establish a terminal-side AI application platform and incubate a batch of new AI products.</p>	<p>On the one hand, the achievements of the project will significantly enhance the Company's AI product innovation capabilities and help launch more intelligent products; on the other hand, the project will provide strong support for consolidating the Company's leading position in the field of intelligent control technology.</p>
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Dexterous hand drive module	<p>This project focuses on the demand for key actuating components in the context of the rapid development of the embodied intelligent industry. It aims to develop a dexterous hand drive module that integrates core components such as coreless motor, reduction gearbox, screw and encoder to form a small modular drive unit with high precision, high output and low power consumption. The project aims to build a standardized and platform-based product system based on the Company's technological accumulation in the field of coreless motors, and enhance its application promotion and market dominance in the embodied intelligence market segment.</p>	<p>The project has completed the development of the multi-specification coreless motor platform with outer diameters of 8mm, 10mm, 12mm and 16mm. The module has high-speed and high-torque performance, and the overall power consumption is controlled at <math>\leq 5W</math>. The module has achieved stable performance with a single output of <math>&gt; 10N</math>, a grasping life of <math>&gt; 100,000</math> times, and a position control accuracy of <math>\leq 0.5mm</math>. At the same time, the project innovatively adopts nanocrystalline coating technology to achieve ultra-light body design under the condition of ensuring power density and meet the structural mechanics requirements for the multi-knuckle collaborative drive of the dexterous hand.</p>	<p>To create drive module solutions that meet the requirements for different humanoid robots and embodied intelligence applications through modular and standardized design, help customers reduce the difficulty of selection and simplify the assembly process, and effectively reduce the overall development cycle and material costs.</p>	<p>The project will significantly enhance the Company's technical capabilities and system integration capabilities in the field of high-precision miniaturized modules for dexterous hands, and expand its product and market development in cutting-edge fields such as embodied intelligence and humanoid robots.</p>
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AI visual inspection technology platform	<p>This project focuses on key quality inspection needs in the industrial manufacture process and aims to build a general inspection technology platform based on AI vision technology and deep learning algorithms. By realizing high-precision target recognition, classification and defect inspection, the problems of low efficiency, low accuracy and being prone to fatigue in traditional manual inspection will be solved, the quality control ability and inspection efficiency of industrial production will be improved, the manufacturing cost will be reduced, and the improvement of product quality and performance will be promoted.</p>	<p>At present, the hardware and software systems of the platform have been built, the core algorithms have been integrated and debugged, the first batch of demo prototypes have been successfully deployed at the PCBA production line to undertake the task of automatic detection of abnormal solder joints, and the recognition accuracy and processing efficiency have achieved the expected results. The platform has the ability of replication and promotion to scenarios such as smart home appliance and power tool assembly lines, and new energy system and part inspection lines.</p>	<p>The platform will focus on application scenarios such as PCBA board-level soldering inspection, conformal coating inspection, wiring harness connection quality verification and system appearance inspection, so as to achieve automatic identification and judgment of key quality points in the industrial production process, and help the intelligent upgrading of the manufacturing process.</p>	<p>The project will significantly enhance the Company's technological capabilities in the fields of AI vision and industrial intelligent detection, consolidate its intelligent manufacturing capabilities in sub-industries such as electronic assembly, smart home appliances, digital energy and robots, and achieve technological cost reduction and efficiency improvement.</p>
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<p>Low-voltage multi-axis bus servo drive technology platform</p>	<p>This project focuses on the high-integration and high-precision control requirements for industry automation manufacturing equipment, and aims to carry out the construction of a multi-axis drive technology platform. By studying integrated multi-axis compact design and bus-based drive control technology, the drive module can be deployed near the motor side, thereby reducing the complexity of internal wiring of equipment, improving the assembly efficiency and operational reliability of the system, and assisting in the miniaturization and intelligent upgrading of equipment.</p>	<p>At present, the project has completed the development of a 4-axis low-voltage drive prototype based on EtherCAT bus communication, and realized the integration verification of multi-axis drive control core technology. The system has the characteristics of low-voltage operation, high responsiveness and high-precision synchronous control, laying the foundation for the subsequent platform-based development of products.</p>	<p>To build a micro multi-axis low-voltage drive technology platform suitable for SMT automatic insertion machines, pick-and-place machines, 3C-oriented SMT equipment and other equipment, realize the integrated deployment of drives and motors, significantly reduce the wiring workload, improve assembly efficiency, and meet the technical requirements for high-density installation and multi-axis collaborative control.</p>	<p>The project will enhance the competitiveness of the Company's industrial control products in the automated manufacturing equipment industry, and expand its market share in SMT, 3C and other equipment fields. The technology platform will have good scalability in the future. It is expected to be applied to multi-axis drive scenarios such as robot end effectors and semiconductor packaging and testing equipment, and help the Company expand into more high-end intelligent equipment fields and enhance core technology barriers and industry influence.</p>
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<p>Outer-rotor brushless DC motor for high-power garden power tools</p>	<p>This project focuses on the development trend of high-power garden power tools, and aims to develop high-performance outer-rotor brushless DC motors to meet the industry's demand for high-efficiency and high-reliability drive systems. The project will enhance the Company's technical level and product competitiveness in the field of power tool motors, and expand the depth and breadth of application of its motor products in the garden tool market.</p>	<p>Through the optimal design of the outer-rotor structure, electromagnetic scheme and thermal management system, innovative motor products with independent intellectual property rights have been successfully developed in the project and obtained invention patents. The project has fully entered the mass production stage at present, and related products achieved an output value contribution of more than RMB 20 million in 2024. The motors are highly reliable while meeting customers' requirements for high power and high efficiency, and have been highly recognized by key customers. The Company is continuously promoting subsequent product iteration and delivery scale expansion.</p>	<p>To continuously optimize outer-rotor brushless DC motors for high-power garden power tools, expand the application of the motor technology platform to other high-power power tools and related fields while maintaining technological leadership in the field of garden tools, and further enhance product universality and market adaptability.</p>	<p>The successful implementation of the project will effectively consolidate the Company's technological and market advantages in the field of garden tools, strengthen its R&amp;D and manufacturing capabilities in power tools and motors, and enhance customer satisfaction and brand influence. At the same time, the scalability of the technology platform will help the Company extend to more high-power motor application scenarios, provide stable support for its continued growth, and further enhance its industry status and market recognition.</p>
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LiDAR motor	<p>This project aims to meet the rapidly developing market demand for intelligent driving systems, and work with a customer to develop a new generation of rotating mirror LiDAR motors with stronger market competitiveness. Based on maintaining the high precision, high reliability and rapid response capabilities of products, the structural design will be further optimized, the size and cost will be significantly reduced, and technical indicators such as NVH will be far ahead, helping customers to continuously launch differentiated products and achieve market leadership at the highly competitive stage of LiDAR.</p>	<p>At present, the project has fully entered the mass production stage and achieved stable cooperation with the leading intelligent-driving customer, and sample delivery to other industry-leading customers has been completed. The products have stable performance and good customer feedback, contributing an output value contribution of over RMB 100 million to the Company in 2024. At the same time, the project is continuing to promote next-generation product iteration, and plans to derive two or three sub-models to meet the application needs in different scenarios.</p>	<p>The Company will further expand its market share of LiDAR motor products in the intelligent driving industry, strive to achieve No. 1 in the industrial market share, and strengthen its technical influence in the field of onboard equipment business. The project will continue to promote the platform-based development of automotive-grade motors, improve product scalability and multi-model adaptability, and consolidate the Company's position in the customer's field of key parts for intelligent driving.</p>	<p>The continued advancement of the project will accelerate the Company's layout in the automotive-grade motor product market and promote the large-scale application of LiDAR motor products. In the stage of accelerating the penetration of intelligent driving, the Company is expected to steadily increase its market share and enhance its industry visibility with the help of technology leadership and cooperation with customers, thus driving the growth and breakthrough of its overall business in the field of onboard equipment.</p>
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Coreless motor	<p>This project focuses on the rapid development trend of embodied intelligence and robotics industries, and aims to develop a new generation of brushless coreless motor products around the demand for high-performance, miniaturized and highly responsive motors. By building a standardized platform, the project will achieve technical breakthroughs and mass deployment of coreless motors in key application scenarios such as industrial robots, dexterous hands and grippers, and enhance the Company's technological capabilities and market competitiveness in the field of core actuating components for robots.</p>	<p>The development of the first generation of brushless coreless motor products has been completed, and 8mm and 10mm platform specifications have been built. The products have performance advantages such as no cogging, high precision, high response, compact size and high power density, with the moment of inertia as low as <math>0.025\text{q}\cdot\text{cm}^2</math> and the mechanical time constant able to be as low as 1.75ms, and meet the actual application requirements for dexterous operation and high-speed response. Product samples have been sent to several humanoid robot customers, and small-batch orders have been obtained.</p>	<p>To realize the large-scale application of coreless motor products in the robotics industry, including industrial robot grippers, dexterous hand end effectors and other scenarios, promote the adaptability of the product standardization platform in multiple models and multiple industries, and further strengthen the Company's ability to supply actuating components in the field of embodied intelligence.</p>	<p>The successful implementation of the project will help the Company open up the market for core components in the embodied intelligence and humanoid robot industry chain, provide more competitive solutions for customers of emerging forms such as dexterous hands, and expand the Company's technological coverage in the robotics segment. At the same time, it will also provide basic motor technology support for the Company's internal dexterous hand system product development, further promote the coordinated development of motors and modules, and enhance the overall technical depth and market expansion capabilities.</p>
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AI digital energy cloud platform	<p>This project is committed to building an integrated distributed-energy operation and maintenance platform for households and industrial and commercial users, covering full-scenario applications such as photovoltaics, energy storage, and charging. The platform provides a digital management portal for investors, owners, equipment companies, terminal users and engineering service providers through the Web/APP/applet to realize pre-integration and remote intelligent operation and maintenance of the Company's full range of new energy products. The project integrates AI technology, explores new operation service models such as "zero-carbon park", "solar power generation, energy storage and charging station" and "virtual power plant" based on the concept of "becoming smarter, safer and more economical with use", and accelerates the construction of the Company's digital energy ecosystem.</p>	<p>At present, the AI digital energy cloud platform has been commercially deployed at home and abroad, has pre-integrated the Company's 32 solar power generation, energy storage and charging products, and possesses core capabilities such as unified data access, intelligent diagnosis, and remote control. Up to now, the new installed capacity of the remote operation and maintenance system supported by the platform has exceeded 30MW, and the stability and service capability of the platform have been preliminarily verified in the market.</p>	<p>Within three years, the platform plans to achieve cumulative pre-integration of more than 100 products of the Company, and the total installed capacity to support remote operation and maintenance will exceed 1GW. Through the continuous evolution of AI algorithms, the platform will achieve autonomous generation of control strategies for various scenarios, forming a core energy management hub with intelligent scheduling capabilities.</p>	<p>The platform will significantly enhance the system integration capabilities and service added value of the Company's self-developed new energy system products, and help improve the gross profit margin of products. By building a unified intelligent operation and maintenance system, the Company will accumulate valuable equipment operation data and user behavior data, build digital assets, and form a schedulable energy resource pool. The platform-based operation model will provide solid support for the Company to build an AI-driven energy ecosystem in the distributed energy market, and promote its upgrade from a hardware manufacturer to an intelligent energy service provider.</p>
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Liquid-cooled supercharging pile product platform	<p>This project closely follows the development trend of high-power fast charging in the electric vehicle industry, and aims to develop a high-performance liquid-cooled supercharging system around key areas such as liquid-cooled heat dissipation, high-power output and intelligent scheduling. Through a split master-slave architecture, the Company has achieved flexible deployment of charging controllers and terminals, improved adaptability in multiple scenarios such as urban street corners and expressway service areas, comprehensively enhanced users' charging experience, and built its core technology and product competitiveness in the field of charging equipment.</p>	<p>At present, the liquid-cooled supercharging system has been commercially deployed and put into operation in multiple pilot stations, with the overall charging efficiency increased by more than 20%. The system adopts a full-matrix power scheduling design, which supports any power module to be flexibly assigned to any charging gun, thereby significantly improving the equipment utilization rate. The power distribution module is highly modular and has the ability to be flexibly configured on demand to meet the customized needs of multiple scenarios. The project has been deeply integrated with the Company's "Topband cloud charging" platform to build an integrated operation and management capability of "equipment+platform", achieving end-to-end intelligent control, data interoperability and remote maintenance.</p>	<p>To build a product matrix whose core is liquid-cooled supercharging and which integrates AC points and integrated DC charging piles, and cover all scenario needs such as household, commercial application, public transportation, and long-distance travel.</p> <p>To promote the application of V2G interaction technology, establish bidirectional energy flow capability between electric vehicles and the power grid, and support the interactive scheduling of distributed powers.</p> <p>To implement a station-level intelligent scheduling system, and carry out energy prediction and optimal control of photovoltaic power generation, energy storage and charging loads, thereby improving station operation efficiency.</p> <p>To create photovoltaic power generation-energy storage-charging integration and energy storage-charging integration solutions, and build a next-generation green energy replenishment network with high energy efficiency, high economy</p>	<p>The project will significantly enrich the Company's product system and system solution capabilities in the field of new energy replenishment. Through the deep integration of liquid-cooled supercharging and the Topband cloud platform, not only can the market share be expanded rapidly, but the platform operation and maintenance efficiency, user satisfaction and service value can also be improved. The integration of V2G, station-level scheduling and solar power generation, energy storage and charging system linkage capabilities will help the Company enter strategic emerging areas such as virtual power plants, energy management and regional energy Internet, promote its transformation from an equipment supplier to an energy ecosystem operator, and create a sustainable technological moat and long-term growth space for it.</p>
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<p>Air/liquid-cooled integrated industrial and commercial energy storage system product platform</p>	<p>This project focuses on industrial and commercial energy storage application scenarios, and aims to develop air-cooled and liquid-cooled integrated energy storage systems around the energy needs of enterprise users in terms of peak load shaving, dynamic capacity expansion, and demand management. The project is committed to building standardized industrial and commercial energy storage products with stable performance, high cost effectiveness, and capability of wide deployment in multiple industry scenarios, supporting customers in achieving energy structure optimization and green transformation, and building the Company's core product strength and differentiated advantages in the field of energy storage systems.</p>	<p>At present, integrated industrial and commercial energy storage system products have been shipped and put into practical application, with the ability to be delivered in batches. The products have excellent performance in overload capacity, environmental adaptability and grid-connected performance with an actual operation efficiency of over 90%, support grid-connected and off-grid multi-mode operation, and support high-reliability multi-machine collaboration. The system has flexible capacity configuration and scenario adaptation capabilities, and can meet multi-level power demands from small commercial applications to large parks. Core technologies of products: BMS, PCS, EMS, cells and packs realize full-stack self-research.</p>	<p>The project will build an integrated industrial and commercial energy storage system product platform that supports multiple power levels and cooling methods and adapts to different application scenarios to meet diverse deployment needs from office buildings and factory parks to charging stations and data centers. At the same time, the project will further expand the following capability modules:</p> <ol style="list-style-type: none"> <li>1. Deep integration with the photovoltaic system and charging pile system to achieve "collaboration of solar power generation, energy storage and charging" and improve overall energy efficiency and system benefits;</li> <li>2. Support access to the virtual power plant scheduling platform, and have capabilities such as response to grid frequency regulation and load management;</li> <li>3. Support AI energy scheduling algorithms to achieve strategy optimization and economic improvement;</li> <li>4. Complete pre-integration with the Company's "AI digital</li> </ol>	<p>The successful implementation of the integrated industrial and commercial storage system project will open up a broader market space for the Company in the field of new energy storage and become an important pillar for performance growth. By continuously expanding the boundaries of product capabilities, the project will drive the Company to form an integrated energy solution capability of "product + platform + service" to improve system delivery efficiency, customer stickiness and platform operation value. At the same time, under the guidance of the integrated energy ecosystem strategy of "solar power generation, energy storage and charging + virtual power plant + intelligent operation and maintenance", it will help the Company become a core competitor in the era of energy digitalization and intelligence.</p>
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			energy cloud platform" to achieve the remote monitoring and intelligent operation and maintenance of equipment and the automatic generation of AI-driven strategies and help build a closed-loop system of intelligent operation and maintenance.	
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Photovoltaic inverter product platform	<p>This project focuses on user-side distributed photovoltaic power generation scenarios, and aims to create photovoltaic inverter product series covering multiple power ranges and suitable for multiple application scenarios and enhance the Company's product competitiveness and system solution capabilities in the field of photovoltaic equipment. The project will enhance customer stickiness and form integrated photovoltaic power generation-storage-charging-cloud capabilities by providing products with price and performance advantages.</p>	<p>At present, the Company has completed the development of user-side photovoltaic inverter products in the full power range from several kilowatts to hundreds of kilowatts, and achieved mass shipment. The products cover a variety of specifications including single-phase, three-phase and multi-channel MPPT, and form a full matrix product system covering household applications, industrial and commercial applications and small ground power stations. Through collaborative optimization with other photovoltaic power generation and storage supporting products, the project has reached the advanced industrial level in core indicators such as system integration quality, product stability and inverter efficiency, and the product performance consistently ranks among Tier 1 in the industry.</p>	<p>The project will continuously improve the photovoltaic inverter product platform, expand the coverage of micro-inverters and high-power string inverters, and enhance the intelligent capabilities of products in grid-connected control, environmental adaptability, remote management and safety protection. By creating an integrated solution of inverter + energy storage + charging + energy management platform, it will achieve deep integration with Topband's AI digital energy cloud platform to improve the controllability, maintainability and operational efficiency of the system.</p>	<p>The photovoltaic inverter project will become an important performance growth pole of the Company in the new energy sector. Relying on core advantages such as full product coverage, excellent performance and platform intelligence, it will help the Company quickly open up the distributed photovoltaic markets for household applications and industrial and commercial applications and enhance its voice and technical leadership in the new energy industry chain. Its continued advancement will drive the coordinated development of related supporting products (such as energy storage, charging, and monitoring systems), promote the Company to build an AI distributed energy system product portfolio, and comprehensively enhance the Company's competitiveness and market share in the digital energy field.</p>
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<p>Integrated household energy storage system product platform</p>	<p>This project is aimed at typical energy demand scenarios for household users such as self-generation and self-use, peak-valley electricity price arbitrage, and emergency backup power supply, and focuses on high-voltage architecture and integration design to develop a household energy storage system with high efficiency, high safety and high intelligence level. The project aims to create a cost-effective solution for household distributed energy scenarios and enhance the Company's product richness and system solution capabilities in the household energy storage market.</p>	<p>At present, the integrated household energy storage system project has completed mass production and shipment, mainly covers two major series: low voltage and high voltage, has realized the compact integration of the inverter and battery system, has advantages such as high energy density, high conversion efficiency, silent operation and intelligent management, meets the multiple needs of household users for easy installation, flexible expansion and emergency response, and supports access to the Company's AI digital energy cloud platform to realize remote operation and maintenance and strategy management.</p>	<p>The project will build a complete household energy storage product matrix, and provide integrated system solutions for multiple capacity ranges and multiple output power levels around different house types and regional power structures. It will improve system collaboration efficiency through the high-voltage integrated platform, and strengthen household users' energy independence and electricity consumption economy. On the basis of existing mass production business, it will increase the market share of household energy storage products and expand the Company's brand influence in the global household energy storage market. At the same time, it will promote the integration and deployment of photovoltaics and charging piles to lay the foundation for the future integrated household energy ecosystem of "photovoltaic power generation, energy storage, charging cloud platform".</p>	<p>As an important part of the Company's digital energy business, the integrated household energy storage system project will carry strategic breakthroughs in the field of household energy. The project will build differentiated core competitiveness through underlying technology R&amp;D drive and platform design, helping the Company grasp incremental market opportunities in the context of the rapid development of global household energy storage.</p>
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<p>Energy storage BMS product platform</p>	<p>This project focuses on the core requirements of the multi-scenario and multi-specification energy storage system for the battery management system (BMS), and aims to develop a high-reliability energy storage BMS product platform that adapts to different string structures, battery types and application environments. The project will improve the safety of battery operation, life management accuracy and system compatibility, meet the safety management and intelligent control requirements for multi-level energy storage systems from household energy storage and industrial and commercial energy storage to large energy storage power stations, and build a key core control platform to support the Company's energy storage system product ecosystem.</p>	<p>The energy storage BMS product platform has achieved continuous iteration and market application. A mature solution has now been formed and is widely used in large energy storage projects and leading customers' industrial and commercial energy storage system projects. As of mid-December 2024, the cumulative shipment of the Company's energy storage BMS was nearly 26.5GWh.</p> <p>The new-generation 1,500V energy storage BMS has been deployed in large energy storage power stations in batches, with ten safety protection mechanisms and highly modular architecture, significantly improving system reliability and operation and maintenance convenience.</p> <p>For household scenarios, the newly developed high-voltage household energy storage BMS has fine charge and discharge management capabilities, can automatically prevent and control risks such as overcharge, overheating and overdischarge, and meets the diverse connection requirements for distributed energy storage.</p>	<p>To build a BMS product platform that spans household energy storage, industrial and commercial energy storage and large grid-level energy storage systems, support different cell types (LFP, ternary, sodium ion, etc.) and communication protocol specifications, and improve the scenario adaptability and international market universality of products.</p> <p>To further enhance the ability to collaborate with the AI digital energy cloud platform, achieve the state prediction, preventive maintenance and AI-driven multi-scenario dynamic control strategy for battery systems, and help greatly improve the intelligent level of energy storage systems.</p>	<p>The energy storage BMS product platform is a core control technology point in the Company's energy storage industry chain. The continued breakthroughs of the project will further enrich the Company's product portfolio in the energy storage BMS field, enhance its customized delivery capabilities for leading customers, and expand its global market share.</p> <p>The deep linkage between the platform and the AI digital energy cloud will build a BMS lifecycle management system with data-driven management and intelligent strategy as the core, laying a solid foundation for the Company to build intelligent energy storage system solution capabilities and accelerating its upgrade to an energy storage ecosystem platform enterprise.</p>
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<p>Onboard smart lithium battery product platform</p>	<p>This project focuses on mobile application scenarios such as RVs, ships and golf carts, It aims to address power supply and energy storage needs, develop lithium battery systems with intelligent functions such as Bluetooth communication, OTA upgrades and water and collision resistance, and promote the replacement of lead-acid batteries with lithium batteries. The project will build an onboard integrated battery solution platform, improve the safety, convenience and intelligence of products, provide customers with customized and systematic energy products, and further develop the outdoor travel and special application power market.</p>	<p>The products have been applied in batches, been widely deployed in typical scenarios such as RVs, shipborne systems and golf carts, and gained a leading share in many market segments. The system has the advantages of high safety, high energy density and low maintenance cost, possesses a high IP rating and shock-resistant and anti-collision design, and can adapt to complex outdoor operating environments. Through the linkage between Bluetooth and the mobile app, remote monitoring, battery status queries and OTA online upgrades can be realized, and user experience and after-sales service efficiency can be improved.</p>	<p>The project will fully adapt to electrical appliance scenarios for mainstream vehicles and ships on the market, and form a lithium battery product matrix covering multiple voltage platforms and multiple capacity ranges. The products will have the advantages of differentiated design, high-functionality integration, high-performance output and controllable cost, support subsequent integration with the AI digital energy cloud platform, achieve remote diagnosis, early warning and distributed data analysis capabilities, and promote the project to be implemented in a wider range of commercial scenarios.</p>	<p>The successful implementation of the project will establish the Company's leading position in the smart lithium battery market in segments such as RVs, ships and golf carts. Through differentiated product layout and platform capability output, it will not only continue to contribute to the Company's performance growth but also expand its influence in the digital energy market and its voice in the industry.</p>
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Stepper drive product platform	<p>This project focuses on the urgent need of industry automation equipment for high-precision and multi-axis collaborative control, and aims to develop a multi-axis stepper drive platform that integrates EtherCAT bus function. Through standardized and modular design, it will build a 4-axis stepper drive control system for industries such as 3C manufacturing, wire harness assembly and semiconductor equipment, promote product upgrades from traditional single-axis stepper control to multi-axis integrated intelligent control, and improve system wiring efficiency, control accuracy and equipment integration.</p>	<p>The core architecture design has been completed in the platform technology solution, and product application has been achieved. At present, small-batch production of multiple specific models has been completed, and application verification has been successfully realized in fields such as 3C manufacturing, wiring harness equipment and semiconductor automation equipment. The drive system has the characteristics of fast bus communication response, high control accuracy and high system stability. Through port adaptation, a variety of application models can be quickly derived, forming a product strategy of coexistence of standard models and customized models.</p>	<p>To further improve the multi-axis stepper drive product platform, enrich the support for multi-axis configuration, and enhance compatibility with mainstream PLCs and controllers. To simplify the complexity of equipment connection through the standardized drive solution, significantly reduce the system integration cost, and strengthen the cost-performance advantage of products in medium/low-speed and high-precision motion control scenarios.</p>	<p>The project will effectively enhance the Company's core technical capabilities and product competitiveness in the field of industry automation control components. By seizing market upgrade opportunities for conversion from single-axis control to multi-axis control, it will build a product platform that integrates standard models and customized models, and expand the Company's share in the bus stepper drive product market.</p>
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Servo drive product platform	<p>This project aims to meet the extensive demand of industry automation equipment for high-performance and high-precision drive control and develop a servo drive system that can accurately control AC permanent magnet synchronous motors. The platform is designed to cover multiple power ranges, multiple interface protocols and multiple application scenarios, in order to create high-performance servo drive products suitable for fields such as CNC machine tools, electronic equipment and non-standard automation equipment, and enhance the Company's core competitiveness in the mid-to-high-end automation control market.</p>	<p>The servo drive technology platform is under continuous development, and has now formed a series of products with a maximum power of 7.5kW covering high, medium and low ends, with excellent dynamic response capabilities, control accuracy and system reliability. The products focus on the core needs of industries such as machine tools and electronic equipment, and differentiated product models are launched in succession to enhance industry coverage and market penetration.</p> <p>In addition, the project also expands the development of a micro multi-axis low-voltage drive platform, which can be widely used in SMT automatic insertion machines, pick-and-place machines, 3C-oriented SMT equipment, robots and other precise motion control scenarios, providing customers with more compact and efficient drive solutions.</p>	<p>To continuously promote the product serialization and modularization of the servo drive platform, and create a servo drive product family with complete power range coverage, rich control interfaces and strong compatibility. To achieve the large-scale deployment of products in the mid-to-high-end automation market, robots and manipulators through leading technical performance and optimized cost structure, and meet the core requirements of many industries for motion control stability, accuracy and response speed.</p>	<p>The project will significantly enrich the Company's product matrix in the field of core components for industry automation, expand the market share of servo drive products through continuous penetration in key areas such as high-end manufacturing, electronic equipment and intelligent production, and enhance the Company's brand influence and market position in the field of high-precision control technology.</p>
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<p>EtherCAT bus controller product platform</p>	<p>This project is dedicated to developing an EtherCAT bus controller that combines high performance, strong scalability and ease of use. The project combines EtherCAT bus communication technology and industrial motion control algorithms to create a core control platform with high-speed communication capabilities, flexible scalability and multi-axis cascade control capabilities, meet the requirements for automation equipment in precision control, multi-axis collaboration and simplified wiring, and enhance the Company's overall solution capabilities in the mid-to-high-end industrial control market.</p>	<p>The technology platform is continuously being improved, and small-batch production has been achieved. Products have been applied in 3C and SMT production lines and other fields, and show good stability, real-time performance and compatibility. The platform has powerful motion control function modules, supports unified scheduling of multiple servo and stepper drives, adapts to complex process flows and equipment layouts, and forms the ability to quickly deliver standard and customized products in parallel.</p>	<p>To build a high-performance controller product platform based on the EtherCAT bus, and possess key capabilities such as simplified wiring, module cascading, remote IO expansion, and servo/stepper drive synchronous control .To improve the comprehensive performance of the controller in terms of communication bandwidth, response speed, real-time scheduling and multi-axis synchronization through the continuous iteration of the software and hardware platform to meet the system integration needs of multiple industries (such as electronic manufacturing, automatic assembly, and testing equipment). The products will have significant cost-effectiveness advantages, and support the platform to achieve large-scale application in multiple vertical industries.</p>	<p>The EtherCAT bus controller project will fill a key link in the Company's high-performance industrial controller product line and enhance its core control capabilities in the overall control chain of the automation system. By building an independent, controllable, standard and open control platform and forming an integrated industrial control solution capability of "control + drive + motor", the Company will further expand its market layout in fields such as high-end equipment manufacturing, electrical control system integration and motion control solutions, and enhance its competitiveness and customer stickiness in the industry automation industry.</p>
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<p>"Simple Charm" AI anti-aging beauty instrument</p>	<p>This project focuses on the fast-growing household medical beauty care market, and innovatively integrates the new generation of ultrasonic anti-aging technology and AI intelligent algorithms to create a household beauty instrument product with professional performance and intelligent interactive experience. Through AI's identification and analysis of users' skin type, usage habits, care progress and other data, it will realize personalized skin care strategy recommendation and precise energy output, improve users' care efficiency, safety and experience, and provide users with sustainable, adaptive and scientific household beauty solutions.</p>	<p>The product has been developed and mass-produced, and sold first on a domestic e-commerce platform, with positive market feedback, continuous increase in sales volume and initial establishment of brand awareness. With "AI + Ultrasonic" dual engines as its core highlight, the product adopts the two-dimensional ultrasonic dot matrix technology for the first time, supports functions such as intelligent skin type identification, dynamic regulation and control of care plans and multi-mode intelligent linkage, forms obvious advantages in accuracy, safety and convenience, and gradually forms differentiated positioning in the high-end household beauty instrument market.</p>	<p>The goal of the project is to establish an AI-driven intelligent beauty and skin care product system in the household medical beauty market, and realize a closed-loop upgrade from equipment to algorithms and to user service. Through AI's continuous learning and optimization of skin conditions, anti-aging progress and usage effects, it aims to enhance the intelligent experience of "the more you use the product, the better it understands you", create innovative product features with leading functions, personalized customization and intelligent companionship, and further strengthen the long-term stickiness with users.</p> <p>At the same time, it aims to form a first-mover technological advantage in the direction of "ultrasonic + AI" and create multi-dimensional competitiveness in terms of function, experience and brand.</p>	<p>The successful implementation of the project marks the Company's official entry into the field of AI household smart beauty devices, making it one of the first explorers in the direction of AI ultrasonic beauty instruments. With the deep empowerment of AI in terms of user perception, interaction and care intelligence strategy, the project is expected to drive the Company's brand upgrade and category expansion in the household consumer electronics health sector, open up the growth curve of consumer smart terminals, form a new round of enhancement of product value and user value, and bring new revenue growth points and continuous innovation momentum to the Company.</p>
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AI lawn mower	<p>This project aims to meet the strong demand of European and American household users for automated care of courtyard lawns. It integrates core technologies such as AI visual perception, RTK-based high-precision positioning and intelligent path planning to develop AI lawn mowers with independent obstacle avoidance, adaptive environment recognition and perimeter wire-free intelligent operation capabilities. The product aims to help users automatically complete daily mowing tasks, significantly reduce the cost of yard maintenance and manual dependence, improve the convenience and safety of use, and create a new species of household service robots with high performance and intelligence.</p>	<p>AI lawn mowers have officially entered the online channel promotion and sales stage in the European and American markets, driving the large-scale development of lawn mowing robot business.</p>	<p>The project will continue to iterate core functions such as intelligent mowing, dynamic obstacle avoidance, autonomous path planning and adaptation to complex lawn scenarios to ensure that the product has stable performance and leading experience in the perimeter wire-free intelligent lawn mowing robot market. Through AI algorithm training and edge computing optimization, robots can achieve high-precision and high-efficiency operations in scenarios such as different grass types, obstacles and terrain slopes.</p>	<p>The AI lawn mower project will open up a new growth channel for the Company in the mobile service robot sector, and promote its transformation from "control technology" to "intelligent system products" in the field of household intelligent robots. With the combined advantages of RTK + vision + AI path algorithm, the Company will accumulate key technological capabilities in core dimensions such as perimeter wire-free intelligent operation, high-precision positioning and low maintenance costs, establish a reusable platform for cross-category applications, further improve the Company's service robot product layout, and create a sustainable high-value-added income source.</p>
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<p>"Chuji" commercial AI cooking machine</p>	<p>This project focuses on the core problems faced by Chinese restaurants in terms of meal serving efficiency, quality consistency and labor costs, and aims to solve the industry problem that ordinary cooking machines lack a good mouthfeel and to create the Company's own brand "Chuji" AI commercial cooking machine. By integrating core technologies such as AI intelligent control, recipe algorithms, precision heat control and cooking rhythm control, it will provide standardized and intelligent cooking solutions to help Chinese restaurants achieve standardized meal serving and intelligent operations and promote the Chinese catering industry to achieve chain operations and scale replication faster.</p>	<p>The "Chuji" AI cooking machine has been successfully mass-produced and sold on the domestic Chinese catering market, and has been widely promoted through online and offline channels. The product has excellent performance in terms of meal serving efficiency, meal serving quality and system stability, and has been highly recognized by customers and the industry. The brand's slogan "Chuji cooking machines bring a good mouthfeel" has been widely spread, and it has become a representative of the industry that is "both standard and authentic" and established a unique brand image and technical label for intelligent Chinese food cooking machines.</p>	<p>The project will continuously optimize the key Chinese food cooking capabilities of the "Chuji" AI cooking machine in terms of high-temperature heating control, heat control recognition, cooking rhythm matching and good-mouthfeel restoration, and create a product experience that combines "authentic flavor" and "intelligent standard".</p> <p>It will further strengthen the functions of AI recipe system, remote operation management, data monitoring and strategy optimization, support customers to achieve intelligent operation and restaurant chain management, establish the "Chuji" brand's technical advantages and user trust barriers in the field of intelligent Chinese food cooking, and maintain the Tier 1 market position in the industry.</p>	<p>The "Chuji" AI cooking machine project marks the deep application of the Company's intelligent control technology in the field of commercial systems. The project will not only expand the Company's product line and brand value in the field of intelligent kitchen equipment but also lay the foundation for it to create a collaborative ecosystem of the consumer side and commercial side.</p> <p>Through the continued in-depth development of "Chuji" in Chinese food cooking scenarios, the project is expected to drive the Company's brand building, sales growth and market layout in the field of commercial kitchen equipment, and build a new growth curve of "technology + brand + channel" for it.</p>
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### R&D personnel of the Company

	2024	2023	Variable proportion
Number of R&D personnel (person)	2,178	2,004	8.68%
Proportion of R&D personnel	18.75%	21.50%	-2.75%
Educational background of R&D personnel			
Bachelor	1,448	1,317	9.95%
Master	214	158	35.44%
Doctor and above	4	3	33.33%

Junior college degree and below	512	526	-2.66%
Age composition of R&D personnel			
Below 30	865	834	3.72%
30-40	1,034	936	10.47%
Above 40	279	234	19.23%

#### R&D investment of the Company

	2024	2023	Variable proportion
R&D investment (RMB)	952,105,344.29	834,406,343.71	14.11%
Proportion of R&D investment in operating income	9.07%	9.28%	-0.21%
Capitalized amount of R&D investment (RMB)	143,098,345.04	144,436,732.73	-0.93%
Proportion of capitalized amount in R&D investment	15.03%	17.31%	-2.28%

#### Reasons for and impacts of major changes in the composition of the Company's R&D personnel

Applicable  Not applicable

Reasons for the significant change in the proportion of total R&D investment to the operating income compared with that of the previous year

Applicable  Not applicable

Reasons for significant changes in the capitalization rate of R&D investment and explanation

Applicable  Not applicable

### 5. Cash flow

Unit: RMB

Items	2024	2023	YoY increase or decrease
Subtotal of cash inflow from operating activities	10,663,397,902.69	9,742,654,137.01	9.45%
Subtotal of cash outflow from operating activities	9,571,447,184.44	8,276,705,637.83	15.64%
Net cash flow from operating activities	1,091,950,718.25	1,465,948,499.18	-25.51%
Subtotal of cash inflow from investment activities	789,697,703.80	39,243,483.78	1,912.30%
Subtotal of cash outflow from investment activities	1,671,453,937.24	1,187,630,073.16	40.74%
Net cash flow from investment activities	-881,756,233.44	-1,148,386,589.38	23.22%
Subtotal of cash inflow from financing activities	1,130,521,336.29	985,342,992.26	14.73%
Subtotal of cash outflow from financing activities	1,310,642,190.60	1,218,525,834.63	7.56%
Net cash flow from financing activities	-180,120,854.31	-233,182,842.37	22.76%
Net increase in cash and cash equivalents	101,608,828.97	120,462,012.53	-15.65%

Main influencing factors of the significant year-on-year changes in relevant data

Applicable  Not applicable

1. Net cash flow from operating activities: It is mainly due to the increase in salaries and cash expenses paid during the Reporting Period compared with the same period of last year.

2. Net cash flow from investment activities: It is mainly due to the decrease in the cash paid for the purchase and construction of long-term assets during the Reporting Period compared with the same period of last year.

3. Net cash flow from financing activities: It is mainly due to the increase in loans obtained during the Reporting Period compared with the same period of last year.

Reasons for the significant difference between the net cash flow from operating activities during the Reporting Period and the net profit for the year

Applicable  Not applicable

## V. Analysis of non-main business

Applicable  Not applicable

Unit: RMB

	Amount	Proportion in total profit	Explanation of reasons	Is it sustainable
Investment income	3,945,501.92	0.51%	Mainly due to the investment income from purchasing structured deposits	No
Profit and loss from changes in fair value	-5,950,391.17	-0.77%	Mainly due to the loss from changes in fair value of equity investments	No
Impairment of assets	-80,133,065.08	-10.34%	Mainly due to provision for inventory falling price reserves	No
Non-operating income	10,883,626.59	1.40%	Compensation from customer's breach of contract and various fines	No
Non-operating expenditure	12,316,804.97	1.59%	Mainly due to the loss of scrapping of non-current assets	No

## VI. Analysis of assets and liabilities

### 1. Significant changes in asset composition

Unit: RMB

	End of 2024		Beginning of 2024		Increase or decrease in proportion	Explanation of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,713,976,263.34	13.34%	1,550,450,889.82	13.86%	-0.52%	

Accounts receivable	2,992,784,497.73	23.29%	2,431,773,877.56	21.74%	1.55%	
Inventory	1,810,510,580.57	14.09%	1,653,816,715.51	14.79%	-0.70%	
Investment property	100,566,027.85	0.78%	103,404,402.85	0.92%	-0.14%	
Long-term equity investment	38,959,272.14	0.30%	37,748,179.30	0.34%	-0.04%	
Fixed assets	2,737,959,115.57	21.31%	2,102,862,886.72	18.80%	2.51%	During the Reporting Period, Nantong Industrial Park reached the expected usable state and was fully put into use and converted into fixed assets.
Construction in progress	768,223,670.57	5.98%	568,107,950.65	5.08%	0.90%	Due to the increase in construction investment in Huizhou No. 2 Industrial Park and Huizhou YAKO Automation No. 2 Industrial Park during the Reporting Period.
Right-of-use assets	67,227,073.11	0.52%	101,446,985.74	0.91%	-0.39%	During the Reporting Period, there were few new lease contracts, but the corresponding depreciation increased.
Short-term loans	1,224,214,110.41	9.53%	279,348,750.00	2.50%	7.03%	Due to the increase in short-term loans obtained from banks during the Reporting Period compared to the beginning of the Period.
Contractual liabilities	131,435,683.97	1.02%	168,681,571.89	1.51%	-0.49%	-
Long-term loans	245,740,474.88	1.91%	437,747,877.47	3.91%	-2.00%	Due to repayment of matured long-term loans during the Reporting Period
Lease liabilities	42,076,530.36	0.33%	61,429,811.03	0.55%	-0.22%	Due to the lease payments made during the Reporting Period.

## High proportion of overseas assets

 Applicable  Not applicable

Asset details	Reasons of formation	Asset size	Location	Operation mode	Control measures to ensure the safety of assets	Earning position	Proportion of foreign assets to net assets of the Company	Is there a significant risk of impairment
Operation Center in India	Investment and establishment	588,119,123.37	Pune, India	R&D, production and sales	Financial supervision and external audit	47,273,336.37	8.81%	No
Dong Nai Operation Center in Vietnam	Investment and establishment	968,330,504.50	Dong Nai, Vietnam	R&D, production and sales	Financial supervision and external audit	229,765,782.59	14.51%	No

**2. Assets and liabilities measured at fair value** Applicable  Not applicable

Unit: RMB

Items	Opening balance	Profits and losses from changes in fair value in the current period	Changes in cumulative fair value included in equity	Amount of purchase in the current period	Amount of sale in the current period	Other changes	Closing balance
<b>Financial assets</b>							
1. Tradable financial assets (excluding derivative financial assets)	656,704,087.16	- 5,506,110.04	238,079,377.13	2,614,550,135.72	2,524,227,802.51	-2,071,618.56	739,448,691.77
2. Other equity instrument investments	41,192,950.00	3,819,826.00	3,819,826.00				45,012,776.00
3. Financing of accounts receivable	278,520,642.22					-147,302,969.66	131,217,672.56
Subtotal of financial assets	976,417,679.38	-1,686,284.04	241,899,203.13	2,614,550,135.72	2,524,227,802.51	-149,374,588.22	915,679,140.33
Total of the above	976,417,679.38	-1,686,284.04	241,899,203.13	2,614,550,135.72	2,524,227,802.51	-149,374,588.22	915,679,140.33
Financial liabilities	0.00	444,281.13					444,281.13

Contents of other changes

None

Are there significant changes in the measurement attributes of the Company's main assets during the Reporting Period

 Yes  No**3. Restricted asset rights by the end of the Reporting Period**

For details, please refer to 31, VII, Section X Financial Report.

**VII. Investment analysis****1. General situation** Applicable  Not applicable

Investment in the Reporting Period (RMB)	Investment amount in the same period of last year (RMB)	Range of change
200,000.00	61,192,950.00	-99.67%

**2. Major equity investment obtained during the Reporting Period**

Applicable  Not applicable

**3. Major non-equity investment obtained during the Reporting Period**

Applicable  Not applicable

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

Applicable  Not applicable

There was no securities investment during the Reporting Period.

**(2) Derivatives investment**

Applicable  Not applicable

**1) Derivatives investment for the purpose of hedging during the Reporting Period**

Applicable  Not applicable

Unit: RMB ten thousand

Types of derivatives investment	Initial investment amount	Beginning amount	Profits and losses from changes in fair value in the current period	Changes in cumulative fair value included in equity	Amount of purchase during the Reporting Period	Amount of sale during the Reporting Period	Ending amount	Proportion of investment amount at the end of the period in net assets of the Company at the end of the Reporting Period
Trading of foreign exchange derivatives	60,236.08	9,917.28	-44.43	-44.43	50,318.80	51,610.00	8,626.08	1.29%
Swap	124,359.32	0	0	0	124,359.32	124,359.32	0	0.00%
<b>Total</b>	<b>184,595.4</b>	<b>9,917.28</b>	<b>-44.43</b>	<b>-44.43</b>	<b>174,678.12</b>	<b>175,969.32</b>	<b>8,626.08</b>	<b>1.29%</b>
Explanation of accounting policies and specific accounting principles for hedging business	The Company has made corresponding accounting and presentation for foreign-exchange derivative transaction to be done according to Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 24 - Hedge Accounting, Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments issued by Ministry of Finance, and other regulations and guides. Foreign exchange derivative contracts							

during the Reporting Period, as well as whether there have been significant changes compared to the last Reporting Period	were initially and subsequently measured using tradable financial assets, which fair value is priced by financial institutions based on open market trading data, and there has been no significant change compared to the last Reporting Period.
Explanation of actual profits and losses in the Reporting Period	The amount included in current profits and losses from foreign-exchange derivative transactions conducted during the Reporting Period was approximately RMB -3.0683 million.
Explanation of hedging effect	The Company conducted forward exchange transaction, effectively reducing the risk of exchange fluctuations through reasonable RMB forward exchange transaction, focusing on future transaction costs and incomes, and achieving asset hedging with the aim of avoiding risks.
Capital sources of derivatives investment	Self-own capitals
Risk analysis and control measures of derivatives positions in the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>I. Risk analysis of forward exchange transaction</p> <p>The forward exchange transaction business carried out by the Company and its subsidiaries followed the principle of locking in exchange rate risk and not engaging in speculative or arbitrage trading operations. However, there were still certain risks in forward exchange transaction operations:</p> <ol style="list-style-type: none"> <li>1. Exchange rate fluctuation risk: In the event of significant fluctuations in exchange rates, if the forward settlement exchange rate stipulated in the confirmation letter for forward exchange transactions was lower than the real-time exchange rate on the settlement day, it will cause exchange losses.</li> <li>2. Internal control risk: Because forward exchange transactions are highly specialized, risks may arise due to inadequate internal control systems.</li> <li>3. Customer default risk: If the customer's accounts receivable are overdue and the payment cannot be collected within the predicted payment period, it will cause a delay in forward exchange settlement and result in losses for the Company.</li> <li>4. Risk of payment collection prediction: In general, the Sales Department of the Company predicts payment collection based on customer orders and expected orders. Nonetheless, during the actual execution process, customers may adjust their own orders and the Company may make an inaccurate payment prediction, leading to the risk of delayed delivery of forward exchange settlement.</li> <li>5. Legal risk: Changes in relevant laws or violations of relevant legal systems by counterparties may result in contracts being unable to be executed normally and cause losses to the Company.</li> </ol> <p>II. Risk control measures</p> <ol style="list-style-type: none"> <li>1. The Company has formulated the Internal Control System for Forward Exchange Transactions, which provides clear regulations on the Company's foreign exchange transaction operating principles, approval authority, internal operating procedures, responsible departments and individuals, information isolation measures, and risk management for forward exchange transaction, and can meet the needs of practical operations, and its internal control and risk management measures formulated are practical and effective.</li> <li>2. The finance center and audit department of the Company, as relevant responsible departments, have clear management positioning and responsibilities, and responsibilities are assigned to their positions. Through this hierarchical management, the risks of single person or individual department operations are fundamentally eliminated, and the speed of risk response is also improved while effectively controlling risks.</li> <li>3. To prevent delayed delivery of forward exchange transactions, the Company attaches great importance to the management of accounts receivable and actively collects accounts receivable to avoid the phenomenon of overdue accounts receivable.</li> <li>4 The Company engages in financial derivative transaction business with large commercial banks with legal qualifications, closely monitors relevant laws and regulations in the field, avoiding potential legal risks.</li> <li>5. The Company's forward exchange transactions must be based on a cautious prediction for foreign currency receipts (payments) of the Company, and the foreign currency amount of the foreign exchange transaction contract must not exceed 90% of the annual planned total amount of foreign currency receipts (payments).The delivery period of forward exchange transactions needs to match the Company's predicted foreign currency collection time.</li> </ol>
Changes in market price or fair value of	Determine changes in fair value based on market quotes from external financial institutions.

products of the invested derivatives during the Reporting Period, and the disclosure of specific methods used and relevant assumptions and parameters set in the analysis of the fair value of derivatives	
Litigation (if applicable)	Not applicable
Disclosure date of Board of Directors announcement for approval of derivatives investment (if any)	January 4, 2025

## 2) Derivatives investment for the purpose of speculation during the Reporting Period.

Applicable  Not applicable

The Company did not have any derivatives investment for the purpose of speculation during the Reporting Period.

## 5. Usage of raised capitals

Applicable  Not applicable

### (1) General use of raised capitals

Applicable  Not applicable

Unit: RMB ten thousand

Year of raising capitals	Way of raising capitals	Date of listing of securities	Total amount of raised capitals	Net amount of raised capitals (1)	Total amount of raised capitals used in the current period	Total amount of raised capitals used (2)	Proportion of raised capitals used at the end of the Reporting Period (3) = (2)/(1)	Total amount of raised capitals for change of purpose during the Reporting Period	Cumulative total amount of raised capitals with changed purposes	Cumulative total amount proportion of raised capitals with changed purposes	Total amount of unused raised capitals	Purpose and destination of unused raised capitals	Amount of raised capitals which have been idle for more than two years

2019	Issuance of convertible corporate bonds to unspecified parties	2019/4/8	57,300	56,543.65	8,741.99	56,543.65	100.00%	8,241.60	8,241.60	14.38%	0	Balanced raised capitals for permanent replenishment	0
2021	Issuance of shares to specific parties	2021/6/3	105,000	103,684.71	16,350.69	103,684.71	100.00%	0	69,144.83	65.85%	0	All have been invested in the project and used up	0
Total	--	--	162,300	160,228.36	25,092.68	160,228.36	100.00%	8,241.60	77,386.43	47.68%	0	--	0
General use of raised capitals													

#### 1. Actual amount and time of arrival of capitals raised

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

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

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

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

Shenzhen Topband Co., Ltd. issued 92,105,263 A shares to specific targets in private at the price of RMB 11.40 per stock, with a par value of RMB 1 per stock, with the approval in the Reply of China Securities Regulatory Commission on the Approval of Non-public Offering of Shares by Shenzhen Topband Co., Ltd. (ZJXX [2020] No. 1865). The total amount of funds raised was RMB 1,049,999,998.20, and the net funds actually available for use were RMB 1,036,847,068.71 after deduction of all the issuance costs amounting to RMB 13,152,929.49 (tax-exclusive).

The capitals raised this time were transferred to the Company's special account for raised capitals on May 10, 2021. Baker Tilly China Certified Public Accountants (Special General Partnership) verified the arrival and issued the Capital Verification Report (TZYZ [2021] No. 29460) for the capitals.

#### 2. Usage amount and balance of capitals raised in 2024

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

As of December 31, 2024, the Company had invested a total of RMB 565.4365 million in capital-raising projects. Among them, RMB 456.7857 million was directly invested in the capital-raising projects, and RMB 26.2348 million of capitals invested before the raised capitals were in place were returned. As of December 31, 2024, the capitals raised for the project had been used up and the fund-raising account had been canceled.

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

As of December 31, 2024, the Company had invested a total of RMB 1,036.8471 million in capital-raising projects. Among them, RMB 794.3575 million was directly invested in capital-raising projects, RMB 45.3987 million of capitals invested before the raised capitals were in place were returned, and RMB 197.0909 million was used to pay for the capital-raising projects using bankers' acceptance bills and invested in the capital-raising projects with the capital raised in equal replacement. As of December 31, 2024, the capitals raised for the project had been used up.

