

TOPBAND 拓邦
Shenzhen Topband Co., Ltd.
Annual Report 2020



拓邦股份投资者关系小程序

March 2021

Section I Important Notes, Contents and Interpretation

The Board of Directors, the Board of Supervisors and directors, supervisors and senior executives of the Company hereby assure that the content set out in the Report is true, accurate and complete, and free from any false from any false record, misleading representation or material omission, and are individually and collectively responsible for the content set out therein.

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

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

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

The profit distribution plan approved by the Board of Directors is as follows: based on 1,120,377,889 shares (excluding 14,838,920 treasury shares that have been repurchased), a cash dividend of 0.5 yuan (tax included) for every 10 shares should be distributed to all shareholders, with 0 bonus shares and no capital increase by way of transfer of reserved funds. If the total share capital of the Company changed due to the exercise of stock options and other reasons before the implementation of the distribution plan, the total amount of distribution should be adjusted accordingly in the principle that the distribution proportion remains unchanged. Investors are advised to pay attention to the risk that the total distribution may be adjusted due to changes in total share capital.

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

Chairman's Address

Dear shareholders and all friends who are concerned about Topband,

In 2020, the Company seized the opportunity of intelligent development, overcame the adverse impact of the external environment, and achieved good performance growth. In 2020, the sales revenue reached 5,560,183,000 yuan, with a year-on-year growth of 35.65%; the net profit attributable to the parent company reached 533,516,800 yuan, with a year-on-year growth of 61.27%.

Looking back to 2020, the sudden COVID-19 epidemic had a broad and far-reaching impact on the world economy and the Chinese economy, bringing new challenges to the intelligent control industry. In order to cope with the challenges, based on the needs of customers, the Company successively implemented a variety of measures, took the lead in promoting the resumption of work and production, and overcame the difficulties with customers. Under the sincere solidarity of all the Topband people, we turned the crisis into opportunity and successfully completed the growth target.

Focus on strategy to achieve the five-year "butterfly change" of Topband

In the past five years, Topband's operating income has grown rapidly at a compound growth rate of 30%+, and it has become a "hidden champion" in the field of global intelligent control. As the saying goes, "Three years of development depends on opportunity, and ten years of development depends on strategy." Strategy is the key to the success or failure of an enterprise. In 2016, when making the vision plan for the next ten years, Topband clearly put forward the medium- and long-term development goal by 2025. In order to achieve the strategic objectives, Topband formulated a detailed development plan based on the industry development prospects and its own core capabilities, focusing on the intelligent control track, anchoring four application fields of home appliances, tools, lithium batteries and industrial control. In terms of customers, Topband focused on top customers, stuck to the "customer-centered" value concept, and continued to create value for

customers. In terms of products, Topband practiced the concept of innovative development, built technical competitiveness through high R&D investment, and vigorously developed a product platform to build product competitiveness. In terms of internal operation, Topband started from the introduction of the IPD (Integrated Product Development) process, promoted process reform and organizational reform successively, and built the BG-BU (Business Group - Business Unit) organization with the mission of capturing opportunities. Looking back to the past five years, Topband focused on strategy, practiced skills, and completed "butterfly change". Now Topband is a high-tech innovation enterprise with clear strategy, leading technology, efficient operation and abundant talents.

Firmly stick to the strategic direction to become the "leader" of intelligent control

The greatest value of the enterprise is to promote the progress of human society and industry. Since its inception, Topband has been committed to the intelligent control industry, and has been determined to become the leader of the global intelligent control industry, so as to innovate in intelligent control technology, create value for customers and benefit everyone.

The Company will continue to focus on the core objective of scale growth to enhance its leading position among global intelligent control solution providers. The Company will give full play to the core technology advantages of "three electrics and one network", and focus on the four main fields of "home appliances, tools, lithium batteries and industry", so as to provide one-stop intelligent control solutions for global brand customers. In terms of home appliance business, Topband is committed to becoming the leader of intelligent control solutions for home appliances. In terms of tool business, the Company is committed to becoming the world's leading supplier of intelligent control solutions in the tool industry. In terms of lithium battery business, the Company is committed to becoming the industry leader in customized lithium batteries and BMS (battery management system). In terms of industrial business, the Company will strive to rank among the first echelon of the domestic industrial control industry.

The Company will continue to implement the four strategies of "customer intimacy, innovation driving, smart operation and organizational evolution". In terms of customers, the Company will

strengthen the strategy of customer intimacy, and vigorously develop three types of top customers, namely big customers, strategic customers and sci-tech innovation customers, and improve the market share. In terms of innovation, the Company will deepen the innovation-driven strategy, strengthen the construction of technological innovation and product platforms, and realize the business growth and upgrading driven by technological innovation. In terms of operation, the Company will comprehensively promote the smart operation strategy, build cost advantages through "three reductions and one optimization", accelerate digital transformation, and improve end-to-end efficiency. In terms of organizational construction, the Company will continue to promote the organizational evolution strategy, strengthen the construction of the talent team, and build a customer-centered process organization.

Deeply develop intelligentization to mine the "gold mine" of intelligent control

The future will be an intelligent society, and intelligentization will be a long-term, lasting and far-reaching change having a wide influence, and will deeply affect modern life, and change product forms at the same time. Intelligent control is the core technology of the future intelligent society and the brain and nervous system of intelligent equipment, and will become the necessity of the intelligent society. We think that the intelligent control industry is a big industry without a ceiling and the next gold mine of the intelligent society. Intelligent controllers are technology-intensive products including algorithm and hardware. With the continuous and in-depth development of intelligentization, the rapid iteration of technology will improve intelligent controller ODM (original design manufacturer) customization demands, and brand owners' requirements for technical innovation ability will become increasingly higher. Relying on 25 years of continued R&D investment, Topband has core competitiveness in terms of technology and product innovation.

According to public data, the scale of the global intelligent controller market exceeds one trillion yuan. With the rapid development of AIoT (Intelligent Internet of Things), the boundary of the market will continue to expand, and the industry will have broad prospects for future growth. The intelligent, healthy and high-end home appliance industry is in a state of continuous

acceleration, and the ODM demand for home appliance intelligent controllers keeps a rapid growth trend; the "oil to electricity" and "cordless" trends in the tool industry are also accelerating, and the demands for intelligent controllers, motors and battery packs continue to rise; the markets of energy storage and two- and three-wheeled vehicle power change in the lithium battery application industry are developing rapidly; the double opportunity of "digital transformation" and "domestic substitution" in the industrial control industry is coming. The Company will firmly seize the industry development opportunities, continue to deepen the intelligent control industry, lead the forward development of the industry, and become a global leading and honored provider of intelligent control technology.

In 2021, we will actively respond to potential difficulties such as tight supply of raw materials, increased exchange rate fluctuations and labor shortage, and quickly formulate measures to address them. At the same time, the Company will focus on the target, seize the opportunity, operate efficiently, and achieve good performance as a return for shareholders and the community.

Entrepreneurship is the most valuable part of an enterprise, and the Company is happy to provide opportunities so that every Topband person can realize their own value. I hope that Topband will become a place where entrepreneurs and entrepreneurship are nurtured. Looking forward to the future, the pioneering, enterprising, diligent and innovative Topband people will continue to adhere to the customer-centered concept guided by entrepreneurship, and continue to create value for customers. Let's go forward hand in hand, contribute our strength to the intelligent society, and create an intelligent and bright future together.

Thank you.

In the past 25 years, no matter how the global macro-environment changes, Topband has always adhered to the strategic development direction. With the joint efforts of the management and all the colleagues, Topband has achieved leapfrog development. We hereby sincerely thank our customers, investors and partners for their long-term support to Topband.

Chairman of Shenzhen Topband Co., Ltd.

A handwritten signature in Chinese characters, likely '武强' (Wu Qiang), written in black ink.

March 9, 2021

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Section I Definitions

Term	Definitions
Company, the Company, Topband shares	Shenzhen Topband Co., Ltd.
Yuan, 10,000 yuan	Yuan, 10,000 yuan
CSRC	China Securities Regulatory Commission
Exchange	Shenzhen Stock Exchange
Reporting period	January 1, 2020 to December 31, 2020
Articles of Association	Articles of Association of Shenzhen Topband Co., Ltd.
Huizhou Topband	Huizhou Topband Electrical Technology Co., Ltd.
YAKO Automation	Shenzhen YAKO Automation Technology Co., Ltd.
HCD	Shenzhen HCD Control System Co., Ltd.
Topband Software	Shenzhen Topband Software Technology Co., Ltd.
ORVIBO	Shenzhen ORVIBO Technology Co., Ltd.
Chongqing Yiyuan	Chongqing Topband Industrial Co., Ltd.
Ningbo Topband	Ningbo Topband Intelligent Control Co., Ltd.
Meanstone Intelligent	Shenzhen Meanstone Intelligent Technology Co., Ltd.
HANSC Intelligent	Shenzhen HANSC Intelligent Technology Co., Ltd.
IOT	Internet of Things
ICT	Information Communications Technology
T-SMART	Topband One-Stop Smart Home Solution
AI	Artificial Intelligence
AWE	Appliance & Electronics World Expo
BLDC Motor	Brushless DC Motor
BG、BU	Business Group 、 Business Unit
IPD	Integrated Product Development
ISC	Integrated Supply Chain

Section II Company Profile and Main Financial Indicators

I. Company information

Stock abbreviation	Topband	Stock code	002139
Listed stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	Shenzhen Topband Co., Ltd.		
Chinese abbreviation of the Company	Topband		
Name of the Company in foreign language (if any)	Shenzhen Topband Co., Ltd		
Legal representative of the Company	Wu Yongqiang		
Registered address	Room 413, Block B, Research Institute of Tsinghua University, High-Tech Industrial Park, Yuehai Street, Nanshan District, Shenzhen		
Postal code of registered address	518057		
Office address	Topband Industrial Park, Keji Second Road, Shiyan Subdistrict, Baoan District, Shenzhen		
Postal code of office address	518108		
Company website	http://www.topband.com.cn		
Email	wenzh@topband.com.cn		

II. Contact person and contact information

	Secretary of the Board of Directors	Representative of securities affairs
Name	Wen Zhaohui	Yang Qiaoqiao
Address	Topband Industrial Park, Tangtou Avenue, Shiyan Town, Baoan District, Shenzhen	Topband Industrial Park, Tangtou Avenue, Shiyan Town, Baoan District, Shenzhen
Tel	0755-26957035	0755-26957035
Fax	0755-26957440	0755-26957440
Email	wenzh@topband.com.cn	yangqq@topband.com.cn

III. Information disclosure and storage place

Name of information disclosure media selected by the Company	Securities Times
Website designated by the CSRC where the annual report is posted	http://www.cninfo.com.cn
Place where the Company's annual report is available	Office of the Board of Directors of the Company

IV. Changes in registration

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

V. Other relevant information

Accounting firm engaged by the Company

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

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

√ applicable not applicable

Name of Sponsor	Office address of Sponsor	Name of Sponsor's representative	Continuous supervision period
China Securities Co., Ltd.	Room 2203, North Tower, Shanghai Securities Building, No. 528 Pudong South Road, Shanghai	Yu Kangze, Xu Chao	March 7, 2019 – December 31, 2020

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

 applicable not applicable**VI. Main accounting data and financial indicators**

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

 Yes No

	2020	2019	Increase or decrease in the current year over the previous year	2018
Operating income (yuan)	5,560,182,998.21	4,098,855,380.70	35.65%	3,406,697,494.04
Net profit attributable to shareholders of listed companies (yuan)	533,516,814.04	330,827,437.00	61.27%	222,186,603.82
Net profit attributable to shareholders of listed company after deducting non-recurring profit and loss (yuan)	382,743,934.45	198,463,874.89	92.85%	209,372,351.36

Net cash flow from operating activities (yuan)	647,900,708.38	404,477,700.20	60.18%	240,280,589.33
Basic earnings per share (yuan / share)	0.51	0.33	54.55%	0.22
Diluted earnings per share (yuan / share)	0.51	0.32	59.38%	0.22
Weighted average return on net assets	19.04%	13.92%	5.12 %	10.95%
	End of 2020	End of 2019	Increase or decrease at the end of the current year compared with the end of the previous year	End of 2018
Total assets (yuan)	6,808,735,037.28	5,121,650,811.96	32.94%	3,949,037,185.87
Net assets attributable to shareholders of listed companies (yuan)	3,463,681,980.54	2,510,384,699.83	37.97%	2,134,408,674.87

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

Yes No

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

Yes No

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

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

applicable not applicable

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

2. Differences in net profit and net assets between financial reports disclosed in accordance with foreign accounting standards and those disclosed in accordance with PRC GAAP simultaneously

applicable not applicable

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

VIII. Main financial indicators by quarters

Unit: Yuan

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	770,336,210.53	1,227,091,690.17	1,599,688,059.70	1,963,067,037.81
Net profit attributable to shareholders of listed company	63,018,799.12	145,894,800.04	153,898,165.45	170,705,049.43
Net profit attributable to shareholders of listed company after deducting non-recurring profit and loss	24,432,598.30	108,984,398.74	148,549,082.51	100,777,854.90
Net cash flow from operating activities	27,748,613.21	91,387,639.98	48,537,398.94	480,227,056.25

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

Yes No

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

applicable not applicable

Unit: Yuan

Items	Amount in 2020	Amount in 2019	Amount in 2018	Description
Profit and loss on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	-2,162,674.03	-2,689,991.66	-965,444.97	
Government subsidies recognized in current profits and losses (except those closely related to the business of the enterprise and enjoyed in a fixed or quantitative amount according to the national uniform standard)	27,326,933.85	40,716,240.12	20,004,341.88	
Profit and loss from changes in fair value of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other creditor's rights investments, except for effective hedging business related to the normal business of the Company	147,775,030.77	109,833,096.66	-6,510,422.76	
Other non-operating income and expenses other than those mentioned above	43,836.85	4,385,194.03	50,128.06	
Other profit and loss items that meet the definition of non-recurring profit and loss	5,602,702.63	4,847,353.13	3,961,950.63	Financing income
Less: amount affected by income tax	27,106,631.22	23,696,511.92	2,562,302.92	
Amount affected by minority shareholder's interest (after tax)	706,319.26	1,031,818.25	1,163,997.46	

Total	150,772,879.59	132,363,562.11	12,814,252.46	--
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For the items of non-recurring profit and loss defined by the Company in accordance with the definition of Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to Public - Non-Recurring Profits and Losses, the reasons why the items of non-recurring profit and loss listed as non-recurring in Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to Public - Non-Recurring Profits and Losses to be defined as recurring profit and loss should be explained.

applicable not applicable

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

Section III Summary of the Company's Business

I. Main businesses during the reporting period

(1) Major business scope

The Company mainly engages in R&D, production and sales of intelligent control system solutions, i.e., providing diversified customized solutions for four industries of home appliances, tools, industry and new energy, with the “three electrics and one network” technology of electric control, motor, battery and IoT platform as its core. The Company is a global leading provider of intelligent control technology, a pioneer of intelligent control solutions for the home appliances and tool industries, and an innovator in intelligent control solutions for the industry and lithium battery industry.



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

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

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

1.3 Battery technology. The battery technology is a technology for energy storage and management. The Company has complete design, development customization and production capacities from cell technology (CELL), battery management technology (BMS) to battery pack (PACK).

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

2. Main products of the Company: customized system solutions to “home appliances, tools, and industry and lithium battery” industries

2.1 Intelligent control of home appliances

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

2.2 Tool intelligent control

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

2.3 Lithium battery and its intelligent control

The Company mainly provides products and system solutions, including battery cells, battery management and control, battery packs and charging cabinets for communication base station energy storage, home energy

storage, power batteries for two- or three- wheeled vehicles and other special vehicles, mobile charging power and IoT.

2.4 Industrial intelligent control

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

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

The future will be an intelligent society, and intelligentization will be a long-term, lasting and far-reaching change having a wide influence, and will deeply affect modern life, and change product forms at the same time. Intelligent control is the core technology of the future intelligent society and the brain and nervous system of intelligent equipment, and will become the necessity of the intelligent society. We think that the intelligent control industry is a big industry without a ceiling and the next gold mine of the intelligent society. There are currently three trends of shift, concentration and growth in the industry:

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

2. Domestic shares are concentrated in the top enterprises. The growth rate and order concentration of top enterprises outperformed other peers in the last three years.

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

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

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

1. Home appliance industry

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

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

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

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

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

1.3 Cost structure: On the premise of maintaining the flexibility of the original procurement mode of the business unit, a company-level strategic procurement department was established to increase the control of key categories and general categories, and the advantages of batch procurement were given full play. At the same time, on the basis of ensuring quality and delivery reliability, the Company increased the efforts of cost reduction of solution design and material procurement by using batch production to ensure that customers are provided with high-quality and low-cost products to enhance the overall competitiveness in the customer end.

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

2. Tool industry

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

As the leader of tool control industry in China, the Company has the unique competitive advantage of “electric control + motor + battery”. In terms of customer strategy, the Company has adopted the strategy of “international big customers as the main, regional customers as a supplement”. The customers can be divided into American,

European, Japanese customers and domestic customers. The Company has cooperated with most of the top customers in the industry. In terms of industry chain, the Company has a unique technology combination of “electric control + motor + battery + IoT platform”, providing diversified services from “controller + motor + battery pack” components to “module” and “whole machine”. In terms of product structure, the Company has focused on the development and promotion of “oil to electricity” and “cordless” solutions in the mode of “technology platform + product platform + customized solutions”, and has formed a deep cooperation relationship with customers. In terms of regional operation, the Company has accelerated the construction and operation of overseas bases such as Vietnam, and actively cooperated with the departments to meet the needs for international and domestic multi-location deliveries of overseas customers.