## (2) Situation of projects with capital-raising commitments

Applicable  Not applicable

Unit: RMB ten thousand

Name of financing project	Date of listing of securities	Projects with investment commitments and investment direction of over raised capitals	Project nature	Whether the project has been changed (including some changes)	Total committed investment of raised capitals	Total investment after adjustment (1)	Amount invested during the Reporting Period	Accumulated investment by the end of the period (2)	Investment progress by the end of the period (3) = (2)/(1)	The date when the project is ready for use	Benefits achieved during the Reporting Period	Cumulative benefits achieved by the end of the Reporting Period	Whether the expected benefits are achieved	Where there is any significant change in the feasibility of the project
Committed investment projects														
Issuance of convertible corporate bonds to unspecified parties in 2019	2019/4/8	Construction project of Topband East China Operation Center	Production and construction	Yes	56,543.65	48,302.06	500.39	48,302.06	100.00%	The project was put into use and completed in 2024	-1,774.79	-6,724.54	No	No
Issuance of convertible corporate bonds to unspecified parties in 2019	2019/4/8	Construction project of Topband East China Operation Center	Replenishment of working capital			8,241.60	8,241.60	8,241.60	100.00%	Not applicable	Not applicable	不适用	No	No
Issuance of shares to specific parties in 2021	2021/6/3	Topband Huizhou No. 2 Industrial Park Project	Production and construction	Yes	73,684.71	4,539.87	0	4,539.87	100.00%	Not applicable	Not applicable	不适用	Not applicable	No
Issuance of shares to specific parties in 2021	2021/6/3	Topband Nantong Industrial Park Phase-I Stage-1 Project (Lithium Battery)	Production and construction	Yes		61,000	16,350.69	61,000	100.00%	The project was put into use in September 2024	-3,671.42	-3,671.42	No	No
Issuance of shares to specific parties in 2021	2021/6/3	Replenish the Company's working capital	Replenishment of working capital	No	30,000	38,144.83		38,144.83	100.00%	Not applicable	Not applicable	Not applicable	Not applicable	No
Subtotal of committed investment projects				--	160,228.36	160,228.36	25,092.68	160,228.36	--	--	-5,446.21	-10,395.96	--	--
Total				--	160,228.36	160,228.36	25,092.68	160,228.36	--	--	-5,446.21	-10,395.96	--	--

Explanation of the situation and reasons of failing to reach the planned progress or expected income (by specific project) (including the reason for selecting "Not applicable" for "whether the expected income has been achieved")	<p>1. Topband East China Operation Center: The project has been accepted and has been gradually put into production. Currently, the production capacity is still in the climbing stage.</p> <p>2. Topband Nantong Industrial Park Phase-I Stage-I Project (Lithium Battery): The project has been subject to the final acceptance and has been gradually put into production. At this stage, the production line is being subject to upgrading and commissioning due to process updates.</p>
Explanation of major changes in project feasibility	None
Amount, use and progress of over raised capitals	Not applicable
Change of implementation location of investment projects with raised capitals	Applicable
	<p>Changes occurred in previous years</p> <p>1. On January 8, 2022, the Company held the 18th Meeting of the 7th Board of Directors, deliberated and passed the Proposal on the Implementation Mode, Subject and Location of Changes in Some Capital-raising Projects, and agreed that the Company would change the implementation subject, location and mode of the lithium battery business in the planned project. Specifically, the implementation place was changed from Huizhou, Guangdong Province to Nantong, Jiangsu Province.</p> <p>2. On August 18, 2022, the Company held the 27th (Extraordinary) Meeting of the 7th Board of Directors, deliberated and passed the Proposal on Changing the Implementation Mode and Location Again in Some Capital-raising Projects, and agreed to changes in the implementation mode and location of "Topband Nantong Industrial Park Phase-I Stage-1 Project (Lithium Battery)", where the location was changed from "Area A, Nantong Free Trade Zone, Jiangsu" to "Nantong Economic Technological Development Area, Jiangsu".</p>
Adjustment of implementation mode of investment projects with raised capitals	Applicable
	<p>Changes occurred in previous years</p> <p>1. On January 8, 2022, the Company held the 18th Meeting of the 7th Board of Directors, deliberated and passed the Proposal on the Implementation Mode, Subject and Location of Changes in Some Capital-raising Projects, and agreed that the Company would change the implementation subject, location and mode of the lithium battery business in the planned project. Specifically, the implementation mode was changed from the land acquisition for building construction to the direct purchasing of buildings with infrastructure constructed.</p> <p>2. On August 18, 2022, the Company held the 27th (Extraordinary) Meeting of the 7th Board of Directors, deliberated and passed the Proposal on Changing the Implementation Mode and Location Again in Some Capital-raising Projects, and agreed to changes in the implementation mode and location of "Topband Nantong Industrial Park Phase-I Stage-1 Project (Lithium Battery)", where the mode was changed from "the direct purchasing of buildings with infrastructure constructed" to "the land acquisition for building construction".</p> <p>3. On September 7, 2023, the Company held the 37th Meeting of the 7th Board of Directors and the 30th Meeting of the 7th Board of Supervisors, deliberated and passed the Proposal on Changing the Use of Part of the Raised Funds and Permanently Supplementing Working Capital, and agreed that the use of the remaining raised funds for the Topband Huizhou No. 2 Industrial Park Project (Motor) for which the Company issued shares in the non-public manner in 2021 would be changed to permanently supplementing working capital, and the remaining RMB 81.4483 million (excluding interest income) would be used to permanently supplement working capital for the Company's daily operating activities.</p> <p>4. The Company held the 9th Meeting of the 8th Board of Directors, the 6th Meeting of the 8th Board of Supervisors and the 2023 Annual General Meeting of Shareholders, deliberated and passed the Proposal on the Completion of the Company's East China Operation Center Project and the Use of Balanced Raised Funds for Permanently Supplementing Working Capital, and agreed that the use of the remaining raised funds for the Topband East China Operation Center Project for which the Company issued convertible corporate bonds in the public manner to raise funds in 2019 would be changed to permanently supplement working capital, and the fund-raising project would be completed and RMB 90.7948 million of balanced raised funds (including interest income and financial management income, subject to the bank interest balance on the day of transfer) would be used to permanently supplement working capital for the Company's daily operating activities.</p> <p>The above changes were deliberated and passed by the General Meeting of Shareholders.</p>
Upfront investment and	Applicable

replacement of investment projects with raised capitals	<p>1. The Company invested RMB 26.2348 million in advance in the operation center project of Topband East China with self-raised capitals. Ruihua Certified Public Accountants (Special General Partnership) conducts a special audit on the above matters, and issues the Authentication Report on the Report of Shenzhen Topband Co., Ltd. on the Investment Projects with Self-raised Capitals in Advance (RHHZ [2019] No. 48250027). On July 25, 2019, the 25th Meeting of the 5th Board of Directors of the Company deliberated and passed the Proposal on Using Raised Capitals to Replace Self-raised Capitals Invested in Advance. The Company had replaced the pre-invested self-raised funds as of August 1, 2019.</p> <p>2. The Company invested RMB 45.3987 million in Topband Huizhou No. 2 Industrial Park Project with self-raised funds in advance. Baker Tilly China Certified Public Accountants (Special General Partnership) conducted a special audit on the matter above, and issued the Authentication Report of Pre-investment of Shenzhen Topband Co., Ltd. in the Investment Project of Funds Raised with Self-raised Funds (TZYZ [2021] No. 31911). The 10th Meeting of the 7th Board of Directors was held to review and approve the Proposal on Replacement of Pre-invested Self-raised Funds with Funds Raised on June 8, 2021. The Company had replaced the pre-invested self-raised funds as of June 10, 2021.</p> <p>The Board of Supervisors, Independent Directors and Sponsor Institutions of the Company all expressed their clear consent on the matter.</p>
Temporary replenishment of working capital with idle capitals raised	<p>On December 1, 2023, the Company held the 4th (Extraordinary) Meeting of the 8th Board of Directors and the 3rd (Extraordinary) Meeting of the 8th Board of Supervisors, deliberated and passed the Proposal on Temporarily Replenishing Working Capital with Some Idle Raised Capitals, and agreed that the Company would temporarily replenish working capital with no more than RMB 220 million idle capitals raised on the premise of ensuring the capital needs of the fund-raising projects and the normal progress of the investment plan of the raised capitals, with a period of not longer than 12 months from the date when the Board of Directors deliberated and passed the proposal and would return the capitals to the Company's special account for raised capitals upon maturity. As of October 15, 2024, the Company had returned all of RMB 220 million of raised capitals used to temporarily supplement working capital and transferred them to the Company's special account for raised capitals, with a usage period of not longer than 12 months. The Company's sponsor and sponsor representative have been notified of the return of the above-mentioned raised capitals.</p>
Amount and reasons of the balance of raised capitals in project implementation	<p>Applicable</p> <p>1. The project for which the Company issued convertible corporate bonds in the public manner to raise funds in 2019 has been accepted, and the balance of raised funds was RMB 82.416 million.</p> <p>2. Reason for the balance of the raised funds: During the implementation of relevant fund-raising projects, the Company strictly followed the relevant regulations on the use of the raised funds, and on the premise of ensuring the project quality and reasonably controlling risks, prudently used the raised funds and strengthened the control, supervision and management of the costs in all aspects to reasonably reduce the project costs. In addition, due to the limitation period of fund payments and other reasons, the Company contributed part of its own funds in the construction of the fund-raising projects. Therefore, there is a balance of the raised funds.</p> <p>3. The Company held the 9th Meeting of the 8th Board of Directors on March 25, 2024 and the 2023 Annual General Meeting of Stockholders on April 17, 2024, deliberated and passed the Proposal on the Completion of the Company's East China Operation Center Project and the Use of Balanced Raised Funds for Permanently Supplementing Working Capital, and agreed that the Company would complete the fund-raising project - Topband East China Operation Center Project and use the balanced raised funds to permanently supplement the Company's working capital.</p>
Purpose and whereabouts of unused raised capitals	<p>As of December 31, 2024, the Company's raised capitals had been used up.</p>
Problems or other situations in the usage and disclosure of raised capitals	<p>None.</p>

### (3) Change of projects with raised capitals

Applicable  Not applicable

Unit: RMB ten thousand

Name of financing project	Way of raising capitals	Project after change	Corresponding originally promised project	Total amount of raised funds to be invested in the project after change (1)	Actual investment during the Reporting Period	Actual cumulative investment by the end of the period (2)	Investment progress by the end of the period (3) = (2)/(1)	The date when the project is ready for use	Benefits achieved during the Reporting Period	Whether the expected benefits are achieved	Is there any significant change in the feasibility of the project after change

Issuance of shares to specific parties in 2021	Issuance of shares to specific parties	Topband Nantong Industrial Park Phase-I Stage-1 Project (Lithium Battery)	Topband Huizhou No. 2 Industrial Park Project (Lithium Battery)	61,000.00	16,350.69	61,000.00	100.00%	The project was put into use in September 2024	-3,671.42	No	No
Issuance of shares to specific parties in 2021	Issuance of shares to specific parties	Replenish the Company's working capital	Topband Huizhou No. 2 Industrial Park Project (Motor)	38,144.83		38,144.83	100.00%	Not applicable	Not applicable	No	No
Issuance of convertible corporate bonds to unspecified parties in 2019	Issuance of convertible corporate bonds to unspecified parties	Replenish the Company's working capital	Topband East China Operation Center	8,241.60	8,241.60	8,241.60	100.00%	Not applicable	Not applicable	No	No
Total	--	--	--	107,386.43	24,592.29	107,386.43	--	--	-3,671.42	--	--

<p>Explanation of reason for change, decision-making procedure, and information disclosure (by specific project)</p>	<p>1. In January 2022, the downstream market demand was strong due to the rapid development of the Company's lithium battery business in recent years. The Company originally planned to purchase land and construct factory buildings to promote the lithium battery project, with a construction period of 2 years. In the Company's Nantong lithium battery project, the infrastructure of the existing factory buildings purchased was already completed, so the construction period of the project will be greatly shortened. In order to promote the expansion of lithium battery business as soon as possible, fully seize market opportunities in the lithium battery industry and new energy industry, enhance the Company's market competitiveness and business performance and utilize raised funds more efficiently, the Company plans to change the implementation subject, location and mode of the lithium battery business in the original fund-raising project after a comprehensive evaluation.</p> <p>The Company held the 18th (Extraordinary) Meeting of the 7th Board of Directors, the 15th (Extraordinary) Meeting of the 7th Board of Supervisors and the 1st Extraordinary General Meeting of Shareholders in 2022, deliberated and passed the Proposal on the Implementation Mode, Subject and Location of Changes in Some Capital-raising Projects, and agreed that the Company would change the implementation subject, location and mode of the lithium battery business in the planned project.</p> <p>2. In August 2022, due to the change in the overall plan of the Management Committee of the Nantong Economic and Technological Development Zone for the implementation location of the Company's Topband Nantong Industrial Park Phase-I Stage-1 Project and in view of the utilization efficiency of the Company's raised funds, the speed of promoting the fund-raising project and the Company's business development needs, the Company decided, after friendly consultation with the Management Committee of the Nantong Economic and Technological Development Zone, to give up the purchase of use rights of relevant assets, change the implementation mode and location of the fund-raising project, use the raised funds and its own funds to purchase the land use rights of approximately 250 mu in the Nantong Economic and Technological Development Zone, and implement the Topband Nantong Industrial Park Phase-I Stage-1 Project (Lithium Battery) through self-construction.</p> <p>The Company held the 27th (Extraordinary) Meeting of the 7th Board of Directors, the 22th (Extraordinary) Meeting of the 7th Board of Supervisors, the 2nd Extraordinary General Meeting of Shareholders in 2022, deliberated and passed the Proposal on Changing the Implementation Mode and Location Again of Some Capital-raising Projects, and changed the implementation mode and location of the lithium battery business in the planned capital-raising project with the non-public offering of shares in 2021.</p> <p>3. In September 2023, the Company continued to implement the motor project in Topband Huizhou No. 2 Industrial Park based on the overall plan for and construction period of Topband Huizhou No. 2 Industrial Park and the market demand for the motor project. The input of funds estimated at the initial stage of the project is already difficult to cover the overall project needs of Topband Huizhou No. 2 Industrial Park, and it is difficult to meet the requirements for the construction period of the motor project. At the same time, extending the construction period will make it difficult to meet the market demand for the motor project in the future. In order to cope with the complex and ever-changing market environment, the Company realized a production capacity of 3.5 million sets of high-efficiency motors per year in mature industrial parks in Shenzhen, Vietnam, etc. simultaneously with its own supplementary funds, in order to quickly seize market opportunities. Subsequently, the Company will continue to pay attention to the market environment, dynamically adjust its layout, and continue to use its own funds to invest in the construction of the project, in order to ensure the Company's market competitiveness in the motor field. Therefore, the Company changed the use of funds raised for Topband Huizhou No. 2 Industrial Park (Motor), and used the raised funds and corresponding interest income to permanently supplement working capital.</p> <p>On September 7, 2023, the Company held the 37th Meeting of the 7th Board of Directors, the 30th Meeting of the 7th Board of Supervisors and the 2nd Extraordinary General Meeting of Shareholders in 2023, and deliberated and passed the Proposal on Changing the Use of Part of the Raised Funds and Permanently Supplementing Working Capital.</p> <p>4. In April 2024, in order to improve the utilization efficiency of the raised funds, save finance expenses and improve the operation performance of the Company, the Company completed the Topband East China Operation Center Project for which the Company issued convertible corporate bonds in the public manner to raise funds in 2019 and changed the use of the remaining raised funds to permanently supplement working capital.</p> <p>The Company held the 9th Meeting of the 8th Board of Directors and the 6th Meeting of the 8th Board of Supervisors on March 25, 2024 and the 2023 Annual General Meeting of Stockholders on April 17, 2024, and deliberated and passed the Proposal on the Completion of the Company's East China Operation Center Project and the Use of Balanced Raised Funds for Permanently Supplementing Working Capital.</p> <p>5. The Company disclosed the above information in strict accordance with the information disclosure requirements.</p>
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Explanation of the situation and reasons of failing to reach the planned progress or expected income (by specific project)	Not applicable
Explanation of major changes in the feasibility of the project after change	Not applicable

## VIII. Sale of major assets and equity

### 1. Sale of major assets

Applicable  Not applicable

The Company did not sell any major assets during the Reporting Period.

### 2. Sale of major equity

Applicable  Not applicable

## IX. Analysis of major holding and equity participating companies

Applicable  Not applicable

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

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Huizhou Topband Electrical Technology Co., Ltd.	Subsidiary	R&D, production, sales, import and export of electronic components	RMB 300 million	4,538,310,031.02	2,226,200,992.82	6,312,623,543.83	296,790,575.44	270,988,497.81
TOPBAND SMART DONG NAI (VIETNAM) COMPANY LIMITED	Subsidiary	R&D, production, sales, import and export of electronic components	USD 33.5 million	968,330,504.50	606,495,337.12	1,214,159,545.27	254,635,787.18	229,765,782.59

Situation of acquisition and disposal of subsidiaries during the Reporting Period

Applicable  Not applicable

Company name	Method of acquisition and disposal of subsidiaries during the Reporting Period	Impact on overall production and operations and results
Topband Digital Energy Technology (Huizhou) Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report

Chongqing Topband Yishu Energy Technology Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
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Explanation of major shareholding companies

None

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

Applicable  Not applicable

## XI. Prospects for the future development of the Company

### (I) Social development trend and 2035 vision

#### 1. Intelligence development

In today's era of rapid technological change, the vigorous development of new technologies such as Internet of Things (IoT), 5G and artificial intelligence (AI) and the continuous expansion of their application areas are opening up new growth space in an unprecedented manner and accelerating the process of social intelligence. In this era, we are actively engaged in the exploration of the future world with innovative technologies, and are fully committed to exploring and expanding new opportunities for industry intelligence in various application scenarios such as clothing, food, housing, transportation, corporate operations, and urban management.

With the rapid development of artificial intelligence (AI) technology, especially the major breakthroughs in large models and robotics, we are already standing at a critical juncture in a new era of intelligence. General large models represented by BERT and GPT have demonstrated amazing language understanding and logical analysis capabilities. The improvement of the capabilities will not only greatly enhance the intelligence level of our products and services but also provide us with new ideas and approaches to deeply explore the value of data, optimize business processes and innovate user interaction methods. By analyzing and learning from massive data, we can accurately grasp user needs and provide users with products and services that better meet their personalized needs; at the same time, we can continuously optimize internal business processes, improve operational efficiency and reduce costs.

In the field of robotics, we foresee that with the continuous optimization of AI algorithms and the in-depth application of machine learning technologies, future robots will have higher levels of intelligence and autonomy. Not only are they able to perform complex physical tasks expertly, they are also capable of advanced decision-making and learning. In the manufacturing industry, intelligent robots can undertake high-precision and repetitive

production tasks and improve product quality and production efficiency; in the service industry, robots can provide customers with more professional and efficient services; in the family scenario, robots can undertake housework, companionship and care, and other tasks; in the medical field, robots can assist doctors in performing surgery and caring for patients. These applications will comprehensively improve production efficiency and quality of life and have a profound impact on social development.

Faced with this general trend of intelligent development, we will keep pace and increase R&D investment in AI and robotics. Our goal is to deeply integrate these cutting-edge technologies into our products and solutions. On the one hand, we will enhance the intelligence level of existing products and make them more competitive in the market; on the other hand, we will actively explore new business models and market opportunities and open up new market areas. Through continuous technological innovation, we will provide customers with more intelligent, efficient and personalized services to meet their ever-changing needs, thereby promoting our continuous growth and development in the era of intelligence and occupying a favorable position in future market competition.

## **2. Low-carbon development**

As the climate crisis caused by greenhouse gas emissions intensifies year by year, countries around the world are accelerating measures to save energy and reduce carbon emissions. It is predicted that by 2050, China's cumulative investment in various aspects such as energy production, use and ecological protection will reach RMB 300 trillion. This not only reflects China's high attention to low-carbon development but also brings unprecedented market opportunities to related industries.

As a leading intelligent controller company, we actively respond to the call of the "carbon peaking and carbon neutrality" policy, and use the "four electrics and one network" technology (power electronics, electrochemistry, power grid and digital network) to seize this historic market opportunity. Our goal is to drive the world towards low-carbon development through technological innovation and practice.

Currently, we are deeply researching and developing and promoting green energy solutions with power electronics, electrochemistry and digital technologies as the core. The application of these technologies will greatly improve energy utilization efficiency, reduce carbon emissions, and promote the green transformation of the energy industry. In particular, the integrated solutions for photovoltaic power generation, energy storage and charging provided by us integrates solar power generation, energy storage and intelligent charging technologies, providing strong support for achieving a zero-carbon-emission energy system.

Looking ahead, we will continue to explore and develop more innovative low-carbon technologies and

solutions, striving to become a pioneer in the low-carbon transformation. By providing advanced technologies and comprehensive solutions, we hope to help global customers achieve greener and more sustainable development goals. We firmly believe that through unremitting efforts, we can not only make important contributions to the global low-carbon goals but also jointly create a cleaner and better future.

### **3. Internationalization**

Against the backdrop of increasing changes in the global supply chain and growing security risks, the supply chain is moving towards decentralization, and the internationalization process is therefore paying more attention to multi-regional localization strategies. Faced with the increasingly complex, personalized and differentiated demands for terminal products, the market has placed higher requirements on R&D speed and product delivery efficiency, while emphasizing the reliability and stability of product quality.

China's industrial cluster advantages and abundant engineer resources have promoted the transfer of many industries to China, putting China in a favorable position to quickly respond to market demands. However, the uncertainties brought about by international trade conflicts and geopolitical factors have significantly increased the risks of relying on a single Chinese industrial chain. Based on the combined effect of these two factors, the future industrial development trend will present a new pattern of development with China as the core and gradually expanding to Southeast Asia, North America and other regions.

We are deeply aware of this change and are actively responding to the new challenges facing the supply chain. We are committed to exploring and expanding emerging opportunities in multi-regional markets and accelerating our internationalization pace. By strengthening our global presence and optimizing supply chain management, we can not only reduce operational risks caused by geopolitical factors but also more effectively meet the specific needs of customers in different regions and promote the continued growth and steady development of the Company's business.

#### **2035 vision of the Company**

By 2035, the Company's goal is to provide customers with intelligent solutions and products by gaining deep insights into the pain points of users, scenarios and industries, making the world more intelligent and low-carbon.

An intelligent society is the irresistible trend, with a long-term, continuous, wide-ranging and far-reaching change, which will deeply affect modern life and change the form of products. We will seize the historical opportunity of intelligent, scenario-based, green and low-carbon development, and actively innovate business

models. From components and solutions to independent system products, we will innovate home appliance business around the "four electrics and one network" technology, cultivate blue ocean market, expand tool business product categories, maintain leading market share, accelerate the development of digital energy and intelligent vehicle business, enhance market competitiveness, and increase efforts to speed up robotics and industrial business to achieve scale growth.

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

### **1. Focusing on strategy to achieve effective scale growth**

Based on the framework of the interim development goals for 2025, we have formulated a vision blueprint for the next decade and clearly set long-term development goals until 2035. The Company will take scale growth as its core goal and continue to deepen the implementation of the five strategic guidelines of "scale growth, close customer relationship, innovation-driven development, agile operation and organizational evolution", aiming to build a pyramid profit model, further consolidate and enhance our leading position among global intelligent control solution providers and ensure sustained and effective growth.

To achieve these goals, we will make full use of the technological advantages of "four electrics and one network" and focus on the three major industry fields of "power tools and home appliances + digital energy and intelligent vehicles + robots". Especially in the digital energy and intelligent vehicle industries, we will increase our business development efforts and strive to provide one-stop intelligent control solutions and services for the world's leading brand customers. At the same time, we will also make good use of the capital market platform and combine endogenous growth and external expansion to accelerate the business development of the robot industry and achieve rapid expansion of revenue scale.

Looking ahead, we will continue to focus on strategy, concentrate resources on the most promising growth areas, and continuously optimize our products and services to meet the increasingly diverse needs of our customers. At the same time, we will focus on the flexibility and adaptability of our internal organization, promote continuous innovation, ensure that the Company maintains its competitive advantage in a rapidly changing market environment, and achieve long-term and stable development. Through this series of measures, we are confident that we can achieve our established development goals by 2035 and consolidate our leadership in the industry.

### **2. Continuously enhancing innovation-driven technology and product competitiveness**

Guided by the innovation-driven development strategy, we have always been committed to maintaining R&D

investment above the industry average, aiming to strengthen basic research and cutting-edge technology exploration and build solid technology control points. By strengthening product line construction, we will build more high-quality product platforms, and at the same time, we will pay attention to the protection of intellectual assets such as patents and trade secrets and gradually establish higher technical barriers.

In order to foster new growth engines and ensure the Company's long-term competitiveness, we will attach great importance to the cultivation and development of innovative talents. This includes not only improving the professional skills of existing team members but also attracting top talents from around the world to join our team. In addition, we will actively embrace the development trend of artificial intelligence (AI) technology, seek innovative breakthroughs at the AI application level, provide supporting parts and modules for AI hardware manufacturers, and independently develop AI system products to further enrich our product lines and service capabilities.

Faced with important development opportunities such as "intelligent development" and "low-carbon development", we will actively explore emerging business areas such as robotics, the Internet of Things and green travel, and continuously consolidate and expand the core technological capabilities of "four electrics and one network". By improving our market insights and product development capabilities, we can more accurately identify high-value market opportunities and meet the needs of different customer groups.

To this end, the Company has identified key development plans for "knock-out products" in various fields, focused on strategic opportunities and strengthened innovation efforts around key categories. Whether in the fields of smart homes, smart tools, digital energy and intelligent vehicles, we will spare no effort to promote technological innovation and strive to launch more products and services with market competitiveness.

### **3. Agile operation for continuous quality improvement, cost reduction and efficiency increase**

In order to build sustainable competitiveness, the Company will deepen the implementation of agile operation strategy, continuously optimize business processes in all aspects from strategy, marketing, R&D, sales and procurement to after-sales, and improve end-to-end operational efficiency.

In terms of cost reduction and efficiency increase, the Company will increase its efforts to comprehensively use various means to achieve effective cost reduction for mature products. Specific measures include: reducing costs through innovative design and optimization of product structure during the R&D and design stage; strengthening supplier management and cooperation to strive for more favorable purchase prices during the procurement process; improving the level of production automation and the process efficiency to reduce waste and improve production

efficiency during the manufacturing process.

At the same time, the Company will actively introduce the artificial intelligence technology to assist operations. Through the AI quality inspection system, product quality can be quickly and accurately inspected, product quality can be effectively improved, and cost losses caused by quality problems can be reduced. In terms of operational efficiency improvement, AI technology will be used to enable real-time monitoring and intelligent scheduling of production processes, so that production plans and resource allocation can be further optimized to improve the overall operational efficiency. In addition, we will also leverage the advantages of AI in data analysis and forecasting to help the Company better grasp market dynamics, plan ahead, and reduce the risks brought by market fluctuations, thereby achieving the goal of improving quality, reducing costs and increasing efficiency.

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

In order to adapt to the rapidly changing market environment and maintain the Company's competitive advantage, we will continue to implement the organizational evolution strategy, aiming to achieve continuous evolution by strengthening talent team building, optimizing the middle office and back office support systems, and building a customer-centered process-oriented organization.

First, we will focus on rapidly improving the quality of talents in key positions, especially on cultivating a group of high-potential product managers who have a deep understanding of market demand and possess innovation awareness and product management capabilities. This group of excellent product managers will become the key force driving the success of the Company's independent system products. They not only need to have keen market insights but also need to master advanced product development methods to ensure that our products can stand out in the fierce market competition.

At the same time, we will strengthen the capacity building of the middle office and back office to better empower the front-line "iron triangle" team (that is, sales, solutions and service delivery). By building strong middle office and back office support systems, we can provide more efficient support and services to the front-end team to ensure that they can respond quickly to customer needs and provide high-quality solutions. This includes but is not limited to measures such as improving internal communication mechanisms, optimizing resource allocation processes and enhancing data analysis capabilities.

On this basis, we will strive to build a customer-centered process-oriented organization. This means that the design and execution of all business processes will revolve around meeting customer needs. From the initial demand analysis to the final product delivery and service support, we will strive to achieve seamless connection in every

link, thus creating maximum value for customers.

### **5. Accelerating international layout and building global multi-base delivery capabilities**

With meeting the needs of customers for fast and nearby delivery as the core, the Company will accelerate the international layout based on business development needs. The Company has currently established operation centers, production and manufacturing centers, R&D centers and representative offices in multiple locations around the world, forming an extensive global network. During the Reporting Period, the Company accelerated scale production in Vietnam and India, and accelerated the construction and mass production introduction of factories in Mexico and Romania, further improving its global multi-base delivery capabilities.

At the same time, the Company actively practiced the concept of Local for Local and strengthened localized operations. The Company gradually built localized production capabilities and service systems in overseas bases to better adapt to local market demands and provide products and services that are more suitable for local customers.

#### **(III) Business plan for 2025**

1. Acceleration of globalization: In 2025, the Company will make every effort to promote the internationalization process of the marketing team and actively expand overseas markets. We will not only seize the opportunity of global order transfer but also deeply explore and meet the needs of the local market. At the same time, we will continue to enhance the operational capabilities and NPI (New Product Introduction) capabilities of our overseas bases, further optimize the global supply chain layout, and continuously increase the output value of our overseas bases and their proportion in overall delivery.

2. Expansion of market share in component business: While consolidating our existing position in the field of components such as intelligent controllers, high-efficiency motors and battery packs, we will actively explore more new fields based on the "four electrics and one network" technology, and become "hidden champions" in more fields to expand our advantages in the field of components.

3. Breakthroughs in AI + system business: In 2025, the Company will increase its R&D investment in cutting-edge technologies such as AI, and actively promote the development of AI end-side applications based on the combination of its own core capabilities and market insights. For the system product line, the Company will implement the product manager responsibility system, establish a young team, and provide corresponding assessment and incentive mechanisms to promote the cultivation and promotion of new products and gradually build and enhance brand capabilities.

#### **(IV) Fund demand and utilization plan**

The Company is in a stage of rapid development and has a significant funding demand in terms of equipment upgrades, expansion of production capacity, and overseas business development. The Company has a good credit standing, so it is able to get strong support from the bank in a timely manner. In 2025, the Company will make reasonable use of various capital-raising channels to raise the necessary funds for the Company's development on the basis of its own development situation and development strategy.

## **(V) Risks faced by the Company and countermeasures**

### **1. External risks such as the macro environment**

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

### **2. Risks of technology upgrading**

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

### **3. Exchange rate risk**

The Company's revenue from export sales accounts for nearly 60% of the total revenue. In order to cope with the risk of RMB exchange rate fluctuation, the Company will reduce or hedge foreign exchange risks by conducting RMB hedging business, international purchase and re-pricing of new product.

### **4. Other risks**

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

## XII. Reception, investigation, communication, interview and other activities during the Reporting Period

Applicable  Not applicable

Time of reception	Location of reception	Method of reception	Type of reception object	Reception object	Main contents of interview and materials provided	Basic Information index for investigation
2024/1/9, 2024/1/10, 2024/1/11	Conference room of the Company	Field survey	Organizations	Harvest Fund, Kaiyuan Securities, Aegon-Industrial Fund, J.P. Morgan Asset Management, Bopu Fund, China Asset Management, China Everwin Asset, CICC Asset Management, China Securities, PICC Pension, Horizon Fund, Futurus Vessel Capital, Rongtong Fund, and Chongyang Investment	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2024/2/22, 2024/2/23	Conference room of the Company	Field survey	Organizations	HSBC Jintrust Fund, TF Securities, Bosera Funds, Changjiang Securities, FORTUNE & ROYAL ASSET, and Huamei Investment	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

2024/03/27	Conference room of the Company	Telephone communication	Organizations	TF Securities, Regents Capital, GUOTAI AMC, Western Securities, Taiping Asset Management, Shengang Securities, Invesco Great Wall, Value Partners Limited, China Merchants Securities, Everbest Fund, Kingsun Investment, Loyal Valley Capital, Ruiyi Investment, Chengluo Investment, EverFortune, Hwabao WP Fund, Xingyin Fund, Great Abundance Year Asset, Zhengyuan Investment, TruValue Asset Management, LONGRISING, Springs Capital, Zhongtai Securities, Bosera Funds, Union Asset, Panjing Investment, Bin Yuan Capital, FORTUNE CAPITAL, Hongding Wealth, Beijing Ding Investment, Century Securities, Changjiang Securities, Harvest Fund, BOC International, Zhihe Asset Management, Tianshi Kaiyuan, GOWIN AMC, BOC Investment Management, Shanghai Tourmaline Asset Management, Changzhou Boyan Ruixuan Venture Capital, Fengpei Capital, China Post Life Insurance, New Thinking Investment, Industrial Securities, Pictet Asset Management, Amundi BOC Wealth Management, Congrong Asset Management, Shinian Investment, Eastern Smart Rock, CICC, Jumi Capital, Haoyuan Investment, Western Leadbank FMC, Zhonghai Fund, Qingdao Xingyuan, Pacific Securities, Yuancheng Private Equity, CIB Wealth Management, Longhang Asset Management, Zhenke Private Equity, DIB Asset Management, Micang Asset Management, Zhongrong International Trust, Honghua Capital, CITIC Prudential, and Purekind Fund	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2024/04/12	Flush Roadshow Platform	On-line communication on network platforms	Organizations	Performance presentation session	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

2024/04/23	Conference room of the Company	Telephone communication	Organizations	<p>TF Securities, China Securities, Invesco Great Wall, Huajin Securities, Shenwan Hongyuan Securities, Rabbit Fund, Shifeng Asset, China Post Life Insurance, Taikang Funds, China Merchants Securities, Huachuang Securities, Macrotrends Fund, Regents Capital, CICC, CPIC Fund, Caitong Securities, Zhongtai Securities, Changzhou Boyan Ruixuan Venture Capital, Perseverance Asset Management, Soochow Asset Management, GUOTAI AMC, Xunyuan Investment, HSBC Jintrust Fund, Wanjia Asset, Loyal Valley Capital, Yude Capital, New Thinking Investment, New China Fund, Dongxing Asset Management, Trinastella Investment, Sino Life Asset, CIB Wealth Management, Tianlang Asset Management, Caixin Economic Investment, CITIC Securities Asset Management, China Universal Asset Management, Pacific Securities, Founder Securities Asset Management, LONGRISING, Rongtong Fund, CPE Asset, Generali China Asset, Union Asset, Heng An Standard Life, Yinhua Fund, PICTET, Xinheng Fund, Yingda Taihe Life Insurance, Bosera Funds, Century Securities, Rongtong Fund, Shanxi Securities, Shanghai Life, BOC Investment Management, Harvest Forever Capital, Gemboom Investment, Xuanyuan Investment, KNIGHT Investment, Mingyu Fund, TruValue Asset Management, Hengjian International, Q. M. FORTUNE, Hanxiang Investment, Hezhong Yisheng, Hongding Wealth, Soochow Securities, Changsheng Fund, Ren Bridge Asset Management, FORTUNE CAPITAL, BNB Wealth Management, JT Asset Management, Milestone Asset, Shenzhen Qianhai Jumpstart Asset Management, Southern Asset Management, GFUND, Orient Securities, BOC Investment Management, Rongtong Fund, Harvest Fund, New China Asset, Chengluo Investment, Asia-Pacific P&amp;C, HFT Investment Management, CITIC Prudential, Intewise Capital, China Life AMP Asset Management, Orient Fund, Lead Wolf Asset, Tianshi Kaiyuan, Zhengyuan Investment, Guanghuiyuan, China Capital Management, Huatai-Pinebridge Fund Management, PH</p>	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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				Capital, Guotai Junan Securities, Xiangyuxing, Jinghe Asset Management, Ping An Asset Management, Chuanghua Investment, Penghua Fund, Horizon Asset, Shanghai Chongyun, Changjiang Pension, CCB Principal Asset Management, PICC Public Fund, Chang'an Fund, Kingsun Investment, Ren Bridge Asset Management, Jianghai Securities, Sealand Securities, and Rosefinch Fund		
2024/4/30, 2024/5/6	Conference room of the Company	Field survey	Organizations	Tianhong Asset Management, TF Securities, Changjiang Pension, Changjiang Securities, and Zhonggeng Fund	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2024/5/27, 2024/5/28, 2024/5/29, 2024/5/30	Conference room of the Company	Field survey	Organizations	ORIGIN, Jinding Capital, Regentcapita, Mondrian, Jefferies Securities, CICC Securities, Bosera Funds, Kaiyuan Securities, Hourunde Fund, GF Fund Management, and China Securities	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2024/06/19	Conference room of the Company	Field survey	Organizations	TF Securities, Harvest Fund, CITIC Securities, China Post AMC, Yingda Securities, Beijing Ding Investment, BNB Wealth Management, Guotai Junan Securities Asset Management, TruValue Asset Management, China Universal Asset Management, and Baichuan Asset Management	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2024/07/10	Conference room of the Company	Field survey	Organizations	Sunshine Asset Management, China Life Asset Management, Guosheng Securities, PICC Asset Management, and Changjiang Pension	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

2024/7/30, 2024/7/31, 2024/8/1	Conference room of the Company	Telephone communication	Organizations	TF Securities, China Merchants Fund, CHUANGFU BUSINESS, Taiping Asset Management, PICC, CICC, HSBC Jintrust Fund, Chengluo Investment, Foresight Fund, Haijin Investment, Guolian Securities, China Merchants Securities, Topsperity Fund, Huachuang Securities, Regents Capital, Changjiang Securities, Great Wall Securities, Bosera Funds, Ducheng Investment, BOC Investment Management, Penghua Fund, Pictet Asset Management, Sinosafe General Insurance, Fengrui Asset Management, Quanli Asset Management, TruValue Asset Management, Bridgeone Capital, ORIGIN, Maxwealth Fund, First-trust Fund, Shenzhen Qianhai Jumpstart Asset Management, MegaTrust, BOC International, Rays Capital, Xinghe Fund, China Post Life Insurance, Zhong Ou AMC, Kingsun Investment, Union Asset, Citi, Shanghai Life, GreatWall Wealth Insurance, GTS Fund, Xunyuan Asset Management, China Life, Sunsource Investment, Yinhua Fund, Micang Asset Management, Mingyu Asset Management, China Future, Orient Securities, Trinastella Investment, Zhengyuan Investment, GUOTAI AMC, Fullgoal Fund, Ruiquan Fund, Wosheng Private Equity, ABC Wealth Management, China Securities, First-Trust Fund, Union Asset Management, DIB Asset Management, Chengquan Capital, Lion Fund, New Thinking, ICBC Credit Suisse, Guotai Junan Securities, Nomura Securities, Point 72, Barings Asset Management, Franklin Templeton, Guosen Securities, Panhou Dynamic, China Merchants Fund, Invesco Great Wall, BOC Investment Management, Taikang Asset Management, Brilliance Asset Management Limited, HFT Investment Management, CPIC Fund, United Advance, Huatai Securities Asset Management, Orient Asset Management, Chang'an Fund, J.P. Morgan Asset Management, Southern Asset Management, GTS Fund, Dacheng Fund, China Universal Asset Management, Topsperity Fund, Yihe Jiufu, BOC Wealth Management, Hotland Innovation Asset Management, Tenbagger (Ziran), China Life AMP Asset Management, Guosen H&B, Boom Leading Investment, Heqi	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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				Investment, Harvest Fund, GF Securities, and Ren Bridge Asset		
2024/10/24, 2024/10/25	Conference room of the Company	Telephone communication	Organizations	TF Securities, China Merchants Fund, Bosera Funds, Changjiang Securities, Huatai Securities, China Securities, CICC, Regents Capital, Haitong Securities, Citibank, P-along Investment Management, Southwest Securities, Southern Asset Management, Xunyuan Asset Management, Century Securities, Cathay Investment Trust, AVIVA-COFCO, Orient Securities, Bosc Asset, Guanghuiyuan, LCRICH CAPITAL MANAGEMENT, GTS Fund, China Everwin Asset, Dongxing Securities, HFT Investment Management, PinPOINT, Korea Investment Management Co., Ltd., Shanghai Tongben, Chengluo Investment, Xuanyuan Private Equity, Shanghai Silver Leaf, New Thinking, Ningyongfu, Kingsun Investment, BOC International, Yude Investment, Ren Bridge Asset Management, Baojinfeng, Shenwan Hongyuan Securities, Lequ Investment, Zhihe Asset Investment, Hengtai Securities, Huatai Baoxing, BNB Wealth Management, Shanghai Life, Pictet Asset Management, JP Morgan, Yinhua Fund, Union Asset Management, Xulie Private Equity, Cyber Atlas Capital, BOC Investment Management, Northeast Securities Integration, CITIC Prudential, Taiping Asset Management, CIB Fund, China Life, Xiniu Investment, Beijing Ding Investment, Xinhua Fund, Zhong Ou AMC, Micang Asset Management, Harvest Fund, GreatWall Wealth Insurance, GFUND, ICBC Credit Suisse Fund, E Funds, and Zheshang Securities	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2024/11/07	Conference room of the Company	Field survey	Organizations	China Universal Asset Management, China Life Asset Management, and Shenwan Hongyuan Securities	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

### **XIII. Development and implementation of market value management system and valuation enhancement plan**

Did the Company establish a market value management system?

Yes  No

Did the Company disclose the valuation enhancement plan?

Yes  No

#### **XIV. Implementation of the action plan for "double improvement of quality and return"**

Did the Company disclose the announcement on the action plan for "double improvement of quality and return"?

Yes  No

## Section IV Corporate Governance

### I. Basic status of corporate governance

Since its listing, the Company has always adhered to standardized governance, strictly followed the requirements of relevant laws and regulations, formulated a series of internal corporate governance systems, and established a governance structure of the General Meeting of Shareholders, the Board of Directors and its special committees, the Board of Supervisors and management level in accordance with the law to respectively exercise decision-making power, executive power, supervisory power and operating responsibilities, ensuring the Company's efficient operation with a multi-level governance system with clear powers and responsibilities.

Through the implementation of the Articles of Association and various internal systems, the Company has defined the responsibilities, powers, procedures and obligations of organizations at all levels in terms of decision-making, execution and supervision.

**Shareholders and the General Meeting of Shareholders:** The Company strictly follows the provisions and requirements of laws and regulations such as the Company Law, the Securities Law, the Rules of Procedure for the General Meeting of Shareholders and the Rules of Procedure for the General Meeting of Shareholders of Listed Companies, and continually improves the standardized operation of the Company's General Meeting of Shareholders. During the Reporting Period, the Company held a total of 3 general meetings of shareholders (including the 2023 Annual General Meeting of Shareholders), deliberated 17 proposals, and organized votes on all of them through a combination of on-site and online voting methods; during the deliberation of each proposal, the Company separately counted votes on matters affecting the interests of minority shareholders, and specially provided dialog sessions between participating shareholders and the Company's directors, supervisors and senior executives to fully ensure that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights.

**Relationship between the controlling shareholder and the listed company:** The controlling shareholder regulates his behavior in strict accordance with the Securities Law, the Code of Governance for Listed Companies and other laws and regulations as well as the Articles of Association, and can exercise his rights and assume corresponding obligations in accordance with the law. The controlling shareholder of the Company is an individual who does not have other investment projects and has not directly or indirectly intervened in the Company's decision-

making and operating activities beyond the Company's General Meeting of Shareholders. The Board of Directors, Board of Supervisors and corresponding departments of the Company can operate normally and have independence.

**Directors and the Board of Directors:** All directors of the Company can carry out their work in accordance with laws and regulations such as the Rules of Procedure for the Board of Directors and the Management Measures for Independent Directors of Listed Companies, attend relevant meetings seriously, actively participate in training, and familiarize themselves with relevant laws and regulations. The Company's Board of Directors has set up a Strategy Committee, an Audit Committee, a Salary and Assessment Committee and a Nomination Committee as well as a mechanism of Independent Directors' Special Committee, and each committee performs its duties in strict accordance with the relevant laws and regulations and rules of procedure, providing complementary information for the scientific decision-making of the Board of Directors. During the Reporting Period, the Company's Board of Directors consists of 3 independent directors and 4 non-independent directors, including 2 directors on behalf of workers and staff. The composition of the Board of Directors complies with the requirements of laws and regulations and the Company's Articles of Association.

**Supervisors and the Board of Supervisors:** The formation of the Company's Board of Supervisors strictly follows the relevant provisions of the Company Law, the Articles of Association, etc. The Board of Supervisors consists of three supervisors, including one supervisor on behalf of workers and staff. The Company's supervisors and Board of Supervisors can conscientiously perform their duties in accordance with the requirements of the Rules of Procedure for the Board of Supervisors, review the Company's regular reports, progress in the use of raised funds, connected transactions, equity incentives and other matters and provide written review opinions, supervise directors and senior executives in performing their corporate duties, and safeguard the legitimate rights and interests of the Company and shareholders.

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

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

**Information disclosure and transparency:** The Company conscientiously performs the obligation of information disclosure in accordance with the relevant provisions of laws and regulations such as the Articles of

Association, the Stock Listing Rules of Shenzhen Stock Exchange and the Management Measures for Information Disclosure of Listed Companies. The Company has designated Securities Times and the CNINFO as the newspaper and website for its information disclosure to ensure timely and accurate disclosure of company information.

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

Yes  No

There is no significant difference between the actual situation of corporate governance and laws, administrative regulations and the regulations on corporate governance of listed companies issued by the CSRC.

## **II. The independence of the Company relative to its controlling shareholder and actual controller in ensuring the Company's assets, personnel, finance, organizations, business and other aspects**

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

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

2. Personnel independence: The Company has an independent workforce and has established a sound personnel management system. The Chairman, President, Vice President, Secretary of the Board of Directors, Chief Financial Director and other senior executives of the Company work full-time in the Company and receive remuneration. They have not held any positions other than directors or supervisors in shareholder entities holding more than 5% of the Company's equity and their subsidiaries, nor have they held any positions in other companies with the same or similar business as the Company. Independent personnel management.

3. Asset independence: The Company has independent production and business premises, production systems, supporting facilities, land usage rights and property ownership, and does not share them with the controlling shareholder.

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

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

### III. Competition in the same industry

Applicable  Not applicable

## IV. Information on the Annual and Extraordinary General Meeting of Shareholders held during the Reporting Period

### 1. Information on the General Meeting of Shareholders during the Reporting Period

Meeting session	Meeting type	Investor participation ratio	Meeting date	Date of disclosure	Meeting resolution
2023 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	20.48%	April 17, 2024	April 18, 2024	The following contents were deliberated and passed: 1. Proposal on Annual Report 2023 and Abstract; 2. Proposal on 2023 Final Financial Report; 3. Proposal on 2023 Profit Distribution Plan; 4. Proposal on 2023 Work Report of the Board of Directors; 5. Proposal on 2023 Work Report of the Board of Supervisors; 6. Proposal on Remuneration of Company Directors in 2023; 7. Proposal on Remuneration of Company Supervisors in 2023; 8. Proposal on Application for Comprehensive Credit Line from Banks by the Company and Its Subsidiaries in 2024; 9. Proposal on the Completion of the Company's East China Operation Center Project and the Use of Balanced Raised Funds for Permanently Supplementing Working Capital.

The 1st Extraordinary General Meeting of Shareholders in 2024	Extraordinary General Meeting of Shareholders	22.75%	November 4, 2024	November 5, 2024	The following contents were deliberated and passed: 1. Proposal on the Proposed Change of Accounting Firm and the Appointment of the Company's 2024 Audit Institution; 2. Proposal on the Change of the Company's Registered Capital and the Amendment of the Articles of Association.
The 2nd Extraordinary General Meeting of Shareholders in 2024	Extraordinary General Meeting of Shareholders	23.71%	November 25, 2024	November 26, 2024	The following contents were deliberated and passed: 1. Proposal on the Company's Employee Stock Ownership Plan for 2024 (Draft) and its Summary; 2. Proposal on the Company's Management Measures for the Employee Stock Ownership Plan for 2024; 3. Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Employee Stock Ownership Plan for 2024; 4. Proposal on the Company's Stock Option Incentive Plan for 2024 (Draft) and its Summary; 5. Proposal on the Company's Management Measures for Assessment of the Stock Option Incentive Plan for 2024; 6. Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Plan for 2024.

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

Applicable  Not applicable

## V. Directors, supervisors and senior executives

### 1. Basic situation

Name	Gender	Age	Position	Position status	Starting date of term of office	Ending date of term of office	Number of shares held at the beginning of the period (shares)	Number of additional shares held in	Number of shares reduced in the current	Other changes in increase or decrease (shares)	Number of shares held at the end of the period (shares)	Reasons for share changes in increase or decrease
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								the current period (shares)	period (shares)			
Wu Yongqiang	Male	60	Chairman, President	Incumbent	2011/08/29	2026/09/25	212,008,715	0	0		212,008,715	
Zheng Sibin	Male	59	Director, Vice President	Incumbent	2011/08/29	2026/09/25	6,336,970	0	0	373,100	5,963,870	Repurchase and cancellation of the remaining restricted stock under the 2021 Restricted Stock Incentive Plan
Ma Wei	Male	51	Director, Vice President	Incumbent	2011/08/29	2026/09/25	8,950,934	0	0	431,200	8,519,734	Repurchase and cancellation of the remaining restricted stock under the 2021 Restricted Stock Incentive Plan
Peng Ganquan	Male	53	Director	Incumbent	2011/08/29	2026/09/25	5,136,900	0	0	280,000	4,856,900	Repurchase and cancellation of the remaining restricted stock under the 2021 Restricted Stock Incentive Plan
Li Xumeng	Male	59	Independent director	Incumbent	2021/03/31	2026/09/25	0	0	0		0	
Chen Zhengxu	Male	57	Independent director	Incumbent	2023/09/26	2026/09/25		0	0		0	
Qin Wei	Male	46	Independent director	Incumbent	2023/09/26	2026/09/25		0	0		0	
Wen Zhaohui	Female	51	Vice President and Secretary of the Board of Directors	Incumbent	2011/08/29	2026/09/25	2,771,127	0	0	128,100	2,643,027	Repurchase and cancellation of the remaining restricted stock under the 2021 Restricted Stock Incentive Plan
Dai Huijuan	Female	49	Supervisor	Incumbent	2011/08/29	2026/09/25	319,612	0	0		319,612	
Kang Weiquan	Male	41	Supervisor	Incumbent	2014/08/21	2026/09/25	0	0	0		0	
Chen Jinzhou	Male	47	Supervisor	Incumbent	2017/02/15	2026/09/25	0	0	0		0	
Luo Muchen	Male	42	Chief Financial Director	Incumbent	2023/05/30	2026/09/25	50,000	0	0	35,000	15,000	Repurchase and cancellation of the remaining restricted stock under the 2021 Restricted Stock Incentive Plan
Total	--	--	--	--	--	--	235,574,258	0	0	1,247,400	234,326,858	--

Is there any resignation of directors and supervisors during their term of office and dismissal of senior executives during the Reporting Period?

Yes  No

Changes in directors, supervisors and senior executives

Applicable  Not applicable

## 2. Employment status

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

### (I) Members of the Board of Directors

**Wu Yongqiang**, male, born in 1965, holds a master's degree without permanent residency abroad. He is a local leading talent recognized by Shenzhen. He won the honors of "Shenzhen Young Science and Technology Leader" awarded by Shenzhen Municipal Government, "One of Top Ten Outstanding Young People" in Nanshan District, Shenzhen, and "Shenzhen Industrial Award". He successively served as lecturer of Harbin Institute of Technology and Vice Chairman of the Company. Now he serves as Chairman of the Company, executive director of Shenzhen Topband Software Technology Co., Ltd., executive director of Shenzhen Hongru Investment Management Co., Ltd., partner of Shenzhen Hongru Investment Enterprise (Limited Partnership), executive director and President of Ningbo Topband Intelligent Control Co., Ltd., executive director of Shenzhen Topband Automation Technology Co., Ltd., director of Shenzhen YAKO Automation Technology Co., Ltd., and director of Topband (Hong Kong) Co., Ltd.

**Zheng Sibin**, male, born in 1966, holds a master's degree and is an accountant without permanent residency abroad. He served as office director and vice factory director of Zhejiang Songyang Brewery, and finance supervisor, manager of Finance Department and Chief Financial Director of Nam Tai Electronics (Shenzhen) Co., Ltd. He is now a director, Vice President and President of business units of the Company, a supervisor of Shenzhen Topband Software Technology Co., Ltd., and a supervisor of Chongqing Topband Industrial Co., Ltd.

**Ma Wei**, male, born in 1974, holds a bachelor's degree without permanent residency abroad. He served as a technical development engineer and President of Shenzhen Huafa Electronics Co., Ltd. He is now a director, Vice

President and President of business units of the Company.

**Peng Ganquan**, male, born in 1972, holds a master's degree without permanent residency abroad. He successively served as engineer, development engineer of the electrical business unit, technical director and Vice President of Hunan Instrument and Meter Factory. Now he serves as director and President of business units of the Company, President of Shenzhen Topband Automotive Electronics Co., Ltd., and director of TOPBAND INDIA PRIVATE LIMITED.

**Li Xumeng**, male, born in 1966, Chinese, holds a doctor's degree in business management without permanent residency abroad. He successively served as consultant of Beijing Shangheng Zhiben Consulting Co., Ltd. and consultant of Shanghai Danfu Business Consulting Center. He is now a researcher of Zhuoyuehui Innovation and Development (Shenzhen) Co., Ltd., a supervisor of Guangxi Danfu Venture Capital Investment Co., Ltd., and an independent director of the Company.

**Chen Zhengxu**, male, born in 1968, Chinese, is a PhD student without permanent residency abroad. He served as managing director of the investment banking department of Qilu Securities and Hongyuan Securities, an off-campus supervisor of master's degree programs of School of Economics, Shenzhen University and Department of Finance, Shanghai Normal University, an independent director of Shenzhen Kingdom Technology Co., Ltd., and an independent director of Shenzhen BTR New Energy and Materials Co., Ltd. Now he is the executive director and President of Shenzhen Dingfeng Mingdao Asset Management Co., Ltd., a director of Beijing Smartlink Microchip Co., Ltd., the executive director and President of Shenzhen Pumao Culture and Art Co., Ltd., an executive partner of Shenzhen Daoxiang Investment Partnership (Limited Partnership), the manager of Shenzhen Mingxin Venture Capital Investment Partnership (Limited Partnership), the manager of Shenzhen Ming'ao Sensing Technology Venture Capital Investment Partnership (Limited Partnership), the President of Shenzhen Mingdao Dandelion Venture Capital Investment Partnership (Limited Partnership), the head of Shenzhen Daoxin Venture Capital Investment Partnership (Limited Partnership), and an independent director of the Company.

**Qin Wei**, male, born in 1979, Chinese, holds a bachelor's degree in engineering and a master's degree in economics without permanent residency abroad. Mr. Qin Wei is a non-practicing member of the Chinese Institute of Certified Public Accountants. He served as a senior credit analyst of Shenzhen China Chengxin Credit Management Co., Ltd., a business director of Huatai United Securities Co., Ltd., managing director of Topsperity

Securities Co., Ltd., and managing director of Yingda Securities Co., Ltd. Now he is a director of Shenzhen Taotao Technology Co., Ltd., a director of Shenzhen Pallet Sharing Technology Co., Ltd., a director of Acecamel Technology (Shenzhen) Co., Ltd., a director of Shenzhen Qicai Xiangyun Information Technology Co., Ltd., a director of Shenzhen Haytham Technology Co., Ltd., a director of Yacovia (Guangdong) Optical Technology Co., Ltd., a director of Shenzhen Hainav Sensor Technology Co., Ltd., the executive director and President of Shenzhen Taiya Dingfu Investment Consulting Co., Ltd., a founding partner of Xiamen Taiya Dingfu Investment Management Co., Ltd., a partner of Xiamen Taiya Innovation Equity Investment Partnership (Limited Partnership), an independent director of Shenzhen Fenda Technology Co., Ltd., and an independent director of the Company.

## **(II) Members of the Board of Supervisors**

**Dai Huijuan**, female, born in 1976, holds a bachelor's degree without permanent residency abroad. She successively served as supervisor and manager of the Company's Human Resources Department. Now she serves as chairwoman of the Board of Supervisors and director of the Human Resources Center of the Company, executive director and President of Huizhou Topband Electrical Technology Co., Ltd., partner of Shenzhen Hongru Investment Enterprise (Limited Partnership), and supervisor of Shenzhen Topband Automotive Electronics Co., Ltd.

**Chen Jinzhou**, male, born in 1978, permanent resident of Hong Kong, China, holds a doctor's degree from the Chinese University of Hong Kong. He successively served as electronic engineer at Hong Kong Productivity Council, senior researcher at Beijing Noitom Technology Ltd., and senior chief engineer at Johnson Electric. He served as Vice President of the microelectronics business unit of the Company and supervisor of the Company during the Reporting Period. As of the disclosure date of the report, Mr. Chen Jinzhou had resigned.

**Kang Weiquan**, male, born in 1984, holds a bachelor's degree without permanent residency abroad. He used to be a cost accountant at Shenzhen EVA Precision Industry Holdings Limited. Now he serves as a cost accountant and supervisor on behalf of workers and staff of the Company.

## **(III) Senior executives**

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

Zheng Sibin, the Vice President, is detailed in the resume of members of the Board of Directors.

Ma Wei, the Vice President, is detailed in the resume of members of the Board of Directors.

**Wen Zhaohui**, female, born in 1974, holds a bachelor's degree and is an accountant without permanent residency abroad. She successively served as head of the Finance Department, manager of the Finance Department and Finance Director of Shenzhen Topband Co., Ltd. and director of Shenzhen Dynanonic Co., Ltd. She is now the Vice President and Secretary of the Board of Directors of the Company. Ms. Wen Zhaohui was honored as "New Fortune Golden Secretary" for five consecutive years. She won the titles of "Excellent Secretary" awarded by Shenzhen Securities Regulatory Bureau and "Securities Times Top 100 Board Secretaries" in 2015, 2016 and 2017, and was selected into "New Fortune Hall of Fame of Golden Secretaries in 2019".

**Luo Muchen**, male, born in 1983, holds a bachelor's degree and is an accountant without permanent residency abroad. He served as an audit project manager of Shenzhen Branch of Ruihua Certified Public Accountants, and the report supervisor and financial manager of Shenzhen Topband Co., Ltd. Now he is the director of the Company's finance center.

Employment in shareholder entity

Applicable  Not applicable

Employment in other entities

Applicable  Not applicable

Incumbent's name	Name of another entity	Position taken in another entity	Starting date of term of office	Ending date of term of office	Receive remuneration and allowances from another entity?
Wu Yongqiang	Shenzhen Topband Software Technology Co., Ltd.	Executive director	September 18, 2014		No
Wu Yongqiang	Shenzhen Hongru Investment Management Co., Ltd.	Executive (managing) director	August 20, 2015		No
Wu Yongqiang	Shenzhen Hongru Investment Enterprise (Limited Partnership)	Partner	September 2, 2015		No
Wu Yongqiang	Shenzhen YAKO Automation Technology Co., Ltd.	Chairman	December 24, 2022		No
Wu Yongqiang	Shenzhen Topband Automation Technology Co., Ltd.	Executive director	November 24, 2016		No
Wu Yongqiang	Topband (Qingdao) Intelligent Control Co., Ltd.	Executive director and manager	March 29, 2021		No

Wu Yongqiang	Ningbo Topband Intelligent Control Co., Ltd.	Executive director and President	August 28, 2017		No
Peng Ganquan	Shenzhen Topband Automotive Electronics Co., Ltd.	President	September 7, 2021		No
Peng Ganquan	TOPBAND INDIA PRIVATE LIMITED	Director	December 11, 2015		No
Zheng Sibin	Shenzhen Topband Software Technology Co., Ltd.	Supervisor	February 26, 2004		No
Zheng Sibin	Chongqing Topband Industrial Co., Ltd.	Supervisor	March 12, 2008		No
Li Xumeng	Zhuoyuehui Innovation and Development (Shenzhen) Co., Ltd.	Researcher	June 1, 2018		Yes
Li Xumeng	Guangxi Danfu Venture Capital Investment Co., Ltd.	Supervisor	April 7, 2023		No
Chen Zhengxu	Shenzhen Dingfeng Mingdao Asset Management Co., Ltd.	Executive director and President	August 25, 2014		Yes
Chen Zhengxu	Beijing Smartlink Microchip Co., Ltd.	Director	December 21, 2017		No
Chen Zhengxu	Shenzhen Pumao Culture and Art Co., Ltd.	Executive director and President	June 13, 2019		No
Chen Zhengxu	Shenzhen Daoxiang Investment Partnership (Limited Partnership)	Executive partner	June 14, 2019		No
Chen Zhengxu	Shenzhen Mingxin Venture Capital Investment Partnership (Limited Partnership)	Manager	December 20, 2021		No
Chen Zhengxu	Shenzhen Ming'ao Sensing Technology Venture Capital Investment Partnership (Limited Partnership)	Manager	April 7, 2023		No
Chen Zhengxu	Shenzhen Mingdao Dandelion Venture Capital Investment Partnership (Limited Partnership)	President	February 28, 2023		No
Chen Zhengxu	Shenzhen Daoxin Venture Capital Investment Partnership (Limited Partnership)	Head	June 17, 2022		No
Qin Wei	Shenzhen Taotao Technology Co., Ltd.	Director	March 29, 2021		No
Qin Wei	Shenzhen Pallet Sharing Technology Co., Ltd.	Director	January 19, 2021		No
Qin Wei	Shenzhen Qicai Xiangyun Information Technology Co., Ltd.	Director	October 28, 2021		No
Qin Wei	Shenzhen Hisham Technology Co., Ltd.	Director	August 3, 2023		No
Qin Wei	Yacovia (Guangdong) Optical Technology Co., Ltd.	Director	August 10, 2020		No
Qin Wei	Shenzhen Taiya Dingfu Investment Consulting Co., Ltd.	Executive director and President	October 26, 2022		No

Qin Wei	Xiamen Taiya Dingfu Investment Management Co., Ltd.	Founding partner	May 16, 2016		Yes
Qin Wei	Xiamen Taiya Innovation Equity Investment Partnership (Limited Partnership)	Partner	December 18, 2019		No
Qin Wei	Shenzhen Fenda Technology Co., Ltd.	Independent director	August 22, 2022		Yes
Dai Huijuan	Huizhou Topband Electrical Technology Co., Ltd.	Executive director and President	November 14, 2011		No
Dai Huijuan	Shenzhen Topband Automotive Electronics Co., Ltd.	Supervisor	September 7, 2021		No
Dai Huijuan	Shenzhen Hongru Investment Enterprise (Limited Partnership)	Partner	September 2, 2015		No
Explanation of employment in other entities	None				

Punishment imposed by securities regulators in the past three years on the Company's directors, supervisors and senior executives currently in office and left office during the Reporting Period

Applicable  Not applicable

### 3. Remuneration for directors, supervisors and senior executives

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

1. Decision-making procedure and confirmation basis of remuneration: The remuneration of the Company's directors, supervisors and senior executives shall be paid according to the Remuneration Management System for Directors, Supervisors and Senior Executives deliberated and passed by the General Meeting of Shareholders. The Salary and Assessment Committee shall formulate a remuneration plan for directors and submit it to the Board of Directors for review and approval by the General Meeting of Shareholders.

2. The Remuneration Management System for Directors, Supervisors and Senior Executives revised at the 2nd Extraordinary General Meeting of Shareholders for 2023 held on September 26, 2023 and the Proposal on Reviewing Allowances for Independent Directors deliberated at the 2nd Extraordinary General Meeting of Shareholders for 2023 stipulate that, the allowance for independent directors of the Company is RMB 84,000 (before tax) per year, which will be paid according to their duration of service and relevant regulations. The Company shall be responsible for the travel expenses of the independent directors who attend the Board of Directors and the General

Meeting of Shareholders and the expenses required for the exercise of their functions and powers according to the Articles of Association of the Company

### Remuneration for directors, supervisors and senior executives during the Reporting Period

Unit: RMB ten thousand

Name	Gender	Age	Position	Position status	Total pre-tax remuneration received from the Company	Received remuneration from related parties of the Company
Wu Yongqiang	Male	60	Chairman and President	Incumbent	199.65	No
Zheng Sibin	Male	59	Director and Vice President	Incumbent	285.82	No
Ma Wei	Male	51	Director and Vice President	Incumbent	290.39	No
Peng Ganquan	Male	53	Director	Incumbent	244.59	No
Li Xumeng	Male	59	Independent director	Incumbent	8.4	No
Chen Zhengxu	Male	57	Independent director	Incumbent	8.4	No
Qin Wei	Male	46	Independent director	Incumbent	8.4	No
Wen Zhaohui	Female	51	Vice President and Secretary of the Board of Directors	Incumbent	96.94	No
Dai Huijuan	Female	49	Supervisor	Incumbent	98.02	No
Kang Weiquan	Male	41	Supervisor	Incumbent	47.48	No
Chen Jinzhou	Male	47	Supervisor	Incumbent	94.37	No
Luo Muchen	Male	42	Chief Financial Director	Incumbent	78.36	No
Total	--	--	--	--	1,460.82	--

Explanation of other situations

Applicable  Not applicable

## VI. Directors' performance of duties during the Reporting Period

### 1. Information on the Board of Directors during the Reporting Period

Meeting session	Meeting date	Date of disclosure	Meeting resolution
The 5th Meeting of the 8th Board of Directors	January 3, 2024	January 5, 2024	The following contents were deliberated and passed: 1. Proposal on Carrying out Forward Foreign Exchange Trading Business; 2. Proposal on Signing a Procurement Framework Agreement with Shenzhen Jizhiguang Electronics

			Co., Ltd.; 3. Proposal on Using Own Funds for Cash Management.
Announcement of Resolutions of the 6th (Extraordinary) Meeting of the 8th Board of Directors	January 23, 2024	January 24, 2024	The following contents were deliberated and passed: 1. Proposal on the Plan to Repurchase Company Shares;
The 7th (Extraordinary) Meeting of the 8th Board of Directors	February 5, 2024	February 6, 2024	The following contents were deliberated and passed: 1. Proposal on Changing the Total Amount of Repurchase Funds in the Plan to Repurchase Company Shares.
The 8th Meeting of the 8th Board of Directors	March 11, 2024	March 12, 2024	The following contents were deliberated and passed: 1. Proposal on Terminating the Spin-off of Subsidiaries to be Listed on the Growth Enterprise Market of Shenzhen Stock Exchange; 2. Proposal on Planning the Acquisition of Minority Shareholders' Equity in Holding Subsidiaries.
The 9th Meeting of the 8th Board of Directors	March 25, 2024	March 27, 2024	The following contents were deliberated and passed: 1. Proposal on Annual Report 2023 and Abstract; 2. Proposal on 2023 Work Report of the Board of Directors; 3. Proposal on 2023 Work Report of the President; 4. Proposal on 2023 Final Financial Report; 5. Proposal on 2023 Profit Distribution Plan; 6. Proposal on 2023 Internal Control Evaluation Report; 7. Proposal on Remuneration of Company Directors in 2023; 8. Proposal on Remuneration of Senior Executives of the Company in 2023; 9. Proposal on the Special Report on the Deposit and Use of Raised Funds in 2023; 10. Proposal on Application for Comprehensive Credit Line from Banks by the Company and Its Subsidiaries in 2024; 11. Proposal on the 2023 ESG and Social Responsibility Report; 12. Proposal on Provision for Asset Impairment in 2023; 13. Proposal on the Completion of Some Fund-raising Projects and the Use of Balanced Raised Funds for Permanently Supplementing Working Capital; 14. Proposal on the Notice of Convening the 2023 Annual General Meeting of Shareholders.
The 10th Meeting of the 8th Board of Directors	April 22, 2024		The following contents were deliberated and passed: 1. Proposal on the First Quarter Report in 2024;
The 11th Meeting of the 8th Board of Directors	May 29, 2024	May 30, 2024	The following contents were deliberated and passed: 1. Proposal on the Acquisition of Residual Equity in Shenzhen YAKO Automation Technology Co., Ltd.
The 12th Meeting of the 8th Board of Directors	July 29, 2024	July 31, 2024	The following contents were deliberated and passed:

			<ol style="list-style-type: none"> <li>1. Proposal on 2024 Semi-annual Report and Abstract;</li> <li>2. Proposal on the Special Report on the Deposit and Use of Raised Funds in the Half Year of 2024.</li> </ol>
The 13th Meeting of the 8th Board of Directors	October 16, 2024	October 17, 2024	<p>The following contents were deliberated and passed:</p> <ol style="list-style-type: none"> <li>1. Proposal on the Proposed Change of Accounting Firm and the Appointment of the Company's 2024 Audit Institution;</li> <li>2. Proposal on the Formulation of the Management Measures for the Selection and Appointment of Accounting Firms;</li> <li>3. Proposal on the Change of the Company's Registered Capital and the Amendment of the Articles of Association;</li> <li>4. Proposal on Convening the 1st Extraordinary General Meeting of Shareholders in 2024.</li> </ol>
The 14th Meeting of the 8th Board of Directors	October 24, 2024		<p>The following contents were deliberated and passed:</p> <ol style="list-style-type: none"> <li>1. Proposal on the Third Quarter Report in 2024.</li> </ol>
The 15th (Extraordinary) Meeting of the 8th Board of Directors	November 6, 2024	November 7, 2024	<p>The following contents were deliberated and passed:</p> <ol style="list-style-type: none"> <li>1. Proposal on the Company's Employee Stock Ownership Plan for 2024 (Draft) and its Summary;</li> <li>2. Proposal on the Company's Management Measures for the Employee Stock Ownership Plan (Draft) for 2024;</li> <li>3. Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Employee Stock Ownership Plan for 2024;</li> <li>4. Proposal on the Company's Stock Option Incentive Plan for 2024 (Draft) and its Summary;</li> <li>5. Proposal on the Company's Management Measures for Assessment of the Stock Option Incentive Plan for 2024;</li> <li>6. Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Plan for 2024;</li> <li>7. Proposal on Convening the 2nd Extraordinary General Meeting of Shareholders in 2024.</li> </ol>
The 16th (Extraordinary) Meeting of the 8th Board of Directors	December 11, 2024	December 12, 2024	<p>The following contents were deliberated and passed:</p> <ol style="list-style-type: none"> <li>1. Proposal on Adjusting Matters Related to the 2024 Stock Option Incentive Plan;</li> <li>2. Proposal on Granting Stock Options to Incentive Objects.</li> </ol>

## 2. Directors' attendance at board meetings and general meetings of shareholders

Directors' attendance at board meetings and general meetings of shareholders							
Name of directors	Number of board meetings during the	Number of on-site board meetings attended	Number of board meetings attended by correspondence	Number of board meetings attended by	Number of absences from	Whether you have failed to attend the board meetings in	Number of the general meetings of shareholders

	Reporting Period			an authorized person	board meetings	person for two consecutive times	attended
Wu Yongqiang	12	12	0	0	0	No	3
Ma Wei	12	12	0	0	0	No	3
Peng Ganquan	12	12	0	0	0	No	2
Zheng Sibin	12	12	0	0	0	No	3
Li Xumeng	12	12	0	0	0	No	3
Chen Zhengxu	12	12	0	0	0	No	3
Qin Wei	12	12	0	0	0	No	2

Explanation for failure to attend the board meetings in person for two consecutive times

None

### 3. Objections raised by Directors to the matters related to the Company

Whether Directors raise objections to matters related to the Company

Yes  No

During the Reporting Period, the Directors raised no objections to relevant matters of the Company.

### 4. Other descriptions on directors' performance of duties

Whether the directors' proposals to the Company have been adopted

Yes  No

Director's explanation on the adoption or rejection of the Company's proposals

During the Reporting Period, all directors of the Company performed their duties diligently and strictly followed the relevant regulations of the CSRC and the Shenzhen Stock Exchange as well as the Articles of Association, Rules of Procedure for the Board of Directors and other regulations to carry out their work. They paid close attention to the standardized operation and management of the Company. Based on the actual situation of the Company, they put forward professional and constructive opinions on the Company's major decisions. After sufficient communication and discussion, resolutions were formed to ensure that decisions were scientific, timely and efficient, so as to safeguard the legitimate rights and interests of the Company and its all shareholders.

## VII. Status of special committees under the Board of Directors during the Reporting Period

Name of the committee	Members	Number of meetings held	Meeting date	Meeting content	Important opinions and suggestions put forward	Other performance of duties	Details of objections (if any)
The 8th Audit Committee	Qin Wei, Chen Zhengxu and Li Xumeng	6	January 19, 2024	<p>The following contents were deliberated and passed:</p> <ol style="list-style-type: none"> <li>1. Proposal on Preliminary Review Opinions on the Company's 2023 Financial Accounting Statement;</li> <li>2. Proposal on the Company's 2023 Audit Work Time and Arrangements;</li> <li>3. Proposal on the Work Report of the Company's Audit Department for the Fourth Quarter of 2023 and the Work Plan for the First Quarter of 2024;</li> <li>4. Proposal on the 2023 Work Summary and Next Year's Work Plan of the Audit Department of the Company.</li> </ol>	<p>The Audit Committee reviewed the matters under consideration in strict accordance with the Rules of Procedure for the Audit Committee of the Board of Directors and relevant laws and regulations, and fully communicated with the Finance Department and the Auditing Agency, and unanimously agreed to the relevant proposals.</p>	Not applicable	Not applicable

			March 25, 2024	<p>The following contents were deliberated and passed:</p> <ol style="list-style-type: none"> <li>1. Proposal on Opinions on the Company's 2023 Financial Accounting Report;</li> <li>2. Proposal on 2023 Internal Control Evaluation Report;</li> <li>3. Proposal on the Occupation of the Company's Funds and External Guarantees by Controlling Shareholders and Other Related Parties;</li> <li>4. Proposal on Provision for Asset Impairment in 2023;</li> <li>5. Proposal on Reviewing the Use and Surplus of the Company's Forward Foreign Exchange Trading Funds in 2023;</li> <li>6. Proposal on Opinions on the Supervision of the Performance of Duties of Accounting Firms in 2023.</li> </ol>	<p>The Audit Committee reviewed the matters under consideration in strict accordance with the Rules of Procedure for the Audit Committee of the Board of Directors and relevant laws and regulations, and fully communicated with the Finance Department and the Auditing Agency, and unanimously agreed to the relevant proposals.</p>	Not applicable	Not applicable
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			April 22, 2024	<p>The following contents were deliberated and passed:</p> <ol style="list-style-type: none"> <li>1. Proposal on Opinions on the Company's Accounting Statement for the First Quarter of 2024;</li> <li>2. Proposal on the Audit Department's Work Report for the First Quarter of 2024 and Work Plan for the Second Quarter;</li> <li>3. Proposal on the Occupation of the Company's Funds and External Guarantees by Controlling Shareholders and Other Related Parties in the First Quarter of 2024;</li> <li>4. Proposal on Reviewing the Use and Surplus of the Company's Forward Foreign Exchange Trading Funds in the First Quarter of 2024.</li> </ol>	<p>The Audit Committee reviewed the matters under consideration in strict accordance with the Rules of Procedure for the Audit Committee of the Board of Directors and relevant laws and regulations, and fully communicated with the Finance Department and the Auditing Agency, and unanimously agreed to the relevant proposals.</p>	Not applicable	Not applicable
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			July 29, 2024	<p>The following contents were deliberated and passed:</p> <ol style="list-style-type: none"> <li>1. Proposal on the Audit Department's Work Report for the Second Quarter of 2024 and Work Plan for the Third Quarter;</li> <li>2. Proposal on the Occupation of the Company's Funds and External Guarantees by Controlling Shareholders and Other Related Parties in the Second Quarter of 2024;</li> <li>3. Proposal on Reviewing the Use of the Company's Forward Foreign Exchange Trading Funds in the Second Quarter of 2024;</li> <li>4. Proposal on Opinions on the Company's 2024 Semi-annual Accounting Statement;</li> <li>5. Internal Audit Report on the Use and Deposit of Funds Raised by the Company in the Second Quarter of 2024.</li> </ol>	<p>The Audit Committee reviewed the matters under consideration in strict accordance with the Rules of Procedure for the Audit Committee of the Board of Directors and relevant laws and regulations, and fully communicated with the Finance Department and the Auditing Agency, and unanimously agreed to the relevant proposals.</p>	Not applicable	Not applicable
			September 23, 2024	<p>The following contents were deliberated and passed:</p> <ol style="list-style-type: none"> <li>1. Proposal on the Proposed Change of Accounting Firm and the Appointment of the Company's 2024 Audit Institution.</li> </ol>	<p>The Audit Committee reviewed the matters under consideration in strict accordance with the Rules of Procedure for the Audit Committee of the Board of Directors and relevant laws and regulations, and fully communicated with the Finance Department and the Auditing Agency, and unanimously agreed to the relevant proposals.</p>	Not applicable	Not applicable

			October 24, 2024	<p>The following contents were deliberated and passed:</p> <ol style="list-style-type: none"> <li>1. Proposal on Opinions of the Company's Financial Accounting Statement for the Third Quarter of 2024;</li> <li>2. Proposal on the Audit Department's Work Plan for the Fourth Quarter of 2024;</li> <li>3. Proposal on Opinions on the Occupation of the Company's Funds and External Guarantees by Controlling Shareholders and Other Related Parties in the Third Quarter of 2024;</li> <li>4. Proposal on Reviewing the Use of the Company's Forward Foreign Exchange Trading Funds in the Third Quarter of 2024;</li> <li>5. Proposal on the Inspection Report on the Use and Deposit of Funds Raised by the Company in the Third Quarter of 2024.</li> </ol>	<p>The Audit Committee reviewed the matters under consideration in strict accordance with the Rules of Procedure for the Audit Committee of the Board of Directors and relevant laws and regulations, and fully communicated with the Finance Department and the Auditing Agency, and unanimously agreed to the relevant proposals.</p>	Not applicable	Not applicable
The 8th Strategy Committee	Wu Yongqiang, Zheng Sibin, Peng Ganquan, Ma Wei, and Li Xumeng	2	March 11, 2024	<p>The following contents were deliberated and passed:</p> <p>Proposal on Terminating the Spin-off of Subsidiaries to be Listed on the Growth Enterprise Market of Shenzhen Stock Exchange.</p>	<p>The Strategy Committee of the Board of Directors deliberated the matters under consideration in strict accordance with the Rules of Procedure of the Strategy Committee of the Board of Directors and relevant laws and regulations, and unanimously agreed to the relevant proposals.</p>	Not applicable	Not applicable

			March 25, 2024	The following contents were deliberated and passed: Proposal on the Completion of the Company's East China Operation Center Project and the Use of Balanced Raised Funds for Permanently Supplementing Working Capital	The Strategy Committee of the Board of Directors deliberated the matters under consideration in strict accordance with the Rules of Procedure of the Strategy Committee of the Board of Directors and relevant laws and regulations, and unanimously agreed to the relevant proposals.	Not applicable	Not applicable
The 8th Salary and Assessment Committee	Chen Zhengxu, Wu Yongqiang and Qin Wei	3	March 25, 2024	The following contents were deliberated and passed: 1. Proposal on Remuneration of Company Directors in 2023; 2. Proposal on Remuneration of Senior Executives of the Company in 2023.	The Salary and Assessment Committee of the Board of Directors deliberated the matters under consideration in strict accordance with the Rules of Procedure of the Salary and Assessment Committee of the Board of Directors and relevant laws and regulations, and unanimously agreed to the relevant proposals.	Not applicable	Not applicable
			November 6, 2024	The following contents were deliberated and passed: 1. Proposal on the Company's Employee Stock Ownership Plan for 2024 (Draft) and its Summary; 2. Proposal on the Company's Management Measures for the Employee Stock Ownership Plan (Draft) for 2024; 3. Proposal on the Company's Stock Option Incentive Plan for 2024 (Draft) and its Summary; 4. Proposal on the Company's Management Measures for Assessment of the Stock Option Incentive Plan for 2024.	The Salary and Assessment Committee of the Board of Directors deliberated the matters under consideration in strict accordance with the Rules of Procedure of the Salary and Assessment Committee of the Board of Directors and relevant laws and regulations, and unanimously agreed to the relevant proposals.	Not applicable	Not applicable

			December 11, 2024	The following contents were deliberated and passed: 1. Proposal on Adjusting the Number of Stock Options Granted Under the 2024 Stock Option Incentive Plan and the List of Incentive Objects; 2. Proposal on Granting Stock Options to Incentive Objects.	The Salary and Assessment Committee of the Board of Directors deliberated the matters under consideration in strict accordance with the Rules of Procedure of the Salary and Assessment Committee of the Board of Directors and relevant laws and regulations, and unanimously agreed to the relevant proposals.	Not applicable	Not applicable
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### VIII. Work of the Board of Supervisors

Whether the Board of Supervisors found any risks in the Company during its supervisory activities during the Reporting Period

Yes  No

The Board of Supervisors had no objection to the supervisory matters during the Reporting Period.

### IX. Information on the Company's employees

#### 1. Number of employees, specialty composition and education level

Number of employees of the parent company at the end of the Reporting Period (person)	2,562
Number of employees in major subsidiaries at the end of the Reporting Period (person)	9,055
Total number of employees at the end of the Reporting Period (person)	11,617
Total number of salaried employees in the current period (person)	11,617
Number of retired employees whose expenses need to be borne by the parent company and major subsidiaries (person)	6
Specialty composition	
Specialty composition category	Number of specialty composition (person)
Production personnel	7,281
Salesperson	716
Technician	2,178
Financial staff	105
Administrative personnel	638
Logistics personnel	699

Total	11,617
Education level	
Education level category	Number (person)
Bachelor or above	3,558
Junior college level	1,646
Below junior college level	6,413
Total	11,617

Note: The data is as of December 31, 2024, and the increase in headcount is mainly due to the expansion of production and increase of staff by overseas subsidiaries in preparation for market expansion.

## 2. Remuneration policy

The Company formulates salary management regulations in accordance with relevant national labor regulations and policies and its actual situation, and assesses and pays salaries in accordance with the salary management regulations. The Company strictly complies with the Labor Law and relevant national and local labor laws and regulations, signs labor contracts with employees, and pays various employee insurance according to regulations. The Company's overall remuneration consists of the following three parts: fixed salary, performance-based salary and welfare allowances. Fixed salary includes basic salary, position salary and confidentiality salary; performance-based salary includes performance bonus, year-end bonus and special bonus; and welfare includes mandated benefits, company benefits and allowances.

In 2024, Topband has continuously optimized the salary management system, formulated and implemented the employee salary management system, implemented differentiated salary band division for positions based on value assessment, built a salary grade development channel directly linked to the qualifications for the position, and formed a dynamic salary mechanism of "different salaries for the same position, and changes in salary with changes in position". For salary determination, the method of a combination of performance and qualification certification was adopted, a gradual salary adjustment strategy of "small steps and fast progress" was implemented, and on the premise of ensuring reasonable control of the total salary, department managers and the Human Resources Department jointly assess it. For overseas employees, the Company has revised the salary, welfare and holiday management measures, further refined the principles, time and process for the issuance of overseas allowances, improved the home leave policy, and clarified the attendance management standards to protect the rights and interests of overseas employees. Topband strictly fulfilled its responsibilities of paying employees' wages and social security, ensuring that all employees enjoy social insurance protection and building a solid welfare foundation for employees.

In terms of salary fairness and performance management, the Company has established an internal salary benchmarking system, which compares industry salary levels through external salary reports and combines internal salary data analysis to provide a basis for annual salary adjustment decisions, ensuring that salary levels are fair while being competitive in the market. The performance management system focused on organizational strategic goals, emphasized team collaboration and personal development, and ensured that individual performance is consistent with the Company's overall goals.

### **3. Training plan**

The Company gives a priority to the training programs, and has established a talent training system combining professional competence and leadership, including routine training, professional module training and management cadre training. Different training courses are formulated in stages for new employees, personnel in professional positions such as R&D, procurement, and sales, and middle and senior managers. An annual training plan is implemented in the areas of corporate culture, professional skills, management improvement, professional ethics, and mental health. Through the combination of internal and external training, excellent human resources support is provided for the sustainable development of the Company.

During the Reporting Period, in order to help new employees better adapt to the new work environment and positions, become familiar with the Company's relevant systems, and integrate into the corporate culture, the Company's Human Resources Center prepared courses and implemented an annual training plan in the areas of corporate culture, professional skills, management improvement, professional ethics, and mental health. The internal training and external training were combined based on the office environment. In the "New Employee Training" section, the training content covers company profile, benefits, corporate culture, information systems, finance and intellectual property, legal basics and commercial confidentiality knowledge, ISC core ideas and concepts, and occupational mental health, covering all the new employees. At the same time, for employees on the production line, the Company continues to provide on-site training, and provides special training in the terms of taking up posts, on-duty issues, job transfers, and special skill positions, so as to improve the professional capabilities of front-line employees in workplace safety, operating procedures, and quality control.

In addition, in order to improve the effectiveness of professional training, the module heads of departments of the Company and the Talent Development Department of the Company's Human Resources Center jointly formulated the 2024 professional training plan based on actual business needs; at the same time, the Talent Development Department of the Human Resources Center supervised and managed the implementation to ensure

the feasibility of the training plan. In 2024, the Company held targeted professional training for all professional module positions from time to time, including training on finance, legal affairs, patents, customs, procurement, supply chain, sales, R&D, and manufacturing and quality. Experts from various fields were invited to regularly communicate and share on these professional modules, technologies and other topics.

The Company pays attention to the training of the current managers and management trainees, and has formulated different training plans for them at different levels. During the Reporting Period, multiple sessions of "New Goose Training Camp" (supervisor trainees) and "Flying Goose Training Camp" (management trainees) were carried out in Shenzhen, Huizhou, Ningbo, Vietnam, Romania and other places. The "New Goose/Flying Goose Training Camp" is a professional training program for the Company's internal management trainees/current managers. The program for current managers not only allows managers to learn management knowledge and absorb others' experience in a timely manner but also provides a learning platform for sharing and communication. The program for management trainees prepares future managers for knowledge reserve and assessment before they enter management positions, and only those who pass the assessment can successfully enter the management talent pool. In addition to basic course training, the training plan involves targeted training activities such as management case practice, management development, micro-lesson presentations, and IDP instructions by internal intermediate and senior tutors. In addition to basic course activities, the Company assigns 2-3 management tutors to each trainee, who conduct monthly face-to-face interviews to help trainees change their mindset and quickly adapt to management roles. In May 2024, the Company launched the first "Overseas Goose Training Camp", which lasted for two weeks. 21 outstanding management cadres and professional backbone personnel from three overseas bases in Vietnam, India and Romania participated in the training camp. The learning content included 15 hours of lessons on the Company's development history, strategy and management philosophy. In addition, there were visits to the parks in Shenzhen and Huizhou, departmental learning and practice, world coffee seminars, and a two-day tour to Guangzhou and Shenzhen to deeply experience China's economy and humanities. The training camp enhanced overseas employees' understanding of the headquarters in China, promoted cross-cultural communication and cooperation, and assisted in the implementation of the Company's globalization strategy.

In order to better assist talent development, the Company continues to promote the construction of a job qualification system, and carries out job qualification sorting and job personnel certification. As of the end of the Reporting Period, the Company's qualification system had covered 62 positions and nearly 2,400 employees, and more than 1,500 people had been certified, which not only had provided employees with clear career advancement criteria but also had helped improve organizational effectiveness through accurate matching of capabilities and

positions. On this basis, the Company focused on the cultivation of core position capabilities, and innovatively designed special training camps to meet the needs of different job categories such as marketing, procurement, quality, and R&D. In 2024, the training camp covered more than 1,000 person-times and offered more than 40 courses, with a total class time of over 100 hours. The job learning map provides staff in different positions with clear and definite knowledge and skills required for personal development and improvement, and provides targeted courses on the required professional knowledge and skills for each position, effectively helping personnel in different positions improve their professional capabilities.

#### 4. Labor outsourcing

Applicable  Not applicable

### X. Profit distribution and conversion of capital accumulation fund to share capital in the Reporting Period

Profit distribution policy during the Reporting Period, especially the formulation, implementation or adjustment of the cash dividend policy

Applicable  Not applicable

During the Reporting Period, after detailed consultation with the Company's shareholders and listening to their opinions, the Company's Board of Directors formulated the Company's 2023 Profit Distribution Plan based on the Company's 2023 profit situation and investment situation and 2024 investment and expenditure plans. The 2023 Profit Distribution Plan was deliberated and passed at the 9th Meeting of the 8th Board of Directors and the 2023 Annual General Meeting of Shareholders. The 2023 Profit Distribution Plan is as follows. Based on the Company's total share capital on the equity registration date, minus 1,225,044,888 shares of the repurchased shares in the Company's special repurchase account, a cash dividend of RMB 0.6 (tax inclusive) for every 10 shares will be distributed to all shareholders. No accumulation fund will be converted to share capital, and no bonus shares will be issued. The above Profit Distribution Plan was implemented on May 9, 2024. The 2023 Profit Distribution Plan is in compliance with laws, regulations, the Articles of Association and the Company's Shareholder Dividend Plan for the Next Three Years (2023-2025), and the profit distribution decision-making procedure complies with the provisions of relevant laws, regulations, rules and codes.

Special description of cash dividend policy
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Whether it complies with the provisions of the Company's Articles of Association or the requirements of the resolutions of shareholders' meeting:	Yes
Are the dividend criteria and proportion clear and explicit?	Yes
Are the relevant decision-making procedures and mechanisms complete?	Yes
Have independent directors fulfilled their duties and played their due role:	Yes
If the Company does not distribute cash dividends, it shall disclose the specific reasons and the measures it intends to take to enhance the level of investor returns:	Not applicable
Do small and medium shareholders have sufficient opportunities to express their opinions and demands, and are their legitimate rights and interests fully protected:	Yes
If the cash dividend policy is adjusted or changed, are the conditions and procedures compliant and transparent?	Not applicable

The Company is profitable during the Reporting Period and the parent company has positive profit available for distribution to shareholders, but no cash dividend distribution plan has been proposed

Applicable  Not applicable

Profit distribution and conversion of capital accumulation fund to share capital in the Reporting Period

Applicable  Not applicable

Number of bonus shares send for every 10 shares (shares)	0
Number of dividend paid for every 10 shares (RMB) (tax inclusive)	0.7
Equity base of the distribution plan (shares)	1,228,789,388.00
Cash dividends (RMB) (tax inclusive)	86,015,257.16
Amount of cash dividends distributed in other ways (such as share repurchase) (RMB)	95,702,125.00
Total cash dividends (including other methods) (RMB)	181,717,382.16
Distributable profit (RMB)	1,409,689,377.48
The proportion of total cash dividends (including other methods) to total profit distribution	100%

#### Distribution of cash dividends in this period

If the Company is in the growth period and has major capital expenditures, the cash dividend shall account for at least 20% of the profit distribution.

#### Detailed description of the profit distribution or capital accumulation fund conversion plan

The Company's profit distribution plan for 2024 is as follows: Based on the Company's total share capital of 1,228,789,388 shares (excluding repurchase accounts), a cash dividend of RMB 0.7 (tax inclusive) per 10 shares will be paid to all shareholders. The Company will not convert its accumulation fund to share capital and will not issue bonus shares. The accumulated undistributed profits remaining after the implementation of the profit distribution plan shall be carried forward to subsequent years. If the Company's total share capital changes before the implementation of the Profit Distribution Plan due to share repurchase or other reasons, the total distribution amount will be adjusted accordingly based on the principle of maintaining the same distribution ratio per share. Investors are advised to pay attention to the risk of adjustment of the total distribution amount due to changes in the total share capital.

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

Applicable  Not applicable

### **1. Equity incentive**

#### **Implementation of the 2021 Restricted Stock Incentive Plan:**

On September 20, 2021, the Company held the 13th (Extraordinary) Meeting of the 7th Board of Directors, deliberated and passed the Proposal on the Company's 2021 Restricted Stock Incentive Plan, and agreed that the Company would intend to grant a total of no more than 34 million restricted shares to the incentive objects. Given that the economic situation and the internal and external environment have changed significantly compared to when the Company's equity incentive plan was announced, it will be difficult to achieve the expected incentive purposes and effects by continuing to implement the 2021 Restricted Stock Incentive Plan. On the basis of the Company's future strategic development plan, after carefully listening to opinions and suggestions and conducting prudent research, the Company intends to decide to terminate the implementation of the Incentive Plan and repurchase and cancel the restricted shares that have been granted but not yet released from the restriction on sales.

On December 1, 2023, the Company held the 4th (Extraordinary) Meeting of the 8th Board of Directors and the 3rd (Extraordinary) Meeting of the 8th Board of Supervisors, deliberated and passed the Proposal on Terminating the Implementation of the Restricted Stock Incentive Plan for 2021 and Repurchasing and Cancelling Restricted Stocks, and agreed to repurchase and cancel 270,900 restricted shares which had been granted to 20 incentive objects (including Shen Haibing and Wang Sifu) resigned due to personal reasons but whose rights had not been exercised by them at a price of RMB 7.12 per share; and agreed to repurchase and cancel 20,496,224 restricted shares which had been granted to 1,024 in-service incentive objects but whose sales restriction had not been lifted at a price of RMB 7.35 per share (generated after rounding, with the payment subject to actual calculation). The above matters had been deliberated and passed on the 3rd Extraordinary General Meeting of Shareholders in 2023.

As of April 24, 2024, the relevant procedures for the repurchase and cancellation of the above-mentioned restricted shares had been handled at Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

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

2021, March 31, 2022, July 26, 2022, August 19, 2022, September 24, 2022, December 28, 2022, March 31, 2023, April 26, 2023, September 9, 2023, November 16, 2023, December 2, 2023, and April 24, 2024.

### **Implementation of the 2024 Stock Option Incentive Plan:**

(1) On November 6, 2024, the Company held the 15th (Extraordinary) Meeting of the 8th Board of Directors and the 10th (Extraordinary) Meeting of the 8th Board of Supervisors, deliberated and passed the Proposal on the Company's 2024 Stock Option Incentive Plan (Draft) and its Summary, the Proposal on the Company's Management Measures for Assessment of the Stock Option Incentive Plan for 2024, and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Plan for 2024, and agreed that the Company would intend to grant a total of no more than 33 million stock options to 1,200 incentive objects. All shares of this plan come from the shares repurchased by the Company's special repurchase account. The stock options granted this time will be exercised at a ratio of 30%, 40% and 30% within 12 months, 24 months and 36 months from the date of completion of the granting and registration of the stock options. The Company held the 10th (Extraordinary) Meeting of the 8th Board of Supervisors, passed the relevant proposals and verified the list of incentive objects in this incentive plan. The lawyer issued a legal opinion and the independent financial consultant issued an independent financial consultant report.

(2) On November 11, 2024, the Company publicly announced the names and positions of the incentive objects in this incentive plan on the Company's internal OA office system, with a publicity period from November 11, 2024 to November 20, 2024. No organization or individual raised any objection to the list of incentive objects during the publicity period. On November 21, 2024, the Company disclosed the Explanation and Verification Opinions of the Board of Supervisors on the Publicity of the List of Incentive Objects in the Company's 2024 Stock Option Incentive Plan. The Board of Supervisors believed that the proposed incentive objects in this incentive plan did not have the situation that relevant laws and regulations do not allow them to be the incentive objects, and met the participation qualifications within the scope of the incentive objects in this incentive plan.

(3) On November 25, 2024, the Company held the 2nd Extraordinary General Meeting of Shareholders, deliberated and passed the Proposal on the Company's 2024 Stock Option Incentive Plan (Draft) and its Summary, the Proposal on the Company's Management Measures for Assessment of the Stock Option Incentive Plan for 2024, the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Plan for 2024, and other proposals related to the Incentive Plan, and authorized the Board of Directors to determine the grant date under the Incentive Plan, grant stock options

to the incentive objects when the incentive objects meet the conditions, and handle all matters necessary for the granting of stock options.

(4) On December 9, 2024, the Company held the 16th (Extraordinary) Meeting of the 8th Board of Directors and the 11th (Extraordinary) Meeting of the 8th Board of Supervisors, and deliberated and passed the Proposal on Adjusting Matters Related to the 2024 Stock Option Incentive Plan and the Proposal on Granting Stock Options to Incentive Objects. In view of the fact that as of the grant date of the stock options, 4 of the incentive objects originally deliberated and determined had resigned or had submitted resignation applications, and did not meet the conditions to become incentive objects, and the fact that 7 incentive objects voluntarily gave up the qualification for the stock options to be granted this time due to personal reasons, a total of 100,000 stock options to be granted to the above 11 incentive objects were canceled. After the adjustment, the Company's stock option incentive objects this time were 1,050 people, and the total number of stock options to be granted was adjusted from 33 million to 32.9 million. The Company's Board of Supervisors reviewed the list of incentive objects, the lawyer issued a legal opinion, and the independent financial consultant issued an independent financial advisor report.

(5) On December 26, 2024, upon review and confirmation by Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the Company completed the granting and registration of 32.9 million stock options involved in the 2024 Stock Option Incentive Plan.

Equity incentives received by the Company's directors and senior executives

Applicable  Not applicable

Unit: Share

Name	Position	Number of stock options held at the beginning of the year	Number of new stock options granted during the Reporting Period	Number of shares exercisable during the Reporting Period	Number of shares exercised during the Reporting Period	Exercise price (RMB/share)	Number of stock options held at the end of the period	Stock market price at the end of the Reporting Period (RMB/share)	Number of restricted stocks held at the beginning of the period	The number of shares released in this period	Number of restricted stocks newly granted during the Reporting Period	Grant price of restricted stocks (RMB/share)	Number of restricted stocks held at the end of the period
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Ma Wei	Director, Vice President, BG President	0	0	0	0	0	0	0	431,200	0	0	0	0
Zheng Sibin	Director, Vice President, BG President	0	0	0	0	0	0	0	373,100	0	0	0	0
Peng Ganquan	Director, BG President	0	0	0	0	0	0	0	280,000	0	0	0	0
Wen Zhaohui	Vice President, Secretary of the Board of Directors	0	0	0	0	0	0	0	128,100	0	0	0	0
Luo Muchen	Chief Financial Director	0	0	0	0	0	0	0	35,000	0	0	0	0
Total	--	0	0	0	0	--	0	--	1,247,400	0	0	--	0
Remarks (if any)	<p>On December 1, 2023, the Company held the 4th (Extraordinary) Meeting of the 8th Board of Directors and the 3rd (Extraordinary) Meeting of the 8th Board of Supervisors, deliberated and passed the Proposal on Terminating the Implementation of the Restricted Stock Incentive Plan for 2021 and Repurchasing and Cancelling Restricted Stocks, and agreed to repurchase and cancel 270,900 restricted shares which had been granted to 20 incentive objects (including Shen Haibing and Wang Sifu) resigned due to personal reasons but whose rights had not been exercised by them at a price of RMB 7.12 per share; and agreed to repurchase and cancel 20,496,224 restricted shares which had been granted to 1,024 in-service incentive objects but whose sales restriction had not been lifted at a price of RMB 7.35 per share (generated after rounding, with the payment subject to actual calculation). The above matters had been deliberated and passed on the 3rd Extraordinary General Meeting of Shareholders in 2023.</p> <p>As of April 24, 2024, the relevant procedures for the repurchase and cancellation of the above-mentioned restricted shares had been handled at Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The restricted shares held by the above five executives have been canceled simultaneously.</p>												

#### Evaluation and incentives of senior executives

The performance appraisal of the Company's core management personnel is based on the Company's operating efficiency and strategic goals. It is based on the Company's annual production, operation, and management capacity

building and the completion of the goals of the managers' respective work. The appraisal is conducted in the principles of combining distribution according to work with responsibilities, rights, and interests, linking income levels with the Company's performance and the goals of their respective work, giving equal weight to incentives and constraints, and combining result appraisal with process management. The remuneration distribution of senior executives is determined based on the appraisal results to promote the Company's long-term development and the achievement of its strategic goals.

The Company's senior executive remuneration is implemented on an annual salary basis, which consists of basic annual salary, performance-based annual salary and long-term equity incentives. The basic annual salary is mainly determined based on the Company's average salary level of senior executives in the previous year, with reference to factors such as industry characteristics and market salary trends. The performance-based annual salary is determined based on the year-end management level, operating efficiency and operating quality, and is submitted to the Board of Directors for review and distribution after assessment. The long-term equity incentive is formulated by the Company's regular equity incentive assessment management measures.

## 2. Implementation of employee stock ownership plan

Applicable  Not applicable

Status of all effective employee stock ownership plans during the Reporting Period

Scope of employees	Number of employees	Total number of stocks held (shares)	Changes	Proportion in the total share capital of the listed company	Sources of funding for implementation of the plan
Directors (excluding independent directors), supervisors, senior executives and the core backbone of the Company	45	5,181,200	Not applicable	0.42%	Special incentive funds provided by the Company and funds raised by other means permitted by laws and administrative regulations

Shareholdings of directors, supervisors and senior executives in the Employee Stock Ownership Plan during the Reporting Period

Name	Position	Number of stocks held at the beginning of the Reporting Period (shares)	Number of stocks held at the end of the Reporting Period (shares)	Proportion in the total share capital of the listed company
Directors: Ma Wei, Zheng Sibin and Peng	Directors, supervisors and senior executives	0	1,460,000	0.12%

Ganquan; supervisors: Dai Huijuan, Chen Jinzhou and Kang Weiquan; senior executives: Wen Zhaohui and Luo Muchen				
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Changes in asset management institutions during the Reporting Period

Applicable  Not applicable

Changes in equity due to disposal of shares by holders during the Reporting Period

Applicable  Not applicable

Exercise of shareholders' rights during the Reporting Period

Not applicable.

Other relevant circumstances and explanations of the Employee Stock Ownership Plan during the Reporting Period

Applicable  Not applicable

Changes in members of the Employee Stock Ownership Plan Management Committee

Applicable  Not applicable

Financial impact of the Employee Stock Ownership Plan on the listed company during the Reporting Period and related accounting treatment

Applicable  Not applicable

Termination of the Employee Stock Ownership Plan during the Reporting Period

Applicable  Not applicable

Other descriptions:

None.

### 3. Other employee incentives

Applicable  Not applicable

## **XII. Construction and implementation of internal control system during the Reporting Period**

### **1. Construction and implementation of internal control**

During the Reporting Period, the Company continued to update and improve its internal control system based on the actual situation of the Company, by the Basic Standards for Enterprise Internal Control, Management Measures for Independent Directors of Listed Companies, Guidelines for the Application of Enterprise Internal Control and other normative documents, combined with the Company's internal control system and evaluation methods, based on daily supervision and special supervision of internal control. During the Reporting Period, the Company revised the Articles of Association, Rules of Procedure for the General Meeting of Shareholders, Rules of Procedure for the Board of Directors and other systems by the latest provisions of the latest laws, regulations and regulatory requirements and based on the Company's specific circumstances, and new internal management systems such as the Working System for Secretary of the Board, Working System for Independent Directors and Working System for Independent Directors' Special Committee. At the same time, according to management needs, the Company set up an internal audit agency and Independent Directors' Special Committee. These mechanisms coordinated with the audit committee and independent directors to supervise and inspect the implementation of relevant systems. This can effectively ensure the implementation of the Company's rules and regulations, reduce operating risks, and strengthen internal control. The Company continued to optimize its organizational structure, and clarified the responsibilities of each department and corresponding positions. In this way, the Company effectively controlled the implementation of internal controls involved in the entire process of business management activities, such as decision-making, execution, supervision, and feedback, effectively avoiding internal control loopholes.

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

### **2. Details of major internal control deficiencies found during the Reporting Period**

Yes  No

**XIII. Management and control of the Company's subsidiaries during the Reporting Period**

Company name	Integration plan	Integration progress	Problem encountered during integration	Measures taken to solve the problem	Progress of solving the problem	Subsequent plan of solving the problem
Shenzhen YAKO Automation Technology Co., Ltd.	Use RMB 165.068 million of self-owned or self-raised funds to acquire the remaining 28.46% equity of Shenzhen YAKO Automation Technology Co., Ltd.	Completed	Not applicable	Not applicable	Not applicable	Not applicable

**XIV. Internal control evaluation report or internal control audit report****1. Internal control evaluation report**

Date for disclosure of the full text of the internal control evaluation report	March 28, 2025	
Index for disclosure of the full text of the internal control evaluation report	CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )	
The proportion of total assets of the units included in the evaluation scope to the total assets of the Company's consolidated financial statements	100.00%	
The proportion of operating income of the units included in the evaluation scope to the operating income of the Company's consolidated financial statements	100.00%	
Defect identification criteria		
Category	Financial report	Non-financial report
Qualitative criteria	<p>Indications of major defect of financial reports include:</p> <p>(1) Fraudulent conduct by the Company's directors, supervisors and senior executives;</p> <p>(2) The Company has corrected its published financial reports;</p> <p>(3) Material misstatements in the current financial reports discovered by the certified public accountants but not identified by the Company's internal control;</p> <p>(4) The audit committee and audit department were ineffective in supervising the Company's external financial reports and internal control over financial reports.</p>	<p>The qualitative criteria for evaluating internal control defects in non-financial reports determined by the Company are as follows:</p> <p>The non-financial report defect identification is mainly based on the influence degree of the defect on the validity of the business process and the possibility of occurrence.</p> <p>If the probability of a defect is relatively low and it will reduce work efficiency or effect, or increase the uncertainty of the effect, or make it deviate from the expected goal, it is recognized as a general defect;</p> <p>If the probability of a defect is relatively high and it will significantly reduce work</p>

	<p>Indications of significant defect of financial reports include:</p> <p>(1) Failure to select and apply accounting policies in accordance with generally accepted accounting principles;</p> <p>(2) Failure to establish anti-fraud procedures and control measures;</p> <p>(3) Failure to establish corresponding control mechanisms for the accounting treatment of non-routine or special transactions or failure to implement and having no corresponding compensatory controls;</p> <p>(4) There is one or more defects in the control over the final financial reporting process and there is no reasonable assurance that the prepared financial reports are true and complete.</p> <p>General defects refer to other control defects other than the above-mentioned major and important defects.</p>	<p>efficiency or effect, or significantly increase the uncertainty of the effect, or make it significantly deviate from the expected goal, it is recognized as a significant defect; If the probability of a defect is high and it will seriously reduce work efficiency or effect, or seriously increase the uncertainty of the effect, or make it seriously deviate from the expected goal, it is recognized as a major defect.</p>
Quantitative standard	<p>The quantitative standard uses consolidated operating income and total assets as measurement indicators. If the losses that may be caused or were caused by internal control defects are related to the profit statement, they are measured by the consolidated operating income indicators. If the amount of misstatement in the financial reports that may be caused by the defect alone or together with other defects is less than 0.5% of the consolidated operating income, it is considered as a general defect; if it exceeds 0.5% but less than 1% of the consolidated operating income, it is considered as a major defect; and if it exceeds 1% of the consolidated operating income, it is considered as a material defect.</p> <p>If the losses that may be caused or were caused by internal control defects are related to asset management, they are measured by the indicator of total consolidated assets. If the amount of misstatement in the financial reports that may be caused by the defect alone or together with other defects is less than 0.5% of the total consolidated assets, it is considered as a general defect; if it exceeds 0.5% but less than 1% of the total consolidated assets, it is considered as a major defect; and if it exceeds 1% of the total consolidated assets, it is considered as a material defect.</p>	<p>The quantitative standard uses operating income and total assets as measurement indicators. If the losses that may be caused or were caused by internal control defects are related to the profit statement, they are measured by the consolidated operating income indicators. If the amount of misstatement in the financial reports that may be caused by the defect alone or together with other defects is less than 0.5% of the consolidated operating income, it is considered as a general defect; if it exceeds 0.5% but less than 1% of the consolidated operating income, it is considered as a major defect; and if it exceeds 1% of the consolidated operating income, it is considered as a material defect.</p> <p>If the losses that may be caused or were caused by internal control defects are related to asset management, they are measured by the indicator of total consolidated assets. If the amount of misstatement in the financial reports that may be caused by the defect alone or together with other defects is less than 0.5% of the total consolidated assets, it is considered as a general defect; if it exceeds 0.5% but less than 1% of the total consolidated assets, it is considered as a major defect; and if it exceeds 1% of the total consolidated assets, it is considered as a material defect.</p>
Number of material defects in financial reports (Nr.)		0

Number of material defects in non-financial reports (Nr.)	0
Number of major defects in financial reports (Nr.)	0
Number of major defects in non-financial reports (Nr.)	0

## 2. Internal control audit report

Applicable  Not applicable

The deliberation opinion paragraph in the internal control audit report	
We believed that Shenzhen Topband Co., Ltd. had maintained effective internal control over financial reports in all material aspects as of December 31, 2024 in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations.	
Disclosure of internal control audit report	Disclosure
Date of full-text disclosure of internal audit report	March 28, 2025
Index of full-text disclosure of internal audit report	CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Internal control audit report opinion types	Standard unmodified opinion
Are there material defects in the non-financial report	No

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

Yes  No

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

Yes  No

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

Not applicable.