3. Lithium battery application industry

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

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

intelligent experience for home energy management and use, low-speed vehicle power and consumer electronics, and its scope of application is gradually expanded. In terms of technology and products, combined with the comprehensive advantages of “battery + electric control + IoT platform”, the Company has the capability of solution from battery cell, battery management system (BMS) to IoT system.

4. Industrial control industry

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

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

II. Significant changes in major assets

1. Significant changes in major assets

Major assets	Reason for significant change
Equity assets	No significant change
Fixed assets	No significant change
Intangible assets	Acquisition of land use rights in Dong Nai Province of Vietnam by foreign sub-subsidiary during the reporting period

Construction in progress	No significant change
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2. Major assets overseas

√applicable □ not applicable

Asset details	Reasons for formation	Asset size	Location	Operation mode	Control measures to ensure the safety of assets	Earning position	Proportion of foreign assets to net assets of the Company	Whether there is a significant risk of impairment
Operation Center in India	Investment and establishment	221,762,296.96	Pune, India	R&D, production and sales	Financial supervision, external audit	Under construction	6.40%	No
Operation Center in Vietnam	Investment and establishment	287,079,362.17	Binh Duong, Vietnam	R&D, production and sales	Financial supervision, external audit	Under construction	8.29%	No

III. Core competitiveness analysis

1. Platform-based technology innovation capability. With the technology as DNA and the innovation as the gene of development, the Company has formed a unique innovation leading capability. The Company has accumulated and formed the most complete technology platform in the industry, with capabilities for in-depth understanding of various control mechanisms, independent implementation and industry leading, covering all aspects of core technologies of intelligent control integration solutions, such as: intelligent control algorithms, motor electric control, sensing, man-machine interaction, image recognition, power technology, Android technology, temperature control technology, heating, cooling, etc. The Company has the most abundant product lines in its industry, each of which has accumulated and formed a complete, mass-production-proven product platform covering white home appliances, small home appliances, power tools, gardening tools, intelligent hardware, smart campus, consumer electronics and other fields, and can quickly provide customers with the best and most guaranteed customized solutions. In addition, the Company has a unique overall solution capacity of “intelligent controller + high efficiency motor + lithium battery” in industry, further strengthening the capacity of the Company to lead the technology.

2. Partnership-based customer service capability The Company takes “agile innovation partner” as its

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

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

Section IV Business Situation Discussion and Analysis

I. General

(1) 2020 business performance and core operating indicators

The year 2020 is extraordinary. The turbulence of the international situation, the shortage of upstream materials, the fluctuation of foreign exchange and the shortage of labor have brought severe challenges to our established complex business form. The sudden epidemic has disrupted the original plan of the Company. Fortunately, the epidemic in China was quickly brought under control, and the Company quickly resumed production under the premise of actively responding to the epidemic prevention and control measures. Facing the complicated and changeable business environment in 2020, relying on the Company's accumulated years of product capability, technology platform innovation, ISC integrated supply chain and powerful systematic management ability, all the Topband staff are sincere and united, turning crisis into opportunity. They have not only completed the original business objectives but also seized the opportunity to increase market orders. In 2020, the Company's performance has grown rapidly.

Through the efforts of all the staff, the Company realized the operating income of RMB 55.6 billion in the reporting period, with a year-on-year growth of 35.65%. The net profit attributable to the listed company reached RMB 53.4 billion, with a year-on-year growth of 61.27%, and the net profit attributable to the shareholders of the listed company after deduction of non-recurring profit and loss reached RMB 38.3 billion, with a year-on-year growth of 92.85%. The main reason was the rapid development of the intelligent society, the increase of application scenarios, and the continuous improvement of the industry. The competitive advantage of China's supply chain in the world has been revealed, and overseas production capacity has been transferred to China and Southeast Asia. At the same time, the industry is centralizing to the top. As a leading enterprise of intelligent controller, the Company's industry position and market share are increasing year by year. The Company has firmly seized the historical opportunity of intelligent upgrading, focusing on home appliances, tools, lithium battery applications and industrial industries, to rapidly improve the opportunity identification and realization ability, and to achieve both revenue and profit growth. On the other hand, desterilization of non-tradable shares of Dynanonic subsidiaries held by the Company were lifted in April 2020, and part of the shares of Dynanonic and

ORVIBO were transferred during the reporting period, resulting in increased investment income and increased net profit of the company.

R&D investment: as a technology-based enterprise, technological innovation is the engine of growth.

During the reporting period, the total R&D investment of the company was RMB 40.5 billion, with a year-on-year increase of 20.99%, accounting for 11.68% of the company's net assets attributable to the parent company and 7.28% of the operating income.

Gross profit rate: the gross profit rate of the Company increased by 2.40% year on year in the reporting period. The main reason is that the continuous improvement of the Company's industrial structure, the increase of the proportion of revenue outside the home appliance industry, and the sharply rising of the proportion of innovative products and high value-added products. At the same time, the Company has implemented lean improvement and strategic cost control measures, to decrease cost and increase benefit. With the strategy of smart operation, a number of business indicators have improved substantially.

Focusing on the business objectives set at the beginning of 2020, the Company has made breakthroughs in the following aspects:

1. Top customers keep increasing. The customer loyalty was strengthened, and the market share increased steadily.

We always carry out the brand concept of "agile innovation partner". We are worried about customers' needs. We always feel the need of customers. Moreover, by understanding the difficulties of them, we did our best to help customers solve problems. In the face of the trade war, we have quickly responded to customers' capacity transfer plans. In response to the needs of our customers for innovation, we have internally implemented a 48H response action plan. In the face of customers' demand for rapid delivery, we have built the whole process information capacity and greatly improved the collaborative efficiency. In 2020, our ability to seize market opportunities and implement the landing has been advanced by leaps and bounds, and our comprehensive ability has also been highly recognized by customers. The enhancement of customer stickiness has brought incremental order opportunities to the Company and laid a solid foundation for future share growth. In 2020, the number of top customers increased from 53 in 2019 to 80, and the revenue proportion of top customers increased to 80%.

Definition of top customers: big customers (comprehensive brands Top10), strategic customers (professional brands Top5), and sci-tech innovation customers (high-growth brands Top3).

2. The product platform capacity is strengthened, and the proportion of innovative products and high

value-added products is increased.

The Company insists that technology has value and hopes to create value for customers through continuous innovation, thus bringing users a good sense of experience and convenience of life. We believe that the future competition lies on innovation. The products will be even closer to the user and the sales pattern will present a trend of de-brand and de-channel. By deepening innovation ability and continuously creating value, the Company will gain higher market share and profit space. In 2020, the number of ODM product platforms with a shipment quantity of 100,000+ increased from 52 in 2019 to 69, among which the number of product platforms with a shipment quantity of 1 million+ increased rapidly from 4 in 2019 to 16 in 2020. The scale advantage of the platform has gradually appeared. At the same time, the Company strengthened the protection of intellectual property rights. The cumulative number of patent applications exceeded 1,700, and the proportion of invention patent applications increased year by year.

3. Agile delivery. In the case of a shortage of upstream materials in 2020, we have ensured timely delivery of customers' orders through forward-looking research, advance stocking, price lock, bulk purchase and design substitution.

After experiencing the shortage of raw materials and irrational price increase in 2018, the Company has increased investment in the supply chain and established a professional team to study the industrial chain. Furthermore, by strengthening the prediction of industry trends and improving supply chain planning and coordination, we have deployed response strategies in advance to ensure supply security and cost control. We have obtained the priority of goods distribution by advance stocking, centralized procurement and the linkage with downstream big customers, and realized part of the domestic substitution with our ODM R&D and design advantages. Thus, the pressure of supply shortage was alleviated effectively and the timely delivery of customer orders was ensured. Meanwhile, we have strengthened the research on the price trend of raw materials and reduced the impact of raw material price rise on the Company's annual operating profit in 2020 through measures such as price lock in advance.

4. Efficiency improvement and cost reduction together with the smart operation improve the business indicators.

In 2020, we have further implemented the integrated supply chain implementation. We have expanded the scope of centralized procurement to promote internal lean improvement, improve operational efficiency, increase efficiency and reduce costs. The all-staff and all-cost strategic control was implemented to eliminate waste, and

improve the Company's operating indicators, thus enhancing profitability. By 2020, the proportion of the Company's centralized procurement has reached more than 50%.

5. The construction and implementation of the whole process system have clarified the direction and goals for the Company's strategy, thus helping the Company achieve the goal.

In 2016, when the Company formulated the vision plan for the next ten years, it put forward the long-term development goal in 2025. That is to focus on the field of intelligent control, and aim at four major industries including home appliances, tools, lithium battery application and industry. Through the strategic decoding, the target markets, target customer, core products of the Company have been clarified. Focusing on the strategic target, eight main business processes including DSTE, MM and IPD have been sorted out. A customer-centered process type organization has been built. The process reform has been promoted. Business operation has been guaranteed in a rapid and effective way internally. In 2020, through EDI docking with partial customer side, the cooperation efficiency was greatly promoted; Through the gradual implementation of IPD process, the innovation capacity of products was strengthened, and the sample presentation cycle of the development side was sharply shortened, with rapid timeliness improvement. Through the implementation of MM process, the identification capacity of market opportunity and product transformation capacity have been strengthened. We regarded the informatization and digitalization as the core of the future management. The current layout of the Company could facilitate the business to develop in a "rapid and ordered" way.

6. The organizational reform was promoted, and the BG-BU organization oriented at capturing opportunities was established to seize opportunities in due time to make more profits.

In 2020, the Company took the product line and customers as units, established a customer service organization (BU) comprised of customer manager, solution specialist team and delivery team, which was an "iron triangle" type. The original organization BG energized the front end as a middle ground, and the function platform served as a background to provide agile service and ensure the rapid implementation of the business. In the future, through continuous improvement of evolution capacity of the organization, the Company's capacity of capturing opportunities and opportunity-based profit-making capacity will be rapidly improved.

7. The production capacity was improved steadily, with rapidly boosting globalization layout, ensuring the fast growth of the business.

We are an international company with customers all over the world. Focus on the strategy of "customer intimacy", we serve customers closely and improve the service responsiveness and the service quality further.

Based on the demand of business development, in a total of 16 regional operation centers, production & manufacturing centers, research & development centers, representative offices and others have been established in many places globally including the America, Germany, India and Vietnam. The globalization layout has been impelled rapidly. The current main production capacity layout of the Company is as follows:

The Pearl River Delta: Include the Shenzhen headquarters and Huizhou. The subsidiary in Huizhou was the main production capacity source. With rapid improvement in the production efficiency in 2020, now its production capacity and product quality are stable;

The Yangtze River Delta: The main plant site in Ningbo operation base has been completed, which is estimated to be put into operation & service in the second half of 2021. The production capacity of plant in Hangzhou was stable, and it reached the sales revenue of 160 million yuan in 2020.

Southeast Asia-Vietnam: In 2020, although the subsidiary in Vietnam Binh Duong was affected by the COVID-19, we still cared our customers, overcome numerous difficulties including the personnel and materials, rapidly improved the production capacity, helped our customers to complete the product transferring and realized the sales revenue above RMB 300 million in the whole year. The construction of phase II has been started at the beginning of the year, which is expected to be completed at the end of 2021 and gradually release the production capacity.

Southeast Asia-India: The quantity production has been realized and the product transferring of some customers has been completed. The Company has overcome the impact of the COVID-19. Through telecommuting methods such as videos and the Internet, the production capacity is increasing rapidly.

8. Capital operation.

(1) At the beginning of 2020, the Company decided to repurchase part of the Company's shares with 20 million to 40 million yuan of the owner's capital or self-raised funds under the impact of global COVID-19 and the background of falling A shares market, in order to maintain the interest of majority of investors, strengthen the investor confidence in the Company, in combination with the development strategy, operation situation and financial situation of the Company. Up to April 3, 2020, the Company's repurchase plan at this time has been completed, with total amount of repurchase about 20 million yuan;

(2) In order to effectively relieve the strained production capacity of the Company's lithium battery and high efficiency motor and replenish the Company's working capital, the Company launched the private issuing of stocks in 2020 April, planning to raise the funds of at most 1.05 billion yuan through the private issuing of stocks for the construction or the second industrial park in Huizhou of Topband and replenishment of the Company's

working capital. The Project was accepted and handled by CSRC in June, received feedback in July, approval by the Issuance Examination Commission of CSRC and successful acquisition of the official document of approval for issuance in August;

(3) In the first half of 2020, the Company initialized the partial stake purchase project of stockholders of its holding subsidiary YAKO Automation, purchased 18% of the equity from minority shareholder with cash of 102.6 million yuan. After the completion of this purchase, the dilution to the Company's profits by the minority stockholder will be reduced, which could expedite the proceeding of the Company's development to industrial control further, improve the Company's management efficiency and realize the Company's strategic development goal better. The industrial and commercial registration of changes of this stock right purchasing has been completed on July 21, 2020.

(2) Execution of core strategy

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

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

Through the building of the customer-centered enterprise culture, thus the service concept of the staff was improved and the customer service quality was optimized, with the strengthened harmony in the customer service.

Organization construction of the "iron triangle" of the customer service was strengthened. Taking the product line as the unit, the customer service organization including the customer manager, solution specialist team and delivery team was established, which has improved the service capacity and responsiveness of the top customers remarkably.

The first-class B2B brand image of the intelligent control was strengthened. A large amount of brand marketing campaigns were launched, centering on the "exhibition hall + exhibition + media", which spreads the brand core value of "agile innovation partner" through multiple channels.

2. Innovation-driven strategy: The customer value was driven by the technology innovation, and the

industry upgrading was driven by the business innovation, with the operation performance driven by management innovation.

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

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

The Company has continued to carry out management reform, driving the operation performance improvement by management innovations, carrying out a series of management reform actions at all levels of the Company, the business unit and the product line, and continuously optimizing the management efficiency of all levels to realize the operation performance improvement accordingly.

3. Agile operation strategy: The agile culture was popularized and efforts were made to build the core platform combining the agile research & development, intelligent manufacturing and agile delivery, with the improvement in the Company’s capacity of agile operation through the digital reform.

The Company has strongly promoted the agile culture and the agile wording culture & concept at all levels of the Company, trained agile talents and constructed the agile organizations. Efforts were made to build the core platform combining the agile research & development, intelligent manufacturing and agile delivery. The capacity of systems such as the research & development, the supply chain, manufacturing and quality was continuously established and strengthened. Centering on the method combining “agile + lean”, the agile excellent operation was

realized. The global layout was expedited and the step in the construction of the introducing of the customers in Indian operation center to Ningbo operation center was rapidly promoted, with the capacity of closely serving customers increased.

The digital reform was promoted. With the comprehensive application of the information, network and automation and the strengthening in the intelligent operation capacity, the agile future-oriented operation capacity has been improved.

4. Lean improvement strategy: The Company was dedicated to the all-around cost improvement and the establishment of perfect quality verification system through the promotion of various special projects. The process control and optimization were regarded as the effective means to continue the PDCA circulation improvement. Now the Company focuses on the cost reduction of the material and processing fees through various special project activities. In 2020, the Company has greatly benefited from the cost reduction of materials and processing fees. Meanwhile, the Company promotes the reconstruction of process-oriented organization centering on the customers and drives the process reform to keep improving the efficiency in an end-to-end way, improving the quality control level of all links and realizing the circulation improvement effect advocated by the quality idea of “zero defect”.

II. Main business analysis

1. Overview

Please refer to “I. Overview” in “Business Situation Discussion and Analysis”

2. Revenue and cost

(1) Composition of operating income

Unit: Yuan

	2020		2019		Year-on-year increase and decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	5,560,182,998.21	100%	4,098,855,380.70	100%	35.65%
Sub-industry					
Intelligent control	5,560,182,998.21	100.00%	4,098,855,380.70	100.00%	35.65%

electronics industry					
Sub-products					
Home appliances	2,448,154,236.57	44.03%	2,023,672,701.58	49.37%	20.98%
Tool	1,907,770,507.50	34.31%	1,268,010,809.22	30.94%	50.45%
Lithium battery	790,895,137.30	14.22%	539,587,834.88	13.16%	46.57%
Industry	257,988,191.43	4.64%	176,261,168.37	4.30%	46.37%
Others	155,374,925.42	2.79%	91,322,866.65	2.23%	70.14%
Sub-region					
Domestic	2,495,663,711.95	44.88%	1,824,191,220.59	44.50%	36.81%
Foreign	3,064,519,286.26	55.12%	2,274,664,160.11	55.50%	34.72%

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

√ applicable □ not applicable

Unit: Yuan

	Operating income	Operating cost	Gross profit rate	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
Sub-industry						
Intelligent control electronics industry	5,560,182,998.21	4,204,293,830.77	24.39%	35.65%	31.49%	2.40%
Sub-products						
Home appliances	2,448,154,236.57	1,904,336,785.75	22.21%	20.98%	17.78%	2.11%
Tool	1,907,770,507.50	1,384,279,317.33	27.44%	50.45%	46.91%	1.75%
Lithium battery	790,895,137.30	612,353,551.50	22.57%	46.57%	38.44%	4.55%
Industry	257,988,191.43	172,445,418.80	33.16%	46.37%	44.44%	0.89%
Sub-region						
Domestic	2,495,663,711.95	1,897,689,104.72	23.96%	36.81%	31.84%	2.86%
Foreign	3,064,519,286.26	2,306,604,726.05	24.73%	34.72%	31.20%	2.02%

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

√ applicable □ not applicable

Industry classification	Items	Unit	2020	2019	Year-on-year increase and decrease
Intelligent control electronics industry	Sales volume	PCS	138,520,341	105,918,804	30.78%
	Production output	PCS	143,306,093	105,895,705	35.33%
	Inventory	PCS	10,413,629	5,627,877	85.04%

Note: Each PCS is the minimum shipping unit of the Company, and the corresponding sales revenue of specific sales price range in 2020 is as follows:

The sales volume of $P > 200$ yuan was 2.9424 million PCS, and the sales revenue was 1.209 billion yuan;

The sales volume of $100 \text{ yuan} \leq P < 200 \text{ yuan}$ was 10.165 million PCS, and the sales revenue was 1.426 billion yuan;

The sales volume of $50 \text{ yuan} \leq P < 100 \text{ yuan}$ was 13.2373 million PCS, and the sales revenue was 992 million yuan;

The sales volume of $P < 50 \text{ yuan}$ was 112.1755 million PCS, and the sales revenue was 1.916 billion yuan.