## Section V Environmental and Social Responsibility

### I. Major environmental issues

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

Yes  No

Administrative punishment for environmental problems during the Reporting Period

Applicable  Not applicable

Refer to other environmental information disclosed by key pollutant discharge companies

During the production of the Company, there is no heavy pollution. Company has always paid attention to public image, considers environmental protection as an important part of its corporation social responsibilities, and ensures that industrial solid wastes are effective regulatory-compliant disposal and the discharge of pollutants meets the national environmental protection standards.

The Company has passed the ISO14001:2015 environmental management system certification, also implements the HSPMQC080000 hazardous substances process management system, and has established a series of procedure documents in respect of environmental factor identification and evaluation, environmental monitoring and measurement management, environmental communication management, treatment and control of wastewater/exhaust gas/solid wastes, identification and control of hazardous substances, etc. to specify the environmental protection organization and responsibilities under the environmental management system of the Company. The certification of the system and the establishment of the related supporting systems by the Company indicate that it has achieved institutionalized and practicable arrangements for environmental protection.

Measures and effects taken to reduce carbon emissions during the Reporting Period

Applicable  Not applicable

Reasons for not disclosing other environmental information

Not applicable.

## **II. Social responsibility**

For details, please see the full text of the Company's 2024 ESG and Social Responsibility Report published on CNINFO (<http://www.cninfo.com.cn>) on March 28, 2025.

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

On November 19, 2024, the Company actively responded to the rural revitalization policy and reached a cooperation with the Huizhou Zhongkai High-tech Zone Charity Federation to assist the western and eastern cooperation in Anlong County, Southwest Guizhou Autonomous Prefecture, Guizhou Province, focusing on industrial development, rural revitalization and improvement of people's livelihood. It injected strong momentum for Anlong County to achieve high-quality development, donated money to the project, promoted the development of rural assistance activities, implemented corporate social responsibility, and contributed social strength.

## Section VI Important Matters

### I. Fulfillment of commitments

#### 1. Completed commitments during the Reporting Period and uncompleted commitments within the time limit by the end of the Reporting Period by the Company's actual controller, shareholders, related parties, acquirers, the Company and other committed related parties

Applicable  Not applicable

Reasons for commitments	Commitment Party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments made during the initial public offering or refinancing	Wu Yongqiang	Commitments to horizontal competition	Mr. Wu Yongqiang, the actual controller of the Company, has promised that during the period of being the controlling shareholder and/or actual controller of the Company, he would not directly or indirectly engage in any business which was the same, similar or substantially competitive with the main business of the Company at present and in the future.	June 12, 2006	Long-term	Fulfill the commitment strictly
Commitments made during the initial public offering or refinancing	Wu Yongqiang	Other commitments	<p>1. I would not abuse the position of the controlling shareholder/actual controller to interfere with the operation and management activities of the Company beyond my power and would not infringe the Company's interests under any circumstances.</p> <p>2. I would try my best to make the Company implement the compensation demand return measures.</p> <p>3. I would work hard to link the compensation system formulated by the Board of Directors or the Compensation Committee with the implementation of the Company's compensation return measures.</p> <p>4. I would work hard to link the exercise conditions (if any) of the corporate equity incentive to be published in the future with the implementation of the</p>	April 29, 2020	On-going	Fulfill the commitment strictly

			<p>Company's compensation return measures.</p> <p>5. I would support the relevant proposals related to the implementation of the Company's compensation return measures and would vote for them (if I have voting right).</p> <p>6. After the issuance of this commitment, if there are other requirements in the relevant provisions of the regulatory institution on the compensation return measures and its commitment and the above commitments could not meet the relevant requirements of the regulatory institution, I promise that I would issue a supplementary commitment in accordance with the relevant provisions at that time.</p> <p>7. If I violate the above commitments, I would make an explanation and apologize publicly at the General Meeting of Shareholders and the designated newspapers and magazines designated by the CSRC. I voluntarily accept the self-discipline supervision measures taken by the stock exchange and China Association for Public Companies. If my breach of the commitment causes losses to the Company or the shareholders, I shall be liable for compensation in accordance with the law.</p>			
Commitments made during the initial public offering or refinancing	All directors and senior executives of the Company	Other commitments	<p>1. I would not deliver benefits to other organizations or individuals free of charge or under unfair conditions and not damage the interests of the Company in other means.</p> <p>2. I fully supported and cooperated with the Company in regulating the duty consumption behavior of directors and senior executives. Any duty consumption behaviors would occur within the scope necessary for fulfilling my</p>	April 29, 2020	On-going	Fulfill the commitment strictly

			<p>duty to the Company. I strictly accepted the supervision and management of the Company to avoid extravagance or excessive consumption.</p> <p>3. I would strictly abide by the relevant laws and regulations, the regulations and rules of the CSRC, the stock exchange and other regulatory institutions as well as the requirements of the Company's rules and regulations on the code of conduct of directors and senior executives. Besides, I would not use the Company's assets to engage in investment and consumption activities unrelated to the performance of my duties.</p> <p>4. I would try my best to make the Company implement the compensation demand return measures.</p> <p>5. I would work hard to link the compensation system formulated by the Board of Directors or the Compensation Committee with the implementation of the Company's compensation return measures. At the same time, I would vote in favor of the compensation system proposal when the Board of Directors and the General Meeting of Shareholders of the Company deliberated (if I have vote/voting right).</p> <p>6. If the Company would implement the employee equity incentive in the future, I would fully support the Company to link the arrangement of exercise conditions of the employee incentive with the implementation of the Company's compensation return measures. At the same time, I would vote in favor of the employee equity incentive proposal when the Board of Directors and the General Meeting of Shareholders of the Company deliberated (if I</p>			
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			have vote/voting right). 7. If I violate the above commitments, I would make an explanation and apologize publicly at the General Meeting of Shareholders and the designated newspapers and magazines designated by the CSRC. I voluntarily accept the self-discipline supervision measures taken by the stock exchange and China Association for Public Companies. If my breach of the commitment causes losses to the Company or the shareholders, I shall be liable for compensation in accordance with the law.			
Whether the commitment was fulfilled on schedule	Yes					
If the commitment was not fulfilled within the time limit, the specific reasons for the failure and the next work plan shall be explained in detail.	Not applicable					

**2. If there was a profit forecast for the Company's assets or projects, and the Reporting Period was still in the profit forecast period, the Company shall explain why the assets or projects reached the original profit forecast and the reasons.**

Applicable  Not applicable

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

Applicable  Not applicable

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

**III. External guarantee in violation of regulations**

Applicable  Not applicable

The Company had no external guarantee in violation of regulations during the Reporting Period.

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

Applicable  Not applicable

**V. Explanation of the "non-standard audit report" of the Accounting Firm in the Reporting Period by the Board of Directors, the Board of Supervisors, and Independent Directors (if any)**

Applicable  Not applicable

**VI. Description of changes in accounting policies, accounting estimates, or corrections of significant accounting errors compared with the previous year's financial report**

Applicable  Not applicable

There were no changes in accounting policies, accounting estimates or corrections of significant accounting errors during the Reporting Period.

**VII. Explanation of changes in the scope of the consolidated financial reports compared with the previous year's financial report**

Applicable  Not applicable

There were no changes in the scope of the Company's consolidated financial reports during the Reporting Period.

**VIII. Appointment and dismissal of accounting firms**

Currently employed accounting firm

Name of domestic accounting firm	RSM China CPA LLP (Special General Partnership)
Remuneration of the domestic accounting firm (RMB ten thousand)	120
Consecutive years for domestic accounting firms to provide audit service	1
Name of the certified public accountant of the domestic accounting firm	Tian Jingliang, Zhu Aiyin, and Fan Lihua
Consecutive years for Certified Public Accountants of domestic accounting firms to provide audit service	1

Whether to hire a new accounting firm during the current period

Yes  No

Whether to hire a new accounting firm during the audit period

Yes  No

Whether the approval procedures are followed when changing the accounting firm

Yes  No

Detailed description of the hiring of a new accounting firm or the change of the accounting firm

The original audit institution, Baker Tilly China Certified Public Accountants, has provided audit services to the Company for five consecutive years. According to the relevant provisions of the Management Measures for the Selection and Appointment of Accounting Firms by State-owned Enterprises and Listed Companies, in order to ensure the compliance, independence and objectivity of the Company's audit work, the Company will no longer renew the contract with Baker Tilly China Certified Public Accountants as the Company's annual audit institution. The Company plans to change its audit institution to RSM China. The Company has communicated with the predecessor and successor accounting firms on matters related to the change of accounting firm. The predecessor and successor accounting firms have clearly been aware of the change and confirmed that they have no objections.

The Audit Committee of the Company believes that: given that Baker Tilly China Certified Public Accountants has provided audit services to the Company for five consecutive years, the Audit Committee of the Company's Board of Directors has fully understood and reviewed the professional competence, investor protection capabilities, independence and integrity of RSM China in accordance with the selection and appointment process in the Management Measures for the Selection and Appointment of Accounting Firms by State-owned Enterprises and Listed Companies and other relevant laws and regulations, and believes that RSM China has the practice qualifications and professional competence to provide audit services to listed companies and can meet the Company's audit work requirements. The Company's reasons for changing its accounting firm were appropriate and the procedures were compliant. The Company agreed to appoint RSM China as the audit institution for the Company's 2024 financial reports and internal controls, and agreed to submit the matter to the Company's Board of Directors for deliberation.

The Company deliberated and passed the Proposal on the Proposed Change of Accounting Firm and the Appointment of the Company's 2024 Audit Institution at the 13th Meeting of the 8th Board of Directors on October 16, 2024 and the 1st Extraordinary General Meeting of Shareholders on November 4, 2024 respectively, and agreed to appoint RSM China as the audit institution for the Company's 2024 financial reports and internal controls.

For details on the change of accounting firm and the appointment of the Company's 2024 audit institution, please refer to the Company's announcements disclosed on Securities Times and CNINFO (<http://www.cninfo.com.cn>) on October 17, 2024 and November 5, 2024 respectively.

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

Applicable  Not applicable

#### **IX. Delisting after disclosure of the annual report**

Applicable  Not applicable

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

Applicable  Not applicable

There were no matter related to bankruptcy reorganization during the Reporting Period.

#### **XI. Major litigation and arbitration matters**

Applicable  Not applicable

The Company had no major litigation and arbitration matters during the Reporting Period.

#### **XII. Punishment and rectification**

Applicable  Not applicable

There were no penalties or rectifications during the Company's Reporting Period.

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

Applicable  Not applicable

## **XIV. Major related transactions**

### **1. Related transactions connected with the daily operation**

Applicable  Not applicable

The Company had no related transactions connected with daily operations during the Reporting Period.

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

Applicable  Not applicable

The Company had no related transaction of acquisition or sale of assets or equity during the Reporting Period.

### **3. Related transactions of joint foreign investment**

Applicable  Not applicable

The Company had no related transaction of joint foreign investment during the Reporting Period.

### **4. Related creditor's right and debt transaction**

Applicable  Not applicable

The Company had no related creditor's right and debt transaction during the Reporting Period.

### **5. Transactions with associated financial companies**

Applicable  Not applicable

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

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

Applicable  Not applicable

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

**7. Other major related transactions**

Applicable  Not applicable

The Company had no other material related-party transactions during the Reporting Period.

**XV. Major contracts and their performance****1. Trusteeship, contracting and lease****(1) Trusteeship**

Applicable  Not applicable

The Company had no trusteeship during the Reporting Period.

**(2) Contracting**

Applicable  Not applicable

The Company had no contracting during the Reporting Period.

**(3) Lease**

Applicable  Not applicable

The Company did not carry out leasing during the Reporting Period.

**2. Material guarantee**

Applicable  Not applicable

Unit: RMB ten thousand

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

Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Total amount of approved guarantee for subsidiaries during the Reporting Period (B1)			0	Total actual amount of guarantee for subsidiaries during the Reporting Period (B2)						0
Total amount of approved guarantee for subsidiaries at the end of the Reporting Period (B3)			0	Total actual balance of guarantee for subsidiaries at the end of the Reporting Period (B4)						0
Guarantee of the subsidiary to its subsidiaries										
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Huizhou YAKO Automation	2023/01/11	20,000	2023/01/16	3,000				3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2023/04/24	1,200				3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2023/06/29	2,000				3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2023/07/31	1,200				3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2023/08/29	1,779.74				3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2024/01/08	1,500				3 years from maturity date of debts of guaranteed parties	No	No

Huizhou YAKO Automation	2023/01/11		2024/01/31	1,685.98				3 years from maturity date of debts of guaranteed parties	No	No	
Huizhou YAKO Automation	2023/01/11		2024/03/28	1,500				3 years from maturity date of debts of guaranteed parties	No	No	
Huizhou YAKO Automation	2023/01/11		2024/05/08	1,250.82				3 years from maturity date of debts of guaranteed parties	No	No	
Huizhou YAKO Automation	2023/01/11		2024/05/28	450.21				3 years from maturity date of debts of guaranteed parties	No	No	
Total amount of guarantee for subsidiaries approved during the Reporting Period (C1)				Total actual amount of guarantee for subsidiaries during the Reporting Period (C2)						6,387.01	
Total amount of approved guarantee for subsidiaries at the end of the Reporting Period (C3)		20,000		Total actual balance of guarantee for subsidiaries at the end of the Reporting Period (C4)						15,566.75	
Total amount of the corporate guarantee (i.e. the sum of the first three items)											
Total amount of guarantees approved during the Reporting Period (A1+B1+C1)				Total incurred amount of actual guarantees provided during the Reporting Period (A2+B2+C2)						6,387.01	
Total amount of guarantee approved at the end of the Reporting Period (A3+B3+C3)		20,000		Total actual balance of guarantee at the end of the Reporting Period (A4+B4+C4)						15,566.75	
The proportion of the total actual amount of guarantee (A4+B4+C4) in the Company's net assets											2.33%
Including:											

### 3. Entrusting others to manage cash assets

#### (1) Entrusted financial management

Applicable  Not applicable

## Overview of entrusted financial management during the Reporting Period

Unit: RMB ten thousand

Specific types	Capital source of entrusted financing	Amount of entrusted financial management	Unexpired balance	Overdue amount not recovered	Accrued impairment amount of overdue and unrecovered wealth management
Bank financial products	Self-own capitals	261,435.01	39,652.23	0	0
Total		261,435.01	39,652.23	0	0

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

Applicable  Not applicable

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

Applicable  Not applicable

**(2) Entrusted loans**

Applicable  Not applicable

The Company had no entrusted loans during the Reporting Period.

**4. Others major contracts**

Applicable  Not applicable

There were no other significant contracts in the Reporting Period of the Company.

**XVI. Explanation of other major matters**

Applicable  Not applicable

The Company held the 6th (Extraordinary) Meeting of the 8th Board of Directors on January 23, 2024, deliberated and passed the Proposal on the Plan to Repurchase Company Shares, and disclosed the Share Repurchase Report on January 24, 2024. On February 5, 2024, the Company held the 7th (Extraordinary) Meeting of the 8th Board of Directors, deliberated and passed the Proposal on Changing the Total Amount of Repurchase Funds in the

Plan to Repurchase Company Shares, and increased the total amount of funds in the share repurchase plan currently being implemented in the Proposal on the Plan to Repurchase Company Shares deliberated and passed at the 6th (Extraordinary) Meeting of the 8th Board of Directors from "not less than RMB 30 million and not more than RMB 50 million" to "not less than RMB 80 million and not more than RMB 150 million". The other terms in the share repurchase plan, such as the repurchase method, implementation period and repurchase price, remained unchanged.

During the Reporting Period, the Company accumulatively repurchased 11,779,000 shares through centralized bidding with RMB 95,702,125.00 in total (excluding the transaction charge), accounting for 0.94% of the Company's current total share capital, with the highest transaction price at RMB 9.51 per share and the lowest transaction price at RMB 6.34 per share.

For details, please refer to the relevant announcements published by the Company on Securities Times and CNINFO (<http://www.cninfo.com.cn>) on January 24, 2024, January 29, 2024, January 30, 2024, February 2, 2024, February 6, 2024, March 1, 2024, April 2, 2024, May 7, 2024, June 4, 2024, July 2, 2024, August 2, 2024, September 3, 2024, October 9, 2024, November 2, 2024 and December 4, 2024 respectively.

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

Applicable  Not applicable

1. In August 2024, the Company's wholly-owned subsidiary Shenzhen Topband Digital Energy Co., Ltd. invested in the establishment of a wholly-owned sub-subsidiary Topband Digital Energy Technology (Huizhou) Co., Ltd. with a registered capital of RMB 1 million;

2. In September 2024, the Company's wholly-owned subsidiary Shenzhen Topband Digital Energy Co., Ltd. invested in the establishment of a wholly-owned sub-subsidiary Chongqing Topband Yishu Energy Technology Co., Ltd., with a registered capital of RMB 1 million.

## **Section VII Share Change and Shareholders**

### **I. Share change**

#### **1. Share change**

Unit: Share

	Before change		Increase or decrease of change this time (+, -)					After change	
	Number	Proportion	Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Others	Subtotal	Number	Proportion
I. Shares with non-tradable conditions	223,936,357	17.67%	0	0	0	-48,191,215	-48,191,215	175,745,142	14.10%
1. Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal persons	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic capital	223,858,657	17.66%	0	0	0	-48,113,515	-48,113,515	175,745,142	14.10%
Including: shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural person	223,858,657	17.66%	0	0	0	-48,113,515	-48,113,515	175,745,142	14.10%
4. Shares held by foreign investment	77,700	0.01%	0	0	0	-77,700	-77,700	0	0.00%
Including: shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas natural persons	77,700	0.01%	0	0	0	-77,700	-77,700	0	0.00%
II. Shares with unlimited tradable conditions	1,043,665,755	82.33%	0	0	0	27,424,091	27,424,091	1,071,089,846	85.90%
1. A shares	1,043,665,755	82.33%	0	0	0	27,424,091	27,424,091	1,071,089,846	85.90%
2. Domestic listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total number of shares	1,267,602,112	100.00%	0	0	0	-20,767,124	-20,767,124	1,246,834,988	100.00%

## Reasons for share change

Applicable  Not applicable

The change in the Company's share capital during the Reporting Period was caused by the repurchase and cancellation of 20,767,124 restricted shares.

## Approval of share change

Applicable  Not applicable

On December 1, 2023, the Company held the 4th (Extraordinary) Meeting of the 8th Board of Directors and

the 3rd (Extraordinary) Meeting of the 8th Board of Supervisors, deliberated and passed the Proposal on Terminating the Implementation of the Restricted Stock Incentive Plan for 2021 and Repurchasing and Cancelling Restricted Stocks, and agreed to repurchase and cancel 270,900 restricted shares which had been granted to 20 incentive objects (including Shen Haibing and Wang Sifu) resigned due to personal reasons but whose rights had not been exercised by them at a price of RMB 7.12 per share; and agreed to repurchase and cancel 20,496,224 restricted shares which had been granted to 1,024 in-service incentive objects but whose sales restriction had not been lifted at a price of RMB 7.35 per share (generated after rounding, with the payment subject to actual calculation). The above matters had been deliberated and passed on the 3rd Extraordinary General Meeting of Shareholders in 2023.

As of April 24, 2024, the relevant procedures for the repurchase and cancellation of the above-mentioned 20,767,124 restricted shares had been handled at Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

Transfer of share change

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## 2. Changes in non-tradable shares

Applicable  Not applicable

Unit: Share

Name of shareholder	Number of non-tradable shares at the beginning of the period	Increase number of non-tradable shares in the current period	Desterilization number of non-tradable shares in the current period	Number of non-tradable shares at the end of the period	Reasons for non-trading	Date of lifting sales restriction
Wu Yongqiang	159,006,536		0	159,006,536	Executives lock-in shares	Not applicable
Ma Wei	6,713,200		323,400	6,389,800	Executives lock-in shares	April 24, 2024. The unlocked portion of restricted shares granted under the 2021 stock incentive plan were repurchased and canceled.
Peng Ganquan	3,852,674		209,999	3,642,675	Executives lock-in shares	April 24, 2024. The unlocked portion of restricted shares granted under the 2021 stock incentive plan were repurchased and canceled.
Zheng Sibin	4,752,727		279,825	4,472,902	Executives lock-in shares	April 24, 2024. The unlocked portion of restricted shares granted under the 2021 stock incentive plan were repurchased and canceled.
Wen Zhaohui	2,078,345		96,075	1,982,270	Executives lock-in shares	April 24, 2024. The unlocked portion of restricted shares granted under the 2021 stock incentive plan were repurchased and canceled.
Dai Huijuan	239,709		0	239,709	Executives lock-in shares	April 24, 2024. The unlocked portion of restricted shares granted under the 2021 stock incentive plan were repurchased and canceled.
Luo Muchen	37,500		26,250	11,250	Executives lock-in shares	April 24, 2024. The unlocked portion of restricted shares granted under the 2021 stock incentive plan were repurchased and canceled.
Xiang Wei	417,300		417,300	0	Executives lock-in shares	March 26, 2024. The sales restriction was lifted half a year after resignation.
Ji Shuhai	27,318,642		27,318,642	0	Executives lock-in shares	March 27, 2024. The sales restriction was lifted half a year after resignation.
Incentive objects of restricted stock incentive plan	19,519,724		19,519,724	0	Stock-option-incentive restricted stocks	The proposal to terminate the implementation of the 2021 Restricted Stock Incentive Plan and repurchase and cancel restricted stocks was passed at the 4th (Extraordinary) Meeting of the 8th Board of Directors, the 3rd (Extraordinary) Meeting of the 8th Board of Supervisors and the 3rd Extraordinary General Meeting of Shareholders in 2023. As of April 24, 2024, the relevant procedures for the repurchase and cancellation of the above-mentioned 20,767,124 restricted shares had been handled at Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.
Total	223,936,357	0	48,191,215	175,745,142	--	--

## II. Issuance and listing of securities

### 1. Issuance of securities (excluding preferred shares) during the Reporting Period

Applicable  Not applicable

### 2. Explanation of changes in the Company's total number of shares and shareholder structure and changes in the Company's structure of assets and liabilities

Applicable  Not applicable

#### (1) Changes in the total number of shares and shareholder structure:

During the Reporting Period, 20,767,124 restricted shares were repurchased and canceled, resulting in a decrease of 20,767,124 shares in the Company's total share capital, from 1,267,602,112 shares to 1,246,834,988 shares.

#### (2) Changes in the Company's structure of assets and liabilities

As of the end of the period, the total share capital of the Company was 1,246,834,988 shares, and the total corporate assets at the end of 2024 were RMB 12,848,865,960.25, with an assets-liabilities ratio of 48.07%.

### 3. Existing internal employee shares

Applicable  Not applicable

## III. Shareholders and actual controllers

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

Unit: Share

Total number of ordinary shareholders at the end of the Reporting Period	111,507	Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report	106,351	Total number of preferred shareholders with voting rights restored at the end of the Reporting Period (if any) (see Note 8)	0	The total number of preferred shareholders whose voting rights were restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 8)	0	
Shareholding situation of shareholders holding more than 5% of the shares or top 10 shareholders (excluding shares lent through refinancing)								
Name of shareholder	Nature of shareholders	Proportion of shareholding	Number of shares held at the end of the Reporting Period	Changes in increase or decrease during the Reporting Period	Number of shares with limited tradable conditions	Number of shares with unlimited tradable conditions	Pledge, marking or freezing	
							Share status	Number
Wu Yongqiang	Domestic natural person	17.00%	212,008,715	0	159,006,536	53,002,179	Pledge	38,860,000
Xie Renguo	Domestic natural person	1.94%	24,175,088	3074100	0	24,175,088	Not applicable	0
Ji Shuhai	Domestic natural person	1.90%	23,629,130	-3689512	0	23,629,130	Not applicable	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.46%	18,245,542	-5193859	0	18,245,542	Not applicable	0
China Merchants Bank Co., Ltd. - China Southern CSI 1000 ETF	Others	0.83%	10,296,900	9074900	0	10,296,900	Not applicable	0
Industrial Bank Co., Ltd. - ChinaAMC CSI Robot ETF	Others	0.74%	9,188,200	7981500	0	9,188,200	Not applicable	0
Ma Wei	Domestic natural person	0.68%	8,519,734	-431200	6,389,800	2,129,934	Not applicable	0
Dongguan Helios Industry Co., Ltd.	Domestic non-state-owned legal person	0.62%	7,769,800	-606600	0	7,769,800	Not applicable	0
Zhong Mingyu	Domestic natural person	0.58%	7,252,357	-768500	0	7,252,357	Not applicable	0
Xu Lixin	Domestic natural person	0.51%	6,388,400	2000	0	6,388,400	Not applicable	0

The top 10 shareholders of strategic investors or general legal persons due to placement of new shares (if any) (see Note 3)	Not applicable		
Explanation of the above shareholders' relationship or concerted action	Not applicable		
Explanation of the above shareholders' entrusting/entrusted voting rights and waiver of voting rights	Not applicable		
Special explanations for the existence of special repurchase accounts among the top 10 shareholders (if any) (see Note 10)	As of the end of the Reporting Period, the Company's special securities repurchase account held 18,045,600 shares, accounting for 1.45% of the Company's current total issued share capital.		
Shareholding of the top 10 shareholders with unlimited tradable conditions (excluding shares lent through refinancing and executives lock-in shares)			
Name of shareholder	Number of shares held with unlimited tradable conditions at the end of the Reporting Period	Type of shares	
		Type of shares	Number
Wu Yongqiang	53,002,179	A shares	53,002,179
Xie Renguo	24,175,088	A shares	24,175,088
Ji Shuhai	23,629,130	A shares	23,629,130
Hong Kong Securities Clearing Company Ltd.	18,245,542	A shares	18,245,542
China Merchants Bank Co., Ltd. - China Southern CSI 1000 ETF	10,296,900	A shares	10,296,900
Industrial Bank Co., Ltd. - ChinaAMC CSI Robot ETF	9,188,200	A shares	9,188,200
Dongguan Helios Industry Co., Ltd.	7,769,800	A shares	7,769,800
Zhong Mingyu	7,252,357	A shares	7,252,357
Xu Lixin	6,388,400	A shares	6,388,400
China Merchants Bank Co., Ltd. - ChinaAMC CSI 1000 ETF	5,521,884	A shares	5,521,884
Explanation of the relationship or concerted action between the top 10 shareholders with unlimited tradable conditions and between the top 10 shareholders with unlimited tradable conditions and the top 10 shareholders	Not applicable		
Explanation of the participation of the top 10 ordinary shareholders in securities margin trading (if any) (see Note 4)	Shareholder Mr. Xu Lixin holds 6,388,400 shares through the credit securities account.		

Participation of shareholders holding more than 5% of the shares, top 10 shareholders and top 10 shareholders with unlimited tradable conditions in lending of shares through refinancing business

Applicable  Not applicable

Unit: Share

Participation of shareholders holding more than 5% of the shares, top 10 shareholders and top 10 shareholders with unlimited tradable conditions in lending of shares through refinancing business								
Name of shareholder (full name)	Shares held through the ordinary account and credit account at the beginning of the period		Shares lent through refinancing but not returned at the beginning of the period		Shares held through the ordinary account and credit account at the end of the period		Shares lent through refinancing but not returned at the end of the period	
	Total	Proportion in the total share capital	Total	Proportion in the total share capital	Total	Proportion in the total share capital	Total	Proportion in the total share capital
China Merchants Bank Co., Ltd. - China Southern CSI 1000 ETF	1,222,000	0.10%	274,400	0.02%	10,296,900	0.83%	0	0.00%
Industrial Bank Co., Ltd. - ChinaAMC CSI Robot ETF	1,206,700	0.10%	98,000	0.01%	9,188,200	0.74%	0	0.00%

Changes in top 10 shareholders and top 10 shareholders with unlimited tradable conditions due to lending/return of shares through refinancing compared with the end of the previous period

Applicable  Not applicable

Did the top 10 ordinary shareholders and the top 10 ordinary shareholders with unlimited sales conditions conduct the agreed repurchase transactions during the Reporting Period

Yes  No

The top 10 ordinary shareholders and the top 10 ordinary shareholders with unlimited sales conditions did not conduct the agreed repurchase transactions during the Reporting Period

## 2. Controlling shareholder of the Company

Nature of controlling shareholder: controlled by natural person

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Obtained the right of residence in another country or region
Wu Yongqiang	China	No
Main occupation and position	Served as the Chairman and President of Shenzhen Topband Co., Ltd. since 2009	
Equity information on other domestic and foreign listed companies controlled or invested in by him during the Reporting Period	None	

Change of controlling shareholders during the Reporting Period

Applicable  Not applicable

The controlling shareholder of the Company did not change during the Reporting Period.

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

Nature of actual controller: domestic natural person

Type of actual controller: natural person

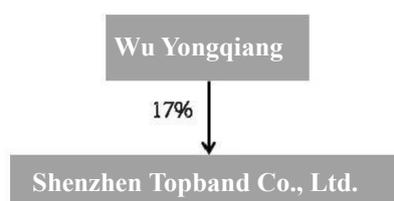
Name of actual controller	Relationship with actual controller	Nationality	Obtained the right of residence in another country or region
Wu Yongqiang	In person	China	No
Main occupation and position	Served as the Chairman and President of Shenzhen Topband Co., Ltd. since 2009		
Information on domestic and foreign listed companies controlled by him in the past 10 years	None		

Change of actual controller during the Reporting Period

Applicable  Not applicable

The actual controller of the Company did not change during the Reporting Period.

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



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

Applicable  Not applicable

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

Applicable  Not applicable

**5. Other institutional shareholders holding over 10% of the shares**

Applicable  Not applicable

**6. Restrictions on the reduction of shares held by the controlling shareholder, the actual controller, the reorganizer and other commitment entities**

Applicable  Not applicable

**IV. Specific implementation of share repurchase during the Reporting Period**

Implementation progress of share repurchase

Applicable  Not applicable

Scheme disclosure time	Number of shares to be repurchased (shares)	Proportion in the total share capital	Amount of shares to be repurchased (RMB ten thousand)	Proposed repurchase period	Repurchase purpose	Number of shares repurchased (shares)	Proportion of repurchased shares to underlying stocks involved in the equity incentive plan (if any)
2024/01/24	6,153,800-11,538,500	0.4936%-0.9254%	8,000-15,000	2024/1/23-2025/1/23	Implement equity incentives or employee stock ownership plans for the core employees of the Company.	11,779,000	

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

Applicable  Not applicable

## **Section VIII Information on Preferred Shares**

Applicable  Not applicable

The Company did not have preferred shares during the Reporting Period.

## **Section IX Relevant Information of Bonds**

Applicable  Not applicable

## Section X Financial Report

### I. Audit report

Type of audit opinion	Standard unqualified opinion
Date of signing the audit report	March 26, 2025
Name of audit institution	RSM China CPA LLP (Special General Partnership)
Document number of audit report	RCSZ [2025] No. 518Z0805
Name of certified public accountant	Tian Jingliang, Zhu Aiyin, and Fan Lihua

### Audit Report

RCSZ [2025] No. 518Z0805

All shareholders of Shenzhen Topband Co., Ltd.:

#### I. Audit opinion

We have audited the financial statements of Shenzhen Topband Co., Ltd. (hereinafter referred to as "Topband"), including the consolidated and parent company balance sheet as of December 31, 2024, and the consolidated and parent company income statement, the consolidated and parent company cash flow statement, and the consolidated and parent company statement of change in owner's equity of 2024, as well as related notes to the financial statements.

In our opinions, the attached financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises in all significant aspects, and given fair views on the consolidated and parent company financial positions of Topband as of December 31, 2024, and the consolidated and parent company operating results as well as cash flow of 2024.

#### II. Basis for the formation of audit opinions

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

### III. Key audit matters

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

#### (I) Revenue recognition

##### 1. Description of matters

For relevant information disclosure details, please refer to Notes "III. 27" and "V. 42" to the financial statement.

Topband is mainly engaged in the R&D, production and sales of intelligent control system solutions. It has two sales models: domestic sales and export. There are differences in the time of revenue recognition for different sales methods. Since operating revenue is one of the key performance indicators of Topband, there may be an inherent risk that the management of Topband (hereinafter referred to as the management) may achieve specific goals or expectations through inappropriate revenue recognition. Therefore, we identified revenue recognition as a key audit matter.

##### 2. Handling during the audit

The relevant procedures we have implemented for revenue recognition mainly include:

(1) Understand the key internal controls related to revenue recognition, evaluate the design of these controls, and test the operating effectiveness of related internal controls;

(2) Understand and inquire with the relevant personnel of the Company, check sales contracts or orders, and evaluate whether the revenue recognition method is appropriate based on the main contract terms and product features;

(3) Implement analytical procedures for operating revenue and gross profit margin by month, product and customer to identify whether there are significant or abnormal fluctuations;

(4) For domestic sales revenue, check the supporting documents related to revenue recognition by sampling, including sales contracts or orders, sales invoices, outbound delivery orders, transport documents, and customer receipts/statements. For export revenue, obtain the electronic port information and check it against the book records, and check the supporting documents such as sales contracts or orders, export declarations and sales invoices by sampling;

(5) On the basis of the confirmation of accounts receivable, send confirmation letters to major customers on a sampling basis to evaluate the authenticity of sales revenue and the accuracy of revenue recognition;

(6) On a sampling basis, check the operating revenue recognized before and after the balance sheet date against the supporting documents such as outbound delivery orders, customer receipts and export declarations to evaluate whether the operating revenue is recognized in the appropriate period;

(7) Check whether the information related to operating revenue has been properly presented and disclosed in the financial statement.

Based on the above work results, we believe that the relevant evidence can support the management's judgment and estimates on revenue recognition.

## (II) Impairment of accounts receivable

### 1. Description of matters

For relevant information disclosure details, please refer to Notes "III. 10" and "V. 4" to the financial statement.

As of December 31, 2024, the book balance of accounts receivable of Topband was RMB 3,175,971,241.30, the bad debt provision was RMB 183,186,743.57, and the book value was RMB 2,992,784,497.73. Due to the large amount of accounts receivable and the fact that the impairment test of accounts receivable involves the management's significant judgment, we identified the impairment of accounts receivable as a key audit matter.

### 2. Handling during the audit

The relevant procedures we have implemented for impairment of accounts receivable mainly include:

(1) Understand the key internal controls related to impairment of accounts receivable, evaluate the design of these controls, and test the operating effectiveness of related internal controls;

(2) Re-check the subsequent actual write-off or write-back of accounts receivable for which bad debt provisions were made in previous years and evaluate the accuracy of the management's past forecasts;

(3) Re-check the management's relevant considerations and objective evidence in the impairment test of accounts receivable and evaluate whether the management has adequately identified accounts receivable that have been impaired;

(4) For accounts receivable with expected credit losses measured on a single basis, obtain and examine the management's forecast of expected cash flows received, evaluate the reasonableness of key assumptions and the accuracy of data used in the forecast, and check with external evidence obtained;

(5) Regarding the provision for impairment of accounts receivable, for accounts receivable with expected credit losses measured on a portfolio basis, evaluate the rationality of the management's division of portfolios based on

credit risk characteristics; evaluate the rationality of the comparison table of accounts receivable aging and loss given default prepared by the management based on the historical credit loss experience and forward-looking estimates of the portfolios with similar credit risk characteristics; re-check the accuracy and completeness of the data used by the management (including accounts receivable aging, historical loss rate and migration rate) and whether the calculation of bad debt provisions is accurate;

(6) Perform independent confirmation procedures for significant accounts receivable;

(7) Check the post-period collection of accounts receivable and evaluate the rationality of the management's provision for bad debts of accounts receivable;

(8) Check whether the information related to impairment of accounts receivable has been properly presented in the financial statement.

Based on the above work results, we believe that the relevant evidence can support the management's judgment and estimates on impairment of accounts receivable.

#### **IV. Other information**

Topband's management (hereinafter referred to as the management) is responsible for other information. Other information includes the information covered in Topband's annual report for 2024, but does not include financial statements and our audit reports.

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

In conjunction with our audit of the financial statements, our responsibility is to read other information, and in this process, consider whether other information is materially inconsistent with the financial statements or what we have learned in the audit process or it appears to be significant misstatement.

Based on the work we have carried out, we shall report the fact if we determine the existence of a significant misstatement in other information. We have nothing to report in this regard.

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

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

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

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

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

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Since fraud may involve collusion, forgery, intentional omission, false representation or not be subject to internal control, the risk of failure to find the significant misstatement due to fraud is higher than the risk of failure to find a major misstatement due to errors.

(2) Understand internal controls related to the audit in order to design appropriate audit procedures.

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

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

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

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

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

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

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

## II. Financial statements

The unit of statements in the financial notes is: RMB

### 1. Consolidated Balance Sheet

Prepared by: Shenzhen Topband Co., Ltd.

December 31, 2024

Unit: RMB

Items	Ending balance	Beginning balance
Current assets:		
Monetary capital	1,713,976,263.34	1,550,450,889.82
Settlement of provisions		
Lending funds		
Tradable financial assets	739,448,691.77	656,704,087.16
Derivative financial assets		
Notes receivable	48,461,335.38	54,198,392.53

Accounts receivable	2,992,784,497.73	2,431,773,877.56
Financing of accounts receivable	131,217,672.56	278,520,642.22
Prepayments	26,932,435.21	44,088,068.53
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	38,621,875.39	36,524,343.36
Including: interest receivable		
Dividends receivable		
Repurchase of financial assets for resale		
Inventory	1,810,510,580.57	1,653,816,715.51
Including: data sources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	359,556,873.79	213,212,927.49
Total current assets	7,861,510,225.74	6,919,289,944.18
Non-current assets:		
Loans and advances granted		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	38,959,272.14	37,748,179.30
Other equity instrument investments	45,012,776.00	41,192,950.00
Other non-current financial assets		
Investment property	100,566,027.85	103,404,402.85
Fixed assets	2,737,959,115.57	2,102,862,886.72
Construction in progress	768,223,670.57	568,107,950.65
Productive biological assets		
Oil and gas assets		
Right-of-use assets	67,227,073.11	101,446,985.74
Intangible assets	643,784,398.36	607,110,895.95
Including: data sources		
Development expenditure	125,214,759.99	134,191,614.89
Including: data sources		
Goodwill	108,769,151.72	110,732,042.84
Long-term deferred expenses	188,924,525.82	182,804,408.10
Deferred tax assets	102,678,537.20	155,039,996.53
Other non-current assets	60,036,426.17	120,187,135.05
Total non-current assets	4,987,355,734.50	4,264,829,448.62

Total assets	12,848,865,960.24	11,184,119,392.80
Current liabilities:		
Short-term loans	1,224,214,110.41	279,348,750.00
Loan from the Central Bank		
Borrowed funds		
Financial liabilities held for trading	444,281.13	
Derivative financial liabilities		
Notes payable	1,194,662,037.01	927,833,178.70
Accounts payable	2,310,872,258.62	1,957,626,396.34
Accounts collected in advance	3,915,096.80	2,808,227.54
Contractual liabilities	131,435,683.97	168,681,571.89
Financial assets sold for repurchase		
Deposit absorption and interbank deposit		
Acting trading securities		
Acting underwriting securities		
Employee compensation payable	276,437,375.57	243,267,783.13
Taxes payable	48,126,598.87	92,374,605.57
Other account payable	450,563,068.15	151,341,029.40
Including: interest payable		
Dividends payable		
Service charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	136,488,765.75	370,623,598.03
Other current liabilities	77,931,203.31	32,561,693.03
Total current liabilities	5,855,090,479.59	4,226,466,833.63
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	245,740,474.88	437,747,877.47
Bonds payable		
Including: preferred shares		
Perpetual capital securities		
Lease liabilities	42,076,530.36	61,429,811.03
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	13,358,627.74	11,146,292.42
Deferred tax liabilities	20,219,592.39	77,730,856.81
Other non-current liabilities		
Total non-current liabilities	321,395,225.37	588,054,837.73

Total liabilities	6,176,485,704.96	4,814,521,671.36
Owner's equity:		
Share capital	1,246,834,988.00	1,246,834,988.00
Other equity instruments		
Including: preferred shares		
Perpetual capital securities		
Capital reserves	2,089,578,011.17	2,212,629,919.51
Minus: treasury shares	155,694,936.18	112,426,101.24
Other comprehensive income	-32,276,903.98	11,932,029.41
Special reserves		
Surplus reserves	248,359,297.47	219,446,936.59
General risk provision		
Retained earnings	3,275,527,294.98	2,706,499,696.23
Total owners' equity attributable to the parent company	6,672,327,751.46	6,284,917,468.50
Minority shareholders' equity	52,503.82	84,680,252.94
Total owners' equity	6,672,380,255.28	6,369,597,721.44
Total liabilities and owners' equity	12,848,865,960.24	11,184,119,392.80

Legal Representative: Wu  
Yongqiang

Accounting Head: Luo Muchen

Accounting Department Head: Luo  
Muchen

## 2. Balance Sheet of Parent Company

Unit: RMB

Items	Ending balance	Beginning balance
Current assets:		
Monetary capital	737,724,723.09	564,655,392.19
Tradable financial assets	353,132,886.74	449,502,886.74
Derivative financial assets		
Notes receivable	36,071,948.51	21,283,544.89
Accounts receivable	1,749,091,674.76	1,255,501,213.69
Financing of accounts receivable	36,369,236.89	187,096,121.14
Prepayments	16,727,322.45	9,934,227.02
Other receivables	269,840,253.20	359,906,911.54
Including: interest receivable		
Dividends receivable		
Inventory	376,080,117.00	144,733,773.21
Including: data sources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		

Other current assets	25,734,118.81	6,508,120.43
Total current assets	3,600,772,281.45	2,999,122,190.85
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	4,299,877,436.17	3,987,403,182.73
Other equity instrument investments		
Other non-current financial assets		
Investment property		
Fixed assets	182,839,226.06	168,610,949.25
Construction in progress	10,857,827.42	12,393,132.55
Productive biological assets		
Oil and gas assets		
Right-of-use assets	12,182,431.45	9,098,366.55
Intangible assets	186,874,312.66	160,674,130.76
Including: data sources		
Development expenditure	98,813,454.74	83,523,254.86
Including: data sources		
Goodwill		
Long-term deferred expenses	12,473,333.17	15,656,340.48
Deferred tax assets	4,272,297.23	44,367,498.96
Other non-current assets	12,437,360.68	9,641,839.34
Total non-current assets	4,820,627,679.58	4,491,368,695.48
Total assets	8,421,399,961.03	7,490,490,886.33
Current liabilities:		
Short-term loans	100,000,000.00	204,133,333.33
Financial liabilities held for trading	345,711.00	
Derivative financial liabilities		
Notes payable	1,895,000,000.00	1,136,576,558.75
Accounts payable	780,481,701.30	242,320,060.42
Accounts collected in advance		
Contractual liabilities	40,861,225.32	95,017,210.64
Employee compensation payable	152,318,345.79	134,992,084.62
Taxes payable	22,347,082.81	17,927,120.33
Other account payable	365,916,776.73	470,481,715.23
Including: interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	4,262,274.85	307,665,202.21

Other current liabilities	56,848,533.19	11,806,507.10
Total current liabilities	3,418,381,650.99	2,620,919,792.63
Non-current liabilities:		
Long-term loans	30,250,000.00	
Bonds payable		
Including: preferred shares		
Perpetual capital securities		
Lease liabilities	8,978,187.76	1,591,379.57
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	2,953,580.27	3,806,112.42
Deferred tax liabilities		32,635,559.80
Other non-current liabilities		
Total non-current liabilities	42,181,768.03	38,033,051.79
Total liabilities	3,460,563,419.02	2,658,952,844.42
Owner's equity:		
Share capital	1,246,834,988.00	1,246,834,988.00
Other equity instruments		
Including: preferred shares		
Perpetual capital securities		
Capital reserves	2,211,676,333.70	2,254,729,914.19
Minus: treasury shares	155,694,936.18	112,426,101.24
Other comprehensive income		
Special reserves		
Surplus reserves	248,330,779.01	219,418,418.13
Retained earnings	1,409,689,377.48	1,222,980,822.83
Total owners' equity	4,960,836,542.01	4,831,538,041.91
Total liabilities and owners' equity	8,421,399,961.03	7,490,490,886.33

### 3. Consolidated income statement

Unit: RMB

Items	In 2024	In 2023,
I. Total operating income	10,501,219,821.54	8,992,342,169.08
Including: operating income	10,501,219,821.54	8,992,342,169.08
Interest income		
Premium earned		
Service charge and commission income		
II. Total operating cost	9,693,118,141.20	8,440,752,000.64

Including: operating cost	8,088,901,865.21	6,986,324,444.52
Interest expense		
Service charge and commission payment		
Surrender value		
Net compensation expenditure		
Net reserve amount set aside for insurance liability contracts		
Policy dividend payment		
Reinsurance expenses		
Taxes and surcharges	67,144,726.40	55,464,701.92
Selling expenses	379,247,836.25	322,340,584.49
Overheads	401,415,660.16	438,361,342.66
R&D expenses	809,006,999.25	689,969,610.98
Finance expenses	-52,598,946.07	-51,708,683.93
Including: interest expenses	47,188,375.93	38,085,866.07
Interest income	36,970,341.29	36,588,417.62
Plus: other income	73,485,447.86	65,448,854.90
Investment income (loss marked with "-")	3,945,501.92	-11,234,586.49
Including: income from investment in associated enterprises and joint ventures	1,211,092.84	1,126,356.29
Derecognized gains from financial assets measured at amortized cost		
Exchange gains (loss marked with "-")		
Net exposure hedging income (loss marked with "-")		
Loss from changes in fair value (loss marked with "-")	-5,950,391.17	12,535,503.26
Credit impairment losses (loss marked with "-")	-20,502,203.70	-3,019,928.48
Asset impairment loss (loss marked with "-")	-80,133,065.08	-70,707,401.38
Assets disposal revenue (loss marked with "-")	-2,689,826.55	-1,426,087.98
III. Operating profits (loss marked with "-")	776,257,143.62	543,186,522.27
Plus: non-operating income	10,883,626.59	6,779,756.94
Minus: non-operating expenses	12,316,804.97	21,281,506.27
IV. Total profit (total loss marked with "-")	774,823,965.24	528,684,772.94
Minus: income tax expense	102,939,389.30	16,736,134.41
V. Net profit (net loss marked with "-")	671,884,575.94	511,948,638.53
(I) Classification according to business continuity		
1. Net profit from continuing operations (net loss marked with "-")	671,884,575.94	511,948,638.53
2. Net profit of discontinued operation (net loss marked with "-")		
(II) Classification according to ownership		
1. Net income attributable to the shareholders of the parent company	671,442,652.91	515,513,995.18
2. Profits and losses of minority shareholders	441,923.03	-3,565,356.65
VI. Net after-tax amount of other comprehensive income	-44,208,933.39	20,411,651.76

Net after-tax amount of other comprehensive income attributable to the owner of the parent company	-44,208,933.39	20,411,651.76
(I) Other comprehensive income that cannot be reclassified into profits or losses	2,864,869.50	0.00
1. Re-measurement of changes in the defined benefit plans		
2. Other comprehensive income not available for transferring to profits or losses under equity method		
3. Changes in fair value of other equity instrument investment	2,864,869.50	0.00
4. Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that is reclassified into profits and losses	-47,073,802.89	20,411,651.76
1. Other comprehensive income that can be transferred into profits or losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provisions for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Difference in translation of foreign currency financial statements	-47,073,802.89	20,411,651.76
7. Others		
Net after-tax amount of other comprehensive income attributed to the minority of shareholders		
VII. Total comprehensive income	627,675,642.55	532,360,290.29
Total consolidated income attributable to the owners of the parent company	627,233,719.52	535,925,646.94
Total consolidated income attributable to minority shareholders	441,923.03	-3,565,356.65
VIII. Earnings per share		
(I) Basic earnings per share	0.55	0.41
(II) Diluted earnings per share	0.55	0.41

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

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

#### 4. Parent company income statement

Unit: RMB

Items	In 2024	In 2023,
I. Operating income	5,738,376,664.57	4,556,604,247.89
Minus: operating cost	4,563,890,274.95	3,771,059,615.43
Taxes and surcharges	21,437,728.60	12,815,647.25
Selling expenses	259,782,575.43	203,292,991.91

Overheads	200,460,896.17	208,265,939.19
R&D expenses	407,631,380.87	354,899,847.25
Finance expenses	-45,239,671.09	-28,182,271.87
Including: interest expenses	15,821,584.83	18,633,033.66
Interest income	15,552,814.78	17,407,950.27
Plus: other income	19,335,173.15	13,658,581.00
Investment income (loss marked with "-")	-1,408,045.63	-13,309,330.46
Including: income from investment in associated enterprises and joint ventures	-13,252.87	-47,053.31
Derecognized gains from financial assets measured at amortized cost (loss marked with "-")		
Net exposure hedging income (loss marked with "-")		
Loss from changes in fair value (loss marked with "-")	-345,711.00	5,513,413.26
Credit impairment losses (loss marked with "-")	-9,752,828.03	5,038,682.32
Asset impairment loss (loss marked with "-")	-25,067,799.74	-4,422,995.84
Assets disposal revenue (loss marked with "-")	-34,440.81	90,933.75
II. Operating profit (loss marked with "-")	313,139,827.58	41,021,762.76
Plus: non-operating income	939,545.20	656,080.49
Minus: non-operating expenses	1,589,881.99	9,348,080.91
III. Total profit (total loss marked with "-")	312,489,490.79	32,329,762.34
Minus: income tax expense	23,365,881.98	-14,497,662.19
IV. Net profit (net loss marked with "-")	289,123,608.81	46,827,424.53
(I) Net profit from continuing operation (net loss marked with "-")	289,123,608.81	46,827,424.53
(II) Net profit from termination of operation (net loss marked with "-")		
V. Net after-tax amount of other comprehensive income		
(I) Other comprehensive income that cannot be reclassified into profits or losses		
1. Re-measurement of changes in the defined benefit plans		
2. Other comprehensive income not available for transferring to profits or losses under equity method		
3. Changes in fair value of other equity instrument investment		
4. Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that is reclassified into profits and losses		
1. Other comprehensive income that can be transferred into profits or losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provisions for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Difference in translation of foreign currency financial statements		
7. Others		

VI. Total comprehensive income	289,123,608.81	46,827,424.53
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated Cash Flow Statement

Unit: RMB

Items	In 2024	In 2023,
<b>I. Cash flow from operating activities:</b>		
Cash received from sales of goods or rendering of services	10,027,635,954.13	9,179,548,776.38
Net increase in deposits with other banks		
Net increase in borrowing from the central bank		
Net increase in funds borrowed from other financial institutions		
Cash from receipt of original insurance contract premiums		
Receipt of net cash for reinsurance operations		
Net increase in savings and investment funds of the insured		
Cash from receipt of interest, service charges and commissions		
Net increase in borrowed funds		
Net increase in funds from repurchase operations		
Net cash received for acting trading securities		
Refund of tax and levies	525,526,705.58	434,533,452.30
Other cash received related to operating activities	110,235,242.98	128,571,908.33
Subtotal of cash inflow from operating activities	10,663,397,902.69	9,742,654,137.01
Cash paid for purchasing goods and accepting labor services	7,037,594,518.83	6,199,684,459.33
Net increase in loans and advances of clients		
Net increase in deposits with central banks and interbanks		
Cash in compensation funds paid for the original insurance contract		
Net increase in lending funds		
Cash for payment of interest, service charges and commissions		
Cash for payment of policy dividends		
Cash paid to and for employees	1,790,998,914.62	1,524,104,853.03
Tax payments	308,701,013.72	224,407,012.95
Other cash paid in connection with operating activities	434,152,737.27	328,509,312.52
Subtotal of cash outflow from operating activities	9,571,447,184.44	8,276,705,637.83
Net cash flow from operating activities	1,091,950,718.25	1,465,948,499.18
<b>II. Cash flow from investing activities:</b>		
Cash received from investment recovery	768,564,670.00	21,000,265.52
Cash received as return on an investment	12,332,161.27	10,790,963.35
Net cash recouped from disposal of fixed assets, intangible assets, and other long-term assets	6,565,626.23	7,452,254.91

Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investment activities	2,235,246.30	0.00
Subtotal of cash inflow from investment activities	789,697,703.80	39,243,483.78
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	748,083,364.73	796,916,014.71
Cash paid for investment	922,446,272.51	380,124,141.64
Net increase in pledged loans		
Net cash obtained from subsidiaries and other business units		
Other cash paid related to investment activities	924,300.00	10,589,916.81
Subtotal of cash outflow from investment activities	1,671,453,937.24	1,187,630,073.16
Net cash flow from investment activities	-881,756,233.44	-1,148,386,589.38
III. Cash flow from financing activities:		
Cash received from absorbing investment		
Including: cash received by subsidiaries' absorption of minority shareholders' investment		
Cash received from loan	1,124,511,608.03	975,297,372.48
Other cash received relating to financing activities	6,009,728.26	10,045,619.78
Subtotal of cash inflow from financing activities	1,130,521,336.29	985,342,992.26
Cash paid for repayments of debts	881,199,244.99	832,250,000.01
Cash paid to distribute dividends, profits or pay interest	117,906,350.13	104,646,124.41
Including: dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities	311,536,595.48	281,629,710.21
Subtotal of cash outflow from financing activities	1,310,642,190.60	1,218,525,834.63
Net cash flow from financing activities	-180,120,854.31	-233,182,842.37
IV. Impact of exchange rate fluctuations on cash and cash equivalents	71,535,198.47	36,082,945.10
V. Net increase in cash and cash equivalents	101,608,828.97	120,462,012.53
Plus: balance of cash and cash equivalents at the beginning of the period	1,494,743,705.76	1,374,281,693.23
VI. Balance of cash and cash equivalents at the end of the period	1,596,352,534.73	1,494,743,705.76