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

applicable not applicable

During the reporting period, the sales volume increased by 30.78% year-on-year, mainly due to the increase of customer orders and shipments during the reporting period.

During the reporting period, the production increased by 35.33% year-on-year, mainly due to the increase of customer orders and production capacity during the reporting period.

During the reporting period, the inventory increased by 85.04% year-on-year, mainly due to the increase of production capacity and Spring Festival stock.

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

applicable not applicable

(5) Composition of operating cost

Industry and product classification

Unit: Yuan

Industry	Items	2020	2019	Year-on-year
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classification		Amount	Proportion in operating cost	Amount	Proportion in operating cost	increase and decrease
Intelligent control electronics industry	Operating cost	4,204,293,830.77	100.00%	3,197,501,735.13	100.00%	30.46%

Unit: Yuan

Product classification	Items	2020		2019		Year-on-year increase and decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Home appliances	Operating cost	1,904,336,785.75	45.30%	1,616,864,270.66	50.57%	17.78%
Tool	Operating cost	1,384,279,317.33	32.93%	942,244,253.86	29.47%	46.91%
Lithium battery	Operating cost	612,353,551.50	14.56%	442,312,156.78	13.83%	38.44%
Industry	Operating cost	172,445,418.80	4.10%	119,389,625.81	3.73%	44.44%
Others	Operating cost	130,878,757.39	3.11%	76,691,428.02	2.40%	70.66%

(6) Whether the consolidation scope has changed during the reporting period√ Yes No

In 2020, seven subsidiaries and sub-subsidiaries within the scope of merger were added.

(7) Major changes or adjustments in the Company's business, products or services during the reporting period applicable not applicable**(8) Main sales customers and suppliers**

Main sales customers of the Company

Total sales amount of top five customers (yuan)	2,247,815,386.00
Proportion of total sales amount of top five customers in total annual sales	40.43%
Proportion of related party sales in the top five customers' sales in the total annual sales	0.00%

Top 5 customers material of the Company

No.	Customer name	Sales amount (yuan)	Proportion of total annual sales
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1	No.1	1,641,935,596.98	29.53%
2	No.2	207,444,572.03	3.73%
3	No.3	161,156,244.00	2.90%
4	No.4	121,769,186.85	2.19%
5	No.5	115,509,786.14	2.08%
Total	--	2,247,815,386.00	40.43%

Other information of main customers

applicable not applicable

Main suppliers of the Company

Total purchase amount of top five suppliers (yuan)	1,295,057,038.01
Proportion of total purchase amount of top five suppliers in total annual purchase amount	31.99%
Proportion of purchase amount of related parties in total annual purchase amount of top five suppliers	0.00%

Top 5 suppliers of the Company

No.	Supplier name	Purchase amount (yuan)	Proportion of total annual procurement
1	No.1	986,231,173.78	24.36%
2	No.2	135,957,402.54	3.36%
3	No.3	70,543,686.92	1.74%
4	No.4	54,840,239.04	1.35%
5	No.5	47,484,535.73	1.17%
Total	--	1,295,057,038.01	31.99%

Other information of main suppliers

applicable not applicable

3. Expenses

Unit: Yuan

	2020	2019	Year-on-year increase and decrease	Description of major changes
Sales expenses	132,898,433.70	134,890,094.70	-1.48%	Sales expenses: the reporting period was decreased by 1.99 million yuan compared with the same period last year, with a decrease of 1.48%, mainly due to the reclassification of freight transportation costs in sales expenses to the main business costs according to the requirements of

				new income standards.
Management expenses	181,296,178.33	142,622,745.50	27.12%	
Financial expenses	176,986,013.49	36,179,591.44	389.19%	Financial expenses: compared with the same period last year, it increased by 140.81 million yuan in the reporting period, with an increase of 389.19%. The main reasons are as follows: 1. Huizhou Topband generated more interest expenses in 2020 than in 2019. 2. In 2020, the exchange rate between the US dollar and RMB increased slightly in the first half of the year, and the second half of the year decreased significantly. The foreign exchange risk exposure of the Company was also expanding due to the expansion of income scale. With the combination of double effects, the change of exchange gain and loss was larger than that in 2019.
Research and development expenses	313,618,277.57	257,795,968.95	21.65%	

4. Research and development investment

√applicable □ not applicable

During the reporting period, the total research and development investment of the Company was 404,570,100 yuan, with a year-on-year growth of 20.99%, accounting for 11.70% of the company's net assets attributable to the parent company and 7.28% of the operating income. With the Company's continuous research and development investment over the years, the Company's products are becoming increasingly intelligent, interconnected, complex and modular, and the added value of the products has been continuously improved.

Research and development investment of the Company

	2020	2019	Change ratio
Number of research and development personnel (person)	1,345	1,218	10.43%
Proportion of research and development personnel	21.59%	20.77%	0.82%
Research and development investment amount (yuan)	404,570,126.86	334,390,292.94	20.99%
Proportion of research and development investment in operating income	7.28%	8.16%	-0.88%
Capitalization amount of research and development investment (yuan)	90,951,849.29	76,586,488.60	18.76%
Proportion of capitalized research and development investment in research	22.48%	22.91%	-0.43%

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

applicable not applicable

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

applicable not applicable

5. Cash flow

Unit: Yuan

Items	2020	2019	Year-on-year increase and decrease
Subtotal of cash inflow from operating activities	5,365,550,244.38	3,890,125,455.55	37.93%
Subtotal of cash outflow from operating activities	4,717,649,536.00	3,485,647,755.35	35.34%
Net cash flow from operating activities	647,900,708.38	404,477,700.20	60.18%
Subtotal of cash inflow from investment activities	829,117,841.78	1,565,386,089.23	-47.03%
Subtotal of cash outflow from investment activities	1,210,840,008.02	1,899,254,305.17	-36.25%
Net cash flow from investment activities	-381,722,166.24	-333,868,215.94	-14.33%
Subtotal of cash inflow from financing activities	595,643,453.03	1,227,570,223.20	-51.48%
Subtotal of cash outflow from financing activities	390,804,539.83	956,002,307.79	-59.12%
Net cash flow from financing activities	204,838,913.20	271,567,915.41	-24.57%
Net increase amount in cash and cash equivalents	434,990,514.43	332,081,176.16	30.99%

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

applicable not applicable

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

applicable not applicable

III. Analysis of non-main business

applicable not applicable

Unit: Yuan

	Amount	Proportion in total	Explanation of formation reason	Whether it is

		profit		sustainable
Income from investment	258,578,241.24	41.30%	It mainly refers to the investment income and temporary idle capital financing income generated from the disposal of trading financial assets such as Dynanonic and ORVIBO held during the reporting period	Not sustainable
Profit and loss from changes in fair value	-105,561,454.64	-16.86%	It is mainly caused by the profit and loss of fair value changes recognized in the early stage of the transfer out of trading financial assets such as Dynanonic and ORVIBO held during the reporting period	Not sustainable
Impairment of assets	-88,616,454.37	-14.15%		
Non-operating income	3,091,552.14	0.49%		
Non-operating expenses	5,057,831.82	0.81%		

IV. Analysis of assets and liabilities

1. Major changes in asset composition

The Company first implements new income standards or new leasing standards since 2020 and adjusts and implements relevant items of financial statements at the beginning of the year

Applicable

Unit: Yuan

	End of 2020		Beginning of 2020		Increase or decrease of proportion	Description of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,219,095,476.50	17.90%	815,641,620.85	15.93%	1.97%	
Accounts receivable	1,701,111,153.86	24.98%	1,344,601,325.89	26.25%	-1.27%	
Inventory	1,115,312,868.62	16.38%	513,461,655.22	10.03%	6.35%	Inventory: increase of 601,850,000 yuan than at the beginning of the period, with an increase of 117.21%. The main reason is that according to the judgment of the influence of COVID-19 on the upstream electronic components, the Company reasonably increased the stock of raw

						materials, and increased the products and finished products in order to satisfy the order delivery.
Investment real estate	89,238,265.71	1.31%	75,980,555.48	1.48%	-0.17%	
Long-term equity investment	6,502,528.12	0.10%	6,863,474.93	0.13%	-0.03%	
Fixed assets	1,096,875,640.94	16.11%	911,874,844.52	17.80%	-1.69%	
Construction in progress	292,474,798.41	4.30%	227,919,784.95	4.45%	-0.15%	
Short-term loans	402,151,500.00	5.91%	173,000,000.00	3.38%	2.53%	At the end of the reporting period, it increased by 229,150,000 yuan, with an increase rate of 132.46%, compared with the beginning of the period. The main reason is the short-term loans obtained from banks during the reporting period.
Long-term loans	200,000,000.00	2.94%	200,000,000.00	3.90%	-0.96%	

2. Assets and liabilities measured at fair value

√applicable □ not applicable

Unit: Yuan

Items	Opening balance	Profit and loss from changes in fair value in the current period	Changes in cumulative fair value included in equity	Impairment accrued in the current period	Purchase amount in the current period	Amount sold in the current period	Other changes	Final balance
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	389,012,845.80	78,107,624.33	62,074,391.16	0.00	534,460,000.00	775,088,988.03	0.00	226,491,482.10
Subtotal of financial assets	389,012,845.80	78,107,624.33	62,074,391.16	0.00	534,460,000.00	775,088,988.03	0.00	226,491,482.10
Total of the above	389,012,845.80	78,107,624.33	62,074,391.16	0.00	534,460,000.00	775,088,988.03	0.00	226,491,482.10
Financial	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

liabilities								
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Contents of other changes

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

Yes No

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

Items	Account value at the end of the period	Restricted reasons
Monetary capital	22,259,641.58	Apply to the bank for the security deposit and guarantee deposit for issuing bank acceptance bill
Notes receivable	1,525,312.22	Apply to the bank for issuing bills pledged by bank acceptance bills
Fixed assets	251,597,560.32	Mortgage housing loan
Total	296,784,564.12	

V. Investment analysis

1. General situation

applicable not applicable

Investment in the reporting period (yuan)	Investment amount in the same period of last year (yuan)	Range of change
5,250,000.00	1,344,000.00	290.63%

2. Major equity investments obtained during the reporting period

applicable not applicable

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

applicable not applicable

4. Financial assets measured at fair value

applicable not applicable

Unit: Yuan

Security type	Security code	Security abbreviation	Initial investment cost	Accounting measurement model	Account value at the beginning of the period	Profit and loss from changes in fair value in the current period	Changes in cumulative fair value included in equity	Purchase amount in the current	Amount sold in the current period	Profit and loss in the reporting period	Account value at the end of the period	Accounting subjects	Source of capitals
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								period					
Domes tic and foreign stocks	300769	Dyna monic	10,000,000	Fair value measure ments	148,195,945.80	70,937,025.33	30,241,530.48	0.00	188,098,979.13	115,414,440.66	31,033,991.99	Trading financial assets	Own capit als
Total			10,000,000	--	148,195,945.80	70,937,025.33	30,241,530.48	0.00	188,098,979.13	115,414,440.66	31,033,991.99	--	--
Disclosure date of announcement of Board of Directors for approval of securities investment													
Disclosure date of announcement of Shareholders' Meeting for approval of securities investment (if any)													

(2) Derivatives investment

√applicable □ not applicable

Unit: 1,0000 yuan

Name of derivatives investment operator	Relation ship	Whether it is connected transaction	Types of derivatives investment	Initial investment amount of derivatives investment	Start date	Termination date	Initial investment amount	Purchase amount during the reporting period	Amount sold during the reporting period	Amount of provision for impairment (if any)	Investment amount at the end of the period	Proportion of investment amount at the end of the period in net assets of the Company at the end of the reporting period	Actual profit and loss amount in the reporting period
Citibank (China) Co., Ltd. Shenzhen	Non-related party	No	Forward settlement	34,881	2020/1/2	2020/12/31	34,881	34,881	34,881		0	0.00%	2,297

Branch			ent and sale of foreign exchan ge										
Total				34,881	--	--	34,881	34,881	34,881		0	0.00%	2,297
Capital sources of derivatives investment	Export collection												
Litigation (if applicable)	Not applicable												
Disclosure date of announcement of Board of Directors for approval of derivatives investment (if any)	January 11, 2020												
Disclosure date of Shareholders' Meeting announcement for approval of derivatives investment (if any)													
Risk analysis and control measures of derivatives positions in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>1. Market risk: changes in the domestic and international economic situation may cause substantial fluctuations in the exchange rate, and the forward foreign exchange trading business faces certain market risks. The purpose of the Company's forward foreign exchange trading business is to lock in the price of foreign exchange settlement or sale and reduce the impact of exchange rate fluctuations on the Company's profits. The Company will closely track the change of exchange rate. Based on the target exchange rate determined by the business, through the research and judgment of the trend of foreign exchange rate, combined with the Company's forecast of foreign exchange receipt and payment and the bearing capacity of price change caused by exchange rate fluctuation, the Company will determine the plan of signing forward foreign exchange trading contract, and implement dynamic management of the business, so as to ensure the reasonable profit level of the Company.</p>												
The analysis of the fair value of derivatives should disclose the specific methods used and the setting of relevant assumptions and parameters	<p>2. Liquidity risk: All forward foreign exchange transactions of the Company are based on reasonable estimation of the Company's future import and export business to meet the demand of trade authenticity. 3. Bank default risk: If the cooperative bank fails during the term of the contract due to its bankruptcy, the Company will not be able to deliver the original foreign exchange contract at the contract price, and there is a risk of uncertain income. Therefore, the bank that the Company chooses to carry out foreign exchange trading business is Citibank, and the risk of its bankruptcy may bring losses to the Company is very low. 4. Operational risk: The Company may have relevant risks due to improper operation of the handling personnel in the forward foreign exchange transaction business. The Company has formulated a relevant management system, and has clarified the operation process and responsible person, which is conducive to preventing and controlling risks. 5. Legal risk: The Company's forward foreign exchange trading business may cause legal disputes due to the signing of relevant trading contracts with banks and unclear agreements. The Company will strengthen the legal review of relevant contracts, and select banks with good credit to carry out such business and control risks.</p>												
Whether the accounting policies and accounting principles of the Company's derivatives in the reporting period have changed significantly compared with those	The Company carries out the confirmation and measurement in accordance with Chapter 7 Determination of Fair Value of Article 22 of the Accounting Standards for Business Enterprises-Recognition and Measurement of Financial Instruments, and the fair value is basically determined according to the price provided or obtained by pricing service institutions such as banks.												

in the previous reporting period	The Company's accounting for the fair value of derivatives is mainly the unexpired forward foreign exchange settlement and sale contract signed by the Company and the bank during the reporting period. According to the difference between the exchange rate agreed in the unexpired forward foreign exchange settlement and sale contract at the end of the period and the delivery exchange rate indicated in the forward contract signed by Citibank on the balance sheet date with the same term as the remaining term of the forward contract, it is recognized as trading finance assets or liabilities. During the reporting period, the actual profit and loss of forward foreign exchange contracts of the Company was 22,970,000 yuan.
Special opinions of independent directors on derivatives investment and risk control of the Company	None

5. Usage of raised capitals

applicable not applicable

(1) Overall usage of raised capitals

applicable not applicable

Unit: 1,0000 yuan

Year of raising capitals	Ways of raising capitals	Total amount of raised capitals	Total amount of raised capitals used in the current period	Total amount of raised capitals used	Total amount of raised capitals for change of purpose during the reporting period	Cumulative total amount of raised capitals with changed purposes	Cumulative proportion of total amount of raised capitals with changed purposes	Total amount of unused raised capitals	Purpose and destination of unused raised capitals	Amount of raised capitals which have been idle for more than two years
In 2016	Non-public offering of shares	58,800	479.23	59,770.15		8,000	13.60%	0	Used up	
2019	Public offering of convertible bonds	56,543.65	15,292.45	22,612.06			39.99%	34,578.81	Temporary replenishment and deposit in the special account for raised capitals	
Total	--	115,343.65	15,771.68	82,382.21	0	8,000	6.94%	34,578.81	--	0

General use of raised capitals
<p>(1) Use of capitals raised by non-public offering in 2016</p> <p>As of December 31, 2020, the Company has invested 597,701,500 yuan in capital-raising projects, of which 513,364,300 yuan has been directly invested in capital-raising projects and 84,337,100 yuan has been returned before the capital-raising capitals are in place. As of December 31, 2020, the account balance of the raised capitals is 0.00 yuan, and the accumulative investment, temporary replenishment and account balance are 11,387,800 yuan more than the net amount of the raised capitals, mainly including the interest income from the deposit of raised capitals of 2,388,600 yuan and the interest income from the Company's purchase of short-term financial products and structural deposits of 8,999,200 yuan.</p>
<p>(2) Use of capitals raised by public issuing of convertible bonds in 2019</p> <p>As of December 31, 2020, the Company has invested 226,120,600 yuan in capital-raising projects. Among them, 199,885,800 yuan was directly invested in the capital-raising projects, and 26,234,800 yuan was returned before the capitals were put in place. In 2020, 300 million yuan idle raised capitals have been used to temporarily supplement the working capital; as of December 31, 2020, the balance of the raised capitals account is 45,788,100 yuan (including interest income).</p>