## 6. Cash flow statement of the parent company

Unit: RMB

Items	In 2024	In 2023,
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	4,793,886,475.54	5,146,532,349.10
Refund of tax and levies	230,485,466.78	215,907,016.90
Other cash received related to operating activities	2,460,306,547.03	1,924,186,614.04
Subtotal of cash inflow from operating activities	7,484,678,489.35	7,286,625,980.04
Cash paid for purchasing goods and accepting labor services	3,142,647,984.46	4,086,653,994.37
Cash paid to and for employees	617,078,387.87	580,575,688.20
Tax payments	32,363,399.12	24,471,056.32
Other cash paid in connection with operating activities	2,741,016,182.55	1,993,324,411.74

Subtotal of cash outflow from operating activities	6,533,105,954.00	6,685,025,150.63
Net cash flow from operating activities	951,572,535.35	601,600,829.41
II. Cash flow from investing activities:		
Cash received from investment recovery	300,000,000.00	0.00
Cash received as return on an investment	3,948,764.24	6,844,619.62
Net cash recouped from disposal of fixed assets, intangible assets, and other long-term assets	2,209,115.90	315,914.28
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investment activities	2,235,246.30	0.00
Subtotal of cash inflow from investment activities	308,393,126.44	7,160,533.90
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	169,407,576.30	125,616,454.72
Cash paid for investment	436,555,100.00	205,000,000.00
Net cash obtained from subsidiaries and other business units		
Other cash paid related to investment activities	543,000.00	43,224,116.81
Subtotal of cash outflow from investment activities	606,505,676.30	373,840,571.53
Net cash flow from investment activities	-298,112,549.86	-366,680,037.63
III. Cash flow from financing activities:		
Cash received from absorbing investment		
Cash received from loan	161,000,000.00	230,000,000.00
Other cash received relating to financing activities		4,508,032.15
Subtotal of cash inflow from financing activities	161,000,000.00	234,508,032.15
Cash paid for repayments of debts	530,250,000.00	30,010,000.00
Cash paid to distribute dividends, profits or pay interest	91,801,225.33	87,648,051.70
Other cash paid related to financing activities	107,629,519.50	229,250,301.23
Subtotal of cash outflow from financing activities	729,680,744.83	346,908,352.93
Net cash flow from financing activities	-568,680,744.83	-112,400,320.78
IV. Impact of exchange rate fluctuations on cash and cash equivalents	39,489,370.97	13,051,509.87
V. Net increase in cash and cash equivalents	124,268,611.63	135,571,980.87
Plus: balance of cash and cash equivalents at the beginning of the period	530,273,423.70	394,701,442.83
VI. Balance of cash and cash equivalents at the end of the period	654,542,035.33	530,273,423.70

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

Amount in the current period

Unit: RMB

Items	In 2024														
	Owner's equity attributable to the parent company											Minority shareholders' equity	Total owners' equity		
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Retained earnings			Others	Subtotal
	Pref erred shar es	Perpet ual capital securit ies	Othe rs												
I. Ending balance of last year	1,246,834,988.00				2,212,629,919.51	112,426,101.24	11,932,029.41		219,446,936.59		2,706,499,696.23		6,284,917,468.50	84,680,252.94	6,369,597,721.44
Plus: changes in accounting policies															
Early error correction															
Others															
II. Beginning balance of the current year	1,246,834,988.00				2,212,629,919.51	112,426,101.24	11,932,029.41		219,446,936.59		2,706,499,696.23		6,284,917,468.50	84,680,252.94	6,369,597,721.44
III. Amount of changes in increase or decrease in the current period (decrease marked with "-")					-123,051,908.34	43,268,834.94	-44,208,933.39		28,912,360.88		569,027,598.75		387,410,282.96	-84,627,749.12	302,782,533.84
(I) Total comprehensive income							-44,208,933.39				671,442,652.91		627,233,719.52	441,923.03	627,675,642.55
(II) Capital invested and reduced by owners					6,685,939.51	95,703,328.59							-89,017,389.08		-89,017,389.08
1. Ordinary shares															

invested by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity					9,380,913.16							9,380,913.16			9,380,913.16
4. Others					-2,694,973.65	95,703,328.59						-98,398,302.24			-98,398,302.24
(III) Profit distribution									28,912,360.88	-102,415,054.16		-73,502,693.28			-73,502,693.28
1. Withdrawal of surplus reserve									28,912,360.88	-28,912,360.88					
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)										-73,502,693.28		-73,502,693.28			-73,502,693.28
4. Others															
(IV) Internal carryover of owner's equity					-49,739,520.00	-52,434,493.65						2,694,973.65			2,694,973.65
1. Conversion of surplus reserves to additional capital (or share capital)															
2. Conversion of surplus reserves to additional capital (or share capital)															
3. Surplus public reserve to compensate losses															
4. Change of defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward into retained earnings															
6. Others					-49,739,520.00	-52,434,493.65						2,694,973.65			2,694,973.65



III. Amount of changes in increase or decrease in the current period (decrease marked with "-")	-22,700,384.00				-53,512,278.93	-171,831,753.67	20,411,651.76		4,682,742.45		434,970,002.41		555,683,487.36	-8,711,959.03	546,971,528.33
(I) Total comprehensive income							20,411,651.76				515,513,995.18		535,925,646.94	-3,565,356.65	532,360,290.29
(II) Capital invested and reduced by owners	-22,700,384.00				-53,356,916.24	-171,831,753.67							95,774,453.43	2,498,034.93	98,272,488.36
1. Ordinary shares invested by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity					85,569,433.84								85,569,433.84	2,498,034.93	88,067,468.77
4. Others	-22,700,384.00				-138,926,350.08	-171,831,753.67							10,205,019.59		10,205,019.59
(III) Profit distribution								4,682,742.45	-80,543,992.77				-75,861,250.32		-75,861,250.32
1. Withdrawal of surplus reserve								4,682,742.45	-4,682,742.45						
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)										-75,861,250.32			-75,861,250.32	0.00	-75,861,250.32
4. Others															
(IV) Internal carryover of owner's equity															
1. Conversion of surplus reserves to additional capital (or share capital)															
2. Conversion of surplus reserves to additional capital (or share capital)															

3. Surplus public reserve to compensate losses														
4. Change of defined benefit plans carried forward to retained earnings														
5. Other comprehensive income carried forward into retained earnings														
6. Others														
(V) Special reserves														
1. Amount withdrawn in the current period														
2. Amount used in the current period														
(VI) Others				-155,362.69						-155,362.69	-7,644,637.31			-7,800,000.00
IV. Ending balance of the current year	1,246,834,988.00			2,212,629,919.51	112,426,101.24	11,932,029.41	219,446,936.59	2,706,499,696.23	6,284,917,468.50	84,680,252.94				6,369,597,721.44

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

Amount in the current period

Unit: RMB

Items	In 2024											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preferred shares	Perpetual capital securities	Others								
I. Ending balance of last year	1,246,834,988.00				2,254,729,914.19	112,426,101.24	0.00	0.00	219,418,418.13	1,222,980,822.83		4,831,538,041.91

Plus: changes in accounting policies												
Early error correction												
Others												
II. Beginning balance of the current year	1,246,834,988.00				2,254,729,914.19	112,426,101.24	0.00	0.00	219,418,418.13	1,222,980,822.83		4,831,538,041.91
III. Amount of changes in increase or decrease in the current period (decrease marked with "- ")					-43,053,580.49	43,268,834.94	0.00	0.00	28,912,360.88	186,708,554.65		129,298,500.10
(I) Total comprehensive income										289,123,608.81		289,123,608.81
(II) Capital invested and reduced by owners					6,685,939.51	95,703,328.59						-89,017,389.08
1. Ordinary shares invested by owners												
2. Capital contributed by holders of other equity instruments												

3. Amount of share-based payment included in owner's equity					9,380,913.16							9,380,913.16
4. Others					-2,694,973.65	95,703,328.59						-98,398,302.24
(III) Profit distribution									28,912,360.88	-102,415,054.16		-73,502,693.28
1. Withdrawal of surplus reserve									28,912,360.88	-28,912,360.88		
2. Distribution to owners (or shareholders)										-73,502,693.28		-73,502,693.28
3. Others												0.00
(IV) Internal carryover of owner's equity					-49,739,520.00	-52,434,493.65						2,694,973.65
1. Conversion of surplus reserves to additional capital (or share capital)												
2. Conversion of surplus reserves to additional capital (or share capital)												
3. Surplus public reserve to compensate losses												

4. Change of defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward into retained earnings												
6. Others					-49,739,520.00	-52,434,493.65						2,694,973.65
(V) Special reserves												
1. Amount withdrawn in the current period												
2. Amount used in the current period												
(VI) Others												
IV. Ending balance of the current year	1,246,834,988.00				2,211,676,333.70	155,694,936.18			248,330,779.01	1,409,689,377.48		4,960,836,542.01

Amount in the previous period

Unit: RMB

Items	In 2023,											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preferred shares	Perpetual capital securities	Others								

I. Ending balance of last year	1,269,535,372.00				2,314,366,149.44	284,257,854.91			214,735,675.68	1,256,697,391.07		4,771,076,733.28
Plus: changes in accounting policies												
Early error correction												
Others												
II. Beginning balance of the current year	1,269,535,372.00				2,314,366,149.44	284,257,854.91			214,735,675.68	1,256,697,391.07		4,771,076,733.28
III. Amount of changes in increase or decrease in the current period (decrease marked with "-")	-22,700,384.00				-59,636,235.25	-171,831,753.67			4,682,742.45	-33,716,568.24		60,461,308.63
(I) Total comprehensive income										46,827,424.53		46,827,424.53
(II) Capital invested and reduced by owners	-22,700,384.00				-59,636,235.25	-171,831,753.67						89,495,134.42
1. Ordinary shares invested by owners												
2. Capital contributed by holders of other equity instruments												

3. Amount of share-based payment included in owner's equity					79,290,114.83							79,290,114.83
4. Others	-22,700,384.00	0.00	0.00	0.00	-138,926,350.08	-171,831,753.67						10,205,019.59
(III) Profit distribution									4,682,742.45	-80,543,992.77		-75,861,250.32
1. Withdrawal of surplus reserve									4,682,742.45	-4,682,742.45		0.00
2. Distribution to owners (or shareholders)										-75,861,250.32		-75,861,250.32
3. Others												
(IV) Internal carryover of owner's equity												
1. Conversion of surplus reserves to additional capital (or share capital)												
2. Conversion of surplus reserves to additional capital (or share capital)												
3. Surplus public reserve to compensate losses												
4. Change of defined benefit												

plans carried forward to retained earnings												
5. Other comprehensive income carried forward into retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in the current period												
2. Amount used in the current period												
(VI) Others												
IV. Ending balance of the current year	1,246,834,988.00				2,254,729,914.19	112,426,101.24	0.00	0.00	219,418,418.13	1,222,980,822.83		4,831,538,041.91

### III. Basic information of the Company

Shenzhen Topband Co., Ltd. (hereinafter referred to as "the Company") formerly known as Shenzhen Topband Electronic Equipment Co., Ltd., is a limited liability company approved by Shenzhen Administration for Industry and Commerce on February 9, 1996. It has obtained the Business License of Enterprise Legal Person with the registration number of 19241377-3. On January 10, 2001, upon approval, the name of Shenzhen Topband Electronic Equipment Co., Ltd. was changed to Shenzhen Topband Electronic Technology Co., Ltd. On July 15, 2002, with the approval of Shenzhen Municipal People's Government by issuing the Reply to the Approval of the Reorganization and Establishment of Shenzhen Topband Electronic Technology Co., Ltd. (SFG [2002] No. 24), five shareholders acted as sponsors to reorganize Shenzhen Topband Electronic Technology Co., Ltd. into a joint stock limited company. On June 26, 2007, with the approval of the Notice on Approving the Initial Public Offering of Shenzhen Topband Electronic Technology Co., Ltd. (ZJH No. 2007135) issued by the China Securities Regulatory Commission, the Company issued shares to the public and was listed on Shenzhen Stock Exchange with the stock code of 002139. In September 2009, the Company's name was changed to Shenzhen Topband Co., Ltd.

The Company's registered address is F1, Topband Industrial Park Phase II, Keji Second Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen. The unified social credit code of the business license is 91440300192413773Q. The legal representative of the Company is Wu Yongqiang. As of December 31, 2024, the share capital is RMB 1,246,834,988.00.

The Company's main business activities: The Company is a business with rich technical experience and product solutions in the intelligent control industry. With the core technology system of "four electrics and one network" (electric control, motor, battery, power, and IoT), the Company is specialized in developing, manufacturing and selling components and systems. The components mainly include intelligent controllers, high efficiency motors, battery packs and power products. The systems mainly include AC/DC charging piles, integrated industrial and commercial energy storage systems, integrated household energy storage systems and AI systems. The products are widely used in three major fields: power tools and home appliances, digital energy and intelligent vehicles, and robots. We offer innovative, efficient and reliable customized services to global customers, and at the same time bring green, intelligent and innovative products to consumers.

Date of approval for submission of financial statement: The financial statements have been approved for submission by the Company's Board of Directors on March 26, 2025.

## **IV. Preparation basis of the financial statement**

### **1. Basis of preparation**

On a going concern basis, the Company recognizes and measures actual transactions and events in accordance with the Accounting Standards for Business Enterprises and their application guidelines and interpretations of the Standards, and prepares its financial statements accordingly. In addition, the Company also discloses relevant financial information in accordance with the Compilation Rules No. 15 for Information Disclosure by Companies Offering Securities to the Public - General Provisions on Financial Reports (2023 Revision) issued by CSRC.

### **2. Continuation**

The Company has evaluated its ability to continue as a going concern in the 12 months from the end of the Reporting Period and has not identified matters affecting the Company's ability to continue as a going concern. It is reasonable for the Company to prepare its financial statements on a going concern basis.

## **V. Significant accounting policies and accounting estimates**

Specific accounting policies and accounting estimates reminders:

The following important accounting policies and estimates of the Company were determined in accordance with the Accounting Standards for Business Enterprises. The businesses not mentioned are executed in accordance with the relevant accounting policies in the Accounting Standards for Business Enterprises.

### **1. Statement on compliance with Accounting Standards for Business Enterprises**

The financial statements prepared by the Company comply with the requirements of Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position, operating results, changes in owners' equity and cash flows.

### **2. Accounting period**

The fiscal year of the Company begins on January 1 and ends on December 31 of the Gregorian calendar.

### **3. Operating cycle**

The normal operation cycle of the Company is one year.

#### 4. Recording currency

The recording currency of the Company is RMB, and the overseas branches and subsidiaries may determine their own recording currencies according to the currency of the main economic environment in which they operate.

#### 5. Method for determining materiality criteria and basis for selection

Applicable  Not applicable

Items	Materiality criteria
Accounts receivable with major single provision for bad debts	The ending balance of individual accounts receivable and other receivables is greater than RMB 1 million
Recovery or reversal of bad debt provisions for material receivables	The amount of single recovery or reversal is greater than RMB 1 million
Write off of material receivables	The amount of single write-off is greater than RMB 1 million
Material contract liabilities aged over 1 year	The amount of a single contract liability aged over 1 year is greater than RMB 5 million
Material payables and other payables	The amount of a single accounts payable/other payable aged over 1 year is greater than RMB 5 million
Important projects under construction	The budget of a single project is over RMB 100 million
Major non-wholly-owned subsidiaries	The minority equity is more than RMB 50 million

#### 6. Accounting treatment for consolidation under the same control and under different control

##### (1) Business merger under common control

The assets and liabilities acquired by the Company in the business merger are measured at the date of the merger at the book value of the merged party in the consolidated financial statements of the ultimate controlling party. If the accounting policies and accounting periods adopted by the merged party and the Company before the business merger are different, the accounting policies and accounting periods shall be unified based on the materiality principle, that is, the book values of the assets and liabilities of the merged party shall be adjusted in accordance with the accounting policies and accounting periods of the Company. In case of a difference between the book value of the net assets acquired by the Company in the business merger and the book value of the consideration paid, the capital reserve (capital premium or equity premium) shall be adjusted first. If the balance of the capital reserve (capital premium or equity premium) is insufficient for writing down, the surplus reserve and undistributed profits shall be written down successively.

See 7 (5) of Section X Financial Report for the accounting treatment of business mergers under common control through stepwise transactions.

##### (2) Business merger under different control

The identifiable assets and liabilities of the acquiree acquired by the Company in the business merger are measured at their fair value at the date of acquisition. If the accounting policies and accounting periods adopted by the acquiree and the Company before the business merger are different, the accounting policies and accounting periods shall be unified based on the materiality principle, that is, the book values of the assets and liabilities of the acquiree shall be adjusted in accordance with the accounting policies and accounting periods of the Company. If the merger cost of the Company on the acquisition date is larger than the fair value of the identifiable assets and liabilities acquired in the business merger, the difference is recognized as goodwill; if the merger cost is less than the fair value of the identifiable assets and liabilities acquired in the business merger, the merger cost and the fair value of the acquiree's identifiable assets and liabilities acquired in the business merger shall be reviewed first, and if the merger cost is still less than the fair value of the acquired acquiree's identifiable assets and liabilities after the review, the difference is recognized as a profit or loss for the period of the merger.

See 7 (5) of Section X Financial Report for the accounting treatment of business mergers under different control through stepwise transactions.

### **(3) Treatment of relevant transaction costs in business merger**

Intermediary fees such as audit, legal service, evaluation and consulting fees and other related management expenses incurred are credited to the current profit or loss when incurred. Transaction costs of equity securities or debt securities issued as merger consideration are credited to the initial amount recognized for the equity securities or debt securities.

## **7. Criteria for determining control and methods for preparing consolidated financial statements**

### **(1) Judging criteria of control, and determination of merger scope**

Control means that the Company has power over the investee, enjoys variable returns by participating in related activities of the investee, and has the ability to use its power over the investee to influence the amount of returns. The definition of control includes three basic elements: firstly, means the power the investor possesses over the investee; secondly, variable returns enjoyed by participating in related activities of the investee; thirdly, the ability to use its power over the investee to influence the amount of returns. When an investment of the Company in an investee has the above three elements, it means the Company is able to control the investee.

The consolidated scope of the consolidated financial statements is determined on a control basis and includes not only subsidiaries determined based on voting rights (or similar voting rights) themselves or in combination with

other arrangements but also structured entities determined on the basis of one or more contractual arrangements.

A subsidiary refers to an entity controlled by the Company (including enterprise, the severable part of investee, the structured entity controlled by enterprise, etc.), and a structured entity refers to an entity designed without voting rights or similar rights as a decisive factor in determining its controlling party (note: sometimes referred to as a special purpose entity).

## **(2) Compilation methods of consolidated financial statements**

The Company prepares consolidated financial statements based on its own and its subsidiaries' financial statements and other relevant information.

The consolidated financial statements are prepared by the Company with the entire enterprise group as one accounting entity in accordance with the recognition, measurement and presentation requirements of the relevant accounting standards for business enterprises and based on uniform accounting policies and accounting periods to reflect the overall financial position, operating results and cash flows of the enterprise group.

① Consolidate the assets, liabilities, owner's equity, revenues, expenses and cash flows of the parent company and its subsidiaries.

② Offset long-term equity investments of the parent company in its subsidiaries against the share of the parent company in subsidiaries' owner's equity.

③ Offset the impact of internal transactions between the parent company and its subsidiaries and between subsidiaries. Where an internal transaction indicates an impairment loss of the relevant asset, the loss shall be fully recognized.

④ Adjust special transactions from the perspective of the enterprise group.

## **(3) Treatment of increase/decrease of subsidiaries during Reporting Period**

① Increase of subsidiaries or businesses

A. Subsidiaries or businesses increased by business merger under common control

(a) When preparing the consolidated balance sheet, adjust the opening balance of the consolidated balance sheet and adjust the relevant items in the comparative statement as if the reporting entity after the merger had been in existence since the point at which control by the ultimate controlling party began.

(b) When preparing the consolidated income statement, include the revenue, expenses and profits of the subsidiary and from the beginning of the period in which the business merger occurs to the end of the Reporting

Period in the consolidated income statement, and adjust the relevant items in the comparative statement as if the reporting entity after the merger had been in existence since the point at which control by the ultimate controlling party began.

(c) When preparing the consolidated cash flow statement, include the cash flows of the subsidiary and from the beginning of the period in which the business merger occurs to the end of the Reporting Period in the consolidated cash flow statement, and adjust the relevant items in the comparative statement as if the reporting entity after the merger had been in existence since the point at which control by the ultimate controlling party began.

#### B. Subsidiaries or businesses increased by business merger under different control

(a) No adjustment is made to the opening balance of the consolidated balance sheet when preparing it.

(b) When preparing the consolidated income statement, include the revenue, expenses and profits of the subsidiary and from the date of acquisition to the end of the Reporting Period in the consolidated income statement.

(c) When preparing the consolidated cash flow statement, include the cash flows of the subsidiary from the date of acquisition to the end of the Reporting Period in the consolidated cash flow statement.

#### ② Disposal of subsidiaries or businesses

A. No adjustment is made to the opening balance of the consolidated balance sheet when preparing it.

B. When preparing the consolidated income statement, include the revenue, expenses and profits of the subsidiary and from the beginning of the operating period to the date of disposal in the consolidated income statement.

C. When preparing the consolidated cash flow statement, include the cash flows of the subsidiary and from the beginning of the operating period to the date of disposal in the consolidated cash flow statement.

#### **(4) Special considerations in consolidated offset**

① Long-term equity investments of the Company held by subsidiaries shall be treated as treasury shares of the Company and presented as "Less: treasury shares" under the Owners' Equity item in the consolidated balance sheet as a deduction from the owners' equity.

For long-term equity investments mutually held by subsidiaries, the long-term equity investments shall be mutually offset against the shares of the corresponding owner's equity of the subsidiary in accordance with the method of offsetting the Company's equity investments in subsidiaries.

② The items of "special reserve" and "general risk provision" are not paid-in capital (or share capital) or capital

reserve, and are different from retained earnings and undistributed profits. After the offset of long-term equity investment against owners' equity of subsidiaries, the two items shall be restored according to the share attributable to the owner of the parent company.

③ The Company recognizes deferred income tax assets or liabilities in the consolidated balance sheet and adjusts the income tax expense in the consolidated income statement if there is a temporary difference between the book value of the assets or liabilities in the consolidated balance sheet and the tax basis of the taxable entity concerned due to the offset of unrealized gains and losses on internal sales, except deferred income taxes related to transactions or matters directly credited to owners' equity and related to business merger.

④ Unrealized gains or losses on internal transactions arising from the sale of assets by the Company to a subsidiary shall be fully offset against the "net profit attributable to the owner of the parent company". Unrealized gains and losses on internal transactions arising from the sale of assets by a subsidiary to the Company shall be offset between "net profit attributable to the owner of the parent company" and "profit or loss of minority shareholders" in accordance with the proportion of the Company's distribution to the subsidiary. Unrealized gains and losses on internal transactions arising from the sale of assets between subsidiaries shall be offset between "net profit attributable to the owner of the parent company" and "profit or loss of minority shareholders" in accordance with the proportion of the Company's distribution to the selling subsidiary.

⑤ Where the loss shared by the minority shareholders of a subsidiary in the current period exceeds the minority shareholders' share in the owner's equity of the subsidiary at the beginning of the period, the balance shall still be written down under the minority equity.

## **(5) Accounting treatment of special transactions**

### **① Purchase of minority equity**

When the Company purchases shares in subsidiaries owned by minority shareholders, in individual financial statements, the investment cost of the newly acquired long-term equity investment for the purchase of minority shares is measured at the fair value of the consideration paid. In the consolidated financial statements, the capital reserve (capital premium or equity premium) shall be adjusted for the difference between the newly acquired long-term equity investment due to the purchase of minority shares and the net asset share of the subsidiary that has been continuously calculated since the acquisition date or the merger date according to the proportion of newly acquired shares. If the capital reserve is insufficient for writing off, the surplus reserve and undistributed profit shall be written off successively.

② Acquiring control of a subsidiary by steps through multiple transactions

A. Business merger under common control realized by steps through multiple transactions

At the merger date, the Company determines the initial investment cost of long-term equity investment in individual financial statements based on the share of the net assets of the subsidiary to be enjoyed after the merger in the book value of the consolidated financial statements of the ultimate controlling party; the capital reserve (capital premium or equity premium) shall be adjusted for the difference between the initial investment cost and the book value of the long-term equity investment before reaching the merger plus the book value of the newly paid consideration for further shares acquired on the merger date. If the capital reserve (capital premium or equity premium) is insufficient for writing off, the surplus reserve and undistributed profit shall be written off successively.

In the consolidated financial statements, the assets and liabilities of the mergee acquired by the merging party in the merger are measured at the book value in the consolidated financial statements of the ultimate controlling party at the date of the merger, except for adjustments due to different accounting policies and accounting periods; the capital reserve (equity premium/capital premium) shall be adjusted for the difference between the book value of the investment held before the merger plus the book value of the newly paid consideration on the merger date and the book value of the net assets acquired in the merger. If the capital reserve is insufficient for writing off, the retained earnings shall be adjusted.

For equity investments held by the merging party prior to the acquisition of control of the mergee, changes in the gains and losses, other comprehensive income and other owners' equity that have been recognized between the merger date and the date of acquisition of the original equity or the date on which the merging party and the mergee are ultimately under common control, whichever is later, shall be respectively deducted against the opening retained earnings or current profit or loss of the comparative statement period.

B. Business merger under different control realized by steps through multiple transactions

In individual financial statements, the sum of the book values of the long-term equity investments originally held plus the cost of the new investment on the merger date is taken as the initial investment cost of the long-term equity investment on the merger date.

In the consolidated financial statements, the acquiree's equity held prior to the acquisition date shall be remeasured at the fair value of the equity held prior to the acquisition date, and if the acquiree's equity held prior to the acquisition date is designated as a financial asset measured at fair value and its changes are credited to other comprehensive income, the difference between the fair value and the book value shall be credited to retained

earnings and the cumulative change in fair value of the equity originally credited to other comprehensive income shall be carried over to retained earnings; if the acquiree's equity held before the acquisition date is regarded as a financial asset measured at fair value and its changes are credited to the current profit or loss of financial assets or long-term equity investment accounted for by the equity method, the difference between the fair value and the book value shall be credited to the current investment income; if the acquiree's equity held prior to the acquisition date involves changes in other comprehensive income accounted for by the equity method and other owners' equity accounted for by the equity method other than net profit or loss, other comprehensive income and profit distribution, other related comprehensive income shall be accounted for on the same basis as the investee's direct disposal of the relevant assets or liabilities on the acquisition date, and other related changes in the owners' equity shall be changed over to investment income of the period of the acquisition date.

③ Disposal of long-term equity investments in subsidiaries by the Company without losing control

If the parent company disposes part of the long-term equity investment in a subsidiary without losing control, the capital reserve (capital premium or equity premium) shall be adjusted for the difference between the disposal price and the share of corresponding net assets continuously calculated by the subsidiary in relation to the long-term equity investment disposed since the acquisition date or the merger date, and if the capital reserve is insufficient for writing off, the retained earnings shall be adjusted.

④ Disposal of long-term equity investments in subsidiaries by the Company with control lost

A. Disposal of single transaction

If the Company loses the control of the investee due to the disposal of part of the equity investment or other reasons, the remaining equity shall be remeasured at the fair value on the date of loss of control when preparing the consolidated financial statements. The sum of the consideration obtained from the equity disposal and the fair value of the remaining equity, minus the difference between the share of the original subsidiary's net assets that shall have been continuously calculated from the acquisition date or the merger date based on the original shareholding ratio and the sum of goodwill, shall be credited to the investment income of the period in which the control is lost.

Other comprehensive income related to the equity investment in the original subsidiary shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the original subsidiary at the time of loss of control, and other changes in owner's equity related to the original subsidiary accounted for with the equity method are changed over to the current profit or loss at the time of loss of control.

B. Disposal of multiple transactions by steps

In the consolidated financial statements, whether a by-step transaction is a "package transaction" shall be determined first.

If the by-step transaction is not a "package transaction", in individual financial statements, the transactions before the loss of control of the subsidiary shall be carried forward to the book value of the long-term equity investment corresponding to each disposal of equity, and the difference between the proceeds and the book value of the disposed long-term equity investment shall be credited to the current investment income; in the consolidated financial statements, the treatment shall be made in accordance with the relevant provisions of "Disposal of long-term equity investment in subsidiaries by the parent company without losing control".

If the by-step transaction is a "package transaction", each transaction shall be accounted for as one transaction in which the subsidiary is disposed of with control lost; in individual financial statements, the difference between the disposal price before the loss of control and the book value of the long-term equity investment corresponding to the disposed equity shall be first recognized as other comprehensive income, and then changed over to the current profit or loss when the control is lost. In the consolidated financial statements, for each transaction prior to the loss of control, the difference between the disposal price and the share of the subsidiary's entitled net assets corresponding to the investment disposed of shall be recognized as other comprehensive income and changed over to the profit or loss of the period in which the control is lost.

Multiple transactions are usually accounted for as "package transactions" if the terms, conditions and economic impact of each transaction meet one or more of the following conditions:

- (a) These transactions are entered into concurrently or with consideration of their effects on each other.
- (b) A complete business result can be realized only with these transactions as a whole.
- (c) The occurrence of a transaction is dependent on the occurrence of at least another one.
- (d) One transaction is not economic when it is considered individually but is economic when considered together with other transactions.

⑤ Dilution of the proportion of equity owned by the parent company due to capital increase by minority shareholders of a subsidiary

When other shareholders (minority shareholders) of a subsidiary increase the capital, the equity proportion of the parent company in the subsidiary would be diluted. In the consolidated financial statements, the share in the net assets of the subsidiary before the capital increase is calculated according to the equity proportion of the parent company before the capital increase, and the capital reserve (capital premium or equity premium) shall be adjusted

for the difference between this share and the share in the net assets of the subsidiary after the capital increase calculated according to the shareholding ratio of the parent company, and if the capital reserve (capital premium or equity premium) is insufficient for writing off, the retained earnings shall be adjusted.

## **8. Classification of joint venture arrangements and accounting treatment for joint operation**

### **1. Identification and classification of joint venture arrangements**

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

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

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

### **2. Accounting treatment for joint venture arrangement**

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

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

## **9. Standards for determining cash and cash equivalents**

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

## **10. Foreign currency transaction and foreign currency statement translation**

### **(1) Method of determining the conversion rate in foreign currency transactions**

In the initial recognition of foreign currency transactions, the Company adopts the spot exchange rate on the occurrence date of the transaction or an exchange rate determined in accordance with systematic and reasonable methods, which is approximate to the spot exchange rate on the occurrence date of the transaction (hereinafter referred to as the approximate exchange rate of the spot rate) to convert into the recording currency.

### **(2) Translation method of monetary items in foreign currencies at the balance sheet date**

At the balance sheet date, the spot exchange rate of that day is used for monetary items in foreign currencies. Any exchange difference arising from the difference between the spot rate at the balance sheet date and that at the initial recognition or the previous balance sheet date is credited to the current profit or loss. For foreign-currency monetary items measured with historical costs, the spot exchange rate at the date of the transaction is still used; for inventories measured with the lower of costs or net realizable value, when an inventory is purchased in a foreign currency and the net realizable value of the inventory at the balance sheet date is reflected in a foreign currency, the net realizable value of the inventory is first converted into an amount in the recording currency at the spot exchange rate at the balance sheet date, and then compared with the cost of the inventory reflected in the recording currency to determine the ending value of the inventory; for foreign currency non-monetary items measured at fair value, the spot exchange rate on the date of fair value determination is used for translation; for financial assets measured at fair value and whose changes are credited to the current profit or loss, the difference between the amount in the recording currency after translation and the amount in the original recording currency is credited to the current profit or loss; for investments in non-trading equity instruments designated to be measured at fair value and whose changes are credited to other comprehensive income, the difference between the amount in the recording currency after translation and the amount in the original recording currency is credited to other comprehensive income.

### **(3) Translation method of financial statements in a foreign currency**

Before translating the financial statements of the enterprise's overseas operations, the accounting period and

accounting policies of the overseas operations shall be adjusted to make them consistent with those of the enterprise, financial statements in the corresponding currency (currency other than the recording currency) shall be prepared according to the adjusted accounting policies and accounting periods, and then the financial statements of the overseas operations shall be translated in accordance with the following methods:

① The assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date, and the owner's equity items, except the item of "undistributed profit", are translated at the spot exchange rate at the time of occurrence.

② The income and expense items in the income statement are translated at the spot exchange rate or a rate approximate to the spot exchange rate at the date of the transaction.

③ Cash flows in foreign currencies and cash flows of overseas subsidiaries are translated at the spot exchange rate or a rate approximate to the spot exchange rate at the occurrence date of cash flows. The impact of exchange rate changes on cash shall be presented separately in the statement of cash flows as a reconciliation item.

④ When preparing the consolidated financial statements, the resulting difference in the translation of financial statements in a foreign currency is presented in the "Other comprehensive income" item under owner's equity in the consolidated balance sheet.

When an overseas operation is disposed of with control lost, the difference in translation of foreign-currency statements related to the overseas operation, as presented under the owner's equity item in the balance sheet, is changed over to the current profit or loss of the disposal in full or in proportion to the disposed overseas operation.

## **11. Financial instruments**

### **1. Recognition and derecognition of financial instruments**

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

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

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

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

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

## 2. Classification and measurement of financial assets

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

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

### (1) Financial assets measured at amortized cost

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

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

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

recognized as the current profits and losses, the changes in the fair value of such financial assets are recognized as other comprehensive income until their accumulated gains or losses are transferred into the current profits and losses when the financial asset is derecognized. Interest income related to such financial assets is included in the current profits and losses.

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

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

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

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

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

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

### 3. Classification and measurement of financial liabilities

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

Financial liabilities satisfying one of the following requirements can be designated as financial liabilities measured at fair value with their changes included in the current profit and loss during initial measurement: (1) Such designation can eliminate or remarkably reduce the accounting mismatch; (2) According to group risk management

or investment strategy in the formal written documents, the management and performance evaluation of the portfolio of financial liabilities or portfolio of financial assets and financial liabilities are conducted on the basis of fair price, and within the Group, it is reported to the key management personnel on such basis; (3) Such financial liabilities include embedded derivatives requiring separate splitting.

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

The subsequent measurement of financial liabilities depends on its classification:

(1) Financial liabilities measured at amortized cost

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

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

Financial liabilities measured at fair price and with changes credited to the current profit or loss, including trading financial liabilities (including derivative instruments classified as financial liabilities) and financial liabilities that are designated at the initial recognition to be measured at fair price and with changes credited to the current profit or loss.

4. Set off of financial instruments

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

5. Impairment of financial assets

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

Upon considering all reasonable and well-founded information (including forward-looking information), the

Company estimates the expected credit impairment loss is withdrawn for "financial assets measured at amortized cost" and "financial asset (debt instruments) measured at fair value with their changes included in other comprehensive income" in single or combined manner.

(1) General model of expected credit loss

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

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

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

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

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

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

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

Third stage: credit impairment occurs after initial recognition

For the financial instrument at this stage, the enterprise shall measure the loss provision according to the

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

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

## (2) Receivables and lease receivables

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

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

## 6. Transfer of financial assets

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

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

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

that will be required to be repaid out of consideration received.

## **12. Notes receivable**

The Company divides notes receivable into two portfolios of bank acceptance bills and commercial acceptance bills by type of financial instrument.

For notes receivable divided into portfolios, the Company calculates expected credit losses based on default risk exposures and expected credit loss rates over the entire duration, taking into account historical credit loss experiences, present conditions and projections of future economic conditions.

With respect to bank acceptance bills, the Company considers the overdue default risk to be 0 for its risk of overdue credit losses is low and has not significantly increased since the initial recognition, because the acceptance bank pays the payee or holder a certain amount unconditionally when the bill is due.

In respect of commercial acceptance bills, the Company believes that the probability of default is correlated with aging, and bad debts shall be accrued for the expected credit loss of accounts receivables according to the accounting policy.

## **13. Accounts receivable**

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

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

For accounts receivable that there is objective evidence of impairment and other accounts that are suitable for a single assessment, impairment tests shall be conducted separately to confirm expected credit losses and make impairment provisions for individual items. For accounts receivable for which there is no objective evidence of impairment or when the expected credit loss of a single financial asset cannot be assessed at a reasonable cost, the Company divides accounts receivable into several portfolios according to the characteristics of credit risks, and calculates the expected credit loss based on the portfolios.

#### 1. Accounts receivable with single provision for bad debts

At the end of the period, the amount of individual accounts receivable is tested separately for impairment. If there is objective evidence that it is impaired, the impairment loss shall be recognized with provision for bad debts according to the difference between the present value of future cash flow and the book value.

#### 2. Receivables with provision for bad debts by portfolio

The receivables without impairment according to the separate test at the end of the period are divided into several portfolios according to aging, as a credit risk characteristic, impairment losses are calculated and determined at a certain ratio of the balance of these receivables at the end of the period (which can be separately tested for impairment), and the provision for bad debts is made.

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

<b>Aging</b>	<b>Expected rate of credit loss of accounts receivable (%) (note)</b>
Within 1 year (including 1 year)	3.10%
1-2 years (including 2 years)	9.04%
2-3 years (including 3 years)	22.11%
3-4 years (including 4 years)	47.51%
4-5 years (including 5 years)	84.26%
Above 5 years	100.00%
Including: those that have been determined to be irrecoverable	Write-off

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

#### 14. Receivables financing

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

If the Company transfers accounts receivable, bank acceptance bills, etc. held by the Company in the form of discount or endorsement, and such transactions are frequent and involve a large amount, its business management model is essentially to both collect and sell cash flows arising from contracts, which are classified as financial assets whose changes are measured at fair value and credited to other comprehensive income in accordance with the relevant provisions of the financial instruments criteria.

For accounts receivable financing divided into portfolios, the Company calculates expected credit losses based on default risk exposures and expected credit loss rates over the entire duration, taking into account historical credit loss experiences, present conditions and projections of future economic conditions.

With respect to bank acceptance bills, the Company considers the overdue default risk to be 0 for its risk of overdue credit losses is low and has not significantly increased since the initial recognition, because the acceptance bank pays the payee or holder a certain amount unconditionally when the bill is due.

In respect of those divided into the aging-based portfolio, the Company believes that the probability of default is correlated with aging, and bad debts shall be accrued for the expected credit loss of accounts receivables according to the accounting policy.

#### 15. Other receivables

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

Description of portfolio	Basis for determining the portfolios	Provision methods
Portfolio I	Risk-free portfolio	Risk-free amounts receivable from related parties within the scope of the consolidation

Portfolio II	Aging portfolio	The credit risk of the portfolio is characterized by the aging.
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For other accounts receivable divided into a portfolio, the Company calculates expected credit losses based on default risk exposures and expected credit loss rates in future 12 months or over the entire duration, taking into account historical credit loss experiences, present conditions and projections of future economic conditions, and determines the ratio of bad debt provision to be accrued in combination with current conditions:

Aging	Expected rate of credit loss of other accounts receivable
Within 1 year (including 1 year)	5.00%
1-2 years (including 2 years)	10.00%
2-3 years (including 3 years)	30.00%
3-4 years (including 4 years)	50.00%
4-5 years (including 5 years)	80.00%
Above 5 years	100.00%
Including: those that have been determined to be irrecoverable	Write-off

## 16. Contract assets

### 1. Recognition methods and standards for the contractual assets

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

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

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

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole duration by the use of simplified model for expected credit loss for contractual assets including significant financing components.

## 17. Inventories

### (1) Classification of inventories

Inventory refers to finished products or commodities held by the Company for sale in daily activities, products in the process of production, materials and supplies consumed in the process of production or provision of services, including raw materials, products in process, semi-finished products, goods in stock, materials for consigned processing, low-value consumable goods, etc.

### (2) Pricing method of delivered inventories

Inventories of the Company are priced with the weighted-average method when delivered.

### (3) Inventory system

The Company adopts the perpetual inventory system, takes inventory at least once a year, and credits the amount of inventory gains and losses to the profit and loss of the current year.

### (4) Recognition criteria and accrual method of provision for impairment on inventories

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and if the cost of the inventory is higher than its net realizable value, a provision is made for impairment on inventories and credited to the current profit/loss.

Determining the net realizable value of the inventory shall be based on the available reliable evidence with consideration to such factors as the purpose of holding the inventory and the impact of events after the balance sheet date.

① The net realizable value of inventories directly used for sale, such as finished products, commodities and materials used for sale, is determined by the estimated selling price of the inventory less estimated selling expenses and related taxes in the normal course of production and operation. For inventories held for the purpose of executing sales contracts or service contracts, the contract price is used as the measurement basis for their net realizable value; if the quantity of inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory is measured based on the general selling price. For materials held for sale, their net realizable value is measured based on the market price.

② The net realizable value of the inventory of materials to be processed is determined in the normal course of production and operations by the estimated selling price of the finished goods produced less the estimated costs to be incurred at completion, estimated selling expenses and related taxes. If the net realizable value of the finished

product produced with it is higher than the cost, the material is measured at cost; If a decline in the price of the material indicates that the net realizable value of the finished product is lower than the cost, the material is measured at net realizable value, and a provision is made for impairment on inventory based on its difference.

③ The Company generally makes provisions for impairment on inventory on the basis of individual inventory items; in the case of inventories that are large in quantity and low in unit price, provisions are made according to the classes of inventories.

④ At the balance sheet date, if the factors affecting the previous write-down of the value of the inventory have disappeared, the amount of the write-down shall be restored and reversed within the amount of the original provision for the impairment on inventory, and the reversed amount shall be credited to the current profit/loss.

#### **(5) Amortization method of revolving materials**

① Amortization method of low-value consumables: One-off writing off upon issuance.

② Amortization method of packaging materials: One-off writing off upon issuance.

### **18. Assets held for sale**

None.

### **19. Debt investment**

None.

### **20. Other debt investment**

None.

### **21. Long-term receivables**

None.

### **22. Long-term equity investment**

Long-term equity investments of the Company include equity investments that control and have significant influence on the investee and equity investments in joint ventures. Investees that can be significantly influenced by the Company are joint ventures of the Company.

#### **(1) Basis for determination of common control over and significant influence on the investee**

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the

activities related to the arrangement must be agreed upon by the parties holding control right before the decision can be made. In determining whether there is common control, it is first determined whether all participants or a combination of participants collectively control the arrangement, and if all participants or a group of participants must act in concert to determine the activities related to an arrangement, it is deemed that all participants or a group of participants collectively control the arrangement. It is then determined whether decisions about the activities related to the arrangement must be made by consensus among the participants who collectively control the arrangement. It does not constitute common control if there are two or more combinations of participants that collectively control an arrangement. In determining whether there is common control, the protective rights enjoyed are not taken into account.

Significant influence refers to that the investor has the right to participate in making decisions on the financial and operating policies of the investee but has no right to control or jointly control the formulation of these policies with other parties. In determining whether significant influence can be exerted on the investee, consideration shall be given to the impact when the voting shares directly or indirectly held by the investor in the investee and the current exercisable potential voting rights held by the investor and other parties are assumed to be converted to equity in the investee, including the impact of the current convertible warrants, stock options and convertible corporate bonds issued by the investee.

When the Company owns more than 20% (including 20%) but less than 50% of the voting shares of the investee directly or indirectly through a subsidiary, it is generally considered the Company can exert a significant influence on the investee unless there is clear evidence that the Company cannot participate in making production and operation decisions of the investee under such circumstances, in which case, there is no significant influence.

## **(2) Determination of initial investment cost**

For long-term equity investments arising from business merger, the investment cost is determined according to the following regulations:

A. In a business merger under the same control, where the merging party pays cash, transfers non-cash assets or assumes debt as the merger consideration, the initial investment cost of the long-term equity investment is based on the share of the mergee's owner's equity in the book value in the consolidated financial statements of the ultimate controlling party on the merger date. In case of a difference between the initial investment cost of a long-term equity investment and the cash paid, the transferred non-cash assets or the book value of the debt assumed, the capital reserve shall be adjusted; if the capital reserve is insufficient for writing down, the retained earnings shall be adjusted;

B. In a business merger under the same control, where the merging party issues equity securities as the merger consideration, the initial investment cost of the long-term equity investment is based on the share of the mergee's owner's equity in the book value in the consolidated financial statements of the ultimate controlling party on the merger date. With the total carrying value of the issued shares as the share capital, in case of a difference between the initial investment cost of a long-term equity investment and the total carrying value of the shares issued, the capital reserve shall be adjusted; if the capital reserve is insufficient for writing down, the retained earnings shall be adjusted;

C. In a business merger not under the same control, the merger cost, as the initial investment cost of long-term equity investment, is determined with the fair value of the assets paid, liabilities incurred or assumed and equity securities issued to obtain the control of the acquiree on the purchase date. Intermediary fees such as audit, legal service, evaluation and consulting fees and other related management expenses incurred by the merging party are credited to the current profit or loss when incurred.

Except long-term equity investments arising from business merger, the investment cost of long-term equity investments acquired by other means is determined according to the following regulations:

A. For long-term equity investments acquired by cash payments, the purchase price actually paid is the investment cost. Initial investment costs include fees, taxes and other necessary expenses directly related to the acquired long-term equity investments;

B. For long-term equity investments acquired by issuing equity securities, the fair value of the issued equity securities is the initial investment cost;

C. For long-term equity investments acquired by exchange of non-monetary assets, if the exchange has commercial substance and the fair value of the asset received or given up can be measured reliably, the fair value of the given up asset and related taxes are taken as the initial investment cost, and the difference between the fair value and the carrying value of the given up asset is recorded in the current profit or loss; if the exchange of non-monetary assets does not meet the above two conditions at the same time, the book value of the given up assets and related taxes are taken as the initial investment cost.

D. For long-term equity assets acquired by debt restructuring, the entry value is determined based on the fair value of the given up debt and other costs such as taxes that are directly attributable to the asset, and the difference between the fair value of the given up debt and the book value is credited to the current profit or loss.

### **(3) Subsequent measurement and recognition methods for profits and losses**

Long-term equity investments that the Company has the control over the investee are accounted for with the cost method; long-term equity investments of associated enterprises and joint ventures are accounted for with the equity method.

① Cost method

For long-term equity investments accounted for with the cost method, the cost of long-term equity investments is adjusted when adding or withdrawing investments; the cash dividends or profits declared and distributed by the investee are recognized as current investment income.

② Equity method

For long-term equity investments accounted for with the equity method, the general accounting treatment is as follows:

If the investment cost of a long-term equity investment of the Company is greater than the fair value share of the investee's identifiable net assets to which it is entitled at the time of investment, the initial investment cost of the long-term equity investment shall not be adjusted; if the initial investment cost of a long-term equity investment is less than the fair value share of the identifiable net assets of the investee to which it is entitled at the time of investment, the difference is credited to the current profit or loss, and the cost of the long-term equity investment is adjusted at the same time.

The Company recognizes investment income and other comprehensive income respectively and adjusts the book value of long-term equity investments in accordance with the share of net profit/loss and other comprehensive income realized by the investee to which it is entitled or shall contribute; the Company calculates the portion of profits or cash dividends declared and distributed by the investee to which it is entitled, and reduces the book value of the long-term equity investment accordingly; in case of other changes in owners' equity other than net profit/loss, other comprehensive income and profit distribution of the investee, the book value of the long-term equity investment shall be adjusted and credited to owners' equity. When recognizing the share of the investee's net profit or loss to which it is entitled, the net profit of the investee is recognized after adjustment based on the fair value of the investee's identifiable net assets at the time of acquisition of the investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the investment income, other comprehensive income etc. shall be recognized accordingly. Gains and losses on unrealized internal transactions between the Company and associated enterprises and joint ventures are offset in

accordance with the proportion attributable to the Company as it is entitled to, on the basis of which investment gains and losses are recognized. If an unrealized internal transaction loss between the Company and the investee is an asset impairment loss, it shall be fully recognized.

If significant influence can be exerted on the investee or common control but not control can be exercised due to additional investment or other reasons, the sum of the fair value of the originally held equity investment and the cost of the new investment shall be the initial investment cost, as being accounted for with the equity method instead. Where the equity investment originally held is classified as an investment in other equity instruments, the difference between its fair value and book value, as well as the accumulated gains or losses originally credited to other comprehensive income shall be transferred from other comprehensive income and credited to retained earnings in the current period, as being accounted for with the equity method instead.

If the common control or significant influence on the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity after such disposal is measured at fair value instead, and the difference between the fair value and book value on the date when the common control or significant influence is lost is credited to the current profit or loss. Other comprehensive incomes recognized as a result of accounting for the original equity investment with the equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee upon termination of applying the equity method for accounting.

#### **(4) Equity investments held for sale**

Where all or part of the equity investments of associated enterprises or joint ventures are classified as assets held for sale, refer to VII. 18 of the Financial Report for relevant accounting treatment.

The equity method shall be applied for the accounting treatment of the remaining equity investments not classified as assets held for sale.

If an equity investment in an associated enterprise or joint venture that has been classified as an asset held for sale no longer meets the conditions for being so classified, it shall be adjusted retroactively with the equity method from the date it is classified as an asset held for sale. The financial statements of the period when it is classified as held for sale shall be adjusted accordingly.

#### **(5) Methods for impairment test and provision for impairment**

For investments in subsidiaries, associated enterprises and joint ventures, refer to VII. 30 of the Financial Report for the method for provision for assets impairment.

## 23. Investment property

Measurement model of investment property

Measurement with cost method

Depreciation or amortization method

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

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

See VII. 30. Long-term assets impairment for details about the methods for impairment test and provision for impairment applicable to investment properties.

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

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

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

## 24. Fixed assets

### (1) Conditions for recognition

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

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

### (2) Depreciation method

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

## 25. Construction in progress

(1) Construction in progress shall be classified and accounted for by approved projects.

(2) Criteria and time for carrying construction in progress over to fixed assets

The entry value of fixed assets shall be the total expenditure incurred before the asset constructed reaches the predetermined usable state of the project under construction, including construction costs, original cost of machinery and equipment, and other necessary expenditures incurred to bring the project under construction to the predetermined usable state, as well as borrowing costs incurred to borrow specifically for the project before the asset reaches the predetermined usable state, and borrowing costs incurred for the general borrowings used. When a project reaches the predetermined usable state after completion of installation or construction, the project under construction is carried over to fixed assets by the Company. Fixed assets constructed that have reached the predetermined usable state but have not yet been arranged for the final settlement of account shall, from the date when the predetermined usable state is reached, be carried over to fixed assets at the estimated value according to the project budget, construction cost or actual project cost, etc., and a provision for the depreciation of the fixed assets shall be made in accordance with the Company's fixed assets depreciation policy. After the final settlement of account, the original provisional value shall then be adjusted according to the actual cost, but the amount of

depreciation originally accrued shall not be adjusted.

## **26. Borrowing costs**

### **(1) Principles for recognition of borrowing costs capitalization, and capitalization period**

Borrowing costs incurred by the Company that can be directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized and credited to the relevant asset cost when the following conditions are all met:

① Asset expenditures have incurred;

② Borrowing costs have incurred;

③ Acquisition, construction or production activities necessary for assets to reach the predetermined usable state have begun.

Other borrowing interests, discounts or premiums and currency translation differences are credited to current profit or loss.

The capitalization of borrowing costs shall be suspended if the acquisition, construction or production of assets eligible for capitalization is abnormally interrupted for more than 3 successive months.

When the acquisition, construction or production of assets eligible for capitalization reach the predetermined usable or marketable state, the capitalization of its borrowing costs shall cease; subsequent borrowing costs shall be recognized as expenses in the incurring period.

### **(2) Capitalization rate of borrowing costs and calculation method of capitalized amount**

Where specific borrowings are made for the acquisition, construction or production of assets eligible for capitalization, the amount of interest expense actually incurred during the period of the specific borrowings, minus the interest income derived from depositing the loan funds not yet used in the bank or the investment income derived from temporary investment, shall be determined as the capitalized amount of interest expense of specific borrowings.

Where general borrowings are used for the acquisition, construction or production of assets eligible for capitalization, the amount of interest to be capitalized on the general borrowings shall be calculated and determined by multiplying the weighted average amount of the accumulated asset expenditure in excess of the specific borrowings by the capitalization rate of the general borrowings. The capitalization rate is determined by calculating the weighted average interest rate on general borrowings.

## **27. Biological assets**

None.

## **28. Oil and gas assets**

None.

## **29. Intangible assets**

### **(1) Service life and its basis for determination, estimation, amortization method or review procedure**

#### **(1) Pricing method of intangible assets**

It is recorded at actual cost at the time of acquisition.

#### **(2) Service life and amortization of intangible assets**

##### **① Estimation of useful life of intangible assets with a limited useful life:**

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

At the end of each year, the Company reviews the useful life and amortization method of intangible assets with a limited useful life. Upon review, the useful life and amortization method of intangible assets at the end of the current period are no different from those previously estimated.

② Intangible assets that cannot be predicted to bring economic benefits to the enterprise shall be regarded as intangible assets with uncertain useful life. For intangible assets with uncertain useful life, the Company reviews the useful life of those intangible assets at the end of each year. If the intangible assets with uncertain useful life remain uncertain after re-review, the impairment test shall be conducted at the balance sheet date.

##### **③ Amortization of intangible assets**

For intangible assets with limited useful life, the Company determines their useful life at the time of acquisition, and amortizes them reasonably within the useful life with the straight-line method, and the amortized amounts are credited to the current profit/loss or the cost of the related assets according to the beneficial items. The specific amortized amount is the amount of its cost less the estimated salvage value. For intangible assets for which impairment provisions have been made, the accumulated amount of impairment provisions for the assets shall also be deducted. The salvage value of an intangible asset with a limited useful life is deemed to be zero, except where

a third party has committed to acquire the intangible asset at the end of its useful life or information about the estimated salvage value is available based on an active market and such market is likely to exist at the end of the useful life of the asset.

Intangible assets with uncertain useful life shall not be amortized. At the end of each year, the useful life of intangible assets with uncertain useful life is reviewed, and if there is evidence that its useful service life is limited, its useful life is estimated and systematically amortized within the expected useful life.

## **(2) Scope of R&D expenditures and related accounting treatment methods**

The Company includes all expenses directly related to the development of R&D activities as R&D expenses, including salaries of R&D personnel, direct input costs, depreciation costs and long-term amortized expenses, design costs, equipment commissioning costs, intangible assets amortized costs, commissioned external R&D costs, and other expenses.

### **1. Specific criteria for dividing research and development stages of internal R&D projects**

① The Company regards the period for developing information and conducting related preparations for further development activities as the research stage, and the expenditure incurred in the research stage of intangible assets is credited to the current profit or loss when incurred.

② The period in which development activities are carried out after the Company has completed the work in the research stage is regarded as the development stage.

### **2. Specific criteria for capitalization of expenditures in the development stage**

Expenditures incurred at the development stage are recognized as intangible assets only when all of the following conditions are met:

- A. The intangible asset is completed to be technically feasible for use or selling;
- B. There is an intention to complete and use or sell the intangible asset;
- C. Intangible assets generate economic benefits in a manner that can prove the existence of a market for products produced with the intangible asset or the existence of a market for the intangible asset itself, and the usefulness of the intangible asset if used internally;
- D. The development of the intangible asset is supported by adequate technical, financial and other resources, and the capability to use or sold the intangible asset is available;
- E. Expenditures attributable to the development stage of the intangible asset can be well measured.

### 30. Long-term assets impairment

Asset impairment of long-term equity investments of subsidiaries, associated enterprises and joint ventures and asset impairment of investment real estates, fixed assets, construction in progress, right-of-use assets, intangible assets, goodwill, etc. (except inventories, investment real estates measured at fair value, deferred tax assets and financial assets) shall be determined by the following method:

At the balance sheet date, the Company determines whether there is any indication for possible impairment of the asset. If there is any indication of impairment, the Company will estimate the recoverable amount and conduct an impairment test. For goodwill arising from a business merger, intangible assets with uncertain useful life and intangible assets that have not reached the useful condition, the impairment tests shall be carried out every year, whether there are indications of impairment or not.

The recoverable amount is determined by the higher of the net amount of the asset, i.e. fair value minus disposal expenses, and the present value of the expected future cash flows of the asset. The Company estimates the recoverable amount on the basis of individual assets; If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset is classified. The determination of an asset group is based on whether the major cash inflow generated by the asset group is independent of the cash inflow of other assets or other asset groups.

When the recoverable amount of an asset or asset group is lower than its book value, the Company will write down its book value to the recoverable amount, credit the amount reduced to the current profit or loss, and make the corresponding asset impairment provision.

For the impairment test of goodwill, the book value of goodwill arising from the business merger is apportioned to the relevant asset group in a reasonable manner from the date of acquisition; if it is difficult to apportion to the relevant asset group, it is apportioned to the relevant portfolio of asset groups. The relevant asset group or portfolio of asset groups is one that can benefit from the synergies of the business merger and is not larger than the reporting segment identified by the Company.

During the impairment test, if there are indications of impairment in the asset group or portfolio of asset groups related to goodwill, the impairment test is first carried out on the asset groups or portfolios without goodwill to calculate the recoverable amount and determine the corresponding impairment loss. Then, the impairment test is carried on the asset groups or portfolios with goodwill to compare their book value and recoverable amount, and determine the impairment loss of goodwill if the recoverable amount is lower than the book value.

Once an asset impairment loss is recognized, it will not be reversed in future accounting periods.

### **31. Long-term deferred expenses**

Long-term deferred expenses refer to various expenses that have been incurred by the Company and shall be amortized in the current period and the following periods if the total amortization period is longer than 1 year.

The actual amount is accounted for and amortized evenly over the benefit period or specified period. In case future accounting period cannot benefit from long-term deferred expenses, all unamortized value of the item shall be transferred into the current profits and losses.

### **32. Contractual liabilities**

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

### **33. Employee compensation**

#### **(1) Accounting treatment of short-term compensation**

##### **① Basic pay of employee (salary, bonus, allowance and subsidy)**

During the accounting periods in which employees provide services, the Company recognizes the short-term compensation actually incurred as a liability and includes it in the current profit or loss, unless it is required or allowed to be credited to the cost of assets by other accounting standards.

##### **② In-service employee benefits**

Employee benefits incurred by the Company are credited to the profit or loss for the period in which they are actually incurred based on the actual amounts incurred. In case of non-monetary employee benefits, they shall be measured at fair value.

##### **③ Medical insurance premiums, work-related injury insurance premiums, maternity insurance and other social insurance premiums and housing provident funds, as well as trade union funds and employee education funds**

For medical insurance premiums, work-related injury insurance premiums, maternity insurance premiums, other social insurance premiums and housing provident funds, as well as the funds for the trade union and the education paid by the Company for employees, the Company calculates the corresponding amount of the employees'

compensation and recognizes the corresponding liabilities according to the prescribed accrual basis and proportion, and credits them to the current profit or loss or related asset costs.

#### ④ Short-term compensated absences

When an employee provides services that increase his or her future entitlement to compensated absences, the Company recognizes the employee's compensation associated with accumulated compensated absences and measures it against the expected increase in the amount of payments due to accumulated unexercised entitlement. The Company recognizes employee compensation related to non-cumulative compensated absence during the accounting period in which the employee's absence actually occurred.

#### ⑤ Short-term profit sharing plan

When a profit sharing plan meets all of the following requirements, the Company recognizes the relevant employees' compensation payable:

A. The enterprise has the statutory or presumptive obligation to pay the employees' compensation due to past events;

B. The amount of obligatory employee compensation payable due as a result of the profit sharing plan can be reliably estimated.

## **(2) Accounting treatment of post-employment benefits**

### ① Defined contribution plan

In accounting periods in which services are provided by employees, the Company recognizes the contribution amount calculated according to the formulated contribution plan as a liability and credited it to the current profit or loss or the relevant asset cost.

If, according to the defined contribution plan, it is not expected to pay the full amount of contribution due within twelve months after the end of the annual reporting period in which the employee provides the relevant services, the Company measures the employee pay payable with the discounted total contribution amount by reference to the corresponding discount rate (determined by the market yield of national bonds or high-quality corporate bonds in the active market that match the term and currency of the defined contribution plan obligations at the balance sheet date).

### ② Defined benefit plan

A. Determination of present value and current service costs of obligations under the defined benefit plan

Unbiased and mutually consistent actuarial assumptions are used to estimate the relevant demographic and financial variables, measure the obligations arising from the defined benefit plan, and determine the vesting period of the related obligations under the expected cumulative benefit unit approach. The Company discounts the obligations under the defined benefit plan at the corresponding discount rate (determined by the market yield of national bonds or high-quality corporate bonds in the active market that match the term and currency of the defined contribution plan obligations at the balance sheet date) to determine the present value of the obligations and the current service costs.

#### B. Determination of net liabilities or net assets of defined benefit plan

If there are assets in a defined benefit plan, the Company recognizes the deficit or surplus resulting from the present value of defined benefit plan obligations less the fair value of defined benefit plan assets as a net liability or net asset of the defined benefit plan.

If there is a surplus in a defined benefit plan, the Company measures the net assets of the defined benefit plan to the lesser of the surplus of the defined benefit plan and the asset ceiling.

#### C. Determination of amount to be credited to assets cost or current profit or loss

Service costs include current service costs, past service costs and settlement gains or losses. Except the service costs in the current period which are required or allowed to be credited to asset costs under other accounting standards, other service costs are credited to the current profit or loss.

The net interest on net liabilities or net assets of defined benefit plans, including interest gains on the assets in the plan, interest expenses on defined benefit plan obligations and interests affected by the asset ceiling, are credited to the current profit or loss.

#### D. Determination of amount to be credited to other comprehensive income

Changes resulting from the remeasurement of net liabilities or net assets of defined benefit plans include:

(a) Actuarial gain or loss, which is an increase or decrease in the present value of previously measured defined benefit plan obligations due to actuarial assumptions and empirical adjustments;

(b) Return on plan assets, less the amount included in the net interest on net liabilities or net assets of the defined benefit plan;

(c) Changes due to impact of the asset ceiling, less the amount included in the net interest on net liabilities or net assets of the defined benefit plan.

Changes resulting from the above remeasurement of net liabilities or net assets of defined benefit plans are

directly credited to other comprehensive income and are not allowed to be carried back to profit or loss in subsequent accounting periods. Upon termination of the original defined benefit plan, the Company carries forward to undistributed profit in full the portion originally credited to other comprehensive income within the scope of equity.

### **(3) Accounting treatment of dismissal benefits**

If the Company provides dismissal benefits to an employee, the employee compensation liability arising from the dismissal benefits is recognized at the sooner of the following two events, and shall be credited to the current profit or loss:

① When the Company cannot unilaterally withdraw the dismissal benefits provided by termination of a labor relation plan or by the cut-down proposal;

② When the Company recognizes the costs or expenses associated with the restructuring involving the payment of dismissal benefits.

If, it is expected that the dismissal benefits cannot be paid in full amount within twelve months after the end of the annual reporting period, the Company discounts the amount of the dismissal benefits by reference to the corresponding discount rate (determined by the market yield of national bonds or high-quality corporate bonds in the active market that match the term and currency of the defined contribution plan obligations at the balance sheet date), and measures the employee pay payable with the discounted amount.

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

None.

## **34. Estimated liabilities**

### **(1) Recognition criteria of estimated liabilities**

The Company recognizes obligations related to contingencies as estimated liabilities if they also meet the following conditions:

- ① The obligation is a current obligation assumed by the Company;
- ② The performance of the obligation is likely to result in the outflow of economic benefits from the Company;
- ③ The amount of the obligation can be reliably measured.

### **(2) Measurement method of estimated liabilities**

Estimated liabilities are initially measured according to the best estimate of expenditures required to meet the relevant current obligations, taking into account such factors as risks, uncertainties and the time value of money associated with contingencies. The book value of estimated liabilities is reviewed at each balance sheet date. If there is solid evidence that the book value does not reflect the current best estimate, the book value is adjusted according to the current best estimate.

### **35. Share-based payment**

#### **(1) Type of share-based payment**

Share-based payments of the Company include share-based payments settled in cash and those settled in equity.

#### **(2) Determination method of fair value of equity instrument**

① For shares granted to employees, the fair value is measured at the market price of the Company's shares, and is adjusted to take into account the terms and conditions under which the shares are granted (excluding vesting conditions other than market conditions). ② For stock options granted to employees, it is difficult to obtain their market price in many cases. If there are no trading options with similar terms and conditions, the Company chooses an applicable option pricing model to estimate the fair value of the options granted.

#### **(3) Basis for determining the best estimate of equity instruments with viable options**

At each balance sheet date in the waiting period, the Company will make the best estimate based on the latest available subsequent information such as the change in the number of employees with viable options, and revise the number of equity instruments with options expected to be exercised to make the best estimate of the equity instruments with viable options.

#### **(4) Accounting treatment of implementation of share-based payment plan**

Share-based payments settled in cash

① Share-based payments settled in cash where the vested options can be immediately exercised after being granted is credited to the relevant cost or expense at the fair value of the liability assumed by the Company on the grant date, increasing the liability accordingly. The fair value of the liability is remeasured at each balance sheet date prior to settlement and at the settlement date, and its changes are credited to profit or loss.

② For cash-settled share-based payments where the vested option cannot be exercised until the completion of services or the fulfillment of specified performance conditions within the waiting period, at each balance sheet date in the waiting period, services acquired during the period are credited to costs or expenses and corresponding

liabilities at the fair value amount of the liability assumed by the Company, based on the best estimate of exercising the option.

#### Share-based payments settled in equity

① Share-based payments settled in equity where the vested option can be immediately exercised after being granted in exchange of employees' services is credited to the relevant cost or expense at the fair value of the equity instruments on the grant date, increasing the capital reserve accordingly.

② For equity-settled share-based payments where the vested option cannot be exercised in exchange of employees' services until the completion of services or the fulfillment of specified performance conditions within the waiting period, at each balance sheet date in the waiting period, services acquired during the period are credited to costs or expenses and capital reserve at the fair value at the granting date of equity instruments, based on the best estimate of the number of equity instruments with exercisable option.

#### **(5) Accounting treatment of modification of share-based payment plan**

When the Company makes a modification to a share-based payment plan, if the modification increases the fair value of the equity instrument granted, the increase in the services obtained is recognized according to the increase in the fair value of the equity instrument; if the modification increases the number of equity instruments granted, the fair value of the increased equity instruments is recognized accordingly as an increase in the acquired services. The increase in the fair value of equity instruments refers to the difference between the original and modified fair values of equity instruments at the date of the modification. If a modification reduces the total fair value of a share-based payment or the terms and conditions of a share-based payment plan is modified to the detriment of employees, further accounting treatment will be made for the services obtained like such modification has never occurred unless the Company cancels some or all of the equity instruments granted.

#### **(6) Accounting treatment of termination of share-based payment plan**

If equity instruments granted are canceled or settled in the waiting period (except those canceled due to failure to fulfill the conditions for exercising the option), the Company will:

① Treat the cancellation or settlement as accelerated option exercising, and immediately recognize the amount that shall be recognized during the remaining waiting period;

② Treat all payments made to employees at the time of cancellation or settlement as repurchases of equity, and credit the portion of the amount paid for the repurchase exceeding the fair value of the equity instrument at the repurchase date to the current expense.

In case of repurchasing the equity instruments that its employees have exercised, the Company writes off the owner's equity; the portion of any amount paid for the repurchase exceeding the fair value of the equity instrument at the repurchase date is credited to the current profit or loss.

### **36. Preferred shares, perpetual bonds and other financial instruments**

None.

### **37. Revenue**

Disclosing the accounting policies adopted for revenue recognition and measurement by business type

#### **(1) General principles**

Income is the total inflow of economic benefits generated in the daily activities of the Company, which can result in an increase in shareholders' equity and is not related to shareholders' invested capital.

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

If two or more performance obligations are included in a contract, the Company apportions the transaction price to each performed obligation in proportion to the individual selling price of the commodities or services promised by each performed obligation, and measures the revenue according to the transaction price apportioned to each performed obligation.

Transaction price is the amount of consideration that the Company expects to be entitled to receive in connection with the transfer of commodities or services to a customer, excluding payments received on behalf of third parties. In case of a variable consideration when determining the transaction price in a contract, the Company determines the best estimation of the variable consideration based on the expected value or the most likely amount, and includes in the transaction price an amount not exceeding which is highly unlikely to result in a material reversal of the accumulated recognized revenue at the time the relevant uncertainty is eliminated. If there is a significant financing component in a contract, the Company will determine the transaction price based on the amount payable by the customer in cash upon its acquisition of control of the commodity, and amortize the difference between the transaction price and the contract consideration with the effective interest method over the term of the contract. The Company does not take into account the financing component if the interval between the transfer of control and the

payment of the price by the customer is less than one year.

If one of the following conditions is met, the contract performance obligations are performed within a certain period of time; otherwise, the obligations are performed at a certain point of time:

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

② The customer can control the in-process commodity during contract performance by the Company;

③ The purpose of the commodity produced by the Company during contract performance is irreplaceable, and the Company is entitled to receive payments throughout the contract period for the performance completed so far.

For performance obligations fulfilled within a certain period of time, the Company shall recognize revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. The Company determines the performance progress of services provided with the input method (or output method). When the performance progress cannot be reasonably determined, the income is recognized based on the amount of costs incurred by the Company if compensation of such costs is expected, until the performance progress can be reasonably determined.

For contract performance obligations fulfilled at a certain point of time, the Company recognizes the income at the time when the customer obtains the control right of relevant commodities. When judging whether a customer has obtained the control of a commodity or service, the Company takes the following indications into account:

① The Company is currently entitled to receive payments in respect of the commodity or service, i.e. the customer has a current payment obligation in respect of the commodity;

② The Company has transferred the legal ownership of the commodity to the customer, i.e. the customer has had the legal ownership of the commodity;

③ The Company has transferred the material object of the commodity to the customer, i.e. the customer has owned the material object of the commodity;

④ The Company has transferred the major risks and compensation on the ownership of the commodity to the customer, i.e. the customer has received the major risks and compensation on the ownership of the commodity;

⑤ Customers have accepted the commodities.

#### Sales return terms

For sales with sales return terms, the Company recognizes the income based on the consideration amount to

which the Company is expected to be entitled for the commodity handed over to the customer when it obtains the control of the relevant commodity, and recognizes the estimated liability based on the amount to be returned due to the expected sales return; meanwhile, the balance of the book value of the commodity expected to be returned less the expected cost to be incurred for collection of the returned commodity (including the impaired value of the returned commodity) is recognized as an asset, i.e. return cost receivable, and according to the book value of the transferred commodity at the time of transfer, the net amount less the cost of the above asset is carried over to the cost. At each balance sheet date, the Company re-estimates the return of future sales and re-measures the assets and liabilities described above.

#### Quality assurance obligations

The Company provides quality assurance for the commodities sold and the projects constructed in accordance with contractual agreements and the provisions of law. For warranty type quality assurance to assure customers that the commodities sold meet the established standards, the Company conducts accounting treatment in accordance with Accounting Standards for Business Enterprises No. 13 - Contingencies. For service type quality assurance that provides a separate service in addition to assuring customers that the commodities sold meet the established standards, the Company regards it as a single performance obligation, amortize a portion of the transaction price to the service type quality assurance in proportion to the individual selling price for providing commodities and services quality assurance, and recognizes the income when the customer obtains the control of the service. In assessing whether the quality assurance provides a separate service in addition to assuring the customer that the commodities sold meet established standards, the Company considers factors such as whether the quality assurance is a statutory requirement, the warranty period and the nature of the Company's commitment to perform the task.

#### Principal responsible person and agent

Whether the Company is the principal responsible person or agent in a transaction is determined by whether the Company has control of the commodities or services before they are transferred to the customer. Where the Company is able to control the commodities or services prior to the transfer of the commodities or services to the customer, the Company is the principle responsible person and recognizes the income based on the total amount of consideration received or receivable. Otherwise, the Company acts as the agent, recognizes the income on the basis of the amount of commission or service charges it is expected to be entitled to receive, which shall be the net amount of the total consideration received or receivable less the price payable to other interested parties, or be determined based on the amount or proportion of commissions established, etc.

### Consideration payable to customers

Where there is a consideration payable to a customer in a contract, unless the consideration is for the purpose of obtaining other clearly distinguishable commodities or services for the customer, the Company writes off the consideration payable from the transaction price, and writes off the current income at the time when the relevant income is recognized or when the consideration is paid (or committed to be paid) to the customer, whichever is later.

#### **(2) Specific method**

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

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

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

### **38. Contractual costs**

Contractual costs are divided into contract performance costs and contract acquisition costs.

The cost incurred by the Company for contract performance is deemed as a contract performance cost and recognized as an asset if all of the following conditions are met:

① The cost is directly related to a current contract or a contract expected to be acquired, including direct labor cost, direct material cost, manufacturing (or similar) cost, cost clearly stated to be borne by the customer, and other

costs incurred only as a result of the contract;

- ② The cost increases the resources for fulfilling the performance obligation by the Company in the future;
- ③ The cost is expected to be recoverable.

When an incremental cost incurred by the Company for acquiring a contract is expected to be recoverable, it is treated as a contract acquisition cost and recognized as an asset.

Assets related to contract costs are amortized on the same basis as the recognition of revenue of goods or services related to that asset; However, if the amortization period of contract acquisition costs does not exceed one year, the Company credits it to the current profit or loss when it occurs.

If the book value of an asset related to the contract cost is higher than the difference between the following two items, the Company makes an impairment provision for the excess, recognizes it as an asset impairment loss, and further considers whether a provision shall be made for projected liabilities relating to the loss contract:

- ① Remaining consideration expected to be obtained as a result of the transfer of commodities or services related to the asset;
- ② Cost estimated to be incurred for the transfer of the relevant commodities or services.

If the above-mentioned provision for asset impairment is subsequently reversed, the book value of the asset after the reversal shall not exceed the book value of the asset on the reversal date assuming no provision for impairment was made.

Contract performance costs recognized as assets with an amortization period of not more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Inventory" item, and those with an amortization period of more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Other non-current assets" item.

Contract acquisition costs recognized as assets with an amortization period of not more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Other current assets" item, and those with an amortization period of more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Other non-current assets" item.

### **39. Government subsidies**

#### **(1) Recognition of government subsidies**

A government subsidy can be recognized only when all of the following conditions are met:

① The Company is able to meet the conditions attached to the government subsidy;

② The Company is able to receive the government subsidy.

### **(2) Measurement of government subsidies**

In case a government subsidy can be classified as a monetary asset, it shall be measured according to the amount received or receivable; In case a government subsidy can be classified as non-monetary asset, it shall be measured at fair value, and once the fair value cannot be obtained reliably, it shall be measured in the nominal amount of RMB 1.

### **(3) Accounting treatment of government subsidies**

① Assets-related government subsidies

Government subsidies that the Company obtains for acquisition or construction or otherwise for developing long-term assets are classified as assets-related government subsidies. When an assets-related government subsidy is recognized as a deferred income, it shall be amortized with a rational and systematic method and credited to an income or loss within the service life of the related asset. Government subsidies measured in the nominal amount shall be directly credited to a current income/loss. In case relevant assets are sold, transferred, scrapped or damaged prior to the end of their service life, the balance of relevant deferred income that has not been allocated shall be transferred to the profits and losses of the current period of asset disposal.

② Revenue-related government subsidies

Government subsidies other than those related to assets are classified as revenue-related government subsidies. Revenue-related government subsidies shall be accounted for in accordance with the following provisions on a case-by-case basis:

When a revenue-related government subsidy is used to compensate relevant expenses or losses of the Company in the following period, it shall be recognized as a deferred income and credited to a current income/loss in the period when the related cost or loss is recognized;

When such a subsidy is used to offset relevant incurred costs and expenses or losses of the Company, it shall be directly credited to the current income/loss.

For government subsidies including both assets-related and revenue-related subsidies, they shall be divided for separate accounting treatment; if it is difficult to separate them, they shall be classified as revenue-related government subsidies as a whole.

Government subsidies associated with the routine activities of the Company shall be credited to Other Income

according to the substance of economic operations. Those that are not associated with the routine activities of the Company shall be credited to Non-Operating Income/Expense.

③ Discounted interests of preferential policy loans

In case the Ministry of Finance directly appropriates the discount funds to the Company, the Company will write down the corresponding discount interests against relevant borrowing costs.

④ Refund of government subsidies

In case a recognized government subsidy needs to be refunded, the book value of the asset concerned shall be adjusted if the book value of the asset was written down when it was initially recognized; if there is a balance for the relevant deferred income, it shall be used to reduce the balanced book value of the deferred income, and any excess shall be credited to a current income/loss; for other cases, it shall be directly credited to a current income/loss.

#### **40. Deferred tax assets/deferred tax liabilities**

The Company generally applies the balance sheet liability method to recognize and measure the income tax amount affected by the taxable temporary difference or deductible temporary difference as a deferred income tax liability or deferred income tax asset based on the temporary difference between the book value of assets and liabilities on the balance sheet date and the tax basis. The Company does not discount deferred income tax assets and deferred income tax liabilities.

##### **(1) Recognition of deferred income tax assets**

For deductible losses and tax credits that are deductible for temporary differences and can be carried forward to subsequent years, the income tax amount so affected shall be calculated at the income tax rate of the expected carry-back period, and the amount of impact shall be recognized as a deferred income tax asset, provided that the Company is likely to obtain future taxable incomes to offset the deductible temporary differences, deductible losses and tax credits.

In transactions or matters with the following characteristics, the income tax amount affected by a deductible temporary difference caused by the initial recognition of an asset or liability shall not be recognized as a deferred income tax asset;

A. The transaction is not a business merger;

B. The occurrence of the transaction does not affect the accounting profit or the taxable income (or deductible loss).

However, this exemption from the initial recognition of deferred income tax liabilities and deferred income tax assets shall not apply to a single transaction in which both the above two conditions are met and the initial recognition of assets and liabilities results in an equal amount of taxable temporary differences and deductible temporary differences. For taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities of the transaction, the Company recognizes the corresponding deferred income tax liabilities and deferred income tax assets respectively when the transaction takes place.

For deductible temporary differences related to investments of subsidiaries, associated enterprises and joint ventures, the Company recognizes the amount of income tax impact as a deferred income tax asset (only) when the following two conditions are both met:

A. The temporary difference is very likely to be reversed in the foreseeable future;

B. Taxable incomes are very likely to be obtained to offset the deductible temporary difference in the future.

On the balance sheet date, if there is conclusive evidence that enough taxable incomes are very likely to be obtained in future periods to offset the deductible temporary differences, the deferred income tax assets not recognized in the previous period shall be recognized.

The Company checks the book value of deferred income tax assets on the balance sheet date. In case it is very unlikely to obtain enough taxable incomes to offset the benefits of the deferred tax assets in future periods, the book value of the deferred tax assets shall be written down. If it is very likely to obtain enough taxable incomes, the write-down amount shall be reversed.

## **(2) Recognition of deferred income tax liabilities**

For all taxable temporary differences of the Company, the amount of income tax impact is measured at the income tax rate for the expected carry-back period, and the amount of impact shall be recognized as a deferred income tax liability, except:

① Income tax impact caused by taxable temporary differences arising from the following transactions or matters shall not be recognized as a deferred income tax liability:

A. Initial recognition of goodwill;

B. Initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business merger, and the occurrence of the transaction does not affect the accounting profit or the taxable income or deductible loss.

② For taxable temporary differences related to investments of subsidiaries, associated enterprises and joint

ventures, the Company generally recognizes the amount of income tax impact as a deferred income tax liability (only), except those meeting both the following two conditions:

- A. The Company can control the reversal time of the temporary difference;
- B. The temporary difference is very unlikely to be reversed in the foreseeable future;

**(3) Recognition of deferred income tax liabilities or assets involved in certain transactions or matters**

① Deferred income tax liabilities or assets related to business mergers

For taxable temporary differences or deductible temporary differences arising from business mergers not involving enterprises under common control, the goodwill recognized in the business mergers are generally adjusted for the relevant deferred income tax expenses while recognizing the deferred income tax liabilities or assets.

② Items directly credited to owner's equity

Income tax and deferred income tax of the current period related to transactions or matters that are directly credited to the owner's equity shall be credited to the owner's equity. Transactions or matters with the income tax impact of temporary differences credited to owners' equity include: other comprehensive income resulting from changes in the fair value of other debt investments, adjusted beginning retained income made with the retrospective adjustment method for changes in accounting policies or corrected with the retrospective restatement method to correct differences of (significant) accounting errors in previous period, and owner's equity credited at the time of initial recognition of mixed financial instruments containing both liability components and equity components.

③ Recoverable losses and tax credits

A. Recoverable losses and tax credits arising from the Company's own operations

Deductible loss refers to the loss which is allowed to be offset by a taxable income of subsequent years, calculated and determined in accordance with the provisions of the tax law. Losses to offset (deductible losses) and tax credits that can be carried forward to subsequent years according to the provisions of the tax law shall be treated as deductible temporary differences. When sufficient taxable income is likely to be obtained during future periods in which it is expected that a loss to offset or tax credit will be available, the corresponding deferred income tax asset shall be recognized to the extent of the taxable income likely to be obtained, while the income tax expense in the current income statement shall be reduced.

B. Recoverable loss to offset of the merged business arising from business merger

The Company obtains deductible temporary differences from the acquiree in business merger, which shall not be recognized if the conditions for recognition of deferred tax assets are not met by the acquisition date. Within 12

months after the acquisition date, if new or further information is obtained indicating that the relevant circumstances already existed by the acquisition date and the economic benefits brought about by the deductible temporary difference is expected to be realized by the acquiree by the acquisition date, the relevant deferred tax assets shall be recognized and goodwill shall be reduced at the same time. If there is insufficient goodwill to offset, the difference shall be recognized as a current profit/loss; in addition to the above circumstances, deferred tax assets related to business merger shall be recognized and credited to the current profit/loss.

④ Temporary differences arising from offsets in consolidated statements

When preparing the consolidated financial statements, the Company recognizes deferred income tax assets or liabilities in the consolidated balance sheet and adjusts the income tax expense in the consolidated income statement if there is a temporary difference between the carrying value of the assets or liabilities in the consolidated balance sheet and the tax basis of the taxable entity concerned due to the offset of unrealized gains and losses on internal sales, except deferred income taxes related to transactions or matters directly credited to owners' equity and related to business merger.

⑤ Equity-settled share-based payments

If the tax law allows pre-tax deductions for expenses related to share-based payments, when recognizing costs and expenses in accordance with the accounting standards, the Company calculates and determines the tax basis and the resulting temporary differences based on the pre-tax deductible amount estimated with the information obtained at the end of the accounting period, and recognizes the relevant deferred income tax if the conditions for recognition are met. If the amount that is expected to be deductible before tax in future periods exceeds the costs and expenses related to the share-based payments recognized in accordance with the provisions of the accounting standards, the income tax impact of the excess shall be directly credited to owners' equity.

⑥ Dividends related to financial instruments classified as equity instruments

For financial instruments classified as equity instruments by the Company as the issuer, where the relevant dividend payout is deducted before corporate income tax in accordance with the relevant provisions of tax policies, the Company recognizes the income tax impact related to the dividend when recognizing the dividend payable. The income tax impact of dividends shall be credited to the current profit/loss if the profit distributed is derived from a transaction or matter previously generated profit or loss; the income tax impact of dividends shall be credited to owners' equity if the profit distributed is derived from a transaction or matter previously recognized in owners' equity.

**(4) Basis for presentation of net balances of deferred income tax assets and liabilities**

When all of the following conditions are met, the Company presents net balances of deferred income tax assets and liabilities after offsetting:

① The Company is entitled to settle current income tax assets and liabilities on a net basis;

② Deferred income tax assets and liabilities are related to the income tax levied by the same taxation authority on the same taxpayer or to different taxpayers, but during the period in which each future deferred income tax asset and liability of significance is reversed, the involved taxpayer intends to settle current income tax assets and liabilities on a net basis or acquire assets and pay off debts at the same time.

**41. Lease****(1) Accounting treatment of lease as the lessee**

On the commencement date of the lease term, the Company considers a lease with lease term no more than 12 months and which does not include a purchase option to be a short-term lease, and a lease with a low value when a single leased asset is a new asset as a low-value asset lease. Where the Company subleases or intends to sublease a leased asset, the original lease is not deemed to be a low-value asset lease.

For all short-term leases and low-value asset leases, the Company credits the lease payments to the cost of the underlying asset or to current profit/loss on a straight-line basis during each period of the lease term.

With the exception of the above short-term leases and low-value asset leases treated by simplified treatment, the Company recognizes the right-of-use assets and lease liabilities on the lease on the commencement date of the lease term.

**① Right-of-use assets**

A right-of-use asset refers to the lessee's right to use the leased asset during the lease term.

On the commencement date of the lease term, an initial measurement of right-of-use assets shall be carried out according to the cost. The cost is composed of:

The initially measured amount of the lease liability;

Lease payment paid on or before the commencement date of the lease term minus relevant amount of the enjoyed lease incentives (if any)

Initial direct expenses incurred by the leasee;

An estimate of costs to be incurred by the lessee in dismantling and removing the lease asset, restoring the site where the lease asset resides or restoring the lease asset to the condition required by the terms and conditions of the lease. The Company recognizes and measures the costs according to the recognition criteria and measurement method for estimated liabilities. Refer to Note III.25 for details. The aforementioned costs are incurred for the production of inventory and will be credited to the cost of inventory.

The straight-line depreciation method shall be applied for the depreciation classification and provision of right-of-use assets. If it can be reasonably ascertained that the ownership of the leased asset will be acquired at the end of the lease term, the depreciation rate shall be determined according to the class of the right-of-use asset and the estimated net salvage value rate during the expected remaining useful life of the leased asset; otherwise, the depreciation rate shall be determined on the basis of the class of the use-of-right asset during the shorter of the lease term and the remaining useful life of the leased asset.

#### ② Lease liabilities

The initial measurement of lease liabilities shall be based on the present value of the lease payment payable on the commencement date of the lease term. The amount of lease payments shall consist of the following five components:

- Fixed payment amount and substantial fixed payment amount, and if there are lease incentives, minus the amount related to lease incentives;
- Variable lease payment amount depending on the index or rate;
- Exercise price of the purchase option, provided that the lessee reasonably determines to exercise the option;
- Amount payable to exercise the option to terminate the lease, provided that it is reflected in the lease term that the lessee will exercise the option to terminate the lease;
- Amount expected to be paid based on the remaining value of the security provided by the lessee.

When computing the present value of a lease payment, the implicit interest rate of the lease shall be used as the discount rate; when such implicit interest rate cannot be determined, the incremental borrowing rate of the Company shall be used as the discount rate. The difference between the lease payment amount and its present value shall be recognized as an unrecognized financing expense, and the interest expense shall be recognized at the discount rate of the present value of the lease payment amount during each period of the lease term and credited to the current profit/loss. Variable lease payments not included in the measurement of lease liabilities shall be credited to the current profit/loss at the actual time of incurring.

After the commencement of the lease term, when there is a change in the substantial fixed payment amount, a change in the estimated amount payable on the security balance, a change in the index or ratio used to determine the lease payment amount, a change in the evaluation result of the purchase option, the renewal option or the termination option, or a change in the actual exercise of the option, the Company will remeasure the lease liability at the present value of the changed lease payment amount, and adjust the book value of the right-of-use assets accordingly.

## **(2) Accounting treatment of lease as the lessor**

On the commencement date of the lease, the Company classifies leases that substantially transfer virtually all of the risks and compensations associated with ownership of the leased assets as finance leases, and all other leases as operating leases.

### **① Operating lease**

The Company recognizes lease receipts as rental income on a straight-line basis during each period of the lease term, capitalize and apportion the initial direct expenses incurred on the same basis as rental income recognition, and credit the direct expenses to the current profit/loss in installments. The Company credits to the current profit/loss the amount of variable lease payments acquired in relation to operating leases that are not included in lease receipts when actually incurred.

### **② Finance lease**

On the commencement date of the lease, the Company recognizes finance lease receivables on the basis of net lease investment (the sum of the unsecured balance value and the present value of the lease proceeds not yet received by the commencement date of the lease term discounted at the implicit interest rate of the lease) and terminates the recognition of the finance lease assets. In each period of the lease term, the Company calculates and recognizes the interest income at the implicit interest rate of the lease.

Variable lease payments acquired by the Company and not included in the measurement of the net lease investment shall be credited to the current profit/loss at the actual time of incurring.

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

### **Share repurchase**

(1) Where the Company has reported and has been approved to purchase the Company's shares for capital

reduction in accordance with legal procedures, the share capital shall be reduced by the total par value of the shares cancelled, the owners' equity shall be adjusted in case of a difference between the price paid for the repurchase of the shares (including transaction fees) and the par value of the shares; the portion in excess of the total par value shall write down the capital reserve (share capital premium), surplus reserve and undistributed profits in turn, and the portion less than the total par value shall be added to the capital reserve (equity premium).

(2) The shares repurchased by the Company shall be managed as treasury shares before being cancelled or transferred, and all expenses incurred for repurchasing the shares shall be changed as treasury share costs.

(3) In case of a transfer of treasury shares, the portion of the transfer income higher than the cost of treasury share is added to the capital reserve (equity premium); the portion lower than the cost of Treasury shares shall write down the capital reserve (equity premium), surplus reserve and undistributed profit in turn.

### Restricted share

In the equity incentive plan, the Company grants restricted shares to the incentivized subjects, who shall subscribe for the shares first, and if the unlocking conditions stipulated in the equity incentive plan are not met later, the Company will repurchase the shares at the price agreed in advance. Where the restricted shares issued to the employees have gone through the registration and other capital increase procedures in accordance with relevant regulations, the Company shall, on the grant date, recognize the share capital and capital reserve (capital premium) based on the subscription payment received from the employees, and also recognize the treasury shares and other payables for the repurchase obligations.

## 43. Important accounting policy and accounting estimation changes

### (1) Important accounting policy changes

Applicable  Not applicable

Unit: RMB

Contents and reasons of the accounting policy change	Name of the statement item that is significantly affected
The Ministry of Finance released the Interpretation No. 17 of Accounting Standards for Business Enterprises (CK [2023] No. 21, hereinafter referred to as Interpretation No. 17) on October 25, 2023, which has been implemented since January 1, 2024. The Company has implemented the provisions of Interpretation No. 17 since January 1, 2024.	No significant impact
The Ministry of Finance release the 2024 Guide to the Application of Accounting Standards for Business Enterprises in March 2024 and the Interpretation No. 18 of Accounting Standards for Business Enterprises on December 6, 2024, stipulating that warranty type quality assurance expenses shall be credited to operating costs.	No significant impact

**(2) Important accounting estimation changes**

Applicable  Not applicable

**(3) Relevant items in financial statements at the beginning of 2024 when such adjustments were made for the first time for initial implementation of the new accounting standard**

Applicable  Not applicable

**VI. Tax****1. Main tax types and tax rate**

Tax type	Tax basis	Tax rate
VAT (value-added tax)	Revenue from sales of goods	13.00%, 9.00%, 6.00%, 3.00% and 0% (Note 1)
Urban maintenance and construction tax	Paid turnover tax amount	7.00%, 5.00%
Education surcharge	Paid turnover tax amount	3.00%, 2.00%
Corporate income tax	Taxable income	See the table below (Note 2) for taxpayers subject to different corporate income tax rates and their tax rates.

**Note 1:** Shenzhen YAKO Automation Technology Co., Ltd. was recognized as a software enterprise by Shenzhen Economic, Trade and Information Commission on April 27, 2013, and received the software enterprise certification No. Shen R-2010-0237; Shenzhen Topband Software Technology Co., Ltd. was recognized as a software enterprise by Shenzhen Economic, Trade and Information Commission on Friday, June 28, 2013, and received the software enterprise certification No. Shen R-2013-0616; Shenzhen Yansheng Software Co., Ltd. was recognized as a software enterprise by Shenzhen Software Industry Association on August 31, 2017, and received the software enterprise certification No. Shen RQ-2017-0587; Shenzhen Allied Control System Co., Ltd. was recognized as a software enterprise by Shenzhen Economic, Trade and Information Commission on June 28, 2013, and received the software enterprise certification No. Shen R-2013-0775. According to relevant provisions of the Notice on the Distribution of Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries issued by the State Council (GF [2011] No. 4), after the sales revenue of the above products is levied for value-added tax at the statutory tax rate of 13.00% during the Reporting Period, the refund-upon-collection policy shall be applied to the portion of the actual VAT burden in excess of 3.00%.

According to the Notice of the Ministry of Finance and the State Taxation Administration on VAT Policies for Software Products (CS [2011] No. 100), the refund-upon-collection policy shall be applied to the portion of the

actual VAT burden of software products in excess of 3.00%. The provision of the policy is applicable to Shenzhen Meanstone Intelligent Technology Co., Ltd., a subsidiary of the Company.

**(Note 2) Taxpayers of the Company subject to different corporate income tax rates and their tax rates are as follows**

Name of taxpayer	Corporate income tax rate
Shenzhen Topband Co., Ltd.	15%
Shenzhen Topband Software Technology Co., Ltd.	15%
Shenzhen Topband Automation Technology Co., Ltd.	15%
Shenzhen Topband Battery Co., Ltd.	15%
Huizhou Topband Battery Co., Ltd.	20%
Taixing Topband Lithium Battery Co., Ltd.	15%
Nantong Topband Lithium Battery Co., Ltd.	25%
Yolaness Technology (HK) Co., Limited	16.5%
YOLANESS AFRICA (PTY) LTD	27%
Chongqing Topband Industrial Co., Ltd.	25%
Topband (Hong Kong) Co., Ltd.	8.25%, 16.50%
Topband Germany GmbH	16%
TOPBAND SMART DONG NAI (VIETNAM) COMPANY LIMITED	20%
TOPBAND JAPAN Co., Ltd	23%
Q.B.PTE.LTD	17%
TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	16%
TOPBAND MEXICO, S.DE R.L.DE C.V.	30%
Huizhou Topband Electrical Technology Co., Ltd.	15%
TOPBAND INDIA PRIVATE LIMITED	25%
Shenzhen YAKO Automation Technology Co., Ltd.	15%
Shenzhen Yansheng Software Co., Ltd.	15%
Hangzhou Zhidong Motor Technology Co., Ltd.	20%
Huizhou YAKO Automation Technology Co., Ltd.	25%
Shenzhen Allied Control System Co., Ltd.	25%
Ningbo Topband Intelligent Control Co., Ltd.	25%
Shenzhen Meanstone Intelligent Technology Co., Ltd.	15%
Shenzhen Topband Supply Chain Services Co., Ltd.	25%
Shenzhen Topband Investment Co., Ltd.	25%
Shenzhen Tunnu Innovation Co., Ltd.	20%
Tunnu Innovation (Hong Kong) Limited	16.5%
TUNNU INNOVATION, INC	21%
Shenzhen Zhongli Consulting Co., Ltd.	20%
Shenzhen Yueshang Robot Co., Ltd.	20%

Shenzhen Topband Digital Energy Co., Ltd.	20%
Topband Digital Energy Technology (Huizhou) Co., Ltd.	25%
Chongqing Topband Yishu Energy Technology Co., Ltd.	25%
Shenzhen Senxuan Technology Co., Ltd.	20%
Shenzhen Tengyi Industrial Co., Ltd.	20%
Topband (Qingdao) Intelligent Control Co., Ltd.	20%
Shenzhen Topband Automotive Electronics Co., Ltd.	20%
Shenzhen Jingfei Investment Co., Ltd.	20%
Huizhou Jiawan Lvyuan Agriculture Co., Ltd.	20%
Shenzhen Topband Motor Co., Ltd.	15%
Huizhou Chiding Technology Co., Ltd.	20%

## 2. Tax preference

(1) On November 15, 2023, the Company received the Hi-tech Enterprise Certificate (No. GR202344206777) issued by Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable to the Company for the years 2023 to 2025 is 15.00%.

(2) On December 19, 2022, Shenzhen Topband Software Technology Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202244203890) issued by Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2022 to 2024 is 15.00%.

(3) On December 26, 2024, Shenzhen Topband Battery Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444206593) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of

China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(4) On December 11, 2024, Huizhou Topband Electrical Technology Co., Ltd. received the Certificate for High-tech Enterprise (No. GR202444009232) issued by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service under the State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(5) On December 26, 2024, Shenzhen YAKO Automation Technology Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444202027) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(6) On December 26, 2024, Shenzhen Yansheng Software Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444205050) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(7) On November 19, 2024, Taixing Topband Lithium Battery Co., Ltd. received the Certificate for High-tech Enterprise (No. GR202432004814) issued by the Jiangsu Provincial Department of Science and Technology, the Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service under State Taxation

Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(8) On November 15, 2023, Shenzhen Topband Automation Technology Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202344204958) issued by Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2023 to 2025 is 15.00%.

(9) On December 26, 2024, Shenzhen Topband Motor Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444207996) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(10) On December 26, 2024, Shenzhen Meanstone Intelligent Technology Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444200497) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(11) Topband (Hong Kong) Co., Ltd., Yolanness Technology (HK) Co., Limited and Tunnu Innovation (Hong Kong) Limited, which are subsidiaries of the Company established in Hong Kong Special Administrative Region

of China, are applicable to the profits tax rate of 16.50%. Meanwhile, due to the implementation of the "two-tier profits tax" policy in Hong Kong, for the portion of annual profits not exceeding HKD 2 million, Topband (Hong Kong) Co., Ltd. is applicable to the profits tax rate of 8.25%, and for the excess part, the tax rate is 16.50%.

(12) According to the provisions of the Announcement on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses issued by the Ministry of Finance and the State Taxation Administration (Announcement 2023 No. 12 by the Ministry of Finance and the State Taxation Administration), small low-profit enterprises shall calculate their taxable income at a reduced rate of 25.00% and pay the corporate income tax at a rate of 20.00%, and this policy is extended till December 31, 2027. The provisions of this policy are applicable to the subsidiaries and sub-subsidiaries of the Company, including Hangzhou Zhidong Motor Technology Co., Ltd., Shenzhen Topband Digital Energy Co., Ltd., Shenzhen Tunnu Innovation Co., Ltd., Huizhou Topband Battery Co., Ltd., Shenzhen Zhongli Consulting Co., Ltd., Shenzhen Senxuan Technology Co., Ltd., Shenzhen Tengyi Industrial Co., Ltd., Topband (Qingdao) Intelligent Control Co., Ltd., Shenzhen Topband Automobile Electronics Co., Ltd., Shenzhen Yueshang Robot Co., Ltd., Shenzhen Jingfei Investment Co., Ltd., Huizhou Chiding Technology Co., Ltd., and Huizhou Jiuwan Lvyuan Agriculture Co., Ltd.

### 3. Others

None.

## VII. Notes to items of consolidated financial statements

### 1. Monetary capital

Unit: RMB

Items	Ending balance	Beginning balance
Cash on hand	800,122.43	1,069,045.22
Bank deposit	1,690,347,796.36	1,352,610,241.43
Other monetary capital	22,828,344.55	196,771,603.17
Total	1,713,976,263.34	1,550,450,889.82
Including: total amount deposited abroad	521,804,112.38	270,380,160.96

Other descriptions:

(1) At the end of the period, the amount of mortgage, pledges, frozen or other funds with restrictions on use is RMB 100,701,385.53. Refer to VII. 31 of this report for details.

(2) At the end of the period, there is no amount deposited overseas or with the repatriation restricted.

## 2. Tradable financial assets

Unit: RMB

Items	Ending balance	Beginning balance
Financial assets measured at fair value and whose changes are recorded in current profit or loss	739,448,691.77	656,704,087.16
Including:		
Including: financial products	396,522,333.21	303,000,000.00
Equity instrument investment	342,926,358.56	352,334,087.16
Forward foreign exchange contract		1,370,000.00
Total	739,448,691.77	656,704,087.16

## 3. Derivative financial assets

None.

## 4. Notes receivable

### (1) List of classification of notes receivable

Unit: RMB

Items	Ending balance	Beginning balance
Bank acceptance instruments	38,725,822.76	48,332,530.42
Commercial acceptance bill	9,735,512.62	5,865,862.11
Total	48,461,335.38	54,198,392.53

### (2) Disclosure by bad debt provision method

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Notes receivable with single provision for bad debts										
Including:										
Notes	48,772,791.41	100.00%	311,456.03	0.64%	48,461,335.38	54,386,051.69	100.00%	187,659.16	0.35%	54,198,392.53

receivable with provision for bad debts by portfolio										
Including:										
Bank acceptance bill	38,725,822.76	79.40%			38,725,822.76	48,332,530.42	88.87%			48,332,530.42
Commercial acceptance bill	10,046,968.65	20.60%	311,456.03	3.10%	9,735,512.62	6,053,521.27	11.13%	187,659.16	3.10%	5,865,862.11
Total	48,772,791.41	100.00%	311,456.03	0.64%	48,461,335.38	54,386,051.69	100.00%	187,659.16	0.35%	54,198,392.53

Provision for bad debts by portfolio: 331,456.03

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Bank acceptance bill	38,725,822.76		
Commercial acceptance bill	10,046,968.65	311,456.03	3.10%
Total	48,772,791.41	311,456.03	

If the provision for bad debts of notes receivable is made according to the general model of expected credit losses:

Applicable  Not applicable

### (3) Bad debt provision withdrawn, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Provision for bad debts	187,659.16	123,796.87				311,456.03
Total	187,659.16	123,796.87				311,456.03

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

Applicable  Not applicable

### (4) Notes receivable pledged by the Company at the end of the period

Unit: RMB

Items	Pledged amount at end of period
Bank acceptance instruments	0.00
Commercial acceptance bill	0.00
Total	0.00

**(5) Notes receivable endorsed or discounted by the Company at the end of the period and not due yet on balance sheet date**

Unit: RMB

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance instruments		26,471,117.10
Commercial acceptance bill		100,000.00
Total		26,571,117.10

**5. Accounts receivable****(1) Disclosure by aging**

Unit: RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	3,051,190,543.53	2,501,663,449.76
1-2 years	38,379,992.73	26,101,888.01
2-3 years	17,917,449.39	34,426,751.55
Above 3 years	68,483,255.65	38,418,609.23
3-4 years	30,183,662.92	36,343,415.96
4-5 years	36,243,544.76	742,628.55
Above 5 years	2,056,047.97	1,332,564.72
Total	3,175,971,241.30	2,600,610,698.55

**(2) Disclosure by bad debt provision method**

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with single provision for bad debts	84,435,157.56	2.66%	84,435,157.56	100.00%	0.00	90,294,270.19	3.47%	90,294,270.19	100.00%	0.00
Including :										
Single provision	84,435,157.56	2.66%	84,435,157.56	100.00%	0.00	90,294,270.19	3.47%	90,294,270.19	100.00%	0.00
Accounts receivable with provision for bad debts by portfolio	3,091,536,083.74	97.34%	98,751,586.01	3.19%	2,992,784,497.73	2,510,316,428.36	96.53%	78,542,550.80	3.13%	2,431,773,877.56
Including :										
Accounts receivables with provision for bad debts by aging portfolio	3,091,536,083.74	97.34%	98,751,586.01	3.19%	2,992,784,497.73	2,510,316,428.36	96.53%	78,542,550.80	3.13%	2,431,773,877.56

Total	3,175,971,241.30	100.00%	183,186,743.57	5.77%	2,992,784,497.73	2,600,610,698.55	100.00%	168,836,820.99	6.49%	2,431,773,877.56
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Single provision for bad debt: 84,435,157.56

Unit: RMB

Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Single provision for bad debts	90,294,270.19	90,294,270.19	84,435,157.56	84,435,157.56	100.00%	It is difficult to recover
Total	90,294,270.19	90,294,270.19	84,435,157.56	84,435,157.56		

Provision for bad debts by portfolio: 98,751,586.01

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Accounts receivables with provision for bad debts by aging portfolio	3,091,536,083.74	98,751,586.01	3.19%
Total	3,091,536,083.74	98,751,586.01	

### (3) Bad debt provision withdrawn, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Single provision for bad debts	90,294,270.19	268,251.18	3,769,982.90	2,357,380.91		84,435,157.56
Provision for bad debts by portfolio	78,542,550.80	21,382,145.11		272,434.44	-900,675.46	98,751,586.01
Total	168,836,820.99	21,650,396.29	3,769,982.90	2,629,815.35	-900,675.46	183,186,743.57

### (4) Accounts receivable actually written off in the current period

Unit: RMB

Items	Amount of write-off
Accounts receivable actually written off	2,629,815.35

Among them, the important accounts receivable write-offs are:

Name of unit	Nature of accounts receivable	Amount of write-off	Reason for write-off	Write-off procedure implemented	Whether the payment arose from a related transaction
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Entity 1	Accounts receivable	2,234,218.21	Irrecoverable	Approval by the management	No
Total		2,234,218.21			

**(5) Accounts receivable and contract assets of top five ending balances grouped by debtors**

Unit: RMB

Name of unit	Ending balance of accounts receivable	Ending balance of contract assets	Ending balances of accounts receivable and contract assets	Proportion to total ending balances of accounts receivable and contract assets	Ending balance of bad debt provision for accounts receivable and provision for impairment of contract assets
No. 1	792,615,088.78	0.00	792,615,088.78	24.96%	24,586,223.15
No. 2	184,815,580.16	0.00	184,815,580.16	5.82%	5,729,282.98
No. 3	127,197,331.94	0.00	127,197,331.94	4.00%	3,943,117.29
No. 4	90,629,038.79	0.00	90,629,038.79	2.85%	2,814,694.68
No. 5	76,333,174.15	0.00	76,333,174.15	2.40%	2,366,328.40
Total	1,271,590,213.82	0.00	1,271,590,213.82	40.03%	39,439,646.50

**6. Contract assets**

None.