(2) Situation of projects committed when raising capitals

applicable not applicable

Unit: 1,0000 yuan

Committed investment projects and investment direction of over raised capitals	Whether the project has been changed (including some changes)	Total committed investment of raised capitals	Total investment after adjustment (1)	Investment amount in this reporting period	Accumulated investment by the end of the period (2)	Investment progress by the end of the period (3)=(2)/(1)	The date when the project is ready for use	Benefits achieved during the reporting period	Whether the expected benefits are achieved	Where there is any significant change in the feasibility of the project
Committed investment projects										
1. Capital increase, research and control automation have obtained 30% equity, and motion control and servo drive research and development and operation center have been built	No	10,000	10,000	0.21	10,887.11	108.87%		0	Not applicable	No
2. Construction project of Topband Yiyuan (operation	No	20,000	20,000	479.02	20,238.93	101.19%	April 1, 2018	0	Not applicable	No

center)										
3. Acquisition of 25% equity held by former shareholders of YAKO Automation	No	6,750	6,750		6,741.47	99.87%			Not applicable	No
4. Replenish the Company's working capital	No	21,902.64	21,902.64		21,902.64	100.00%		0	Not applicable	No
5. Topband East China operation center construction project	No	56,543.65	56,543.65	15,292.45	22,612.06	39.99%			Not applicable	No
Subtotal of committed investment projects	--	115,196.29	115,196.29	15,771.68	82,382.21	--	--		--	--
Investment direction of over raised capitals										
0										
Total	--	115,196.29	115,196.29	15,771.68	82,382.21	--	--	0	--	--
Situation and reason of failing to reach the planned progress or expected income (by specific project)	0									
Description of major changes in project feasibility	0									
Amount, use and progress of over raised capitals	Not applicable									
Change of implementation location of investment projects with raised capitals	Not applicable									
Adjustment of implementation mode of investment projects with raised capitals	Applicable									
	Occurred in previous years									
	On March 23, 2018, the Company held the fourth meeting of the sixth Board of Directors and passed the Resolution on Changing Part of the Raised Capitals for Permanent Replenishment of Working Capital. The total amount of the raised capitals of the "motion									

	control and servo drive research and development and operation center project” was 80 million yuan (of which, 60 million yuan were originally intended for property purchase, 20 million yuan for research and development, testing and other equipment purchase) for permanent replenishment of working capital, and other purposes of the proposed raised capitals for the project remain unchanged. The Board of Supervisors, Independent Directors and Sponsor Institutions of the Company have expressed clear agreement on the matter. Finally, the matter was deliberated and approved by the 2017 Annual General Meeting of Shareholders held on April 17, 2018.
Upfront investment and replacement of investment projects with raised capitals	Applicable <p>1. The Company has invested in the sports control and servo drive research and development and operation center project with self-raised capitals of 11,959,600 yuan and the construction project of Topband Yiyuan (operation center) of 72,377,600 yuan. 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 [2016] No. 48250027). On June 15, 2016, the 25th Meeting of the 5th Board of Directors of the Company deliberated and passed the Proposal on Using Raised Capitals to Replace Self-raised Capitals Invested in Advance. As of September 30, 2020, the Company has completed the replacement of self-raised capitals invested in advance.</p> <p>2. The Company invested 26,234,800 yuan in advance in the operation center project of Topband East China with self-raised capitals. Ruihua Certified Public Accountants (special general partnership) conducts a special audit on the above matters, and issues the Authentication Report on the Report of Shenzhen Topband Co., Ltd. on the Investment Projects with Self-raised Capitals in Advance (RHHZ [2019] No. 48250027). On July 25, 2019, the 25th Meeting of the 5th Board of Directors of the Company deliberated and passed the proposal on using raised capitals to replace self-raised capitals invested in advance. As of September 30, 2020, the Company has completed the replacement of self-raised capitals invested in advance.</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	Applicable <p>On February 18, 2020, the Company held the 21st Meeting of the 6th Board of Directors, deliberated and passed the Proposal on Temporarily Replenishing Working Capital with Some Idle Raised Capitals, and agreed that the Company should temporarily replenish working capital with 400 million yuan of idle capitals raised, with a period of not more than 12 months. As of December 31, 2020, 300 million yuan of temporary supplementary current assets have been used.</p> <p>The Board of Supervisors, Independent Directors and Sponsor Institutions of the Company all expressed their clear consent on the matter.</p>
Amount and reasons of the balance of raised capitals in project implementation	Not applicable
Purpose and whereabouts of unused raised capitals	On February 18, 2020, the Company held the 21st Meeting of the 6th Board of Directors, deliberated and passed the Proposal on Temporarily Replenishing Working Capital with Some Idle Raised Capitals, and agreed that the Company should temporarily replenish working capital with 400 million yuan of idle capitals raised, with a period of not more than 12 months. As of December 31, 2020, 300 million yuan of temporary supplementary current assets have been used. <p>The Board of Supervisors, Independent Directors and Sponsor Institutions of the Company all expressed their clear consent on the matter.</p>
Problems or other situations in the	Not applicable

usage and disclosure of raised capitals

(3) Change of projects with raised capitals applicable not applicable

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

VI. 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**VII. Analysis of major holding and equity participating companies** applicable not applicable

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

Unit: Yuan

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Shenzhen YAKO Automation Technology Co., Ltd.	Subsidiary	R&D, production, sales, import and export of electronic parts and components	14 million	350,841,666.45	298,828,506.24	257,988,191.43	54,201,399.59	48,094,321.21
Huizhou Topband Electrical Technology Co., Ltd.	Subsidiary	R&D, production, sales, import and export of electronic parts and components	300 million	2,593,262,184.28	917,604,583.84	3,401,395,609.81	219,316,665.50	192,944,808.29
Shenzhen	Equity	R&D, production	77.86	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Dynanonic Co., Ltd.	participating companies	and sales of lithium-ion battery materials.	million					
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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 SMART DONGNAI(VIETNAM) Co., Ltd	Newly established and acquired	No significant impact on the results of the Report
Shenzhen Topband Supply Chain Services Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
Shenzhen Spark IOT Technology Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
Shenzhen Topband Investment Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
Shenzhen Tulu Innovation Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
Shenzhen Senxuan Technology Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
TOPBAND JAPAN Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report

VIII. Situation of structured entity controlled by the Company

applicable not applicable

IX. Prospects for future development of the Company

1. Be an agile innovation partner in the era of intelligence and lead the development of intelligent control industry.

In the future, the society is intelligent, and it will be an era of interconnection of everything. Intelligence will be a long-term sustained, extensive and far-reaching change, with intelligent control as the core technology of the future intelligent society, and the brain and nervous system of intelligent devices. The global intelligent control

industry is a large market with a value of over a trillion dollars. The intelligent controller of the Company is widely used in home appliances, smart home, power tools, switch power supply, personal care, industrial control, medical devices and other fields, and has the ability to provide customers with one-stop electrical intelligent solutions, including controller + communication module + cloud services + APP. A huge space for growth will be generated by the intelligence of traditional home appliances, the expansion of the pan-home appliance field, and the expansion of specialized application fields such as robotics, industrial control, and tools, thus promoting specialized division of labor, accelerating the transfer of industry to China, bringing innovation in business models, and enhancing market concentration, all of which will lead to the business growth of the Company.

The main business of the Company is the R&D, production and sales of intelligent control system solutions, i.e. “three electrics and one network” technology with electric control, motor, battery and IoT platform as the core, providing various customized solutions for four industries of home appliances, tools, industry and lithium battery. The Company will continue to strengthen its core competitiveness in three areas: “partnership-based customer service capability”, “platform-based technology innovation capability” and “systematic rapid response capability”, and to enhance the competitiveness of its products and achieve industry-leading technology leadership through technological advancement and innovation; to seize the opportunity of rapid industry growth to optimize its product and business structures and enhance its partner-based customer service capability; to continuously strengthen its platform construction in strategy, branding, R&D and supply chain to build a strong platform system, consolidate and strengthen its leading position in the intelligent control field, and become a global leading and honored provider of intelligent control technology.

2. Business plan for 2021

(1) Scale growth as the core goal. The Company will take scale growth as its core goal, build a pyramid profit model, and enhance its leading position in global intelligent control solution providers. The Company will provide one-stop intelligent control solutions and services for the world’s leading brand customers with the advantage of the “three electrics and one network” technology, and focusing on four main businesses of the “home appliances + tools + lithium battery + industry”. It will make good use of the capital market platform to achieve high growth in operating income scale through a combination of endogenous and extended methods.

In terms of home appliance business, the Company is committed to becoming a leader in intelligent control solutions for home appliances, providing customers with controllers, modules, complete machines and intelligent IoT solutions, etc. The Company will seize the opportunities of intelligence and IoT to strengthen breakthroughs

for top customers, vigorously cultivate and develop product lines with leading technology and high market share, and enhance the leadership position of the Company in the industry.

In terms of tool business, the Company is committed to becoming the world's leading OEM/ODM/OBM supplier in the tool industry, providing controllers, motors, battery packs, chargers, complete tool sets and intelligent IoT solutions for customers in the tool industry. The Company will seize the opportunity of “oil to electricity” and “cordless” in the tool industry to vigorously develop the top customers and continue to expand its market share.

In terms of lithium battery business, the Company is committed to becoming an industry leader in the customized lithium battery and BMS, and providing customers with energy storage, light power and BMS products. The Company will seize the development opportunities in the new energy industry to improve market planning and product development capabilities, and continue to increase production capacity and maintain high-speed growth.

In terms of industrial business, the Company will strive to enter the first echelon of the domestic industrial control industry, providing downstream automation equipment customers with industrial products such as stepper, servo, control, etc. The Company will seize the key opportunity of “domestic substitution” to accelerate the overall development and become the supplier with the best reputation in the industry.

In terms of innovative business, the Company will seize the development opportunities of “IoT”, “intelligence” and “new energy vehicles” to actively explore innovative businesses such as IoT and automotive electronics. Based on the core technology capability of “three electrics and one network”, the Company will improve its marketing and product development capability and develop it into the second growth track of the Company.

(2) Deepen the implementation of the four strategic policies of “customer intimacy, innovation driving, smart operation and organizational evolution” to enhance the core competitiveness of the Company

Strengthen customer intimacy strategy. The Company will vigorously develop three types of top customers, namely, big customers, strategic customers and sci-tech innovation customers, to enhance its market share; build close customer relationships around five customer values of “quality, cost, delivery, innovation and responsiveness” to enhance customer satisfaction; and set up several overseas offices to be close to customers and provide agile services to them.

Deepen the innovation-driven strategy. The Company will enhance technological innovation, strengthen basic and cutting-edge technology research, develop a number of black technologies and build technical control points; strengthen the construction of product line to create a greater number of ODM product platforms; promote the

protection of intellectual assets such as patents and trade secrets to build technical barriers; develop innovation growth engines and strengthen innovation talent training.

Fully advance of smart operation strategy. The Company will continue to optimize business processes and improve end-to-end efficiency; build cost advantages through “three reductions and one optimization”; promote the implementation of digital strategy and accelerate digital transformation; speed up the arrangement of overseas factories and promote international operation.

Continuously promote organizational evolution strategy. The Company will build a customer-centric process-oriented organization, create a more agile front-end “iron triangle type” team, strengthen the construction of talent team, and rapidly increase the number of talents in key positions.

(3) Accelerate the construction of Ningbo Industrial Park, actively arrange its layout of overseas operation bases, build its global delivery capability, and continue to create value for customers.

3. Fund demand and utilization plan

Since the Company is in the stage of rapid development, it has a huge fund demand in equipment upgrading and capacity expansion. With a good credit standing, the Company is able to get strong support from the bank timely. In 2020, taking into account its own development situation and development strategy, the Company has raised the funds required for its development by various reasonable ways.

4. Possible risk factors

(1) Risk of technology upgrading

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

(2) Exchange risk

To cope with the risk of exchange rate fluctuation, the Company will reduce and hedge foreign exchange risk by conducting RMB hedging business, international procurement and re-pricing of new product.

(3) Global operation risk

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

global operation.

(4) Other risks

At present, there are many uncertainties in the macro environment at home and abroad, and there are some factors that are unfavorable to the operation of the Company, such as the rise of international trade protectionism, unexpected public health events, shortage of raw materials or price increase, which will increase the uncertainty of the operation of the Company.

X. Reception, investigation, communication, interview and other activities

1. Registration form of reception, investigation, communication, interview and other activities during the reporting period

applicable not applicable

Reception date	Reception location	Reception method	Type of reception object	Reception object	Major content of interview and materials provided	Index to disclosed information
January 7, 2020	Conference room of the Company	Spot investigation	Organizations	China Life Insurance Asset Management Company Limited, Manulife Teda Fund Management Co., Ltd., China Post Fund Management Co., Ltd., China Merchants Fund Management Co., Ltd., Wanjia Asset Management Co., Ltd., Bank of China Investment Management Co., Ltd., Huaxi Securities Co., Ltd., Zhongtai Securities Co., Ltd., Haitong Securities Co., Ltd., Shanghai Xitai Investment Management Co., Ltd, CCB Principal Asset Management Co., Ltd.	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
May 1, 2020	Conference room of the Company	Spot investigation	Organizations	Ping An Fund Management Co., Ltd., Industrial Securities Co., Ltd., Guotai Junan Securities Co., Ltd., Shenzhen Hillview Capital Management Co., Ltd., Right View Shenzhen Investment Management Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
June 4, 2020	Conference room of the Company	Spot investigation	Organizations	Caitong Fund Management Co., Ltd., Baoying Fund Management Co., Ltd., Wanjia Asset Management Co., Ltd., Hua An Fund Management Co., Ltd., CITIC Capital Holdings Limited, Hua Chuang Securities Co., Ltd., Panhou Dongliang (Shanghai) Capital Management Co., Ltd., INFORE Capital Management Co., Ltd., Beijing SunCapital Management Co., Ltd., and Hua Yuan Heng Dao (Shanghai) Investment Management Co., Ltd.	Learn about the operation and financial situation of the Company; no information provided.	http://www.cninfo.com.cn

July 27, 2020	Conference room of the Company	Spot investigation	Organizations	Pacific Securities Co., Ltd., China Securities Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
August 28, 2020	Conference room of the Company	Spot investigation	Organizations	Shenzhen Qianhai Yiwu Asset Management Co., Ltd., Shenzhen Times Bole Venture Investment Management Co., Ltd., Everbright Xinglong Trust Co., Ltd., Guangdong Gaoqi Equity Investment Fund Management Co., Ltd., Changxin Fund Management Co., Ltd., Tefa Fuhai Equity Investment Fund Management Co., Ltd., Guangdong Luyuan Fund Management Co., Ltd., Great Wall Securities Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
September 18, 2020	Conference room of the Company	Spot investigation	Organizations	Beijing CUFU Long Ma Capital Investment Co., Ltd., Aegon-industrial Fund Management Co., Ltd., SINOLINK Securities Co., Ltd., Guotai Junan Securities Co., Ltd., Huarong Securities Co., Ltd., CICC Wealth Management Co., Ltd., Zhongrongding (Shenzhen) Investment Co., Ltd., Shenzhen Qianhai Gohedge Asset Management Company Limited	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
September 23, 2020	Conference room of the Company	Spot investigation	Organizations	Hongta Hongtu Fund Management Co., Ltd., Zheshang Securities Co., Ltd., Great Wall Securities Co., Ltd., Huaxi Securities Co., Ltd., Shanghai Boomleading Investment Management Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
October 20, 2020	Conference room of the Company	Spot investigation	Organizations	GUOSEN Securities Co., Ltd.; China Universal Asset Management Co., Ltd; Southern Asset Management Co., Ltd.; China Securities Co., Ltd.; Hua Chuang Securities Co., Ltd.; Orient Fund Management Co., Ltd.; Ping An Fund Management Co., Ltd.; Hongta Hongtu Fund Management Co., Ltd.; Shanghai Xitai Investment Management Co., Ltd; Yi-Star Investment Management Co., Ltd.; Shenzhen Gentai Investment Management Co., Ltd.; Hotland Innovation Asset Management Co., Ltd.; Shanghai Goldstate Brilliance Asset Management Co., Ltd.; First State CINDA Fund Management Co., Ltd.; Baoying Fund Management Co., Ltd.; Great Wall Securities Co., Ltd.; Hengtai Securities Co., Ltd.; Founder Securities Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
October 23,	Conference room of the	Spot investiga	Organiz	Shenzhen Qianhai Junjie Asset Management Co., Ltd	Learn about the operation, financial	http://www.cninfo.com.cn

2020	Company	tion	ations		situation and strategic planning of the Company; no information provided.	nfo.com.cn
November 3, 2020	Conference room of the Company	Spot investigation	Organizations	ADDOR Capital Service Co., Ltd.; Guotai Junan Securities Co., Ltd.; Guosheng Securities Co., Ltd.; Shenzhen ELITIMES Capital Management Co., Ltd.; Shenzhen Guangju Hengsheng Investment Management Co., Ltd.; Zhonggeng Fund Management Co., Ltd;	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
November 11, 2020	Combination of on-site meeting and teleconference	Spot investigation	Organizations	Point 72 Asset Management Limited, Credit Suisse (Hong Kong) Limited, Invesco Ltd., Millennium Management Limited, Baring Asset Management Limited. Fidelity Management & Research Corporation, UBS Asset Management Limited, Infini Asset Management Limited. Willing Capital Management Limited, Pacific Alliance Group, FountainCap Research & Investment. Government of Singapore Investment Corp., Magnolia Capital Management Limited, Centerline Investment Mgmt, Dantai Capital Limited, Guotai Asset Management Co., Ltd., Green Court Capital Management Limited, Mondrian Investment Partners Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
November 24, 2020	Conference room of the Company	Spot investigation	Organizations	China International Capital Corporation Limited.; Shenzhen Qianhai Gohedge Asset Management Company Limited; Xizang Yuancheng Investment Management Co., Ltd.; CETC Investment Holding Co., Ltd.; TruValue Asset Management Co., Ltd.; Avic Fund Management Co., Ltd.; Brookbull Investment Management (Beijing) Co., Ltd.; Beijing Ding Investment Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn
December 16, 2020	Conference room of the Company	Spot investigation	Organizations	Shenwan Hongyuan Securities Co., Ltd.; Yihe Yinfeng Investment Management Co., Ltd.; Dongguan Securities Co., Ltd.; Shenzhen Minsen Investment Co., Ltd.; Sinosafe General Insurance Co., Ltd.	Learn about the operation, financial situation and strategic planning of the Company; no information provided.	http://www.cninfo.com.cn

Section V Important Matters

I. Profit distribution of the Company's ordinary share and conversion of capital accumulation fund into share capital

Ordinary share profit distribution policy during the reporting period, especially the formulation, implementation or adjustment of the cash dividend policy

applicable not applicable

During the reporting period, the Board of Directors of the Company formulated the profit distribution proposal in 2019 after detailed consultation and listening to the opinions of the shareholders of the Company in combination with the Company's profit situation and investment situation in 2019 and the investment and expenditure plans in 2020, which was deliberated and approved by the 22nd Meeting of the 6th Board of Directors and the Annual General Meeting of Shareholders in 2019. The profit distribution plan of the Company in 2019 was based on the total share capital of 1,007,517,449 shares (excluding 11,258,320 shares of treasury stock that have been repurchased) of the Company and the cash dividends of 0.5 yuan (including tax) for every 10 shares was distributed to all shareholders. Besides, no share capital was converted from the accumulation fund and no bonus share was given. The above profit distribution plan was implemented on June 2, 2020. The annual profit distribution plan in 2019 complied with the provisions of laws, regulations, the Articles of Association and the 2017-2019 Annual Dividend Return Planning of the Company. The decision-making procedures of profit distribution have complied with relevant laws, regulations and rules.