**7. Receivables financing****(1) Classification of accounts receivable financing**

Unit: RMB

Items	Ending balance	Beginning balance
Notes receivable	101,957,511.11	126,350,412.69
Supply chain notes receivable	29,260,161.45	40,202,216.82
Factored accounts receivable		111,968,012.71
Total	131,217,672.56	278,520,642.22

**(2) Disclosure by bad debt provision method**

Unit: RMB

Category	Ending balance				Book value	Beginning balance				Book value
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	

Single provision for bad debts						40,202,216.82	14.25%			40,202,216.82
Including: notes of supply chain						40,202,216.82	14.25%			40,202,216.82
Provision for bad debts by portfolio	132,153,756.15	100.00%	936,083.59	0.71%	131,217,672.56	241,900,477.40	85.75%	3,582,052.00	1.48%	238,318,425.40
Including:										
Bank acceptance bill	101,957,511.11	77.15%			101,957,511.11	126,350,412.69	44.79%			126,350,412.69
Aging portfolio	30,196,245.04	22.85%	936,083.59	3.10%	29,260,161.45	115,550,064.71	40.96%	3,582,052.00	3.10%	111,968,012.71
Total	132,153,756.15	100.00%	936,083.59	0.71%	131,217,672.56	282,102,694.22	100.00%	3,582,052.00	1.27%	278,520,642.22

Provision for bad debts by portfolio: 936,083.59

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Bank acceptance bill	101,957,511.11		
Aging portfolio	30,196,245.04	936,083.59	3.10%
Total	132,153,756.15	936,083.59	

Provision for bad debts based on the general model of expected credit losses

Unit: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2024	3,582,052.00			3,582,052.00
Balance as of January 1, 2024 in current period				
Accrual in the current period	-2,645,968.41			-2,645,968.41
Balance as of December 31, 2024	936,083.59			936,083.59

### (3) Provision for bad debts accrued, recovered or reversed in current period

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Reversal or write-off	Other changes	
Provision for impairment	3,582,052.00	-2,645,968.41				936,083.59

Total	3,582,052.00	-2,645,968.41				936,083.59
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**(4) Financing of accounts receivable pledged by the Company at the end of period**

None.

**(5) Financing of accounts receivable endorsed or discounted by the Company at end of period and not due on balance sheet date**

Unit: RMB

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill	836,307,079.51	
Notes of supply chain	8,154,880.45	
Total	844,461,959.96	

**(6) Financing of accounts receivable actually written off in the current period**

None.

**(7) Increase/decrease in accounts receivables financing in the current period and changes in fair value**

None.

**(8) Other notes**

None.

**8. Other receivables**

Unit: RMB

Items	Ending balance	Beginning balance
Other receivables	38,621,875.39	36,524,343.36
Total	38,621,875.39	36,524,343.36

**(1) Interest receivable**

None.

**(2) Dividends receivable**

None.

**(3) Other receivables****1) Classification of other receivables by nature of amount**

Unit: RMB

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Margin, deposit	26,075,323.05	24,942,814.39
Borrowing and imprest of employees	5,876,690.76	7,837,283.76
Export tax rebate receivable	16,656,194.89	8,682,341.31
Compensation		2,217,210.33
Others	3,067,192.41	2,698,876.37
<b>Total</b>	<b>51,675,401.11</b>	<b>46,378,526.16</b>

**2) Disclosure by aging**

Unit: RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	28,620,600.31	21,094,463.33
1-2 years	3,259,904.20	8,282,956.38
2-3 years	3,590,857.49	10,637,952.10
Above 3 years	16,204,039.11	6,363,154.35
3-4 years	10,050,869.49	824,947.24
4-5 years	632,732.91	3,683,926.82
Above 5 years	5,520,436.71	1,854,280.29
<b>Total</b>	<b>51,675,401.11</b>	<b>46,378,526.16</b>

**3) Disclosure by bad debt provision method** Applicable  Not applicable

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Single provision for bad debts	16,656,194.89	32.23%			16,656,194.89	8,682,341.31	18.72%			8,682,341.31
Provis	35,019,206.22	67.77%	13,053,525.72	37.28%	21,965,680.50	37,696,184.85	81.28%	9,854,182.80	26.14%	27,842,002.05

ion for bad debts by portfolio										
Total	51,675,401.11	100.00%	13,053,525.72	25.26%	38,621,875.39	46,378,526.16	100.00%	9,854,182.80	21.25%	36,524,343.36

Single provision for bad debts: 0

Unit: RMB

Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Export tax rebate receivable	8,682,341.31		16,656,194.89			No loss is expected in export tax rebates

Provision for bad debts by portfolio: 13,053,525.72

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Accounts receivable for which bad debt provision is made by credit risk feature portfolio	35,019,206.22	13,053,525.72	37.28%
Total	35,019,206.22	13,053,525.72	

Explanation of the basis for determining the portfolio:

None

Provision for bad debts based on the general model of expected credit losses:

Unit: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2024	7,999,902.51		1,854,280.29	9,854,182.80
Balance as of January 1, 2024 in current period				
- Transfer to Stage 2				
- Transfer to Stage 3	-2,932,925.14		2,932,925.14	
Accrual in the current period	4,410,730.57		733,231.28	5,143,961.85
Write-off in the current period	1,620,800.00			1,620,800.00
Other changes	-323,818.93			-323,818.93
Balance as of December 31, 2024	7,533,089.01		5,520,436.71	13,053,525.72

Basis for division into different stages and bad debt provision ratio

None

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

Applicable  Not applicable

#### 4) Bad debt provision withdrawn, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Reversal or write-off	Others	
Provision for bad debts	9,854,182.80	5,143,961.85		1,620,800.00	-323,818.93	13,053,525.72
Total	9,854,182.80	5,143,961.85		1,620,800.00	-323,818.93	13,053,525.72

#### 5) Other receivables actually written off in the current period

Unit: RMB

Items	Amount of write-off
Other accounts receivable actually written off	1,620,800.00

#### 6) Other receivables of top five ending balances grouped by debtors

Unit: RMB

Name of unit	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
No. 1	Export rebate	16,656,194.89	Within 1 year	32.23%	
No. 2	Performance bonds	3,500,000.00	3-4 years	6.77%	1,750,000.00
No. 3	House leasing deposit	3,611,983.10	3-4 years	6.99%	1,805,991.55
No. 4	House leasing deposit	1,520,178.00	Above 5 years	2.94%	1,520,178.00
No. 5	House leasing deposit	1,270,343.02	2-3 years	2.46%	381,102.91
Total		26,558,699.01		51.39%	5,457,272.46

## 9. Prepayments

### (1) List of advance payments by aging

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	24,610,656.44	91.38%	41,217,371.39	93.49%
1-2 years	1,933,909.54	7.18%	2,649,254.74	6.01%
2-3 years	364,869.23	1.35%	173,711.61	0.39%
Above 3 years	23,000.00	0.09%	47,730.79	0.11%
Total	26,932,435.21		44,088,068.53	

Explanation of the cause for untimely settlement of advance payments aging more than one year with important amounts: The terms of settlement have not been met.

## (2) Accounts prepaid of the top five prepaying entities for ending balance

The total amount of the Company's top five year-end balances of advance payments grouped by debtors is RMB 5,687,839.48 in the year, accounting for 21.12% of the total year-end balance of advance payments.

Other descriptions: None

## 10. Inventories

Whether the Company is required to comply with the disclosure requirements of the real estate industry

No

### (1) Inventory classification

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value
Purchase of raw materials	969,273,726.88	96,936,222.89	872,337,503.99	883,406,451.52	84,959,315.65	798,447,135.87
Goods in process	148,251,757.87		148,251,757.87	187,129,741.78		187,129,741.78
Goods on hand	583,197,273.89	27,930,951.02	555,266,322.87	477,050,469.57	22,099,671.18	454,950,798.39

Goods shipped in transit	164,769,170.25	4,059,078.37	160,710,091.88	118,434,872.84	4,566,699.62	113,868,173.22
Materials entrusted for processing	7,874,525.26	235,709.71	7,638,815.55	16,730,489.94		16,730,489.94
Self-manufactured semi-finished product	69,367,934.12	3,074,437.53	66,293,496.59	86,682,330.39	4,046,746.35	82,635,584.04
Low-value consumables	12,591.82		12,591.82	54,792.27		54,792.27
Total	1,942,746,980.09	132,236,399.52	1,810,510,580.57	1,769,489,148.31	115,672,432.80	1,653,816,715.51

## (2) Provision for decline in value of inventories and provision for impairment of contract performance cost

Unit: RMB

Items	Beginning balance	Increase in the current period		Decrease amount in the current period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Purchase of raw materials	84,959,315.65	44,014,009.22		31,724,864.00	312,237.98	96,936,222.89
Goods on hand	22,099,671.18	27,349,433.51		21,518,153.67		27,930,951.02
Self-manufactured semi-finished product	4,046,746.35	2,428,749.94		3,401,058.76		3,074,437.53
Materials entrusted for processing		235,709.71				235,709.71
Goods shipped in transit	4,566,699.62	4,142,271.58		4,649,892.83		4,059,078.37
Total	115,672,432.80	78,170,173.96		61,293,969.26	312,237.98	132,236,399.52

### 11. Assets held for sale

Applicable  Not applicable

### 12. Non-current assets due within one year

Applicable  Not applicable

### 13. Other current assets

Unit: RMB

Items	Ending balance	Beginning balance
Certificates of deposit	10,442,575.72	
VAT to be deducted	336,018,148.49	201,581,758.39
Other prepaid taxes	6,776,410.91	6,944,576.68
Deferred expenses	6,319,738.67	4,686,592.42
<b>Total</b>	<b>359,556,873.79</b>	<b>213,212,927.49</b>

#### 14. Debt investment

Applicable  Not applicable

#### 15. Other debt investment

Applicable  Not applicable

#### 16. Other equity instrument investment

Unit: RMB

Project name	Ending balance	Beginning balance	Gains included in other comprehensive revenue for the period	Losses recognized in other comprehensive revenue for the period	Gains and losses included in other comprehensive revenue at the end of the period	Losses accumulated at the end of the period and included in other comprehensive revenue	Dividend revenue recognized in this period	Reasons specified as measured at fair value with changes included in other comprehensive income
Suzhou Legendsemi Technology Co., Ltd.	21,374,810.00	20,000,000.00	1,374,810.00		1,374,810.00			Strategic investment expected to be held for a long time
Suzhou Suyu Technology Co., Ltd.	23,637,966.00	21,192,950.00	2,445,016.00		2,445,016.00			Strategic investment expected to be held for a long time
<b>Total</b>	<b>45,012,776.00</b>	<b>41,192,950.00</b>	<b>3,819,826.00</b>		<b>3,819,826.00</b>			

#### 17. Long-term receivables

Applicable  Not applicable

**18. Long-term equity investment**

Unit: RMB

Investee	Beginning balance (book value)	Beginning balance of provision for impairment	Changes in increase or decrease in the current period							Ending balance (book value)	Ending balance of provision for impairment		
			Addi tiona l inves tmen t	Decr ease in inves tmen t	Profits and losses on investment recognized under equity method	Adjust ment to other compre hensive income	Other change s in equity	Decla ration of distribu tion for cash dividen ds or profits	Pr ovi sio n for im pai rm ent			Ot her s	
I. Joint venture													
II. Associated enterprises													
Tai'an Yuchengxin Power Supply Technology Co., Ltd.		9,764,719.19										9,764,719.19	
Shenzhen Daka Optoelectronics Co., Ltd.	5,839,292.85				-13,252.87							5,826,039.98	
Shanghai Yidong Power Technology Co., Ltd.	9,722,015.21				-203,366.56							9,518,648.65	
Dongguan Jujin Plastic Technology Co., Ltd.	22,186,871.24				1,427,712.27							23,614,583.51	
Subtotal	37,748,179.30	9,764,719.19			1,211,092.84							38,959,272.14	9,764,719.19
Total	37,748,179.30	9,764,719.19			1,211,092.84							38,959,272.14	9,764,719.19

**19. Other non-current financial assets**

None.

**20. Investment property****(1) Investment property with cost measurement model** Applicable  Not applicable

Unit: RMB

Items	Houses and buildings	Land usage right	Construction in progress	Total
I. Original book value				
1. Beginning balance	119,070,562.06			119,070,562.06
2. Increase in the current period				
(1) Outsourcing				
(2) Transfer in of inventory, fixed assets and construction in progress				

(3) Increment from consolidation				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance	119,070,562.06			119,070,562.06
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	15,666,159.21			15,666,159.21
2. Increase in the current period	2,838,375.00			2,838,375.00
(1) Provision or amortization	2,838,375.00			2,838,375.00
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance	18,504,534.21			18,504,534.21
III. Provision for impairment				
1. Beginning balance				
2. Increase in the current period				
(1) Accrual				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance				
IV. Book value				
1. Ending book value	100,566,027.85			100,566,027.85
2. Beginning book value	103,404,402.85			103,404,402.85

## 21. Fixed assets

Unit: RMB

Items	Ending balance	Beginning balance
Fixed assets	2,737,959,115.57	2,102,862,886.72
Disposal of fixed assets		
Total	2,737,959,115.57	2,102,862,886.72

### (1) Situation about fixed assets

Unit: RMB

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment and others	Total
I. Original book value:					
1. Beginning balance	1,345,250,527.85	1,372,182,154.73	3,590,498.65	73,330,922.05	2,794,354,103.28

2. Increase in the current period	399,135,227.46	436,287,927.64	865,575.59	14,175,124.04	850,463,854.73
(1) Purchase	4,862,135.36	247,897,659.33	865,575.59	10,104,785.47	263,730,155.75
(2) Transfer into projects under construction	394,273,092.10	188,390,268.31		4,070,338.57	586,733,698.98
(3) Increment from consolidation					
3. Decrease in the current period	3,871,566.04	43,001,619.22	261,746.03	2,077,913.64	49,212,844.93
(1) Disposal or scrapping		35,483,355.41	226,367.35	1,716,891.96	37,426,614.72
(2) Exchange rate changes	3,871,566.04	7,518,263.81	35,378.68	361,021.68	11,786,230.21
4. Ending balance	1,740,514,189.27	1,765,468,463.15	4,194,328.21	85,428,132.45	3,595,605,113.08
II. Accumulated depreciation					
1. Beginning balance	175,071,877.29	474,301,808.15	2,620,340.89	39,497,190.23	691,491,216.56
2. Increase in the current period	38,026,221.31	145,702,976.70	301,522.46	11,175,376.53	195,206,097.00
(1) Accrual	38,026,221.31	145,702,976.70	301,522.46	11,175,376.53	195,206,097.00
3. Decrease in the current period	378,364.86	26,997,898.20	53,224.19	1,621,828.80	29,051,316.05
(1) Disposal or scrapping		25,594,404.41	44,047.22	1,510,574.71	27,149,026.34
(2) Exchange rate changes	378,364.86	1,403,493.79	9,176.97	111,254.09	1,902,289.71
4. Ending balance	212,719,733.74	593,006,886.65	2,868,639.16	49,050,737.96	857,645,997.51
III. Provision for impairment					
1. Beginning balance					
2. Increase in the current period					
(1) Accrual					
3. Decrease in the current period					
(1) Disposal or scrapping					
4. Ending balance					
IV. Book value					
1. Ending book value	1,527,794,455.53	1,172,461,576.50	1,325,689.05	36,377,394.49	2,737,959,115.57
2. Beginning book value	1,170,178,650.56	897,880,346.58	970,157.76	33,833,731.82	2,102,862,886.72

**(2) Temporary idle fixed assets**

Applicable  Not applicable

**(3) Fixed assets leased out through operating lease**

Applicable  Not applicable

**(4) Fixed assets without certificate of title**

Unit: RMB

Items	Book value	Reasons for not obtaining the title certificate
Dong Nai Factory, Vietnam	65,466,612.25	In the process of application
Huizhou YAKO Automation Plant	121,093,334.49	It shall be handled together after the second phase of the factory is completed
Total	186,559,946.74	—

**(5) Impairment test of fixed assets**

Applicable  Not applicable

**22. Construction in progress**

Unit: RMB

Items	Ending balance	Beginning balance
Construction in progress	768,223,670.57	568,107,950.65
Total	768,223,670.57	568,107,950.65

**(1) Projects under construction**

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Topband Huizhou No. 2 Industrial Park	427,581,637.03		427,581,637.03	27,708,391.40		27,708,391.40
Huizhou YAKO Automation Plant	266,707,288.28		266,707,288.28	112,992,616.66		112,992,616.66
Test equipment to be commissioned	61,734,340.66		61,734,340.66	163,408,253.23		163,408,253.23
Nantong Lithium Battery Industrial Park				244,737,333.79		244,737,333.79
Ningbo Topband Industrial Park				16,898,437.26		16,898,437.26
Qingdao Plant	2,438,792.94		2,438,792.94	1,835,469.17		1,835,469.17
Sporadic items	9,761,611.66		9,761,611.66	527,449.14		527,449.14
Total	768,223,670.57		768,223,670.57	568,107,950.65		568,107,950.65

**(2) Changes in the important projects under construction in the current period**

Unit: RMB

Project name	Budget	Beginning balance	Increase in the current period	Amount of transfer into fixed assets this period	Other decrements this period	Ending balance	Proportion of accumulated project investment in budget	Project progress	Accumulated amount of interest capitalization	Including: interest capitalization amount in the current period	Interest capitalization rate in the current period	Source of capitals
Topband Huizhou No. 2 Industrial Park	800,000,000.00	27,708,391.40	399,873,245.63			427,581,637.03	53.45%	55%				Self-own capitals
Nantong Lithium Battery Industrial Park	800,000,000.00	244,737,333.79	146,381,335.61	386,860,554.98	4,258,114.42		100.00%	100%	403,534.38	403,534.38	3.10%	Raised capitals
Huizhou YAKO Automation Plant	370,000,000.00	112,992,616.66	153,714,671.62			266,707,288.28	72.08%	70%	3,452,201.60	2,914,493.47	3.90%	Self-own capitals
Ningbo Topband Industrial Park	465,704,300.00	16,898,437.26	855,399.12	7,176,230.66	10,577,605.72		100.00%	100%	6,883,762.50			Raised capitals
Total	2,435,704,300.00	402,336,779.11	700,824,651.98	394,036,785.64	14,835,720.14	694,288,925.31			10,739,498.48	3,318,027.85		

**23. Productive biological assets****(1) Productive biological assets measured by cost**

Applicable  Not applicable

**(2) Impairment test of productive biological assets measured by cost**

Applicable  Not applicable

**(3) Productive biological assets measured by fair value**

Applicable  Not applicable

**24. Oil and gas assets**

Applicable  Not applicable

**25. Right-of-use assets****(1) Right-of-use assets**

Unit: RMB

Items	Houses and buildings	Land	Total
<b>I. Original book value</b>			
1. Beginning balance	180,033,528.88	5,875,457.96	185,908,986.84
2. Increase in the current period	18,941,859.64		18,941,859.64
(1) New lease	18,941,859.64		18,941,859.64
3. Decrease in the current period	39,671,488.92		39,671,488.92
(1) Termination of contract	32,444,904.08		32,444,904.08
(2) Impact of exchange rate changes	7,226,584.84		7,226,584.84
4. Ending balance	159,303,899.60	5,875,457.96	165,179,357.56
<b>II. Accumulated depreciation</b>			
1. Beginning balance	84,290,633.58	171,367.52	84,462,001.10
2. Increase in the current period	45,743,489.81	293,772.90	46,037,262.71
(1) Accrual	45,743,489.81	293,772.90	46,037,262.71
3. Decrease in the current period	32,546,979.36		32,546,979.36
(1) Disposal			
(2) Termination of contract	29,519,273.40		29,519,273.40
(3) Impact of exchange rate changes	3,027,705.96		3,027,705.96
4. Ending balance	97,487,144.03	465,140.42	97,952,284.45

III. Provision for impairment			
1. Beginning balance			
2. Increase in the current period			
(1) Accrual			
3. Decrease in the current period			
(1) Disposal			
4. Ending balance			
IV. Book value			
1. Ending book value	61,816,755.57	5,410,317.54	67,227,073.11
2. Beginning book value	95,742,895.30	5,704,090.44	101,446,985.74

## (2) Impairment test of right-of-use assets

Applicable  Not applicable

## 26. Intangible assets

### (1) Situation of intangible assets

Unit: RMB

Items	Land usage right	Software	Patent and non-patented technology	Trademark	Total
I. Original book value					
1. Beginning balance	391,220,157.09	29,150,685.42	600,367,172.80	9,728,450.00	1,030,466,465.31
2. Increase in the current period		6,422,209.06	152,075,199.94		158,497,409.00
(1) Purchase		6,422,209.06			6,422,209.06
(2) Internal R&D			152,075,199.94		152,075,199.94
(3) Increment from consolidation					
3. Decrease in the current period	1,624,474.73				1,624,474.73
(1) Disposal					
(2) Impact of exchange rate changes	1,624,474.73				1,624,474.73
4. Ending balance	389,595,682.36	35,572,894.48	752,442,372.74	9,728,450.00	1,187,339,399.58
II. Accumulated amortization					
1. Beginning balance	29,135,751.55	25,040,270.49	363,013,660.80	6,165,886.52	423,355,569.36
2. Increase in the current period	8,012,457.06	1,207,590.44	109,581,080.69	1,562,563.48	120,363,691.67
(1) Accrual	8,012,457.06	1,207,590.44	109,581,080.69	1,562,563.48	120,363,691.67
3. Decrease in the current period	164,259.81				164,259.81

(1) Disposal					
(2) Impact of exchange rate changes	164,259.81				164,259.81
4. Ending balance	36,983,948.80	26,247,860.93	472,594,741.49	7,728,450.00	543,555,001.22
III. Provision for impairment					
1. Beginning balance					
2. Increase in the current period					
(1) Accrual					
3. Decrease in the current period					
(1) Disposal					
4. Ending balance					
IV. Book value					
1. Ending book value	352,611,733.56	9,325,033.55	279,847,631.25	2,000,000.00	643,784,398.36
2. Beginning book value	362,084,405.54	4,110,414.93	237,353,512.00	3,562,563.48	607,110,895.95

The intangible assets arising from internal development of the Company accounts for 43.47% of the balance of intangible assets at the end of the current period.

## 27. Goodwill

### (1) Original book value of goodwill

Unit: RMB

Name of investees or items forming goodwill	Beginning balance	Increase in the current period		Decrement in the current period		Ending balance
		Disposal formed by consolidation		Disposal		
Shenzhen YAKO Automation Technology Co., Ltd.	107,314,446.71					107,314,446.71
Shenzhen Allied Control System Co., Ltd.	53,768,699.68					53,768,699.68
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,006,892.59					3,006,892.59
Hangzhou Zhidong Motor Technology Co., Ltd.	1,322,921.77					1,322,921.77
Taixing Topband Lithium Battery Co., Ltd.	1,962,891.12					1,962,891.12
Shenzhen Tengyi Industrial Co., Ltd.	131,783.24					131,783.24
<b>Total</b>	<b>167,507,635.11</b>					<b>167,507,635.11</b>

### (2) Impairment of goodwill

Unit: RMB

Name of investees or items forming goodwill	Beginning balance	Increase in the current period		Decrement in the current period		Ending balance
		Provision		Disposal		
Shenzhen Allied Control System Co., Ltd.	53,768,699.68					53,768,699.68
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,006,892.59					3,006,892.59
Taixing Topband Lithium Battery Co., Ltd.		1,962,891.12				1,962,891.12
Total	56,775,592.27	1,962,891.12				58,738,483.39

### (3) Information about the asset group or portfolio of goodwill

#### Other descriptions

The goodwill of the Company is developed upon the acquisition of the equity of the above companies classified as an asset portfolio, and the asset portfolio of the goodwill at the end of the period is consistent with the portfolio determined on the acquisition date.

### (4) Specific method for determining recoverable amount

The recoverable amount was determined as the net amount of fair value less disposal costs.

Applicable  Not applicable

The recoverable amount was determined based on the present value of expected future cash flows.

Applicable  Not applicable

Unit: RMB

Items	Book value	Recoverable amount	Amount of impairment	Forecast period (year)	Key parameters of forecast period	Key parameters of stable period	Basis for determination of key parameters of stable period
Shenzhen YAKO Automation Technology Co., Ltd.	36,064.32	39,930.00	0.00	5 years	Revenue growth rate 5.16%~37.62%, profit margin 3.32%~16.97%, pre-tax discount rate 13.15%	According to the industry characteristics	Revenue growth rate 0%, profit margin 16.97%, pre-tax discount rate 13.15%
Total	36,064.32	39,930.00	0.00				

Reasons for the significant inconsistency between the above-mentioned information and the information used in the impairment test in previous years or external information

None.

Reasons for the significant inconsistency between the information used in the impairment test of the Company in previous years and the actual situation of the current year

None.

### (5) Completion of performance commitments and corresponding goodwill impairment

There was a performance commitment when goodwill was formed and the Reporting Period or the period before the Reporting Period was within the performance commitment period

Applicable  Not applicable

Other descriptions:

None.

### 28. Long-term deferred expenses

Unit: RMB

Items	Beginning balance	Increase in the current period	Amortization in the current period	Other reduced amount	Ending balance
Decoration costs	182,289,438.61	79,187,930.45	67,430,868.19	5,710,547.66	188,335,953.21
Others	514,969.49	219,063.88	145,460.76	0.00	588,572.61
<b>Total</b>	<b>182,804,408.10</b>	<b>79,406,994.33</b>	<b>67,576,328.95</b>	<b>5,710,547.66</b>	<b>188,924,525.82</b>

Other descriptions:

None

### 29. Deferred tax assets/deferred tax liabilities

#### (1) Non-offset deferred tax assets

Unit: RMB

Items	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	127,531,858.62	20,774,380.93	125,437,152.02	19,538,189.21
Deductible loss	313,584,186.89	58,225,899.51	390,699,314.09	65,486,472.23
Credit impairment provision	191,335,395.86	29,239,518.64	169,108,322.54	27,140,265.64
Amortization difference of intangible assets	177,349,288.91	26,602,393.33	133,446,425.92	20,016,963.88

Deferred income	8,191,864.81	1,456,584.20	11,071,292.42	1,881,581.86
Equity incentive expenses	9,764,719.19	1,487,405.57		
New leasing criteria book-tax difference	63,314,507.40	11,885,057.66	107,881,215.35	20,976,523.71
Depreciation difference of fixed assets	3,284,129.18	492,619.38		
Change in fair value of trading financial liabilities	345,711.00	51,856.65		
<b>Total</b>	<b>894,701,661.86</b>	<b>150,215,715.87</b>	<b>937,643,722.34</b>	<b>155,039,996.53</b>

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

Unit: RMB

Items	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Change in fair value of other equity instrument investments	3,819,826.00	954,956.50		
Changes in fair value of tradable financial assets	238,079,377.13	39,541,458.56	248,096,517.73	41,833,063.71
Book-tax difference of fixed assets depreciation	65,883,076.22	14,093,480.22	71,278,660.11	14,299,191.58
New leasing criteria book-tax difference	61,729,856.37	11,769,067.19	102,290,793.51	20,006,539.83
Book-tax difference of rental income	5,951,758.83	1,397,808.59	6,120,608.60	1,530,152.15
Assessed appreciation of fixed assets arising from business merger under different control			412,730.28	61,909.54
<b>Total</b>	<b>375,463,894.55</b>	<b>67,756,771.06</b>	<b>428,199,310.23</b>	<b>77,730,856.81</b>

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

Unit: RMB

Items	Amount of offset between deferred tax assets and liabilities at the end of the period	Ending balance of deferred tax assets or liabilities after offset	Amount of mutual offset between deferred tax assets and liabilities at the beginning of the period	Beginning balance of deferred tax assets or liabilities after offset
Deferred tax assets	47,537,178.67	102,678,537.20		155,039,996.53
Deferred tax liabilities	47,537,178.67	20,219,592.39		77,730,856.81

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

Unit: RMB

Items	Ending balance	Beginning balance
Deductible temporary differences	26,889,124.56	13,441,041.61
Deductible loss	229,540,094.40	170,793,360.18
<b>Total</b>	<b>256,429,218.96</b>	<b>184,234,401.79</b>

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

Unit: RMB

Year	Ending amount	Beginning amount	Remarks
2024		796.72	
2025	5,044,922.32	2,106,518.93	
2026	17,774,444.74	14,899,970.42	
2027	49,665,097.60	26,254,597.91	
2028	71,076,386.14	27,003,257.68	
2029	85,979,243.60		
No time limit	164,199,004.76	100,528,218.52	Note
<b>Total</b>	<b>393,739,099.16</b>	<b>170,793,360.18</b>	

Note: The deductible loss of unrecognized deferred income tax assets with no maturity period is the compensable loss of an overseas subsidiary, and no deductible period is required by local policies.

**30. Other non-current assets**

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepayment of long-term assets	53,787,605.57		53,787,605.57	110,640,575.83		110,640,575.83
Project prepayment	6,248,820.60		6,248,820.60	9,546,559.22		9,546,559.22
<b>Total</b>	<b>60,036,426.17</b>		<b>60,036,426.17</b>	<b>120,187,135.05</b>		<b>120,187,135.05</b>

**31. Assets with limited ownership or use right**

Unit: RMB

Items	End of the period				Beginning of the period			
	Book balance	Book value	Restriction type	Restriction situation	Book balance	Book value	Restriction type	Restriction situation
Monetary capital	50,000,000.00	50,000,000.00	Financial management products in subscription period	Payment for subscription of financial management products	15,000,000.00	15,000,000.00	Financial management products in subscription period	Payment for subscription of financial management products
Monetary capital	19,672,873.14	19,672,873.14	Deposit	Deposit for application of notes and guarantees from banks	20,089,235.12	20,089,235.12	Deposit	Deposit for application of notes and guarantees from banks

Monetary capital	31,028,512.39	31,028,512.39	Freezing	Amount frozen by court	4,498,565.37	4,498,565.37	Freezing	Amount frozen by court
Fixed assets	509,977,235.97	502,711,310.29	Mortgage	Mortgage loan	120,856,655.54	119,899,873.68	Mortgage	Mortgage loan
Intangible assets	61,302,043.62	58,266,861.10	Mortgage	Mortgage loan	61,302,043.62	59,492,901.97	Mortgage	Mortgage loan
Construction in progress	266,707,288.28	266,707,288.28	Mortgage	Mortgage loan	112,992,616.66	112,992,616.66	Mortgage	Mortgage loan
Total	938,687,953.40	928,386,845.20			334,739,116.31	331,973,192.80		

## 32. Short-term loans

### (1) Classification of short-term loans

Unit: RMB

Items	Ending balance	Beginning balance
Credit loan	421,633,604.78	218,148,750.00
Letter of credit	750,000,000.00	60,000,000.00
Discounted unexpired notes receivable	52,580,505.63	1,200,000.00
Total	1,224,214,110.41	279,348,750.00

## 33. Tradable financial liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Financial liabilities held for trading	444,281.13	
Including:		
Future foreign exchange settlement	444,281.13	
Total	444,281.13	

## 34. Derivative financial liabilities

None.

## 35. Notes payable

Unit: RMB

Category	Ending balance	Beginning balance
Bank acceptance bill	1,194,662,037.01	927,833,178.70
Total	1,194,662,037.01	927,833,178.70

**36. Accounts payable****(1) Accounts payable listed**

Unit: RMB

Items	Ending balance	Beginning balance
Accounts payable	2,310,872,258.62	1,957,626,396.34
Total	2,310,872,258.62	1,957,626,396.34

**37. Other payables**

Unit: RMB

Items	Ending balance	Beginning balance
Other account payable	450,563,068.15	151,341,029.40
Total	450,563,068.15	151,341,029.40

**(1) Other accounts payable****1) Other payables listed by fund nature**

Unit: RMB

Items	Ending balance	Beginning balance
Long-term assets	374,192,197.01	60,945,718.78
Expenses	42,597,479.86	23,067,327.79
Current accounts	13,880,170.02	37,115,852.17
Margin, deposit	11,103,580.42	9,559,259.36
Equity acquisition payments payable	5,512,900.00	
Restricted stock repurchase obligations		343,896.00
Others	3,276,740.84	20,308,975.30
Total	450,563,068.15	151,341,029.40

**38. Advance collections****(1) Presentation of advance collections**

Unit: RMB

Items	Ending balance	Beginning balance
Accounts collected in advance	3,915,096.80	2,808,227.54
Total	3,915,096.80	2,808,227.54

**39. Contractual liabilities**

Unit: RMB

Items	Ending balance	Beginning balance
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Product payment received in advance	131,435,683.97	168,681,571.89
<b>Total</b>	<b>131,435,683.97</b>	<b>168,681,571.89</b>

#### 40. Employee pay payable

##### (1) Presentation of employee pay payable

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
I. Short-term compensation	243,115,049.48	1,825,899,700.11	1,792,759,649.44	276,255,100.15
II. Post-employment benefits - defined contribution plan	152,733.65	113,798,665.86	113,769,124.09	182,275.42
<b>Total</b>	<b>243,267,783.13</b>	<b>1,939,698,365.97</b>	<b>1,906,528,773.53</b>	<b>276,437,375.57</b>

##### (2) Presentation of short-term remuneration

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
1. Wages, bonuses, allowances and subsidies	238,419,554.35	1,677,644,058.61	1,644,705,045.07	271,358,567.89
2. Employee benefits	112,922.58	51,675,679.52	51,777,375.10	11,227.00
3. Social insurance expense	1,513,581.33	40,308,108.57	40,592,702.18	1,228,987.72
Including: medical insurance premiums	1,509,551.71	31,625,514.85	31,912,025.91	1,223,040.65
Industrial injury insurance expense	4,029.62	4,020,674.99	4,018,757.54	5,947.07
Maternity insurance expense		4,661,918.73	4,661,918.73	
4. Housing provident fund		53,592,867.58	53,573,929.58	18,938.00
5. Trade union funds and staff education funds	489.28	1,650,338.83	1,650,328.91	499.20
6. Others	3,068,501.94	1,028,647.00	460,268.60	3,636,880.34
<b>Total</b>	<b>243,115,049.48</b>	<b>1,825,899,700.11</b>	<b>1,792,759,649.44</b>	<b>276,255,100.15</b>

##### (3) List of defined contribution plan

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
1. Basic endowment insurance	146,223.44	108,304,025.57	108,280,329.60	169,919.41
2. Unemployment insurance expense	6,510.21	5,494,640.29	5,488,794.49	12,356.01
<b>Total</b>	<b>152,733.65</b>	<b>113,798,665.86</b>	<b>113,769,124.09</b>	<b>182,275.42</b>

**41. Taxes payable**

Unit: RMB

Items	Ending balance	Beginning balance
VAT (value-added tax)	1,694,033.15	38,272,199.07
Corporate income tax	28,835,268.14	27,477,646.56
Individual income tax	8,926,503.48	14,288,257.83
Urban maintenance and construction tax	785,710.34	1,068,455.46
Education surcharge	561,221.65	763,182.49
Property tax	4,960,315.63	8,767,641.43
Land use tax	274,690.37	1,184,938.91
Stamp duty and others	2,088,856.11	552,283.82
Total	48,126,598.87	92,374,605.57

Other descriptions:

None.

**42. Liabilities held for sale**

None.

**43. Non-current liabilities due within one year**

Unit: RMB

Items	Ending balance	Beginning balance
Long-term borrowings due within one year	106,787,755.00	326,208,942.16
Lease liabilities due within one year	29,701,010.75	44,414,655.87
Total	136,488,765.75	370,623,598.03

Other descriptions:

None.

**44. Other current liabilities**

Unit: RMB

Items	Ending balance	Beginning balance
Tax amount to be resold	51,360,086.21	3,598,492.74
Notes receivable that have been endorsed but not derecognized	26,571,117.10	28,963,200.29
Total	77,931,203.31	32,561,693.03

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

Unit: RMB

Items	Ending balance	Beginning balance
Mortgage loan	70,500,000.00	500,000.00
Credit loan	126,750,000.00	671,559,999.99
Mortgage + guaranteed loan	155,278,229.88	91,896,819.64
Subtotal	352,528,229.88	763,956,819.63
Less: long-term borrowings to be due within 1 year	106,787,755.00	326,208,942.16
Total	245,740,474.88	437,747,877.47

**46. Bonds payable**

None.

**47. Lease liabilities**

Unit: RMB

Items	Ending balance	Beginning balance
Rental payment	47,285,577.72	69,176,893.60
Unrecognized financing expenses	-5,209,047.36	-7,747,082.57
Total	42,076,530.36	61,429,811.03

**48. Long-term payables**

None.

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

None.

**50. Estimated liabilities**

None.

**51. Deferred income**

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance	Reasons of formation
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Governmental subsidies	11,146,292.42	7,091,762.93	4,879,427.61	13,358,627.74	Governmental subsidies related to assets
Total	11,146,292.42	7,091,762.93	4,879,427.61	13,358,627.74	--

## 52. Other non-current liabilities

None.

## 53. Share capital

Unit: RMB

	Beginning balance	Increase or decrease of change this time (+, -)					Ending balance
		Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Others	Subtotal	
Total number of shares	1,246,834,988.00						1,246,834,988.00

## 54. Other equity instruments

None.

## 55. Capital reserve

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
Capital premium (share premium)	2,056,248,939.03		82,693,301.50	1,973,555,637.53
Other capital reserves	156,380,980.48	9,380,913.16	49,739,520.00	116,022,373.64
Total	2,212,629,919.51	9,380,913.16	132,432,821.50	2,089,578,011.17

Other descriptions:

In the decreased equity premium of the current period, RMB 79,998,327.85 represents the premium for the acquisition of minority shareholders of the controlling subsidiary against the equity premium; RMB 2,694,973.65 represents the difference between the incentive fund accrued for the implementation of the employee stock ownership plan of the Company and the original price of the repurchased treasury shares against the equity premium.

The increase in other capital reserves in the current period is the increase in the equity incentive expenses recognized by the Company and in deferred tax assets recognized by future deductible expenses before tax; the decrease in the current period is attributable to the incentive fund accrued for the employee stock ownership plan of

the Company.

## 56. Treasury shares

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
Treasury shares	112,426,101.24	95,703,328.59	52,434,493.65	155,694,936.18
Total	112,426,101.24	95,703,328.59	52,434,493.65	155,694,936.18

Other descriptions:

The increase in treasury shares in the current period represents RMB 95,703,328.59 of shares repurchased by the Company; the decrease in treasury shares in the current period is attributable to the use of the treasury shares for the implementation of the employee stock ownership plan by the Company.

## 57. Other comprehensive income

Unit: RMB

Items	Beginning balance	Amount incurred in the current period					Ending balance
		Amount of pre-income tax incurred in the current period	Minus: profits and losses included in other comprehensive income previously and transferred in the current period	Minus: current retained earnings included in other comprehensive income in the previous period	Minus: income tax expense	Attributable to parent company after tax	
I. Other comprehensive income that cannot be reclassified into profits or losses		3,819,826.00			954,956.50	2,864,869.50	2,864,869.50
Change in fair value of other equity instrument investments		3,819,826.00			954,956.50	2,864,869.50	2,864,869.50
II. Other comprehensive income that is reclassified	11,932,029.41	-47,073,802.89				-47,073,802.89	-35,141,773.48

into profits and losses								
Difference in translation of foreign currency financial statements	11,932,029.41	-47,073,802.89				-47,073,802.89		-35,141,773.48
Total amount of other comprehensive income	11,932,029.41	-43,253,976.89			954,956.50	-44,208,933.39		-32,276,903.98

## 58. Special reserve

None.

## 59. Surplus reserves

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
Statutory surplus reserve	219,446,936.59	28,912,360.88		248,359,297.47
Total	219,446,936.59	28,912,360.88		248,359,297.47

The increase in the current surplus reserve is due to withdrawing 10% of the current net profit from the statutory surplus reserve in accordance with the relevant provisions of the Company Law and the Articles of Association of the Company.

## 60. Retained earnings

Unit: RMB

Items	Current period	Previous period
Retained earnings at the end of the previous period before adjustment	2,706,499,696.23	2,271,529,693.82
Total adjusted amount of beginning undistributed profit (+ for increase and - for decrease in the adjustment)		
Retained earnings at the beginning of last period after adjustment	2,706,499,696.23	2,271,529,693.82
Plus: net profit attributable to owners of parent company in current year	671,442,652.91	515,513,995.18
Minus: appropriation of statutory surplus reserves	28,912,360.88	4,682,742.45
Withdrawal of discretionary surplus reserve		
Common stock dividends payable	73,502,693.28	75,861,250.32
Retained earnings at the end of the period	3,275,527,294.98	2,706,499,696.23

**61. Operating income and operating costs**

Unit: RMB

Items	Amount incurred in the current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	10,399,740,859.97	8,043,453,974.89	8,934,867,692.01	6,955,649,634.03
Other business	101,478,961.57	45,447,890.32	57,474,477.07	30,674,810.49
Total	10,501,219,821.54	8,088,901,865.21	8,992,342,169.08	6,986,324,444.52

Is the audited net profit before and after deducting the non-recurring profit and loss (whichever is lower) negative?

 Yes  No**62. Taxes and surcharges**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Urban maintenance and construction tax	24,841,682.37	20,889,516.99
Education surcharge	17,745,296.10	14,922,148.34
Property tax	13,303,366.60	10,911,411.26
Land use tax	2,111,546.91	1,939,963.52
Stamp duty	9,095,541.16	6,713,329.11
Others	47,293.26	88,332.70
Total	67,144,726.40	55,464,701.92

**63. Overheads**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	247,379,353.10	237,347,006.91
Depreciation and amortization	40,319,253.79	57,553,657.92
Decoration costs	30,218,304.25	27,505,219.23
Rent and utilities	17,929,073.29	15,076,698.26
Intermediary service expenses	16,200,047.50	18,641,303.03
Travel expenses	8,636,727.63	10,496,552.41
Office expenses	8,504,767.31	8,159,259.57
Property insurance expenses	5,947,822.95	6,696,256.30
Maintenance fees	5,003,900.57	4,717,311.59
Low-value consumables	4,996,087.11	10,420,181.65
Royalties	2,288,327.60	3,012,624.33
Entertainment fees	3,322,728.51	4,526,740.60
Equity incentive expenses	2,010,527.37	20,519,411.61

Recruitment expenses	1,128,412.66	668,210.10
Others	7,530,326.52	13,020,909.15
<b>Total</b>	<b>401,415,660.16</b>	<b>438,361,342.66</b>

#### 64. Sales expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	216,057,301.03	177,930,070.58
Business entertainment expenses	30,524,256.22	24,191,961.31
Intermediary service expenses	32,395,087.20	24,056,095.72
Travel expenses	27,763,607.38	21,837,455.26
Exhibition and advertising fees	19,553,727.25	11,939,949.08
Material and sample costs	23,147,338.89	20,867,711.91
Rent and utilities	4,011,697.11	2,795,464.97
Depreciation and amortization	2,232,367.28	1,092,899.05
Share-based payments	2,443,977.62	16,782,757.00
Mail expenses	2,852,311.58	2,127,799.43
Others	18,266,164.69	18,718,420.18
<b>Total</b>	<b>379,247,836.25</b>	<b>322,340,584.49</b>

#### 65. R&D expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	501,219,982.86	402,934,357.32
Depreciation and amortization	134,795,616.02	114,207,065.14
Material expenses	56,443,253.89	46,759,862.86
Mold fee	23,339,825.18	19,041,570.90
Rent and utilities	21,068,938.08	10,501,013.89
Intermediary service expenses	16,408,867.59	12,732,354.18
Low-value consumables	10,122,656.50	9,121,231.77
Travel expenses	10,971,949.81	7,391,806.97
Testing expense	4,355,372.28	10,684,965.27
Equity incentive expenses	3,505,146.93	34,765,522.02
Decoration costs	1,012,579.66	4,179,747.04
Others	25,762,810.45	17,650,113.62
<b>Total</b>	<b>809,006,999.25</b>	<b>689,969,610.98</b>

#### 66. Financial expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Interest expense	47,188,375.93	38,085,866.07
Interest revenue (income marked with "-")	-36,970,341.29	-36,588,417.62
Exchange gains (income marked with "-")	-66,326,263.13	-55,439,182.32
Bank procedure fees and others	3,509,282.42	2,233,049.94
Total	-52,598,946.07	-51,708,683.93

## 67. Other revenues

Unit: RMB

Source for other revenues	Amount incurred in the current period	Amount incurred in prior period
Governmental subsidies	36,473,349.43	32,905,181.89
VAT refund upon collection	10,805,586.43	7,901,050.41
Return of individual income tax service charge	1,150,853.84	1,169,120.09
Additional deduction of input tax	25,055,658.16	23,473,502.51
Total	73,485,447.86	65,448,854.90

## 68. Net exposure hedging revenue

None.

## 69. Fair value change revenue

Unit: RMB

Sources of income from change in fair value	Amount incurred in the current period	Amount incurred in prior period
Tradable financial assets	-5,506,110.04	12,535,503.26
Financial liabilities held for trading	-444,281.13	
Total	-5,950,391.17	12,535,503.26

## 70. Investment income

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Long-term equity investment income accounted by the equity method	1,211,092.84	1,126,356.29
Investment income from disposal of long-term equity investments		-2,928,835.90
Investment income from disposal of trading financial assets	-1,097,536.56	-12,299,596.79
Debt restructuring gains	-1,281,246.63	
Investment income of financial products	9,551,460.27	4,405,964.89

Gains/losses on foreign exchange derivatives	-4,438,268.00	-1,538,474.98
<b>Total</b>	<b>3,945,501.92</b>	<b>-11,234,586.49</b>

### 71. Credit impairment loss

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Bad debt loss on notes receivable	-123,796.87	187,784.00
Bad debt loss of accounts receivable	-17,880,413.39	-3,041,800.93
Bad debt loss of other receivables	-5,143,961.85	-2,130,985.29
Impairment loss of accounts receivable financing	2,645,968.41	1,965,073.74
<b>Total</b>	<b>-20,502,203.70</b>	<b>-3,019,928.48</b>

### 72. Asset impairment loss

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
I. Loss on inventory valuation and contract performance cost impairment loss	-78,170,173.96	-70,707,401.38
X. Goodwill impairment loss	-1,962,891.12	
<b>Total</b>	<b>-80,133,065.08</b>	<b>-70,707,401.38</b>

### 73. Assets disposal revenue

Unit: RMB

Source of assets disposal revenue	Amount incurred in the current period	Amount incurred in prior period
Non-current assets disposal revenue	-2,689,826.55	-1,426,087.98

### 74. Non-operating income

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period	Amount included in the current non-recurring profit and loss
Gains on damage and scrapping of non-current assets	66,849.76	6,918.33	66,849.76
Income from indemnity and liquidated damages	9,966,457.04	3,889,644.16	9,966,457.04
Others	850,319.79	2,883,194.45	850,319.79
<b>Total</b>	<b>10,883,626.59</b>	<b>6,779,756.94</b>	<b>10,883,626.59</b>

**75. Non-operating expenses**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period	Amount included in the current non-recurring profit and loss
Loss on damage and scrapping of non-current assets	9,649,850.72	9,980,597.19	9,649,850.72
Public welfare donation expenditure	820,559.04	100,000.00	820,559.04
Abnormal loss	273,792.77		273,792.77
Interest and fine on late payment	425,767.73	7,815,885.53	425,767.73
Others	1,146,834.71	3,385,023.55	1,146,834.71
<b>Total</b>	<b>12,316,804.97</b>	<b>21,281,506.27</b>	<b>12,316,804.97</b>

**76. Income tax expenses****(1) Table of income tax expenses**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Current income tax expenses	108,609,200.48	35,722,550.85
Deferred tax expense	-5,669,811.18	-18,986,416.44
<b>Total</b>	<b>102,939,389.30</b>	<b>16,736,134.41</b>

**(2) Adjustment process of accounting profits and income tax expenses**

Unit: RMB

Items	Amount incurred in the current period
Total profit	774,823,965.24
Income tax expenses calculated at statutory/applicable tax rates	116,223,594.79
Influence of different tax rates applicable to subsidiary	-16,984,620.81
Effect of income tax adjustment in previous period	18,779,540.72
Impact of non-taxable income	-3,324,925.98
Impact of non-deductible cost, expense and loss	3,317,167.69
Effect of using deductible losses on deferred tax assets not recognized in the prior period	-1,394,596.24
Impact of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the current period	52,033,623.86
Additionally calculated and deducted R&D expenses	-63,916,112.30
Change in the balance of beginning deferred tax assets/liabilities due to a tax rate adjustment	-1,794,282.43
<b>Income tax expenses</b>	<b>102,939,389.30</b>

Other descriptions:

None.

## 77. Other comprehensive income

Refer to Note 57 for details.

## 78. Items of cash flow statement

### (1) Cash related to operating activities

Other cash received related to operating activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Interest income	50,723,986.61	30,275,917.62
Governmental subsidies	38,837,497.41	39,284,724.17
Current accounts	9,115,855.13	48,543,069.12
Deposits and security deposits received	4,014,198.73	7,526,394.61
Recovery of frozen funds	3,556,610.00	
Return of individual income tax service charge	1,150,980.72	1,169,120.09
Others	2,836,114.38	1,772,682.72
<b>Total</b>	<b>110,235,242.98</b>	<b>128,571,908.33</b>

Other cash paid in connection with operating activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Service charge	3,509,282.43	2,233,049.94
Out-of-pocket expenses	391,168,818.37	305,150,285.53
Margin and deposit expenses	6,478,353.42	5,334,308.14
Others	2,516,120.66	15,791,668.91
Frozen funds	30,480,162.39	
<b>Total</b>	<b>434,152,737.27</b>	<b>328,509,312.52</b>

### (2) Other cash received relating to investment activities

Other cash received relating to investment activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Forex margin	2,235,246.30	
<b>Total</b>	<b>2,235,246.30</b>	

Other cash paid related to investment activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Forex margin		2,234,116.83
Forward foreign exchange liquidation losses paid	924,300.00	8,355,799.98
<b>Total</b>	<b>924,300.00</b>	<b>10,589,916.81</b>

**(3) Cash relating to financing activities**

Other cash received relating to financing activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Discounted notes receivable that cannot be terminated for recognition	6,009,728.26	10,045,619.78
<b>Total</b>	<b>6,009,728.26</b>	<b>10,045,619.78</b>

Other cash paid related to financing activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Share repurchase funds	96,046,021.00	221,263,958.01
Payment for principal and interest of lease liabilities	55,433,474.48	52,565,752.20
Acquisition of equity of holding subsidiaries	159,555,100.00	7,800,000.00
Payment for lease deposit	502,000.00	
<b>Total</b>	<b>311,536,595.48</b>	<b>281,629,710.21</b>

Changes in liabilities arising from financing activities

Unit:

RMB

Items	Beginning balance	Increase in the current period		Decrement in the current period		Ending balance
		Change in cash	Change not in cash	Change in cash	Change not in cash	
Short-term loans	279,348,750.00	960,154,505.63	294,239,612.07	305,713,000.00	3,815,757.29	1,224,214,110.41
Long-term borrowings (including other non-current liabilities to be due within 1 year)	763,956,819.63	164,870,102.40		576,199,244.99	99,447.16	352,528,229.88
Lease liabilities and unrecognized financing expenses (including other non-current liabilities to be	105,844,466.90		21,927,936.87	55,433,474.48	561,388.18	71,777,541.11

due within 1 year)						
Total	1,149,150,036.53	1,125,024,608.03	316,167,548.94	937,345,719.47	4,476,592.63	1,648,519,881.40

#### (4) Description on presenting cash flows on a net basis

Items	Relevant facts	Basis for net presentation	Financial impact
Cash paid for investment	Cash flow from purchasing and redeeming financial products	Cash inflows and outflows for projects with fast turnover, large amounts, and short terms	The net amount listed for "Cash flow from payments for investments" is RMB 1,755,000,000.00.

### 79. Supplementary information of cash flow statement

#### (1) Supplementary materials of cash flow statement

Unit: RMB

Supplementary information	Amount in the current period	Amount in the previous period
1. Adjusting net profit to cash flow from operating activities		
Net profit	671,884,575.94	511,948,638.53
Plus: provision for asset impairment	80,133,065.08	70,707,401.38
Credit impairment provision	20,502,203.70	3,019,928.48
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	198,044,472.00	172,559,699.78
Depreciation of right-of-use assets	46,037,262.71	44,961,252.63
Amortization of intangible assets	120,363,691.67	103,132,673.05
Amortization of long-term deferred expenses	67,576,328.95	52,087,562.28
Loss from disposal of fixed assets, intangible assets and other long-term assets (income marked with "-")	2,689,826.55	1,483,081.27
Losses on scrapping of fixed assets (income marked with "-")	9,583,000.96	9,967,980.43
Loss from changes in fair value (income marked with "-")	5,950,391.17	-12,535,503.26
Financial expenses (income marked with "-")	47,180,304.79	6,073,896.85
Investment income (income marked with "-")	-3,945,501.92	11,234,586.49
Decrease in deferred tax assets (increase marked with "-")	52,131,201.21	-24,180,744.09
Increase in deferred tax liabilities (decrease marked with "-")	-57,801,012.39	5,194,327.64
Decrease in inventory (increase marked with "-")	-234,551,801.04	270,031,968.61
Decrease in operating receivables (increase marked with "-")	-770,365,429.50	-172,697,744.27
Increase in operating payables (decrease marked with "-")	825,349,295.25	324,892,024.61
Others	11,188,843.12	88,067,468.77
Net cash flow from operating activities	1,091,950,718.25	1,465,948,499.18
2. Major investment and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		

3. Net change in cash and cash equivalents:		
Ending balance of cash	1,596,352,534.73	1,494,743,705.76
Minus: beginning balance of cash	1,494,743,705.76	1,374,281,693.23
Plus: ending balance of cash equivalents		
Minus: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	101,608,828.97	120,462,012.53

## (2) Composition of cash and cash equivalents

Unit: RMB

Items	Ending balance	Beginning balance
I. Cash	1,596,352,534.73	1,494,743,705.76
Including: cash in stock	800,122.43	1,069,045.22
Bank deposit available for payment at any time	1,592,396,940.89	1,333,111,676.06
Other monetary capital for payment at any time	3,155,471.41	160,562,984.48
III. Balance of cash and cash equivalents at the end of the period	1,596,352,534.73	1,494,743,705.76

## (3) Monetary funds not falling under cash and cash equivalents

Unit: RMB

Items	Amount in the current period	Amount in the previous period	Reasons for not being cash and cash equivalents
Bank deposit	97,950,855.47	19,498,565.37	Financial management products in subscription period, fixed-term deposit, funds frozen by court, interests accrued at the end of the period but not yet received, etc.
Other monetary capital	19,672,873.14	36,208,618.69	Deposit
Total	117,623,728.61	55,707,184.06	

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

None.

## 81. Foreign currency monetary items

### (1) Foreign currency monetary items

Unit: RMB

Items	Foreign currency balance at the end of the period	Exchange rate for conversion	Balance converted into RMB at the end of the period
<b>Monetary capital</b>			<b>572,080,654.15</b>
Including: US dollars	51,566,465.62	7.1884	370,098,402.58
Euros	1,123,424.20	7.5257	8,457,832.68
Hong Kong dollars	2,622,598.14	0.9260	2,428,431.14

Japanese Yen	102,624,735.00	0.0462	4,746,253.85
Indian Rupee	1,267,825,128.78	0.0840	106,544,236.29
Vietnamese Dong	212,882,659,937.00	0.0003	60,046,525.90
Romanian New Leu	12,251,764.62	1.5036	18,422,110.73
Mexican Peso	3,821,877.84	0.3498	1,336,788.33
South African Rand	189.00	0.3844	72.65
<b>Accounts receivable</b>			<b>1,873,984,751.98</b>
Including: US dollars	232,414,405.49	7.1884	1,670,687,712.42
Euros	1,535,401.52	7.5257	11,554,971.22
Hong Kong dollars	3,686.32	0.9260	3,413.68
Japanese Yen	154,703,070.07	0.0462	7,152,387.03
Indian Rupee	1,620,319,418.77	0.0840	136,166,803.36
Mexican Peso	13,312.75	0.3498	4,656.44
Vietnamese Dong	158,621,996,802.00	0.0003	44,741,548.41
Romanian New Leu	2,442,929.07	1.5036	3,673,259.42
<b>Other receivables</b>			<b>9,725,342.12</b>
Including: US dollars	610,811.17	7.1884	4,390,754.89
Euros	7,079.91	7.5258	53,282.25
Japanese Yen	3,032,584.00	0.0462	140,205.46
Indian Rupee	16,989,461.28	0.0840	1,427,743.61
Mexican Peso	5,406,605.28	0.3498	1,891,082.63
Vietnamese Dong	349,575,000.00	0.0003	98,602.51
Romanian New Leu	1,146,340.33	1.5036	1,723,670.77
<b>Accounts payable</b>			<b>146,839,723.30</b>
Including: US dollars	14,428,024.90	7.1884	103,714,414.19
Euros	354,592.24	7.5257	2,668,554.82
Hong Kong dollars	49,812.69	0.9260	46,126.55
Japanese Yen	224,979,005.00	0.0462	10,394,030.03
Indian Rupee	145,188,356.35	0.0840	12,195,821.93
Mexican Peso	804,356.84	0.3498	281,364.02
Vietnamese Dong	44,099,068,944.94	0.0003	13,229,720.68
Romanian New Leu	2,866,248.38	1.5036	4,309,691.06
<b>Other account payable</b>			<b>42,686,571.35</b>
Including: US dollars	2,696,056.03	7.1884	19,379,781.16
Euros	350,753.00	7.5257	2,639,661.86
Hong Kong dollars	52,638.00	0.9260	48,744.89
Japanese Yen	23,000.00	0.0462	1,063.36
Indian Rupee	7,328,310.23	0.0840	615,849.29
Mexican Peso	10,713,171.02	0.3498	3,747,174.06
Vietnamese Dong	34,183,147,839.00	0.0003	9,641,833.99

Romanian New Leu	4,397,668.56	1.5036	6,612,462.74
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**(2) Explanation of overseas business entities, including for important overseas business entities, disclosure of main overseas business locations, recording currency and selection basis as well as disclosure of reasons for changes in recording currency.**

Applicable  Not applicable

1. Topband India Private Limited, a subsidiary of the Company, is mainly located in Pune City, Maharashtra, India, with Indian Rupee as the recording currency;

2. Topband (Vietnam) Co., Ltd., a sub-subsidiary of the Company, is located in Binh Duong Province, Vietnam, with Vietnamese Dong as the recording currency;

3. TOPBAND SMART DONG NAI (VIETNAM) Co., Ltd., a sub-subsidiary of the Company, is mainly located in Dong Nai Province, Vietnam, with Vietnamese Dong as the recording currency;

4. Topband Germany GmbH, a sub-subsidiary of the Company, is mainly located in Unterföhring, Germany, with Euro as the recording currency;

5. TOPBAND JAPAN Co., Ltd., a sub-subsidiary of the Company, is mainly located in Nagoya, Japan, with Japanese Yen as the recording currency;

6. Q.B.PTE.LTD, a sub-subsidiary of the Company, is located in Singapore, with Singapore dollar as the bookkeeping base currency;

7. TOPBAND SMART EUROPE COMPANY LIMITED S.R.L., a sub-subsidiary of the Company, is located in Timisoara, Romania, with Leu as the recording currency;

8. TOPBAND MEXICO, S.DER.L.DEC.V, the sub-subsidiary of the Company, is located in Monterrey, Mexico, with peso as the recording currency.

## **82. Lease**

### **(1) The Company as the Lessee**

Applicable  Not applicable

Variable lease payments not included in the measurement of the lease liability

Applicable  Not applicable

Rental expenses of simplified short-term leases or low-value assets

Applicable  Not applicable

The simply treated expenses of short-term leases credited to current profit or loss is RMB 1,550,087.68.

Situations involving sale and leaseback transactions

None.

## (2) The Company as the Lessor

Operating lease as lessor

Applicable  Not applicable

Unit: RMB

Items	Rental revenue	Including: revenue related to variable lease payments not included in lease collection amount
Operating lease	24,405,347.57	/
Total	24,405,347.57	/

Finance lease as lessor

Applicable  Not applicable

Undiscounted lease collection amount for each of the next five years

Applicable  Not applicable

Unit: RMB

Items	Undiscounted rental receipts of each year
	Ending amount
Year 1	25,882,409.51
Year 2	22,268,501.65
Year 3	18,779,404.62
Year 4	16,023,848.21
Year 5	12,351,375.56
Total amount of undiscounted rental receipts after five years	19,969,212.34

Reconciliation statement of undiscounted rental receipts and net lease investment

None.

## (3) Recognition of finance lease sales gains and losses as a manufacturer or distributor

Applicable  Not applicable

**83. Data resources**

None.

**84. Others**

None.

**VIII. R&D expenditure**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	623,404,178.58	527,263,890.90
Depreciation and amortization	137,093,963.35	115,822,616.82
Material expenses	65,491,329.66	55,454,167.38
Equity incentive expenses	3,505,146.93	34,765,522.02
Mold fee	29,177,739.78	21,905,175.37
Intermediary service expenses	17,256,872.82	14,203,295.26
Low-value consumables	10,177,164.29	9,723,117.58
Testing expense	5,979,237.21	11,494,607.23
Decoration costs	1,012,579.66	4,472,201.29
Rent and utilities	21,068,938.08	11,029,383.78
Travel expenses	12,173,093.04	8,479,596.38
Others	25,765,100.89	19,792,769.70
<b>Total</b>	<b>952,105,344.29</b>	<b>834,406,343.71</b>
Including: expensed R&D expenditure	809,006,999.25	689,969,610.98
Capitalized R&D expenditures	143,098,345.04	144,436,732.73

**1. R&D projects that meet capitalization conditions**

Unit: RMB

Items	Beginning balance	Increase in the current period			Decrease amount in the current period		Ending balance
		Internal development expenditure	Others		Recognized as intangible assets	Transferred to current profit and loss	
Intelligent controller project	87,956,121.45	64,289,557.42			98,585,801.80		53,659,877.07
Motor and control system project	5,516,130.58	20,843,765.23			11,641,139.81		14,718,756.00
New energy project	40,719,362.86	57,965,022.39			41,848,258.33		56,836,126.92
<b>Total</b>	<b>134,191,614.89</b>	<b>143,098,345.04</b>			<b>152,075,199.94</b>		<b>125,214,759.99</b>

**2. Important outsourced projects under development**

None.

**IX. Changes in the scope of consolidation****1. Consolidation under different control**

None.

**2. Consolidation under the same control**

None.

**3. Reverse purchase**

None.

**4. Disposal of subsidiaries**

Whether there are any transactions or events in this period in which the control of the subsidiary is lost

 Yes  No

Whether there are step-by-step disposal of the investment in a subsidiary through multiple transactions and loss of control in the current period

 Yes  No**5. Changes in the scope of consolidation due to other reasons**

Explanations for the changes in the scope of the consolidation caused by other reasons (e.g., establishment of new subsidiaries, or liquidation of subsidiaries, etc.) and relevant circumstances:

During the Reporting Period, the Company established 2 new sub-subsidiaries, the details of which are as follows:

No.	Name of subsidiary	Registered place	Registration date	Proportion of shareholding	
				Direct	Indirect
1	Topband Digital Energy Technology (Huizhou) Co., Ltd.	Huizhou, Guangdong	2024/8/13		100%
2	Chongqing Topband Yishu Energy Technology Co., Ltd.	Chongqing	2024/9/4		100%

## 6. Others

None.

**X. Interests in other entities****1. Equities in subsidiaries****(1) Composition of enterprise group**

Unit: RMB

Name of subsidiary	Registered capital	Principal place of business	Registered place	Nature of business	Proportion of shareholding		Acquisition method
					Direct	Indirect	
Shenzhen Topband Software Technology Co., Ltd.	1,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Automation Technology Co., Ltd.	35,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Battery Co., Ltd.	100,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Chongqing Topband Industrial Co., Ltd.	50,000,000.00	Chongqing	Chongqing	Production and sales	100.00%		Establishment
Topband (Hong Kong) Co., Ltd.	HKD 155 million	Hong Kong	Hong Kong	Investment	100.00%		Establishment
Huizhou Topband Electrical Technology Co., Ltd.	300,000,000.00	Huizhou	Huizhou	Production and sales	100.00%		Establishment
TOPBAND INDIA PRIVATE LIMITED	INR 1.96 billion	India	India	Production and sales	100.00%		Establishment
Shenzhen YAKO Automation Technology Co., Ltd.	60,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Consolidation under different control
Shenzhen Allied Control System Co., Ltd.	55,999,998.00	Shenzhen	Shenzhen	Production and sales	100.00%		Consolidation under different control
Huizhou Topband Battery Co., Ltd.	2,000,000.00	Huizhou	Huizhou	Production and sales		100.00%	Establishment
Ningbo Topband Intelligent Control Co., Ltd.	300,000,000.00	Ningbo	Ningbo	Production and sales	100.00%		Establishment
Shenzhen Meanstone Intelligent Technology Co., Ltd.	7,600,000.00	Shenzhen	Shenzhen	Production and sales	77.25%		Consolidation under different control
Shenzhen Yansheng Software Co., Ltd.	1,500,000.00	Shenzhen	Shenzhen	Production and sales		100.00%	Consolidation under different control
Hangzhou Zhidong Motor Technology Co., Ltd.	1,500,000.00	Hangzhou	Hangzhou	Production and sales		75.00%	Consolidation under different control

TOPBAND SMART DONGNAI (VIETNAM) COMPANY LIMITED	USD 33.5 million	Vietnam	Vietnam	Production and sales		100.00%	Establishment
Topband Germany GmbH	EUR 25,000	Germany	Germany	Sales		100.00%	Establishment
TOPBAND JAPAN Co., Ltd	JPY 30 million	Japan	Japan	Sales		100.00%	Establishment
Shenzhen Topband Supply Chain Services Co., Ltd.	5,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Topband Investment Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Topband Digital Energy Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Tunnu Innovation Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Shenzhen Senxuan Technology Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Topband (Qingdao) Intelligent Control Co., Ltd.	10,000,000.00	Qingdao	Qingdao	Production and sales	100.00%		Establishment
Shenzhen Tengyi Industrial Co., Ltd.	1,000,000.00	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Taixing Topband Lithium Battery Co., Ltd.	105,000,000.00	Taixing	Taixing	Production and sales		100.00%	Consolidation under different control
Shenzhen Topband Automotive Electronics Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Q.B.PTE.LTD	SGD 10,000	Singapore	Singapore	Sales		100.00%	Establishment
TOPBAND MEXICO,S.DE R.L.DEC.V.	MXN 20 million	Mexico	Mexico	Production and sales		100.00%	Establishment
Tunnu Innovation (Hong Kong) Limited	10,000,000.00	Hong Kong	Hong Kong	Sales		100.00%	Establishment
TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	RON 20.1816 million	Romania	Romania	Sales		100.00%	Establishment
Huizhou YAKO Automation Technology Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Production and sales		100.00%	Establishment
Shenzhen Zhongli Consulting Co., Ltd.	2,000,000.00	Shenzhen	Shenzhen	Sales		100.00%	Establishment
TUNNU INNOVATION,INC	USD 10,000	USA	USA	Sales		100.00%	Establishment
Nantong Topband Lithium Battery Co., Ltd.	100,000,000.00	Nantong	Nantong	Production and sales		100.00%	Establishment
Shenzhen Topband Motor Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Yueshang Robot Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Production and sales		100.00%	Establishment
Shenzhen Jingfei Investment Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Huizhou Chiding Technology Co., Ltd.	5,000,000.00	Huizhou	Huizhou	Production and sales	100.00%		Establishment
Yolaness Technology (HK) Co., Limited	USD 500,000	Hong Kong	Hong Kong	Sales		100.00%	Establishment
Huizhou Jiuwan Lvyuan Agriculture Co., Ltd.	5,000,000.00	Huizhou	Huizhou	Production and sales		100.00%	Establishment

YOLANESS AFRICA (PTY) LTD		South Africa	South Africa	Sales		100.00%	Establishment
Chongqing Topband Yishu Energy Technology Co., Ltd.	1,000,000.00	Chongqing	Chongqing	Sales		100.00%	Establishment
Topband Digital Energy Technology (Huizhou) Co., Ltd.	1,000,000.00	Huizhou	Huizhou	Sales		100.00%	Establishment

## 2. Transactions causing the owner's equity share change but still controlling the subsidiary

### (1) Changes in the owner's equity in subsidiaries

In May 2024, the Company entered into an Equity Transfer Agreement with Mr. Zhu Juzhong, a shareholder of Yako Automation, Yanxun Investment and Yanyun Investment for the acquisition of 28.46% equity of Yako Automation. After completion of the transaction, the Company holds 100% equity of Yako Automation.

Company name	Percentage of equity before change	Percentage of equity after change
Shenzhen YAKO Automation Technology Co., Ltd.	71.54%	100.00%

### (2) Impact of the transaction on minority shareholders' equity and owner's equity attributable to the parent company

Unit: RMB

Items	Shenzhen YAKO Automation Technology Co., Ltd.
Acquisition cost/disposal consideration	165,068,000.00
-- Cash	165,068,000.00
-- Fair value of non-cash assets	
Total of acquisition costs/disposal considerations	165,068,000.00
Less: share of subsidiary net assets calculated in proportion to equity acquired/disposed of	85,069,672.15
Difference	79,998,327.85
Including: adjusted capital reserve	-79,998,327.85
Adjusted surplus reserves	
Adjusted undistributed profit	

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

### (1) Important joint ventures or associated enterprises

None.

### (2) Major financial information of important joint ventures

None.

**(3) Major financial information of important associated enterprises**

None.

**(4) Summarized financial information of unimportant joint ventures and associated enterprises**

Unit: RMB

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in the previous period
Joint venture:		
Sum of the following items calculated according to the shareholding ratio		
Associated enterprises:		
Total book value of investment	38,959,272.14	37,748,179.30
Sum of the following items calculated according to the shareholding ratio		
--Net profit	1,211,092.84	1,126,356.29

**(5) Statement that there is a material limitation on the ability of the joint venture or associated enterprise to transfer funds to the Company**

The Company is not subject to a material restriction on the ability of an associated enterprise to transfer funds to the Company.

**(6) Excess losses incurred by the joint ventures or associated enterprises**

The Company does not have any associated enterprises suffering from any excess losses.

**(7) Unconfirmed commitments related to the investment of joint ventures**

The Company does not have any unrecognized commitments related to investments in joint ventures.

**(8) Contingent liabilities related to the investment of joint ventures or associated enterprises**

The Company does not have any contingencies related to investments in associated enterprises.

**XI. Government subsidies****1. Government grants recognized as receivable at the end of the Reporting Period**

Applicable  Not applicable

Reasons for not receiving the expected amount of government subsidies at the expected time

Applicable  Not applicable

## 2. Liabilities involving government subsidies

Applicable  Not applicable

Unit: RMB

Accounting items	Beginning balance	Newly increased subsidy in the current period	Amount accounted into non-operating income in the current period	Amount included in other income in the current period	Other changes in this period	Ending balance	Asset-related/revenue-related
Deferred income	11,146,292.42	7,091,762.93		4,879,427.61		13,358,627.74	Asset-related

## 3. Government subsidies included in the current profits and losses

Applicable  Not applicable

Unit: RMB

Accounting items	Amount incurred in the current period	Amount incurred in prior period
Other income	36,473,349.43	32,905,181.89

## XII. Risks associated with financial instruments

### 1. Risks arising from financial instruments

The risks of the Company related to financial instruments are derived from various types of financial assets and financial liabilities recognized during the operation of the Company, including: credit risk, liquidity risk and market risk.

The management objectives, policies and systems of the Company for various types of risks associated with financial instruments are the responsibility of the Company's management. The management is responsible for daily risk management through functional departments (for example, the Credit Management Department of the Company reviews credit sales of the Company on a case-by-case basis). The Internal Audit Department of the Company shall supervise the implementation of the Company's risk management policies and procedures in its daily work, and reports relevant findings to the Audit Committee of the Company in a timely manner.

The overall objective of the Company for risk management is to develop risk management policies that minimize the risks associated with various financial instruments without unduly affecting the Company's

competitiveness and resilience.

### **Credit risk**

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, resulting in financial losses to the other party. Credit risks of the Company mainly arise from monetary funds, notes receivable, accounts receivable, receivables financing, other receivables, etc. The credit risk of these financial assets is derived from defaults by the counterparty, and the maximum risk exposure is equal to the book amount of these instruments.

The monetary funds of the Company are mainly deposited in commercial banks and other financial institutions, which the Company believes have a high reputation, sound financial standing and low credit risks.

For notes receivable, accounts receivable, receivables financing, and other receivables, the Company establishes policies to control the credit risk exposure. The Company evaluates the credit qualification of customers and sets the corresponding credit period based on their financial condition, the possibility of obtaining guarantees from third parties, credit record and other factors such as current market conditions. The Company regularly monitors the credit record of customers, and for customers with poor credit history, the Company ensures the overall credit risk of the Company to be under control by sending reminders of payment collection, shortening the credit period or canceling the credit period.

#### **(1) Determination criteria for significant increase of credit risk**

At each balance sheet date, the Company evaluates whether the credit risk of the relevant financial instruments has significantly increased since the initial recognition. In determining whether credit risk has increased significantly since the initial recognition, the Company considers obtaining reasonable and evidence-based information at no unnecessary additional cost or effort, including qualitative and quantitative analysis based on the historical data of the Company, external credit risk ratings, and forward-looking information. Based on a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the Company compares the risk of default of the financial instrument on the balance sheet date with the risk of default on the initial recognition date to determine the change in the risk of default during the expected duration of the financial instruments.

When one or more of the following quantitative and qualitative criteria are triggered, the Company considers that the credit risk of a financial instrument has significantly increased: the quantitative criterion is mainly that the default probability in the remaining duration has increased by more than a certain percentage on the balance sheet date than that at the initial recognition; the qualitative criterion is the occurrence of major adverse changes in the

operation or financial condition of the principal debtor, the list of early warning customers, etc.

## (2) Definition of assets with credit impairment occurred

To determine whether credit impairment has occurred, the determination criteria adopted by the Company are consistent with its internal credit risk management objectives for the relevant financial instruments, taking into account both quantitative and qualitative indicators.

In assessing whether a debtor has suffered credit impairment, the Company mainly considers the following factors: whether the issuer or the debtor has experienced major financial difficulties; whether a debtor breaches the contract, such as default or delay in payment of interest or principal; whether the creditor grants concessions to the debtor that it would not have made in any other circumstances, for economic or contractual reasons related to the debtor's financial difficulties; whether the debtor is likely to become insolvent or undergo other financial restructuring; whether the financial difficulties of the issuer or debtor cause the disappearance of an active market for the financial asset; whether a financial asset is acquired or derived a substantial discount that reflects the fact that a credit loss has occurred.

The credit impairment of financial assets may be caused by the combination of multiple events, not necessarily by individually identifiable events.

## (3) Parameters for measurement of expected credit loss

Depending on whether there has been a significant increase in credit risk and whether credit impairment has occurred, the Company measures the impairment provision for different assets in terms of expected credit losses for 12 months or the entire duration, respectively. The key parameters for measurement of expected credit loss include default probability, default loss rate and default risk exposure. The Company takes into account quantitative analysis and forward-looking information of historical statistical data (e.g. ratings of counterparty, types of guarantees and collateral, repayment methods, etc.) to establish default probability, default loss rate and default risk exposure models.

The relevant definitions are as follows:

The default probability refers to the probability that the debtor will not be able to meet its payment obligations in the next 12 months or throughout the remaining duration.

Default loss rate refers to the Company's expectation of the degree of loss from the exposure to a default risk. Default loss rates vary depending on the type of counterparty, the method and priority of recourse, and the collateral. Default loss ratio is the percentage of loss from the risk exposure when the default occurs, calculated on the basis

of the next 12 months or the entire duration;

Exposure at default refers to the amount to be compensated to the Company in the event of a default in the next 12 months or throughout the remaining duration. Forward-looking Information - Forward-looking information is involved in the assessment of significant increases in credit risk and the calculation of expected credit losses. Through historical data analysis, the Company identifies key economic indicators that affect the credit risk and expected credit losses of various business types.

The Company's maximum credit exposure is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantees that may expose the Company to credit risks.

#### Liquidity risk

Liquidity risk refers to the risk of capital shortage when an enterprise meets its obligation to settle by delivery of cash or other financial assets. The Company is comprehensively responsible for the cash management of its subsidiaries, including short-term investment of cash surplus and financing of loans to meet anticipated cash needs. It is the policy of the Company to regularly monitor short-term and long-term working capital demands and compliance with borrowing agreements to ensure the maintenance of sufficient cash reserves and readily available marketable securities.

As of December 31, 2024, the maturity of the financial liabilities of the Company are as follows:

Items	December 31, 2024			
	Within 1 year	1-2 years	2-3 years	Above 3 years
Short-term loans	1,224,214,110.41			
Financial liabilities held for trading	444,281.13			
Notes payable	1,194,662,037.01			
Accounts payable	2,310,872,258.62			
Other account payable	450,563,068.15			
Long-term loans	106,787,755.00	70,599,137.97	34,365,145.48	140,776,191.43
Lease liabilities	29,701,010.75	18,471,131.90	8,803,857.04	14,801,541.42
Total	5,317,244,521.07	89,070,269.87	43,169,002.52	155,577,732.85

(Continued)

Items	December 31, 2023			
	Within 1 year	1-2 years	2-3 years	Above 3 years
Short-term loans	279,348,750.00			
Financial liabilities held for trading				
Notes payable	927,833,178.70			

Accounts payable	1,957,626,396.34			
Other account payable	151,341,029.40			
Long-term loans	326,208,942.16	157,194,737.25	16,558,527.05	263,994,613.17
Lease liabilities	44,414,655.87	26,399,844.11	13,437,647.54	21,592,319.38
Total	3,686,772,952.47	183,594,581.36	29,996,174.59	285,586,932.55

## Market risk

### (1) Foreign exchange risk

The exchange rate risk of the Company is primarily attributable to foreign currency assets and liabilities held by the Company and its subsidiaries that are not denominated in their recording currency. The Company's exposure to foreign exchange risks is mainly related to Hong Kong dollars and US dollars. Except the Company and its subsidiary Topband (HK) Co., Limited that purchase and sell some materials and products in US dollars, Euros and Hong Kong dollars, its subsidiary TOPBAND INDIA PRIVATE LIMITED that uses Indian Rupee, its sub-subsidiary TOPBAND SMART DONG NAI (VIETNAM) Co., Ltd. that use Vietnamese Dong, its sub-subsidiary Topband Germany GmbH that uses Euros, its sub-subsidiary TOPBAND JAPAN Co., Ltd. that uses Japanese Yen, its sub-subsidiary Q.B.PTE.LTD that uses Singapore dollars, its sub-subsidiary TOPBAND MEXICO, S.DE R.L.DE C.V. that uses Mexican Peso, its sub-subsidiary TOPBAND SMART EUROPE COMPANY LIMITED S.R.L. that uses Romanian Leu, its sub-subsidiary Tunnu Innovation (Hong Kong) Limited that uses Hong Kong dollars, its sub-subsidiary TUNNU INNOVATION, INC that uses US dollars, and its sub-subsidiary YOLANESS AFRICA (PTY) LTD that uses Rand as the settlement currency, other major business activities of the Company are settled in RMB.

① As of December 31, 2024, see VII. 81 of the Financial Reports for details about the monetary assets and liabilities in foreign currency of the Company at end of the period.

The Company continuously monitors the size of its transactions, assets and liabilities in foreign currencies in order to minimize its exposure to foreign exchange risks; for this purpose, the Company may enter into forward foreign exchange contracts to avoid foreign exchange risks.

### ② Sensitive analysis

On December 31, 2024, with other risk variables unchanged, if the RMB appreciated or depreciated by 10% against the US dollar on that date, the net profit of the Company for the year would increase or decrease by RMB 163.377 million; if the RMB appreciated or depreciated by 10% against the Indian Rupee on that day, the net profit of the Company for the year would increase or decrease by RMB 19.6628 million.

## (2) Interest rate risk

The interest rate risk of the Company is mainly derived from long-term bank loans. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risks, and financial liabilities with fixed interest rate expose the Company to fair value interest rate risks. The Company determines the relative proportion of contracts with fixed rate and floating rate based on the prevailing market environment.

The Headquarters Financial Department of the Company monitors the interest rate level of the group on a continuous basis. An increase in interest rates will increase the cost of new interest-bearing debts and interest expense on the Company's outstanding interest-bearing debt with floating interest rates, and will have a material adverse effect on the Company's financial results, to which the management will adjust in a timely manner based on the latest market conditions.

During the period ended December 31, 2024, the bank borrowings with fixed interest rates of the Company was RMB 282.8522 million and the bank borrowings with floating interest rates was RMB 197.25 million. If the borrowing rate calculated at floating interest rates increase or decrease by 100 basis points with other risk variables remain unchanged, the total profit of the Company for the year would decrease or increase by RMB 1.9725 million.

## 2. Hedging

None.

## XIII. Disclosure of fair value

### 1. Ending fair value of assets and liabilities measured at fair value

Unit: RMB

Items	Ending fair value			
	The first level of fair value measurement	The second-level fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Tradable financial assets		396,522,333.21	342,926,358.56	739,448,691.77
1. Financial asset at fair value and changes through current profits and losses		396,522,333.21	342,926,358.56	739,448,691.77
(1) Debt instrument investment		396,522,333.21		396,522,333.21
(2) Equity instrument investment			342,926,358.56	342,926,358.56
(II) Receivables financing			131,217,672.56	131,217,672.56

(III) Investments in other equity instruments			45,012,776.00	45,012,776.00
Total assets continuously measured at fair value		396,522,333.21	519,156,807.12	915,679,140.33
(III) Trading financial liabilities	444,281.13			444,281.13
Total liabilities continuously measured at fair value	444,281.13			444,281.13
II. Non-continuous fair value measurement	--	--	--	--

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

For financial liabilities measured at fair value and whose changes are credited to current profit or loss, their fair value is determined mainly based on market prices quoted by the bank.

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

If there are open market quotations for investments in liability instruments measured at fair value and whose changes are credited to current profit or loss, their fair value is determined based on market prices quoted by the bank, with consideration of liquidity premium.

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

For financial liabilities and other equity instrument investments measured at fair value and whose changes are credited to current profit or loss and for other non-current financial assets measured at fair price and whose changes are credited to current profit or loss, since the operating environment, operating conditions and financial conditions of the invested products or enterprises are free of material changes, the Company measures at the cost of the investment or the most recent transaction price as a reasonable estimate of fair value.

The receivables financing of the Company mainly consists of unmatured bank acceptance bills and supply chain notes receivable. As the bill acceptor's credit status is good and there is no material adverse change in operating or financial conditions, the risk of collection at maturity is expected to be low, and the Company measures by taking the book value as a reasonable estimate of fair value.

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

Not applicable.

**6. For continuous fair value measurement items, if the conversion occurs among different levels in the current period, the reasons for the conversion and the policies for determining the conversion time point**

Not applicable.

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

Not applicable.

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

The financial assets and financial liabilities of the Company measured at the amortized cost mainly include: money funds, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings due within one year and long-term borrowings.

**9. Others**

None.

**XIV. Related parties and related transactions****1. Profile of parent company of the Company**

Name of parent company	Registered place	Nature of business	Registered capital	Shareholding ratio of parent company to the Company	Proportion of the parent company's voting rights in the Enterprise
Wu Yongqiang	Shenzhen			17.00%	17.00%

**Profile of parent company of the Company**

Ultimate controlling party of the Company: The ultimate controlling party of the Company is Wu Yongqiang. As of December 31, 2024, Wu Yongqiang held 17.00% of the shares of the Company.

**2. Profile of subsidiaries of the Company**

For details of the subsidiaries of the Company, please see Note X.1.

### 3. Information on the joint ventures and associated enterprises of the Company

See the Note X.3 on key joint ventures or associated enterprises of the Company.

Other joint ventures or associated enterprises having related-party transaction in current period or in previous period to form balance are listed as follows:

Name of joint venture or associated enterprise	Relationship with the Company
Dongguan Jujin Plastic Technology Co., Ltd.	Associated enterprises of the Company

### 4. Other related parties

Names of other related parties	Relationship between other related parties and the Enterprise
Shenzhen Jizhiguang Electronics Co., Ltd.	A company substantially controlled by the relative of the Company's legal representative
Shenzhen Lianghui Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen ORVIBO Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen HANSC Intelligent Technology Co., Ltd.	Shareholding companies of the Company
Guangdong Zhongchuang Zhijia Scientific Research Co., Ltd.	Shareholding companies of the Company
Guangdong Huixin Semiconductor Co., Ltd.	Shareholding companies of the Company
Fujian Blue Ocean Shuneng Technology Co., Ltd.	Shareholding companies of the Company
Chengdu Senwei Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen Youbi Technology Co., Ltd.	Shareholding companies of the Company
Jiangsu Donghai Semiconductor Co., Ltd.	Shareholding companies of the Company
Jiangxi Sarui Microelectronics Technology Co., Ltd.	Shareholding companies of the Company
Shanghai Xinggan Semiconductor Co., Ltd.	Shareholding companies of the Company
Shenzhen Jizhi Laser Technology Co., Ltd.	Shareholding companies of the Company
Dongguan Jujin Plastic Technology Co., Ltd.	Shareholding companies of the Company
Shanghai Yidong Power Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen Daka Optoelectronics Co., Ltd.	Shareholding companies of the Company
Suzhou Legendsemi Technology Co., Ltd.	Shareholding companies of the Company
Suzhou Suyu Technology Co., Ltd.	Shareholding companies of the Company

### 5. Related party transaction

#### (1) Related transactions involving the purchase and sale of goods and the provision and acceptance of services

##### List of goods purchased/services received

Unit: RMB

Related party	Related transaction content	Amount incurred in the current period	Approved transaction limit	Is the transaction limit exceeded	Amount incurred in prior period
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Shenzhen Jizhiguang Electronics Co., Ltd.	Purchase of raw materials	17,041,086.70	34,000,000.00	No	12,448,395.74
Shenzhen ORVIBO Technology Co., Ltd.	Purchase of raw materials			No	5,534.37
Jiangsu Donghai Semiconductor Co., Ltd.	Purchase of raw materials	58,452.75		No	95,491.50
Jiangxi Sarui Microelectronics Technology Co., Ltd.	Purchase of raw materials	3,967.43		No	87.00
Dongguan Jujin Plastic Technology Co., Ltd.	Purchase of raw materials	40,335,862.83		No	17,192,446.68
Guangdong Huixin Semiconductor Co., Ltd.	Purchase of raw materials	1,232.01		No	

**List of goods sold/services provided**

Unit: RMB

Related party	Related transaction content	Amount incurred in the current period	Amount incurred in prior period
Shenzhen ORVIBO Technology Co., Ltd.	Sales of commodities	7,502,911.98	12,408,176.66

**(2) Relevant entrusted management/contracting and entrusted management/outsourcing**

None.

**(3) Related lease**

None.

**(4) Related party guarantee situation**

None.

**(5) Interbank lending of related parties**

None.

**(6) Asset transfer and debt restructuring of related parties**

None.

**(7) Remuneration of key management personnel**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Remuneration of key management personnel	14,608,200.00	14,263,600.00

**(8) Other related transactions**

None.

**6. Receivables and payables due to related parties****(1) Item receivable**

Unit: RMB

Project name	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Shenzhen ORVIBO Technology Co., Ltd.	716,304.63	22,205.44	3,747,603.20	116,175.70
Prepayments	Shenzhen ORVIBO Technology Co., Ltd.			3,037.05	

**(2) Payables**

Unit: RMB

Project name	Related party	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	Shenzhen Jizhiguang Electronics Co., Ltd.	1,699,834.24	866,888.49
Accounts payable	Jiangsu Donghai Semiconductor Co., Ltd.	39,655.01	51,217.50
Accounts payable	Guangdong Huixin Semiconductor Co., Ltd.	1,212.77	311.50
Accounts payable	Jiangxi Sarui Microelectronics Technology Co., Ltd.		100,087.00
Accounts payable	Dongguan Jujin Plastic Technology Co., Ltd.	818,690.92	8,514,044.84
Other account payable	Dongguan Jujin Plastic Technology Co., Ltd.	495,000.00	39,000.00

**7. Commitment of related parties**

Not applicable.

**8. Others**

Not applicable.

**XV. Share-based payment****1. General situation of share-based payments** Applicable  Not applicable

Unit: RMB

Grant object category	Granted in the current period		Exercised in the current period		Released in the current period		Invalidated in the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Object of 2024 stock option incentives: employees of the Company at the core and key positions	32,900,000.00	129,099,600.00						
Object of incentives in 2024 employee stock ownership plan: directors (excluding independent directors), supervisors, senior executives, and employees at the core and key positions of the Company	5,181,200.00	59,428,364.00						
<b>Total</b>	<b>38,081,200.00</b>	<b>188,527,964.00</b>						

Stock options or other equity instruments outstanding at the end of the period

 Applicable  Not applicable

Grant object category	Stock options outstanding the at the end of the period		Other equity instruments outstanding at the end of the period	
	Range of exercise price	Remaining period of contract	Range of exercise price	Remaining period of contract
Employees at the key management and technical positions and other key business operating personnel	RMB 9.60/share	12, 24 and 36 months	RMB 9.60/share	12 and 24 months

**2. Equity-settled share-based payments** Applicable  Not applicable

Unit: RMB

Method for determining the fair value of the equity instrument on the grant date	Black-Scholes option pricing model
Important parameters of fair value of equity instruments on the grant date	Historic volatility, risk-free rate of return, and dividend yield
Basis for determining the number of exercisable equity instruments	Make the best estimate based on the latest available follow-up information such as changes in the number of vested employees
Reasons for the significant difference between the estimates of the current period and that of the previous period	None
Accumulated amount of equity-settled share-based payments included in capital reserves	8,976,507.80

Total amount of expenses recognized by equity-settled share-based payments in the current period	8,976,507.80
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### 3. Cash-settled share-based payments

Applicable  Not applicable

### 4. Share-based payment for the current period

Applicable  Not applicable

Unit: RMB

Grant object category	Equity-settled share-based payment	Cash-settled share-based payment
Management personnel	2,010,527.37	
Salesperson	2,443,977.61	
R&D personnel	3,505,146.93	
Production personnel	1,016,855.89	
Total	8,976,507.80	

Other descriptions:

#### (1) Employee Stock Ownership Plan

On November 6, 2024, the Company held the 15th (Extraordinary) Meeting of the 8th Board of Directors and the 10th (Extraordinary) Meeting of the 8th Board of Supervisors. On November 25, 2024, the Company held the 2nd Extraordinary General Meeting of Shareholders in 2024, in which, the Proposal on the Company's 2024 Employee Stock Ownership Plan (Draft) and its Summary and other relevant motions were deliberated and approved. The actual number of shares subscribed under the Employee Stock Ownership Plan was 5,181,200 shares with the total amount of RMB 49,739,520.00 for the shares actual subscribed. The funds for the Employee Stock Ownership Plan mainly came from the special incentive fund accrued by the Company. After review and approval of the Employee Stock Ownership Plan by the General Meeting of Shareholders of the Company, the shares will be unlocked in two phases 12 months and 24 months after the Company announces the transfer of the underlying shares to the names given in the Employee Stock Ownership Plan respectively, with 40% of the underlying shares to be unlocked in Phase 1 and 60% in Phase 2. On December 23, 2024, the Company received the Letter of Securities Transfer Registration Confirmation issued by the Shenzhen Branch of CSDC, stating that the 5,181,200 shares of the Company (approximately 0.42% of the current total share capital of the Company) held in the special securities buyback account of the Company had been transferred to its account for the 2024 Employee Stock Ownership Plan without trading on December 23, 2024.

## (2) Stock Option Incentive Plan

Under the authorization of the 2nd Extraordinary General Meeting of Shareholders in 2024 of the Company, the Company held the 16th (Extraordinary) Meeting of the 8th Board of Directors and the 11th (Extraordinary) Meeting of the 8th Board of Supervisors on December 9, 2024, in which, the Proposal on Granting Stock Options to Incentive Objects was deliberated and adopted. It was determined that the grant date of the stock options under the Incentive Plan shall be December 9, 2024, and 32.9 million stock options shall be granted to 1,050 eligible objects. The waiting periods for the stock options granted under this Incentive Plan are 12 months, 24 months and 36 months respectively from the date of grant, and the percentages of unlocking for the periods are 30%, 30% and 40% respectively.

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

None.

## 6. Others

None.

## XVI. Commitments and contingencies

### 1. Important commitments

As of December 31, 2024, the Company had no material commitments that need to be disclosed.

### 2. Contingencies

#### (1) Significant contingencies on the balance sheet date

As of December 31, 2024, the Company had no material contingencies that need to be disclosed.

#### (2) The important contingencies not required to be disclosed shall be explained as well

As of December 31, 2024, the Company had no material contingencies that need to be disclosed.

### 3. Others

None.

**XVII. Events after the balance sheet date**

None.

**XVIII. Other important matters**

None.

**XIX. Notes to main items of financial statements of the parent company****1. Accounts receivable****(1) Disclosure by aging**

Unit: RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	1,790,348,068.30	1,287,212,115.69
1-2 years	6,158,056.10	5,268,760.84
2-3 years	2,067,104.65	791,447.31
Above 3 years	2,525,306.52	2,078,206.45
3-4 years	469,739.39	97,063.40
4-5 years	93,569.38	648,578.33
Above 5 years	1,961,997.75	1,332,564.72
Total	1,801,098,535.57	1,295,350,530.29

**(2) Disclosure by bad debt provision method**

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with single provision for bad debts	2,994,574.69	0.17%	2,994,574.69	100.00%	0.00	2,994,574.69	0.23%	2,994,574.69	100.00%	0.00
Including:										
Single provision	2,994,574.69	0.17%	2,994,574.69	100.00%	0.00	2,994,574.69	0.23%	2,994,574.69	100.00%	0.00
Accounts receivable with provision for bad debts by portfolio	1,798,103,960.88	99.83%	49,012,286.12	2.73%	1,749,091,674.76	1,292,355,955.60	99.77%	36,854,741.91	2.85%	1,255,501,213.69
Including:										
Aging portfolio	1,554,811,170.51	86.33%	49,012,286.12	3.15%	1,505,798,884.39	1,174,404,974.95	90.66%	36,854,741.91	3.14%	1,137,550,233.04
Related party portfolio within the scope of the consolidation	243,292,790.37	13.51%			243,292,790.37	117,950,980.65	9.11%			117,950,980.65
Total	1,801,098,535.57	100.00%	52,006,860.81	2.89%	1,749,091,674.76	1,295,350,530.29	100.00%	39,849,316.60	3.08%	1,255,501,213.69

Single provision for bad debts: 2,994,574.69

Unit: RMB

Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Single provision	2,994,574.69	2,994,574.69	2,994,574.69	2,994,574.69	100.00%	Difficult to collect as estimated

Provision for bad debts by portfolio: 49,012,286.12

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Aging portfolio	1,554,811,170.51	49,012,286.12	3.15%
Related party portfolio within the scope of the consolidation	243,292,790.37		
Total	1,798,103,960.88	49,012,286.12	

### (3) Bad debt provision withdrawn, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Single provision for bad debts	2,994,574.69					2,994,574.69
Provision for bad debts by portfolio	36,854,741.91	12,174,591.03		17,046.82		49,012,286.12
Total	39,849,316.60	12,174,591.03		17,046.82		52,006,860.81

### (4) Accounts receivable actually written off in the current period

Unit: RMB

Items	Amount of write-off
Accounts receivable actually written off	17,046.82

### (5) Accounts receivable and contract assets of top five ending balances grouped by debtors

Unit: RMB

Name of unit	Ending balance of accounts receivable	Ending balance of contract assets	Ending balances of accounts receivable and contract assets	Proportion to total ending balances of accounts receivable and contract assets	Ending balance of bad debt provision for accounts receivable and provision for impairment of contract assets
No. 1	393,980,903.84		393,980,903.84	21.87%	12,228,563.42
No. 2	184,815,580.16		184,815,580.16	10.26%	5,729,282.98
No. 3	101,067,011.63		101,067,011.63	5.61%	
No. 4	87,699,194.06		87,699,194.06	4.87%	2,718,675.02
No. 5	65,624,772.67		65,624,772.67	3.64%	2,034,367.95
Total	833,187,462.36	0.00	833,187,462.36	46.25%	22,710,889.37

## 2. Other receivables

Unit: RMB

Items	Ending balance	Beginning balance
Other receivables	269,840,253.20	359,906,911.54
Total	269,840,253.20	359,906,911.54

### (1) Interest receivable

None.

### (2) Dividends receivable

None.

### (3) Other receivables

#### 1) Classification of other receivables by nature of amount

Unit: RMB

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Current accounts	246,649,557.31	352,237,197.66
Margin, deposit	7,462,044.17	6,217,086.47
Borrowing and imprest of employees	3,629,450.71	5,471,420.24
Export rebate	16,656,194.89	
Others	3,157.74	3,000.00
Total	274,400,404.82	363,928,704.37

## 2) Disclosure by aging

Unit: RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	268,679,998.14	357,493,959.23
1-2 years	857,259.62	1,691,269.55
2-3 years	755,346.47	547,927.64
Above 3 years	4,107,800.59	4,195,547.95
3-4 years	99,501.60	556,684.11
4-5 years	394,701.85	2,458,782.00
Above 5 years	3,613,597.14	1,180,081.84
Total	274,400,404.82	363,928,704.37

## 3) Disclosure by bad debt provision method

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Single provision for bad debts	16,656,194.89	6.07%			16,656,194.89					
Provision for bad debts by portfolio	257,744,209.93	93.93%	4,560,151.62	1.77%	253,184,058.31	363,928,704.37	100.00%	4,021,792.83	1.11%	359,906,911.54
Including:										
Aging portfolio	11,094,652.62	4.04%	4,560,151.62	41.10%	6,534,501.00	11,691,506.71	3.21%	4,021,792.83	34.40%	7,669,713.88
Related party portfolio within the scope of the consolidation	246,649,557.31	89.89%			246,649,557.31	352,237,197.66	96.79%			352,237,197.66
Total	274,400,404.82	100.00%	4,560,151.62	1.66%	269,840,253.20	363,928,704.37	100.00%	4,021,792.83	1.11%	359,906,911.54

Provision for bad debts based on the general model of expected credit losses:

Unit: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
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	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2024	2,841,710.99		1,180,081.84	4,021,792.83
Balance as of January 1, 2024 in current period				
- Transfer to Stage 2				
- Transfer to Stage 3	-1,946,812.24		1,946,812.24	
Accrual in the current period	51,655.73		486,703.06	538,358.79
Balance as of December 31, 2024	946,554.48		3,613,597.14	4,560,151.62

Basis for division into different stages and bad debt provision ratio

None

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

Applicable  Not applicable

#### 4) Bad debt provision withdrawn, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Reversal or write-off	Others	
Provision for bad debts	4,021,792.83	538,358.79				4,560,151.62
Total	4,021,792.83	538,358.79				4,560,151.62

#### 5) Other receivables actually written off in the current period

None.

#### 6) Other receivables of top five ending balances grouped by debtors

Unit: RMB

Name of unit	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
No. 1	Current accounts	83,000,000.00	Within 1 year	30.25%	
No. 2	Current accounts	69,120,972.00	Within 1 year	25.19%	
No. 3	Export rebate	16,656,194.89	Within 1 year	6.07%	

No. 14	Current accounts	16,038,361.75	Within 1 year	5.84%	
No. 5	Current accounts	15,704,452.80	Within 1 year	5.72%	
Total		200,519,981.44		73.07%	

### 7) Reported in other receivables due to centralized fund management

None.

### 3. Long-term equity investment

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	4,294,051,396.19		4,294,051,396.19	3,981,563,889.88		3,981,563,889.88
Investment in associated enterprises and joint ventures	18,259,695.03	12,433,655.05	5,826,039.98	18,272,947.90	12,433,655.05	5,839,292.85
Total	4,312,311,091.22	12,433,655.05	4,299,877,436.17	3,999,836,837.78	12,433,655.05	3,987,403,182.73

#### (1) Investment in subsidiaries

Unit: RMB

Investee	Beginning balance (book value)	Beginning balance of provision for impairment	Changes in increase or decrease in the current period				Ending balance (book value)	Ending balance of provision for impairment
			Additional investment	Decrease in investment	Provision for impairment	Others		
Shenzhen Topband Software Technology Co., Ltd.	26,150,537.86		169,885.60				26,320,423.46	
Shenzhen Topband Battery Co., Ltd.	628,362,316.54		257,209.98				628,619,526.52	
Shenzhen Topband Automation Technology Co., Ltd.	36,511,327.16		66,433.90				36,577,761.06	
Chongqing Topband Industrial Co., Ltd.	211,708,311.75		15,130.23				211,723,441.98	
Topband (Hong Kong) Co., Ltd.	528,408,500.00		138,663,000.00				667,071,500.00	
Huizhou Topband Electrical Technology Co., Ltd.	1,035,280,971.92		692,860.34				1,035,973,832.26	

Ningbo Topband Intelligent Control Co., Ltd.	671,193,958.69		53,042.74				671,247,001.43	
Shenzhen Allied Control System Co., Ltd.	128,405,047.58		177,327.90				128,582,375.48	
Shenzhen Meanstone Intelligent Technology Co., Ltd.	10,000,000.00						10,000,000.00	
Topband INDIA PRIVATE LIMITED	195,026,748.97						195,026,748.97	
Shenzhen YAKO Automation Technology Co., Ltd.	350,014,659.96		165,168,974.38				515,183,634.34	
Shenzhen Topband Investment Co., Ltd.	99,314,771.98				10,259,965.90		89,054,806.08	
Shenzhen Topband Supply Chain Services Co., Ltd.	5,000,000.00						5,000,000.00	
Shenzhen Senxuan Technology Co., Ltd.	8,035,325.03		2,000,000.00				10,035,325.03	
Topband (Qingdao) Intelligent Control Co., Ltd.	30,000,000.00						30,000,000.00	
Shenzhen Topband Motor Co., Ltd.	12,151,412.44		220,510.85				12,371,923.29	
Huizhou Chiding Technology Co., Ltd.	5,000,000.00		3,130.39				5,003,130.39	
Shenzhen Topband Digital Energy Co., Ltd.			15,259,965.9				15,259,965.90	
Shenzhen Jingfei Investment Co., Ltd.	1,000,000.00						1,000,000.00	
<b>Total</b>	<b>3,981,563,889.88</b>		<b>322,747,472.21</b>		<b>10,259,965.90</b>		<b>4,294,051,396.19</b>	

**(2) Investment in associated enterprises and joint ventures**

Unit: RMB

Investee	Beginning balance (book value)	Beginning balance of provision for impairment	Changes in increase or decrease in the current period							Ending balance (book value)	Ending balance of provision for impairment	
			Additonal investment	Decrease in investment	Profits and losses on investment recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration of distribution for cash dividends or profits	Provision for impairment			Others
<b>I. Joint venture</b>												
<b>II. Associated enterprises</b>												
Shenzhen Daka Optoelectronics Co., Ltd.	5,839,292.85				-13,252.87						5,826,039.98	
Tai'an Yuchengxin Power Supply Technology Co., Ltd.		12,433,655.05										12,433,655.05
<b>Subtotal</b>	<b>5,839,292.85</b>	<b>12,433,655.05</b>			<b>-13,252.87</b>						<b>5,826,039.98</b>	<b>12,433,655.05</b>
<b>Total</b>	<b>5,839,292.85</b>	<b>12,433,655.05</b>			<b>-13,252.87</b>						<b>5,826,039.98</b>	<b>12,433,655.05</b>

**4. Operating income and operating cost**

Unit: RMB

Items	Amount incurred in the current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	5,479,031,123.90	4,372,678,938.57	4,375,490,048.36	3,610,380,372.83
Other business	259,345,540.67	191,211,336.38	181,114,199.53	160,679,242.60
Total	5,738,376,664.57	4,563,890,274.95	4,556,604,247.89	3,771,059,615.43

**5. Investment income**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Long-term equity investment income accounted by the equity method	-13,252.87	-47,053.31
Investment income from disposal of trading financial assets		-12,299,596.79
Interest income from equity investments in holding period	-182,700.00	182,700.00
Gains/losses on foreign exchange derivatives	-5,053,368.00	-3,529,674.98
Income of financial products	3,841,275.24	2,384,294.62
Total	-1,408,045.63	-13,309,330.46

**6. Others**

None.

**XX. Supplementary information****1. Schedule of current non-recurring profit and loss** Applicable  Not applicable

Unit: RMB

Items	Amount	Description
Non-current assets disposal profit and loss	-12,272,827.51	
Government subsidies included in current profits and losses (except those that are closely related to the normal business of the Company, conform to national policies and regulations, are enjoyed according to certain standards and have a lasting impact on the Company's profits and losses)	36,473,349.43	
Profits and losses due to fair value changes arising from the financial assets and liabilities held by the non-financial business, as well as the profits and losses arising from the disposal of financial assets and liabilities, except for the effective hedging business related to the normal business of the Company	-1,934,735.46	
Reversal of provision for impairment of accounts receivable that has been separately tested for impairment	3,769,982.90	

Debt restructuring gains and losses	-1,281,246.63	
Other non-operating income and expenses other than those mentioned above	8,149,822.58	
Other profits and losses that conform to the definition of non-recurring profit and loss	1,150,853.84	
Minus: amount affected by income tax	4,660,769.24	
Amount affected by minority shareholders' equity (after tax)	1,494.52	
Total	29,392,935.39	--

## 2. Return on equity and earnings per share

Profits of the Reporting Period	Weighted return on average equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net income attributable to the ordinary shareholders of the Company	10.44%	0.55	0.55
Net profit attributable to the ordinary shareholders of the Company after deduction of non-recurring profit and loss	9.98%	0.52	0.52

## 3. Differences in accounting data under domestic and foreign accounting standards

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

Applicable  Not applicable

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

Applicable  Not applicable

### (3) Reasons for differences in accounting data under domestic and foreign accounting standards. If the data audited by an overseas audit institution is adjusted for differences, the name of the overseas audit institution shall be indicated

## 4. Others

None.