Special explanation of cash dividend policy	
Whether it met the requirements of the Articles of Association or the resolution of the General Meeting of Shareholders:	Yes
Whether the dividend standard and proportion were definite and clear:	Yes
Whether the relevant decision-making procedures and mechanisms were complete:	Yes
Whether the Independent Director performed their duties and played their due roles:	Yes
Whether the medium and small shareholders had the opportunity to fully express their opinions and demands and whether their legitimate rights and interests have been fully protected:	Yes

If the cash dividend policy is adjusted or changed, whether the conditions and procedures were compliant and transparent:	Not applicable
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The Company's ordinary share dividend distribution plan (proposal) and capital accumulation fund converted to share capital plan (proposal) in recent three years (including the reporting period)

Profit distribution proposal in 2020: It was based on 1,120,377,889 shares of the Company's total share capital (excluding 14,838,920 shares of treasury stock that have been repurchased) and the cash dividends of 0.5 yuan (including tax) for every 10 shares was distributed to all shareholders. Besides, no share capital was converted from the accumulation fund and no bonus share was given. If the total share capital of the Company changed due to the exercise of options and other reasons before the implementation of the distribution proposal, the "total share capital on the date of equity registration when the distribution plan is implemented in the future" would be selected as the base and the total amount of distribution would be adjusted in accordance with the principle of unchanged distribution proportion.

Profit distribution plan in 2019: It was based on 1,007,517,449 shares of the Company's total share capital (excluding 11,258,320 shares of treasury stock that have been repurchased) and the cash dividends of 0.5 yuan (including tax) for every 10 shares was distributed to all shareholders. Besides, no share capital was converted from the accumulation fund and no bonus share was given. If the total share capital of the Company changed due to the exercise of options of stock and other reasons before the implementation of the distribution plan, the total amount of distribution would be adjusted in accordance with the principle of unchanged distribution proportion.

Profit distribution plan in 2018: It was based on 1,007,788,211 shares of the Company's total share capital after excluding the repurchased shares and the cash of 1.006033 yuan for every 10 shares will be distributed to all shareholders. Besides, no bonus share was given and no share capital was converted from the capital accumulation fund.

Table of Cash Dividends of Ordinary Share of the Company in Recent Three Years (including the Reporting Period)

Unit: Yuan

Dividend year	Cash dividend amount (including tax)	Net profit attributable to common shareholders of listed companies in annual consolidated	The ratio of cash dividend amount to the net profit attributable to common shareholders of	Amount of cash dividends by other means (such as share repurchase)	The proportion of cash dividends by other means in the net profit attributable to common	Total cash dividends (including other means)	The ratio of total cash dividends (including other means) to the net profit attributable to

		statements of dividends	listed companies in the consolidated statements		shareholders of listed companies in the consolidated statements		common shareholders of listed companies in the consolidated statements
2020	56,018,894.45	534,243,280.35	10.50%	20,004,351.75	3.74%	76,023,246.20	14.23%
2019	50,375,872.45	330,827,437.00	15.23%	55,898,367.50	16.90%	106,274,239.95	32.12%
2018	101,386,850.80	222,186,603.82	45.63%	4,101,632.50	1.85%	105,488,483.30	47.48%

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

applicable not applicable

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

applicable not applicable

Number of bonus shares send for every 10 shares (shares)	0
Number of dividend paid for every 10 shares (yuan) (including tax)	0.50
Number of conversion for every 10 shares (shares)	0
Share capital base of the distribution proposal (shares)	1,120,377,889
Cash dividend amount (yuan) (including tax)	56,018,894.45
Cash dividend amount (yuan) by other means (such as share repurchase)	20,004,351.75
Total cash dividends (including other means) (yuan)	76,023,246.20
Distributable profit (yuan)	805,991,614.36
Proportion of total cash dividends (including other means) in total profit distribution	100.00%
Cash dividend situation of this time	
If the development stage of the Company is a growth period and there are major capital expenditure arrangements, the minimum proportion of cash dividends in this profit distribution should reach 20% during profit distribution	
Detailed description of the profit distribution or capital accumulation fund conversion proposal	

The Company's profit distribution proposal in 2020 was as follows: It was based on the Company's total share capital of 1,120,377,889 shares (excluding 14,838,920 shares of treasury stock that have been repurchased) and the cash dividends of 0.5 yuan (including tax) for every 10 shares were distributed to all shareholders. Besides, no share capital was converted from the accumulation fund and no bonus share was given. If the total share capital of the Company changed before the implementation of the distribution proposal due to share repurchase, convertible bonds into shares and other reasons, the total amount of distribution would be adjusted according to the principle of unchanged distribution proportion.

III. Performance of commitments

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

√ applicable □ not applicable

Reasons for commitments	Commitment Party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Share reform commitments						
Commitments made in the acquisition report or the equity change report						
Commitments made in asset restructuring						
Commitments made during the initial public offering or refinancing	Wu Yongqiang	Commitments to horizontal competition	Mr. Wu Yongqiang, the actual controller of the Company, has promised that during the period of being the controlling shareholder and/or actual controller of the Company, he would not directly or indirectly engage in any business which was the same, similar or substantially competitive with the main business of the Company at present and in the future.	June 12, 2007	Long-term effective	Fulfill the commitment strictly
	Ji Shuhai	Commitments to horizontal competition	Ji Shuhai, a director of the Company as a shareholder, has promised not to directly or indirectly engage in any business which was the same, similar or substantially competitive with the main business of the Company at present and in the future in any way during his term of office.	June 12, 2007	Long-term effective	Fulfill the commitment strictly
	Wu	Other	1. Promise not to deliver benefits to other	March 23,	Decem	Comple

	Yongqiang, Ji Shuhai, Peng Ganquan, Zheng Sibin, Ma Wei, Wu Hang, Hao Shiming, Hua Xiuping, Shi Yun and Wen Zhaohui	commitments	organizations or individuals free of charge or under unfair conditions and not to damage the interests of the Company in other means. 2. Promise to restrict the duty consumption behavior of directors and senior executives. 3. Promise not to use the Company's assets to engage in investment and consumption activities that are unrelated to the performance of duties. 4. It was committed that the compensation system formulated by the Board of Directors or the Compensation Committee was linked to the implementation of the Company's compensation return measures. 5. If the Company implemented the equity incentive plan in the future, it promised that the exercise conditions of the equity incentive plan in the future would be linked to the implementation of the Company's compensation return measures.	2018	December 31, 2020	Completion of performance
	Wu Yongqiang	Other commitments	1. I would not interfere in the Company's operation and management activities beyond my authority and would not infringe the Company's interests. 2. From the issuance date of this commitment to the completion of this public offering of convertible corporate bonds, if the China Securities Regulatory Commission (CSRC) made other new regulatory provisions on the compensation return measures and its commitment while the above commitments could not meet the requirements of the CSRC, I promised to issue a supplementary commitment in accordance with the latest provisions of the CSRC. 3. If I violated, failed to perform or fulfilled this letter of commitment completely, I would bear corresponding legal liabilities in accordance with relevant provisions of the securities regulatory institution.	August 23, 2018	December 31, 2020	Completion of performance
	Wu Yongqiang, Ji Shuhai, Peng	Other commitments	1. I would not deliver benefits to other organizations or individuals free of charge or under unfair conditions and not damage the interests of the Company in other	April 29, 2020	On-going	Fulfill the commitment

	<p>Ganquan, Zheng Sibin, Ma Wei, Wu Hang, Hao Shiming, Hua Xiuping, Shi Yun, Wen Zhaohui and Xiang Wei</p>		<p>means. 2. I fully supported and cooperated with the Company in regulating the duty consumption behavior of directors and senior executives. Any duty consumption behaviors would occur within the scope necessary for fulfilling my duty to the Company. I strictly accepted the supervision and management of the Company to avoid extravagance or excessive consumption. 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. 4. I would try my best to make the Company implement the compensation demand return measures. 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). 6. If the Company would implement the employee equity incentive in the future, I would fully support the Company to link the arrangement of exercise conditions of the employee incentive with the implementation of the Company's compensation return measures. At the same time, I would vote in favor of the employee equity incentive proposal when the Board of Directors and the General Meeting of Shareholders of the Company deliberated (if I have vote/voting right). 7. If I violate the</p>			strictly
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			above commitments, I would make an explanation and apologize publicly at the General Meeting of Shareholders and the designated newspapers and magazines designated by the CSRC. I voluntarily accept the self-discipline supervision measures taken by the stock exchange and China Association for Public Companies. If my breach of the commitment causes losses to the Company or the shareholders, I shall be liable for compensation in accordance with the law.			
	Wu Yongqiang	Other commitments	1. I would not abuse the position of the controlling shareholder/actual controller to interfere with the operation and management activities of the Company beyond my power and would not infringe the Company's interests under any circumstances. 2. I would try my best to make the Company implement the compensation return measures. 3. I would work hard to link the compensation system formulated by the Board of Directors or the Compensation Committee with the implementation of the Company's compensation return measures. 4. I would work hard to link the exercise conditions (if any) of the corporate equity incentive to be published in the future with the implementation of the Company's compensation return measures. 5. I would support the relevant proposals related to the implementation of the Company's compensation return measures and would vote for them (if I have vote/voting right). 6. After the issuance of this commitment, if there are other requirements in the relevant provisions of the regulatory institution on the compensation return measures and its commitment and the above commitments could not meet the relevant requirements of the regulatory institution, I promise that I would issue a supplementary commitment in accordance with the relevant provisions at that time. 7. If I violate the above	April 29, 2020	On-going	Fulfill the commitment strictly

			commitments, I would make an explanation and apologize publicly at the General Meeting of Shareholders and the designated newspapers and magazines designated by the CSRC. I voluntarily accept the self-discipline supervision measures taken by the stock exchange and China Association for Public Companies. If my breach of the commitment causes losses to the Company or the shareholders, I shall be liable for compensation in accordance with the law.			
	Wu Yongqiang	Other commitments	If Huizhou Topband Electrical Technology Co., Ltd. (hereinafter referred to as "Huizhou Topband"), a wholly-owned subsidiary of Shenzhen Topband Co., Ltd. failed to bid for the land usage right of the plot DN-02-16 at the southeast of the intersection of Dongxin Avenue and Xing'an Road of Dongjiang High-tech Industrial Park in HZZK Hi-tech Industrial Development Zone to be used by "Huizhou Topband No. 2 Industrial Park Project" and Huizhou Topband was required to purchase or lease other lands while the Company would suffer from heavy losses, I would compensate for such losses (such as overpayment of land-transferring fees, rents).	July 30, 2020	On-going	Fulfill the commitment strictly
Equity incentive commitment	Peng Ganquan, Zheng Sibin, Ma Wei, Wen Zhaohui and Xiang Wei	Other commitments	I promise that I would not transfer all the Company's shares (including the shares obtained from exercise and other shares) within six months after the exercise of the stock option incentive plan in 2018.	April 28, 2020	October 28, 2020	Completion of performance
Other commitments to medium and small shareholders of the Company						
Whether the commitment was fulfilled on schedule	Yes					
If the commitment was not fulfilled within the time limit,	Not applicable					

the specific reasons for the failure and the next work plan shall be explained in detail	
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2. If there is a profit forecast for the assets or projects of the Company and the reporting period is still in the profit forecast period, the Company will explain why the assets or projects reached the original profit forecast

applicable not applicable

IV. 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.

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

applicable not applicable

VI. Description of changes in accounting policies, accounting estimates and accounting methods compared with the financial report of the previous year

Applicable not applicable

Accounting policy changes

1. On July 5, 2017, the Ministry of Finance revised and issued the Accounting Standards for Business Enterprises No. 14 - Revenue (CK [2017] No. 22), requiring domestic listed enterprises to implement the new revenue standards from January 1, 2020. According to the revised accounting standards, the Company was required to make corresponding changes to the original accounting policies.

2. On May 9, 2019, the Ministry of Finance issued the Notice on the Issuance and Revision of the (Accounting Standards for Business Enterprises No. 7 - Exchange of Non-monetary Assets) (CK [2019] No. 8), which required all enterprises that implemented the accounting standards for business enterprises conducting the standards from

June 10, 2019. According to the revised accounting standards, the Company was required to make corresponding changes to the original accounting policies.

3. On May 16, 2019, the Ministry of Finance issued the Notice on the Issuance and Revision of the (Accounting Standards for Business Enterprises No. 12 - Debt Restructuring) (CK [2019] No. 9, hereinafter referred to as “Debt Restructuring Standards”), requiring all enterprises that implemented the accounting standards for business enterprises conducting the standards from June 17, 2019. According to the revised accounting standards, the Company was required to make corresponding changes to the original accounting policies.

VII. Description of the major accounting error correction occurred in the reporting period requiring retroactive restatement

applicable not applicable

During the reporting period, there was no significant accounting error correction requiring retrospective restatement.

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

applicable not applicable

In 2020, the Company established 7 new sub-subsidiaries

IX. Appointment and dismissal of accounting firms

Accounting firms currently employed

Name of domestic accounting firms	BAKER TILLY International Accounting Firm (Special General Partnership)
Remuneration of the domestic accounting firm (10,000 yuan)	80
Continuous years of audit services of the domestic accounting firm	2
Name of the certified public accountant of the domestic accounting firm	Chen Zhigang, Zhao Yang
Continuous years of audit services of the certified public accountant of the domestic accounting firm	2

Whether to change the current employment of the accounting firm

Yes No

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

applicable not applicable

X. Delisting after disclosure of the annual report

applicable not applicable

XI. Matters related to bankruptcy reorganization

applicable not applicable

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

XII. Major litigation and arbitration matters

applicable not applicable

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

XIII. Punishment and rectification

applicable not applicable

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

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

applicable not applicable

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

applicable not applicable

Implementation of the stock option incentive plan in 2018

On October 26, 2018, the 7th Meeting of the 6th Board of Directors and the 5th Meeting of the 6th Board of Supervisors of the Company deliberated and approved the Proposal on the Company's 2018 Stock Option Incentive Plan (Draft) and Its Abstract, which was approved by the Company's first Extraordinary General Meeting of Shareholders in 2018. The grant registration was completed on January 4, 2019 and a total of 684 incentive objects were granted 42.887 million stock options. Among them, 684 incentive objects were all directors, middle and senior executives and core technology (business) backbones of the Company. The grant price was 3.80

yuan/share and the grant date was November 27, 2018. The stock option was locked within 12 months from the date of grant. After meeting the exercise conditions, the incentive objects could apply for exercise in three phases within 48 months after the date of grant.

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

On March 30, 2020, the 22nd Meeting of the 6th Board of Directors of the Company deliberated and approved the Proposal on the First Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights and the Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan. There were 606 incentive objects in the first exercise period of the 2018 stock option incentive plan and a total of 12.0147 million stock options meeting the exercise conditions could be exercised and the Company planned to adopt the independent exercise mode. Since the announcement on March 31 to the exercise date, the 7 incentive objects, such as Fang Dikui and Zhang Rong, resigned and left the Company due to personal reasons. 142,000 stock options granted but not exercised by them could not be exercised and would be canceled by the Company. The review procedure for adjusting the number of these options would be performed in the future.

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

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

XVI. 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. Other major related transactions

applicable not applicable

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

XVII. Major contracts and their performance

1. Trusteeship, contracting and lease

(1) Trusteeship

applicable not applicable

The Company had no trusteeship during the reporting period.

(2) Contracting

applicable not applicable

The Company had no contracting during the reporting period.

(3) Lease

applicable not applicable

The Company had no lease during the reporting period.

2. Material guarantee

applicable not applicable

(1) Guarantee

Unit: 1,0000 yuan

External guarantee of the Company and its subsidiaries (excluding guarantee for subsidiaries)								
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual guarantee amount	Guarantee type	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Not applicable						Not applicable		
Total amount of external guarantee approved during the reporting period (A1)				Total actual amount of external guarantee during the reporting period (A2)				
Total amount of external guarantee approved at the end of the reporting period (A3)				Total actual balance of external guarantee at the end of the reporting period (A4)				
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 guarantee amount	Guarantee type	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Ningbo Topband	January 12, 2019	19,000			Joint liability guaranty	The tentative guarantee period shall not exceed 5 years from the date of signing the formal guarantee agreement	No	No
Ningbo Topband	October 20, 2020	22,000	November 5, 2020	22,000	Joint liability guaranty	The tentative guarantee period shall not exceed 5 years from the date of signing	No	No

						the formal guarantee agreement		
Total amount of guarantee for subsidiaries approved during the reporting period (B1)		22,000	Total actual amount of guarantee for subsidiaries during the reporting period (B2)				22,000	
Total amount of approved guarantee for subsidiaries at the end of the reporting period (B3)		41,000	Total actual balance of guarantee for subsidiaries at the end of the reporting period (B4)					0
Guarantee of the subsidiary to its subsidiary								
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual guarantee amount	Guarantee type	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
None								
Total amount of guarantee approved for subsidiaries during the reporting period (C1)			Total actual amount of guarantee for subsidiaries during the reporting period (C2)					
Total amount of approved guarantee for subsidiaries at the end of the reporting period (C3)			Total actual balance of guarantee for subsidiaries at the end of the reporting period (C4)					
Total amount of the corporate guarantee (i.e. the sum of the first three items)								
Total amount of guarantee approved during the reporting period (A1+B1+C1)		22,000	Total actual amount of guarantee during the reporting period (A2+B2+C2)				22,000	
Total amount of guarantee approved at the end of the reporting period (A3+B3+C3)		41,000	Total actual balance of guarantee at the end of the reporting period (A4+B4+C4)					0
The proportion of the total actual amount of guarantee (A4+B4+C4) in the Company's net assets								0
Including:								
Balance of guarantee provided for shareholders, actual controllers and their related parties (D)								0
Balance of debt guarantee provided directly or indirectly for the								0

guaranteed object with an asset-liability ratio over 70% (E)	
Amount of total guarantee exceeding 50% of net assets (F)	0
Total amount of the above three guarantees (D+E+F)	0
Description of the unexpired guarantee and the situation that the guarantee liability has occurred or the joint and several liability may be assumed during the reporting period (if any)	None
Description of providing external guarantee in violation of specified procedures (if any)	None

(2) External guarantee in violation of regulations

applicable not applicable

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

3. Cash asset management entrusted by others

(1) Entrusted financial management

applicable not applicable

Overview of entrusted financial management during the reporting period

Unit: 1,0000 yuan

Specific types	Capital source of entrusted financing	Amount of entrusted financial management	Unexpired balance	Overdue amount not recovered
Bank financial products	Self-owned funds and idle funds raised	52,921	11,297.00	0
Total		52,921	11,297.00	0

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

applicable not applicable

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

applicable not applicable

(2) Entrusted loans

applicable not applicable

There was no entrusted loan during the reporting period.

4. Major contracts for daily operation

applicable not applicable

5. Other major contracts

applicable not applicable

Name of the contracting party	Name of the other contracting party	Contract object	Contract signing date	Book value of assets involved in the Contract (10,000 yuan) (if any)	Appraisal value of assets involved in the Contract (10,000 yuan) (if any)	Name of the appraisal institution (if any)	Base date of appraisal (if any)	Pricing principle	Transaction price (10,000 yuan)	Whether it is connected transaction	Relationship	Performance as at the end of the reporting period	Date of disclosure	Disclosure index
Shenzhen Topband Co., Ltd.	China Mobile Communication Co., Ltd.	Lithium iron phosphate battery products for base stations outside the tower from 2017 to 2018	January 9, 2018			Not applicable		Not applicable		No	Not applicable	As of December 31, 2020, the cumulative delivery amount was 274,038,100 yuan (excluding tax) and the contract has been fulfilled.	January 16, 2018	http://www.cninfo.com.cn
Shenzhen Topband Co., Ltd.	China Mobile Co., Ltd.	Smart campus terminal products	May 5, 2019			Not applicable		Not applicable		No	Not applicable	As of December 31, 2020, the cumulative delivery amount was 21,867,300 yuan (excluding tax). The Contract was still being performed.	April 27, 2019	http://www.cninfo.com.cn

XVIII. Social responsibility

1. Performance of social responsibility

The full text of the Report on Environment, Social Responsibility and Corporate Governance in 2020 was

published on CNINFO (<http://www.cninfo.com.cn>) on March 9, 2021.

2. Implementation of social responsibility for targeted poverty alleviation

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

3. Situation related to environmental protection

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

Yes No

Not applicable

XIX. Description of other major matters

applicable not applicable

1. Matters of the private issuing of stock in 2020

On April 28, 2020, the 23rd Meeting of the 6th Board of Directors of the Company deliberated and approved the Proposal on the Plan of the Company's Private Issuing of Stock and other relevant proposals. It was proposed to approve the private issuing of stock to raise funds of no more than 1.05 billion yuan, which would be used for the Huizhou Topband No. 2 Industrial Park Project and the supplementary working capital.

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

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

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

On July 14, the Company replied to the feedbacks and announced the Reply to the Feedbacks of the Application Document regarding the Private Issuing of Stock.

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

2. Acquisition of 18% equity of YAKO Automation

In the first half of 2020, the Company initialized the partial stake purchase project of the minority shareholders of its holding subsidiary YAKO Automation and decided to acquire 18% of the minority shareholders with cash of 102.6 million yuan. On July 2, 2020, the Company held the 25th Meeting of the 6th Board of Directors to deliberate and approve the Proposal on the Acquisition of Minority Shareholders' Rights and Interests of the Holding Subsidiary. After the completion of this acquisition, the Company's profit dilution would be reduced by minority equity, which could further accelerate the development of the Company to the direction of industrial control, improvement of the management efficiency of the Company and better achievement of the strategic development objectives of the Company. The equity acquisition had completed the industrial and commercial change on July 21, 2020.

For details, please check the announcements disclosed by the Company in the Securities Times and CNINFO (<http://www.cninfo.com.cn>) on April 29, May 21, June 17, July 3, July 14, July 22 and August 25, 2020.

3. On November 2, 2020, the "Topband convertible bonds" triggered conditional redemption terms. As of the market closing on November 25, 2020, 15,553 shares were not converted to the bonds in the "Topband convertible bonds" and the Company has redeemed all of it. "Topband convertible bonds" no longer met the listing conditions and were delisted on Shenzhen Stock Exchange on December 7, 2020.

4. On December 29, 2020, according to the document on the Notice of Issuing the New Identification in 2020 (the 27th Batch) and the List of All National Enterprise Technology Centers Issued by the National Development and Reform Commission, the Ministry of Science and Technology, the Ministry of Finance, the General Administration of Customs and the General Administration of Taxation (FGGJ [2020] No. 1918), the technical center of Shenzhen Topband Co., Ltd. (hereinafter referred to as "the Company") was identified as the national technical center in 2020 (the 27th batch). According to the relevant regulations of the state on the Determination and Management Measures of the National Enterprise Technology Center, the Company could enjoy preferential tax policies for supporting scientific and technological innovation.

XX. Major matters of subsidiaries of the Company

applicable not applicable

1. On January 6, 2020, Topband Smart (Vietnam) Dong Nai Co., Ltd. obtained the Enterprise Registration Certificate issued by the Dong Nai Planning and Investment Department and the wholly-owned sub-subsidiary of

Vietnam has completed the registration.

2. In March 2020, the Company invested and established a wholly-owned subsidiary Shenzhen Topband Investment Co., Ltd. with a registered capital of 30 million yuan, and established a wholly-owned subsidiary Shenzhen Topband Supply Chain Service Co., Ltd. with a registered capital of 5 million yuan, which has been included in the scope of consolidated statements since its establishment.

3. On March 30, 2020, the 22nd Meeting of the 6th Board of Directors of the Company deliberated and approved the Proposal on Increasing Investment in Indian Subsidiaries to decide to increase investment in Indian subsidiaries. After the increase of investment, the total amount of investment should not exceed USD 50 million.

4. In April 2020, Shenzhen Spark IOT Technology Co., Ltd. was established by Shenzhen Topband Investment Co., Ltd. and it was a wholly-owned subsidiary of the Company with a registered capital of 10 million yuan, which had been included in the scope of consolidated statements since its establishment.

5. In October 2020, the Company invested and established a wholly-owned subsidiary Shenzhen Senxuan Technology Co., Ltd. with a registered capital of 10 million yuan, which had been included in the scope of consolidated statements since its establishment.

Section VI Share Change and Shareholders

I. Share change

1. Share change

Unit: share

	Before this change		Increase or decrease of the change (+, -)					After this change	
	Quantity	Proportion	Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Others	Subtotal	Quantity	Proportion
I. Shares with non-tradable conditions	220,462,525	21.64%				-22,213,228	-22,213,228	198,249,297	17.46%
1. Shares held by the state		0.00%							0.00%
2. Shares held by state-owned legal persons		0.00%							0.00%
3. Shares held by other domestic capital	220,462,525	21.64%				-22,213,228	-22,213,228	198,249,297	17.46%
Including: shares held by domestic legal persons		0.00%							0.00%
Shares held by domestic natural persons	220,462,525	21.64%				-22,213,228	-22,213,228	198,249,297	17.46%
4. Shares held by foreign investment		0.00%							0.00%
Including: shares held by overseas legal persons		0.00%							0.00%
Shares held by overseas natural persons		0.00%							0.00%
II. Shares without non-tradable conditions	798,313,244	78.36%				138,654,268	138,654,268	936,967,512	82.54%
1. RMB ordinary share	798,313,244	0.00%				138,654,268	138,654,268	936,967,512	82.54%
2. Domestic listed foreign shares		0.00%							0.00%
3. Overseas listed foreign shares		0.00%							0.00%
4. Others		0.00%							0.00%
III. Total number of shares	1,018,775,769	100.00%				116,441,040	116,441,040	1,135,216,809	100.00%

Reasons for share change

√applicable □ not applicable

During the reporting period, the change of the Company's share capital was caused by the joint influence of the repurchase and cancellation of some restricted stocks, the reduction of 310,839 shares of share capital, the conversion of convertible bonds into shares and the increase of 116,210,315 shares of option exercise.

Approval of share change

applicable not applicable

The above changes had been approved by the Board of Directors of the Company as required.

Transfer of share change

applicable not applicable

All the above share changes had been registered in the registration and settlement company.

Implementation progress of share repurchase

applicable not applicable

Progress of repurchase plan in 2020

The 20th (Temporary) Meeting of the 6th Board of Directors held on February 4, 2020 deliberated and approved the Proposal on Share Repurchase Plan of the Company. The Share Repurchase Report was disclosed on February 7, 2020.

On April 3, 2020, the Company repurchased 3,580,600 shares through a centralized bidding transaction, accounting for 0.3515% of the total share capital of the Company. The lowest transaction price was 5.53 yuan/share and the highest transaction price was 5.63 yuan/share. The total transaction amount was 20,004,351.75 yuan (excluding transaction expenses). The Company's 2020 repurchase plan had been implemented.

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

applicable not applicable

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

applicable not applicable

Items	January to December 2020		2019	
	Calculation based on new share capital	Calculation based on the original share capital	Calculation based on new share capital	Calculation based on the original share capital
Basic earnings per share	0.49	0.54	0.29	0.32
Diluted earnings per share	0.48	0.50	0.30	0.31
Net assets per share attributable to the parent company	3.05	3.40	2.21	2.46

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	Desterilization of the non-tradable date
Wu Yongqiang	177,756,536	0	18,750,000	159,006,536	Executives lock-in shares	Not applicable
Ji Shuhai	28,363,981	0	3,750,000	24,613,981	Executives lock-in shares	Not applicable
Ma Wei	5,501,200	225,000	0	5,726,200	Executives lock-in shares	Not applicable
Peng Ganquan	2,988,402	270,000	335,728	2,922,674	Executives lock-in shares	Not applicable
Zheng Sibin	3,752,977	180,000	0	3,932,977	Executives lock-in shares	Not applicable
Wen Zhaohui	1,708,595	135,000	262,500	1,581,095	Executives lock-in shares	Not applicable
Dai Huijuan	239,709	0	0	239,709	Executives lock-in shares	Not applicable
Xiang Wei	151,125	90,000	15,000	226,125	Executives lock-in shares	Not applicable
Total	220,462,525	900,000	23,113,228	198,249,297	--	--

II. Issuance and listing of securities

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

applicable not applicable

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

applicable not applicable

1. Changes in the total number of shares:

During the reporting period, some restricted stocks were repurchased and canceled to reduce 310,839 shares of share capital. In 2018, the first exercise of stock options was encouraged to increase 12,014,700 shares of share capital and 104,426,340 shares of convertible bonds were converted into shares. Consequently, the total share capital of the Company increased by 116,441,040 shares and the share capital increased from 1,018,775,769 shares to 1,135,216,809 shares.

2. Changes in shareholder structure:

On March 7, 2019, the Company publicly issued 5.73 million convertible bonds, which were referred to as “Topband convertible bonds”. The “Topband convertible bonds” issued by the Company could be converted into shares of the Company from September 16, 2019. From January 1, 2020 to November 26, 2020, the cumulative number of shares converted from “Topband convertible bonds” was 104,426,340.

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

By the end of the period, the total share capital of the Company was 1,135,216,809 shares and the total asset of the Company was 6,803,891,928.56 yuan. The asset-liability ratio was 47.91%.

3. Existing situation of internal staff shares

applicable not applicable

III. Shareholders and actual controllers

1. Number of shareholders and shareholding situation of the Company

Unit: share

Total number of common shareholders	46,749	Total number of common shareholders at the end of the previous month before	52,042	Total number of preferred shareholders with voting rights restored at the end	0	The total number of preferred shareholders whose	0
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at the end of the reporting period		the disclosure date of the annual report		of the reporting period (if any) (see Note 8)		voting rights were restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 8)		
Shareholding situation of shareholders holding more than 5% or top 10 shareholders								
Name of shareholder	Nature of shareholders	Shareholding proportion	Number of shares held at the end of the reporting period	Increase and decrease in the reporting period	Number of shares with non-tradable conditions	Number of shares without non-tradable conditions	Pledge or freezing	
							Share status	Quantity
Wu Yongqiang	Domestic natural person	18.68%	212,008,715	0	159,006,536	53,002,179	Pledge	111,670,163
First State Investment Management (UK) Limited - First State Global Umbrella Fund: First State Greater China Growth Fund	Others	2.42%	27,456,355	27,456,355	0	27,456,355		
Ji Shuhai	Domestic natural person	2.41%	27,318,642	-5,500,000	24,613,981	2,704,661		
Xie Renguo	Domestic natural person	1.46%	16,605,800	-3,119,995	0	16,605,800		
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.26%	14,273,560	14,273,560	0	14,273,560		
Zhao Ziwei	Domestic natural person	1.19%	13,542,300	-6,463,700	0	13,542,300		
National social security fund 412 portfolio	Others	1.02%	11,581,500	11,581,500	0	11,581,500		
Industrial and Commercial Bank of China Limited - Taikang strategy optimization and flexible allocation of hybrid securities investment fund	Others	0.79%	9,000,000	9,000,000	0	9,000,000		
UBS AG	Overseas	0.78%	8,897,733	8,897,733	0	8,897,733		

	legal person							
Sun Life Everbright Asset Management – Industrial Bank Co., Ltd. - directional asset management products from Sun Life Everbright Asset Jucai No. 121	Others	0.78%	8,802,240	8,802,240	0	8,802,240		
The top 10 shareholders of strategic investors or general legal persons due to placement of new shares (if any) (see Note 3)	No							
Description of the above shareholders' relationship or concerted action	Not applicable							
Shareholding of the top 10 shareholders without non-tradable conditions								
Name of shareholder	Number of shares held without non-tradable conditions at the end of the reporting period	Types of shares						
		Types of shares	Quantity					
Wu Yongqiang	53,002,179	RMB ordinary share	53,002,179					
First State Investment Management (UK) Limited - First State Global Umbrella Fund: First State Greater China Growth Fund	27,456,355	RMB ordinary share	27,456,355					
Xie Renguo	16,605,800	RMB ordinary share	16,605,800					
Hong Kong Securities Clearing Company Ltd.	14,273,560	RMB ordinary share	14,273,560					
Zhao Ziwei	13,542,300	RMB ordinary share	13,542,300					
National social security fund 412 portfolio	11,581,500	RMB ordinary share	11,581,500					
Industrial and Commercial Bank of China Limited - Taikang strategy optimization and flexible allocation of hybrid securities investment fund	9,000,000	RMB ordinary share	9,000,000					
UBS AG	8,897,733	RMB ordinary share	8,897,733					
Sun Life Everbright Asset Management – Industrial Bank Co., Ltd. - directional asset management products from Sun Life Everbright Asset Jucai No. 121	8,802,240	RMB ordinary share	8,802,240					
Shenzhen Qianhai Wuwei Capital Management Co., Ltd. - Wuwei value selected private equity investment fund	8,000,000	RMB ordinary share	8,000,000					
Description of the relationship or concerted action between the top 10 shareholders without non-tradable shares and between the top 10 shareholders without non-tradable shares and the top 10 shareholders	Not applicable							
Description of the participation of the top 10 common shareholders in securities margin trading (if any) (see Note 4)	Not applicable							

Whether the top 10 common shareholders and the top 10 shareholders of the ordinary share without non-tradable conditions have conducted the agreed repurchase transactions during the reporting period

Yes No

The top 10 shareholders of ordinary share and the top 10 shareholders of ordinary share without non-tradable conditions did not carry out the agreed repurchase transaction during the reporting period.

2. Controlling shareholders of the Company

Nature of controlling shareholder: controlling by natural person

Type of controlling shareholder: natural person

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

Change of controlling shareholders during the reporting period

applicable not applicable

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

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

Nature of actual controller: domestic natural person

Type of actual controller: natural person

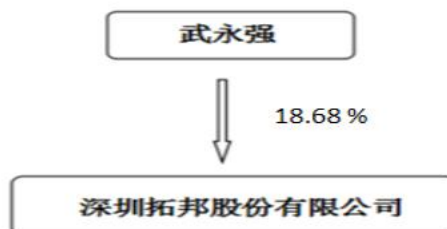
Name of actual controller	Relationship with actual controller	Nationality	Whether the right of residence in other countries or regions was obtained
Wu Yongqiang	Oneself	China	No
Main position and occupation	Since 2009, holding the post of the Chairman and General Manager of Shenzhen Topband Co., Ltd.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

Change of actual controller during the reporting period

applicable not applicable

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

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



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

applicable not applicable

4. Other corporate shareholders holding more than 10% shares

applicable not applicable

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

applicable not applicable

Section VII Information on Preferred Shares

applicable not applicable

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

Section VIII Information on Convertible Corporate Bonds

√applicable □ not applicable

I. Previous adjustments of the conversion price

Due to the Company's implementation of the 2018 annual equity distribution, the price of Topband's convertible bonds and shares has been adjusted from 5.64 yuan/share to 5.54 yuan/share, and the adjusted share conversion price has been effective since May 29, 2019 (ex-right and ex-dividend date). For detailed information, please refer to the Announcement on Adjusting the Share Conversion Price of "Topband Convertible Bonds" (Announcement No.: 2019052) disclosed on the information disclosure media Securities Times and www.cninfo.com.cn on May 22, 2019.

Due to the exercise of the first exercise period of the stock option incentive plan in 2018 to increase the Company's share capital and the implementation of cash dividends in 2019 annual equity distribution, the price of the convertible bonds and shares of Topband has been adjusted from 5.54 yuan/share to 5.47 yuan/share, and the adjusted share conversion price has been effective since June 2, 2020 (ex-right and ex-dividend date). For details, please refer to the Announcement on Adjusting the Share Conversion Price of "Topband Convertible Bonds" (Announcement No.: 2020048) disclosed on the information disclosure media Securities Times and www.cninfo.com.cn on May 26, 2020.

II. Information on cumulative share conversion

√applicable □ not applicable

Abbreviation of convertible bond	Duration of share conversion	Total number issued (shares)	Total issue amount	Accumulated amount of share conversion (RMB)	Accumulated number of shares converted (shares)	Proportion of the number of shares converted in the total number of shares issued by the Company prior to the commencement of share conversion	Amount of shares not yet converted (RMB)	Proportion of the amount of unconverted shares in the total issue amount
Topba	September 16, 2019	5,730,000	573,000,000.00	571,431,300.99	104,466,417	99.73%	1,555,300.00	0.27%

nd conver tible bonds	- November 26, 2020							
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Note: As of December 31, 2020, all the bonds that were converted into shares had been redeemed by the Company due to triggering conditional redemption.

III. Information on Top 10 Convertible Bond Holders

applicable not applicable

IV. Significant changes in the profitability, assets and credit status of the guarantor

applicable not applicable

V. The Company's liabilities and credit changes at the end of the reporting period and cash arrangements for debt repayment in future years

On May 27, 2020, CSCI Pengyuan Credit Rating Co., Ltd. issued the 2020 Follow-up Credit Rating Report on the 2019 Convertible Corporate Bonds of Shenzhen Topband Co., Ltd. (Z.P.X.P [2020] G.Z. No. [65] 01), maintaining the long-term credit rating of the Company as AA and the current convertible bond credit rating as AA, and the rating outlook was maintained as stable. There is no difference from the rating results at the time of issue of "Topband Convertible Bonds".

Section IX Information on Directors, Supervisors, Senior Executives and Employees

I. Changes in shareholding of directors, supervisors and senior executives

Name	Position	Position status	Gender	Age	Commencement date of tenure	Termination date of tenure	Number of shares held at the beginning (shares)	Number of additional shares held in the current period (shares)	Number of shares reduced in the current period (shares)	Other changes (shares)	Ending number of shares held (shares)
Wu Yongqiang	Chairman of the Board of Directors	Incumbent	Male	56	2011/08/29	2023/9/13	212,008,715	0	0		212,008,715
Ji Shuhai	Director	Incumbent	Male	59	2011/08/29	2023/9/13	32,818,642	0	5,500,000		27,318,642
Zheng Sibin	Director and deputy general manager	Incumbent	Male	55	2011/08/29	2023/9/13	5,003,970	0	0	240,000	5,243,970
Ma Wei	Director and deputy general manager	Incumbent	Male	46	2005/08/1	2023/9/13	7,334,934	0	0	300,000	7,634,934
Peng Ganquan	Director	Incumbent	Male	49	2011/8/29	2023/9/13	3,536,900	0	0	360,000	3,896,900
Wu Hang	Director	Incumbent	Male	37	2014/09/12	2023/9/13	0	0	0		0
Hua Xiuping	Independent director	Incumbent	Female	43	2017/9/9	2023/9/13	0	0	0		0
Shi Yun	Independent director	Incumbent	Male	43	2017/9/9	2023/9/13	0	0	0		0
Huang Yuegang	Independent director	Incumbent	Male	63	2020/9/14	2023/9/13	0	0	0		0
Wen Zhaohui	Deputy general manager, secretary of the board and investment director	Incumbent	Female	47	2012/09/20	2023/9/13	1,928,127	0		180,000	2,108,127
Xiang Wei	Chief financial	Incumbent	Male	44	2019/1/10	2023/9/13	181,500			120,000	301,500

	officer	bent									
Dai Huijuan	Supervisor	Incumbent	Female	45	2011/8/29	2023/9/13	319,612	0	0		319,612
Kang Weiquan	Supervisor	Incumbent	Male	37	2014/09/12	2023/9/13		0	0		
Chen Jinzhou	Supervisor	Incumbent	Male	43	2017/2/15	2023/9/13	0	0	0		0
Total	--	--	--	--	--	--	263,132,400	0	5,500,000	1,200,000	258,832,400

II. Changes in directors, supervisors and senior executives of the Company

applicable not applicable

Name	Position	Type	Date	Reason
Hao Shiming	Independent director	Left office upon expiry of the tenure	September 13, 2020	Left office upon expiry of the tenure
Huang Yuegang	Independent director	Employed	September 14, 2020	Newly employed

III. Position status

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

(1) Members of the Board of Directors

Wu Yongqiang, male, born in 1965, holds a master's degree and has no right of permanent residence abroad. He is a local leading talent recognized by Shenzhen City. He has won the titles "Shenzhen Young Science and Technology Leader" awarded by Shenzhen Municipal Government and "Top Ten Outstanding Young People" in Nanshan District, Shenzhen. He served successively as lecturer of Harbin Institute of Technology and vice chairman of the Company. Now he serves as chairman of the Board of Directors of the Company, chairman of the Board of Directors of Shenzhen Topband Software Technology Co., Ltd., executive director of Shenzhen Topband Lithium Battery Co., Ltd., executive (managing) director of Shenzhen Hongru Investment Management Co., Ltd., partner of Shenzhen Hongru Investment Enterprise (Limited Partnership), executive director of Shenzhen Yankai Electric Technology Co., Ltd., executive director and general manager of Ningbo Topband Intelligent Control Co., Ltd., and director of Topband (Hong Kong) Co., Ltd.

Zheng Sibin: Male, born in 1966, master's degree, certified public accountant. He has no right of permanent residence abroad. He served successively as office director and deputy factory director of Zhejiang Songyang

Brewery, financial supervisor of Nantai Electronics (Shenzhen) Co., Ltd., and manager and chief financial officer of the financial department of the Company. Now he serves as director, deputy general manager and general manager of the business unit of the Company, supervisor of Shenzhen Topband Software Technology Co., Ltd. and supervisor of Chongqing Topband Industrial Co., Ltd.

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

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

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

Wu Hang: Male, born in 1984, master's degree. He has no right of permanent residence abroad. He once served as assistant researcher at the Institute of Biophysics, Chinese Academy of Sciences. Now he serves as director of the Company and design conversion engineer of Shenzhen Mindray Bio-Medical Electronics Co., Ltd.

Huang Yuegang: Male, born in October 1958, graduated from Jilin University of Finance and Economics with a bachelor's degree, senior accountant. He once served as deputy director of the office and deputy director of the Publicity Department of the Party Committee at Jilin University of Finance and Economics, chief financial officer of Shenzhen Far East Hotel Co., Ltd., credit director of Shenzhen Branch of Guangfa Bank, president of Zhenhua Road Sub-branch, executive president of Shenzhen Golden Lighting (Group) Co., Ltd., chairman of Dalian Changxing Industrial Co., Ltd., deputy general manager of Tianjin Guangxia Real Estate Development Co., Ltd., deputy general manager of Shenzhen Zhongnan Hotel (Group) Management Co., Ltd. and president of Shenzhen Binji Industrial Group Co., Ltd. Now he serves as independent director of Guizhou Tyre Co., Ltd.

Hua Xiuping: Female, born in 1978, Ph.D. She has no right of permanent residence abroad. She served successively as researcher of China Finance Forty Forum, visiting scholar of School of Oriental and African

Studies, University of London funded by British Academy of Sciences, guest editor of European Finance Journal, part-time vice president and partner of Junrun Capital, and independent director of Happigo Home Shopping Co., Ltd. Now she serves as independent director of the Company, professor of finance and doctoral supervisor at Nottingham University Business School (China), and independent director of Bank of Dongguan Co. Ltd.

Shi Yun: Male, born in 1978, master's degree, senior economist. He has no right of permanent residence abroad. He served successively as design engineer and deputy director of the purchasing resources department at Xiamen Amoi Electronics Co., Ltd., supply chain project manager of Polaroid International Trade Co., Ltd., branch factory director of Meggitt (Xiamen) Sensors & Controls Co., Ltd., and global supply chain executive of Dell (China) Co., Ltd. Now he serves as independent director of the Company and digital supply chain product director of Alibaba Group.

(2) Members of the Board of Supervisors

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

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

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

(3) Senior executives

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

Peng Ganquan, deputy general manager. See the resumes of the members of the Board of Directors.

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

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

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

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

Positions in the shareholders' units

applicable not applicable

Positions in other units

applicable not applicable

Name of staff	Names of other units	Positions held in other units	Commencement date of tenure	Termination date of tenure	Are remuneration and allowances received from other units
Wu Yongqiang	Shenzhen Topband Software Technology Co., Ltd.	Chairman of the Board of Directors	February 26, 2004		No
Wu Yongqiang	Shenzhen Topband Lithium Battery Co., Ltd.	Executive (Managing) Director	April 29, 2009		No
Wu Yongqiang	Shenzhen Hongru Investment Management Co. Ltd.	Executive (Managing) Director	August 20, 2015		No
Wu Yongqiang	Shenzhen Hongru Investment Enterprise (Limited Partnership)	Partner	September 2, 2015		No
Wu Yongqiang	Shenzhen Topband Suzhou Intelligent Technology Co., Ltd.	Executive director and general manager	February 7, 2017		No

Wu Yongqiang	Ningbo Topband Intelligent Control Co., Ltd.	Executive director and general manager	August 28, 2017		No
Ji Shuhai	Shenzhen Topband Software Technology Co., Ltd.	Director	February 26, 2004		No
Ji Shuhai	Shenzhen Shuofang Precision Machinery Co., Ltd.	Executive (Managing) director and general manager	May 24, 2010		Yes
Peng Ganquan	Shenzhen Allied Control System Co., Ltd.	Executive director	December 20, 2016		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
Wu Hang	Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	Design conversion engineer	July 1, 2013		Yes
Hua Xiuping	Bank of Dongguan Co. Ltd.	Independent director	June 1, 2020		Yes
Hua Xiuping	Nottingham University Business School (China)	Associate Professor of Finance	July 1, 2016		Yes
Shi Yun	Zhejiang Tmall Technology Co. Ltd.	Deputy Director of Alibaba Group Supply Chain Research Center	December 1, 2017		Yes
Huang Yuegang	Guizhou Tyre Co., Ltd.	Director	March 1, 2019		Yes
Wen Zhaohui	Shenzhen Yuchengxin Power Technology Co., Ltd.	Director	July 18, 2016		No
Dai Huijuan	Huizhou Topband Electrical Technology Co., Ltd.	Executive director and general manager	November 14, 2011		No
Dai Huijuan	Huizhou Topband New Energy Co. Ltd.	Executive director and manager	December 7, 2016		No

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

applicable not applicable

IV. Remuneration of directors, supervisors and senior executives

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

1. Decision-making procedure and determination basis of the remuneration: According to the "Salary

Management System for Directors, Supervisors and Senior Executives" approved by the resolution of the General Meeting of Shareholders of the Company, salaries shall be paid to the directors, supervisors and senior executives of the Company. After the salary and assessment committee formulates a salary scheme for directors, it shall be submitted to the Board of Directors for deliberation and application shall be to the General Meeting of Shareholders for approval.

2. The "Salary Management System for Directors, Supervisors and Senior Executives of Shenzhen Topband Co., Ltd.", revised at the 2011 Annual General Meeting of Shareholders held on April 17, 2012, stipulates that the allowance for independent directors of the Company is RMB 84,000 per year (before tax), which will be paid according to the length 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 of directors, supervisors and senior executives during the reporting period

Unit: 1,000 yuan

Name	Position	Gender	Age	Position status	Total pre-tax remuneration received from the Company	Is remunerations received from related parties of the Company
Wu Yongqiang	Chairman of the Board of Directors	Male	56	Incumbent	157.70	No
Ji Shuhai	Director	Male	59	Incumbent	8.40	No
Zheng Sibin	Director and deputy general manager	Male	55	Incumbent	166.81	No
Ma Wei	Director and deputy general manager	Male	46	Incumbent	171.85	No
Peng Ganquan	Director	Male	49	Incumbent	150.94	No
Wu Hang	Director	Male	37	Incumbent	8.40	No
Hao Shiming	Independent director	Male	54	Outgoing	5.95	No
Hua Xiuping	Independent director	Female	43	Incumbent	8.40	No
Shi Yun	Independent director	Male	43	Incumbent	8.40	No
Wen Zhaohui	Deputy general manager, secretary of the board and investment director	Female	47	Incumbent	90.00	No

Xiang Wei	Chief financial officer	Male	44	Incumbent	73.03	No
Dai Huijuan	Supervisor	Female	45	Incumbent	95.12	No
Kang Weiquan	Supervisor	Male	37	Incumbent	29.89	No
Chen Jinzhou	Supervisor	Male	43	Incumbent	81.03	No
Huang Yuegang	Independent director	Male	63	Incumbent	2.45	No
Total	--	--	--	--	1,058.37	--

Equity incentive granted to the Company's directors and senior executives during the reporting period

√ applicable □ not applicable

Unit: share

Name	Position	Number of shares exercisable during the reporting period	Number of shares exercised during the reporting period	Number of exercised shares and exercise price during the reporting period (yuan/share)	Market price at the end of the reporting period (yuan/share)	Number of restricted stocks held at the beginning of the period	Number of shares unlocked in the current period	Number of new restricted stocks granted during the reporting period	Grant price of restricted stocks (yuan/share)	Number of restricted stocks held at the end of the period
Peng Ganquan	Director and deputy general manager	360,000	360,000	3.7	8.11	0	0	0		0
Zheng Sibin	Director and deputy general manager	240,000	240,000	3.7	8.11	0	0	0		0
Ma Wei	Director and deputy general manager	300,000	300,000	3.7	8.11	0	0	0		0
Wen Zhaohui	Deputy general manager, secretary of the board and investment director	180,000	180,000	3.7	8.11	0	0	0		0
Xiang Wei	Chief financial officer	120,000	120,000	3.7	8.11	0	0	0		0
Total	--	1,200,000	1,200,000	--	--	0	0	0	--	0

V. Information on the Company's Employees

1. Number, professional composition and education level of employees

Number of active employees of the parent company (persons)	2,051
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Number of active employees of major subsidiaries (persons)	4,178
Total number of active employees (persons)	6,229
Total number of salaried employees in the current period (persons)	6,229
Number of retired employees paid by the parent company and major subsidiaries (persons)	3
Professional composition	
Major composition category	Number of persons of professional composition (persons)
Production personnel	3,212
Sales personnel	456
Technical personnel	1,610
Financial personnel	88
Administrative personnel	380
Logistics personnel	483
Total	6,229
Education level	
Education level category	Number (persons)
Bachelor's degree or above	2,090
Junior college level	954
Below junior college level	3,185
Total	6,229

2. Salary policy

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

3. Training plan

The Company has established a talent training system combining professional competence and leadership, including routine

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

In 2020, the talent development department of the Company and other relevant departments carried out a series of training. In order to help new employees better adapt to the new work environment and operating posts, understand relevant systems of the Company and integrate themselves into the enterprise culture, the human resource center of the Company has specially arranged a systemic training plan for "Topband New Employee Training", and the training covers the company profile, welfare, corporate culture, the information system, finance, and intellectual property rights, legal basis, ISC core ideas and professional mental health, etc. "Topband New Employee Training" has become the Company's systematic new employee training plan. In 2020, the Company held 12 new employee training sessions.

In addition to SAP system training and TC system training, the Company will also hold various professional training for different positions from time to time, including financial, legal, patent, customs, procurement and supply chain training, sales training, R&D training, manufacturing and quality training, as well as subject exchange and sharing of various professional modules and technologies. The Company's training topics in 2020 covered R&D modules, manufacturing and quality modularization, power IC technology, trademarks, customs knowledge, PCB design specifications, prevention and response of workplace-related psychological problems, project management, supply chain strategy and plan change, supplier negotiation and other topics. At the same time, the Company will also actively look for external quality training and exchange opportunities to effectively improve the professional ability of employees. In 2020, the Company's external exchange topics covered intelligent home appliance application voice interaction technology, Zigbee comparative system explanation, AI sensor technology and other topics.

The Company puts the training plan in a more important position. In order to improve the pertinence of training and enhance the professional ability of personnel in all departments of the Company, the module heads of all the departments of the Company and the talent development department of the human resources center of the Company have jointly formulated the 2021 annual training plan. In order to improve the internal implementation ability of each department, the module heads of all departments and the corresponding lecturers ensure that the training plan will be carried out in an effective and orderly manner, and the talent development department of the human resources center will supervise and manage the implementation. The training plan for 2021 covers topics such as

management, professional technical theory and practice, negotiation, customer development and management. In terms of course design, teaching method, training system, instructor team and other resources, the Company has effectively guaranteed the opportunities for employees to learn and grow, safeguarding the career development of employees.

4. Information on labor outsourcing

applicable not applicable

Section X Corporate Governance

I. Basic situation of corporate governance

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

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

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

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

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

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

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

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

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

Is there a significant difference between the actual situation of corporate governance and the normative documents on corporate governance issued by the China Securities Regulatory Commission

Yes No

There is no significant difference between the actual situation of corporate governance and the normative documents on corporate governance issued by the China Securities Regulatory Commission.

II. The independence of the Company from the controlling shareholder in terms of business, personnel, assets, institutions, finance, etc.

The controlling shareholder of the Company is a natural person, and the controlling shareholder has no other investment. The Company and the controlling shareholder are completely separated in terms of business, personnel, assets, finance, etc. The Company has stable production and operation, and can operate independently and normatively.

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

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

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

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

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

III. Competition in the same industry

applicable not applicable

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

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

Meeting session	Meeting type	Investor participation ratio	Meeting date	Date of disclosure	Disclosure index
2019 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	26.49%	May 20, 2020	May 21, 2020	http://www.cninfo.com.cn
First Extraordinary General Meeting of Shareholders in 2020	Extraordinary General Meeting of	27.66%	September 14, 2020	September 15, 2020	http://www.cninfo.com.cn

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

applicable not applicable

V. Performance of duties by independent directors during the reporting period

1. Attendance of independent directors at board meetings and the general meetings of shareholders

Attendance of independent directors at board meetings and the general meetings of shareholders							
Name of independent director	Number of board meetings that shall be attended during this reporting period	Number of board meetings that shall be attended on the spot	Number of board meetings attended by means of communication	Number of times of entrusted attendance at board meetings	Number of times of absence from board meetings	Did any of them fail to attend board meetings in person for two consecutive times	Number of the general meetings of shareholders attended
Hao Shiming	8	0	8	0	0	No	1
Shi Yun	12	1	11	0	0	No	0
Hua Xiuping	12	0	12	0	0	No	1
Huang Yuegang	4	1	3	0	0	No	0

Description of absence from board meetings for two consecutive times

2. Objections raised by independent directors to relevant matters of the Company

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

Yes No

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

3. Other description of the performance of duties by independent directors

Were the relevant suggestions of independent directors to the Company adopted

Yes No

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

During the reporting period, the independent directors of the Company could make full use of their professional

advantages and pay close attention to the Company's operating conditions. They reviewed and issued independent opinions on the major events of the Company, and put forward professional opinions on the overall development strategy of the Company and the market situation it faced, the forecast of daily related transactions, the non-public offering of stocks, the distribution of rights and interests, the change of accounting policies, the use of raised funds, the adjustment of stock incentive plans and other matters. The Company adopted the above opinions put forward by independent directors.

VI. Performance of the duties by special committees under the Board of Directors during the reporting period

1. Audit Committee

In 2020, the audit committee held five meetings, deliberated the quarterly and annual audit summary, work plans, quarterly financial statements, changes in the Company's accounting policies, renewal of the employment of the accounting firm and other proposals during the reporting period, and submitted them to the Board of Directors for deliberation.

2. Salary and Assessment Committee

In 2020, the salary and assessment committee held one meeting, deliberated and passed the "Proposal on the Salary of the Company's Directors in 2019", the "Proposal on the Salary of the Company's Senior Executives in 2019" and the "Proposal on Compliance with Exercise Conditions and Vesting for the First Exercise Period of the Stock Option Incentive Plan in 2018", and submitted them to the Board of Directors for deliberation.

3. Strategy Committee

In 2020, the strategy committee held two meetings, deliberating and passing the "Proposal on the Plan for Non-Public Offering of Stocks" and the matters related to the rights and interests of minority shareholders in the acquisition of the research and control automation subsidiary.

4. Nomination Committee

In 2020, the nomination committee held one meeting, deliberating and adopting the "Proposal on the Election of the Board of Directors".

VII. Work of the Board of Supervisors

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

period

Yes No

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

VIII. Appraisal and incentive of senior executives

The Company implements the salary plan based on post salary and oriented by annual business performance. The appraisal of senior executives is carried out in the way of annual performance appraisal, and the restricted stock incentive plan and the stock option incentive plan are implemented. Hence the Company forms a perfect salary structure system consisting of fixed salary, short-term incentive and long-term incentive. All the senior executives of the Company are appointed by the Board of Directors, and the salary and assessment committee of the Board of Directors is responsible for evaluating the working ability, performance of duties and completion of responsibility objectives of the senior executives of the Company. After appraisal, during the reporting period, the senior management personnel of the Company conscientiously performed their work responsibilities with good work performance, and better completed the tasks confirmed this year.

IX. Internal Control Evaluation Report

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

Yes No

2. Internal control self-evaluation report

Date of disclosure of the full text of the internal control evaluation report	March 9, 2021
Index for disclosure of the full text of the internal control evaluation report	(http://www.cninfo.com.cn) "2020 Annual Internal Control Evaluation Report"
The ratio of the total assets of the unit included in the evaluation scope to the total assets in the consolidated financial statement of the Company	100.00%
The ratio of the operating income of the unit included in the evaluation scope to the operating income in the consolidated financial statements of the Company	100.00%

Defect identification criteria		
Category	Financial report	Non-financial report
Qualitative standard	1. Fraud by directors, supervisors and senior executives of the Company; 2. The Company corrected the published financial report; 3. Major misstatement in the current financial report found by certified public accountants but not identified in the Company's internal control; 4. The audit committee and the audit department conducted invalid supervision over the Company's external financial reports and financial reports.	The possibility of defects was high, which would seriously reduce the work efficiency or effect, or seriously increase the uncertainty of the effect, or make it seriously deviate from the expected goal.
Quantitative standard	More than 1% of consolidated revenue	More than 1% of consolidated revenue
Number of major defects in financial reports (defects)		0
Number of major defects in non-financial reports (defects)		0
Number of major defects in financial reports (defects)		0
Number of major defects in non-financial reports (defects)		0

X. Internal Control Audit Report or Authentication Report

Internal control verification report

The deliberation opinion paragraph in the internal control authentication report	
Baker Tilly International Accounting Firm (Special General Partnership) deems that as of December 31, 2020, the Company maintained effective internal control related to financial statements in all material aspects in accordance with the relevant norms and standards of the "Basic Code of Internal Control of Enterprises" issued by the Ministry of Finance.	
Disclosure of the internal control authentication report	Disclosure
Date of disclosure of the full text of the internal control certification report	March 9, 2021
Index for disclosure of the full text of the internal control certification report	http://www.cninfo.com.cn
Type of the opinion of the internal control authentication report	Standard and unqualified opinion
Were there major defects in the non-financial report	No

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

Yes No

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

the Board of Directors

Yes No

Section XI Information Related to Corporate Bonds

Did the Company had corporate bonds that were publicly issued and listed on the stock exchange and were not due or were not fully paid on the date of approval of the annual report

No

Section XII Financial Reports

I. Audit report

Type of audit opinion	Standard unqualified opinion
Date of signing of audit report	March 8, 2021
Name of audit Institution	BAKER TILLY International Accounting Firm (Special General Partnership)
Document number of audit report	T.Z.Y.Z. [2021] No. 7532
Name of certified public accountant	Chen Zhigang, Zhao Yang

Text of audit report

T.Z.Y.Z. [2021] No. 7532

All shareholders of Shenzhen Topband Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of Shenzhen Topband Co., Ltd. (hereinafter referred to as "Topband Company"), including the consolidated and parent company's balance sheets as of December 31, 2020, the consolidated and parent company's income statements, the consolidated and parent company's cash flow statements and the consolidated and parent company's statements of changes in shareholders' equity for 2020, and the relevant notes to the financial statements.

In our opinion, the attached financial statements prepared in all material respects in accordance with the Accounting Standards for Business Enterprises fairly reflect the consolidated and parent company's financial position as of December 31, 2020, and the consolidated and parent company's operating results and cash flows for 2020.

II. Basis for the Formation of the Audit Opinion

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

terms of professional ethics. We believe that the audit evidence obtained by us is sufficient and appropriate and has provided a basis for the expression of our audit opinion.

III. Key Audit Matters

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

Key Audit Matters	How are the matter handled in the audit
1. Revenue recognition	
<p>In 2020, the operating income of Topband Company is 5,560,183,000 yuan. Considering that operating income is a key operating indicator of the Topband Company, whether the sales revenue of products is included in the appropriate accounting period may be potentially misstated, so we regard the recognition of operating income as a key audit matter.</p> <p>Please refer to the accounting policies described in "(24) Income" in "III. Important Accounting Policies and Accounting Estimates", "(38) Operating Income and Operating Cost" in "VI. Notes to Items in the Consolidated Financial Statements" and "(4) Operating Income and Operating Cost" in "XVII. Annotations to Major Items in the Parent Company's Financial Statements" in the notes to the financial statements.</p>	<p>The main audit procedures we have carried out for revenue recognition include, but are not limited to the following:</p> <p>(1) Understand, evaluate and test the effectiveness of the design and operation of internal control related to the sales and collection of Topband Company;</p> <p>(2) Understand revenue recognition policies through interviews with the management, check relevant terms of major customer contracts, analyze and evaluate whether the revenue recognition policies actually implemented are appropriate, and recheck whether relevant accounting policies are consistently used;</p> <p>(3) Inquire and understand the background information of major customers or new customers through open channels, such as industrial and commercial registration information, and confirm whether there is any potential unidentified related party relationship between major customers and Topband Company and its related parties;</p> <p>(5) Analyze the rationality of changes in the sales structure of major products, compare with the gross profit rate in the same period in history and in the same industry, analyze changes in the gross profit rate of major products and major customers, and recheck the rationality of sales revenue;</p> <p>(6) Verify the sales volume of major customers in combination with the audit of accounts receivable, and perform substitution tests for customers who did not reply;</p> <p>(7) Take samples to check the relevant documents of sales</p>

	<p>revenue transactions, such as sales contracts (orders), delivery notes, receipts (warehouse receipts), customs declarations, statements of account and sales invoices, so as to verify whether the confirmed sales revenue is true;</p> <p>(8) Spot-check sales revenue transactions recorded before and after the balance sheet date to check the supporting vouchers of revenue recognition under each mode, so as to evaluate whether sales revenue is recorded in the appropriate accounting period.</p>
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Key Audit Matters	How are the matter handled in the audit
2. Impairment of accounts receivable	
<p>By the end of 2020, the book value of accounts receivable of Topband Company was 1,852,497,400 yuan. Due to the large book value of accounts receivable, the assessment of bad debt provision involves the significant accounting estimation and judgment of the management. Therefore, we regard the bad debt provision of accounts receivable as a key audit matter.</p> <p>Please refer to the accounting policies described in "(11) Receivables" in "III. Important Accounting Policies and Accounting Estimates", "(4) Accounts Receivable" in "VI. Notes to Items in the Consolidated Financial Statements" and "(1) Receivables" in "Notes to Major Items in the Parent Company's Financial Statements" in the notes to the financial statements.</p>	<p>The main audit procedures we have carried out for the impairment of accounts receivable include, but are not limited to the following:</p> <p>(1) Understand, evaluate and test the effectiveness of the design and operation of internal control related to the credit policy and accounts receivable management of Topband Company;</p> <p>(2) Analyze the rationality of the accounting policies for the bad debt provision of accounts receivable, including the basis for determining the combination of accounts receivable, the expected credit loss rate, the judgment of a single item with a significant amount, the judgment of a single item with bad debt provision, and check whether it conforms to relevant accounting policies;</p> <p>(3) Obtain the aging analysis table and bad debt provision table of accounts receivable, analyze and check the rationality and accuracy of the aging division and bad debt provision of accounts receivable;</p> <p>(4) Analyze and calculate the ratio between the amount of bad debt provision and the balance of accounts receivable on the balance sheet date, compare the amount of previous bad debt provision and the actual amount incurred, and analyze whether the amount of bad debt provision of accounts receivable is sufficient;</p> <p>(5) Analyze the rationality of the scale of accounts receivable of major customers in combination with the credit period of accounts receivable. At the same time, understand the reasonable cause for the accounts receivable beyond the credit period, so as to identify whether there is any situation that affects the assessment result of bad debt provision for accounts receivable of Topband Company.</p>

IV. Other Information

The management of Topband Company (hereinafter referred to as the "Management") is responsible for other information. Other information includes information covered in the 2020 Annual Report, but does not include the financial statements and our audit report.

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

In conjunction with our audit of the financial statements, it is our responsibility to read other information and, in doing so, consider whether other information is materially inconsistent or appears to be materially misstated with the financial statements or what we have learned in the course of our audit.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we shall report that fact. In this regard, we have nothing to report.

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

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

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

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

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

Our objective is to obtain reasonable assurance as to whether the financial statements contain no misstatement caused by fraud or errors on the whole and to issue an audit report including an audit opinion. Reasonable assurance is a high level of assurance, but cannot guarantee that a certain material misstatement can

always be detected in an audit carried out according to audit standards. A misstatement may be caused by fraud or errors. Misstatements are generally deemed to be material if it is reasonably expected that they may, individually or collectively, influence the economic decisions made by the users of the financial statements according to the financial statements.

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

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

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

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

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

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

(6) We have obtained sufficient and appropriate audit evidence for the financial information on the entity or business activities of Topband Company to express our audit opinion on the financial statements. We are responsible for guiding, supervising and implementing the group's audit and bear full responsibility for the audit

opinion.

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

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

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

Beijing, China
March 8, 2021

Chinese Certified Public
Accountants:

(Project Partners)

Chinese Certified Public
Accountants:

II. Financial Statements

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

1. Consolidated balance sheet

Prepared by: Shenzhen Topband Co., Ltd.

December 31, 2020

Unit: Yuan

Items	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	1,219,095,476.50	815,641,620.85
Settlement of provisions		
Lending funds		

Trading financial assets	226,491,482.10	389,012,845.80
Derivative financial asset		
Notes receivable	39,477,930.63	184,241,548.74
Accounts receivable	1,701,111,153.84	1,344,601,325.89
Receivables financing	246,656,027.27	
Prepayments	17,735,229.99	14,434,888.27
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	40,728,126.64	45,781,832.93
Including: interest receivable		7295.55
Dividends receivable		
Repurchase of financial assets for resale		
Inventory	1,115,312,868.62	513,461,655.22
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	68,175,222.37	30,780,749.09
Total current assets	4,674,783,517.96	3,337,956,466.79
Non-current assets:		
Loans and advances granted		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	6,502,528.13	6,863,474.93
Investment in other equity instruments		
Other non-current financial assets		
Investment property	89,238,265.71	75,980,555.48
Fixed assets	1,096,875,640.94	911,874,844.52
Projects under construction	292,474,798.41	227,919,784.95
Productive biological assets		

Oil and gas assets		
Use right assets		
Intangible assets	309,794,540.63	228,997,071.35
Development expenditure	68,518,375.79	62,015,182.42
Goodwill	108,637,368.48	143,168,717.85
Long-term unamortized expenses	72,077,671.09	35,637,724.65
Deferred income tax assets	55,192,974.75	39,907,895.92
Other non-current assets	34,639,355.39	51,329,093.10
Total non-current assets	2,133,951,519.32	1,783,694,345.17
Total assets	6,808,735,037.28	5,121,650,811.96
Current liabilities:		
Short-term borrowing	402,151,500.00	173,000,000.00
Borrowing money from the central bank		
Borrowed funds		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	715,574,653.91	376,710,352.49
Accounts payable	1,549,906,339.72	977,216,374.27
Advance receipt	487,267.17	37,054,668.04
Contract liabilities	72,576,117.56	
Financial assets sold for repurchase		
Deposit absorption and interbank deposit		
Acting trading securities		
Acting underwriting securities		
Employee salary payable	175,503,764.12	129,165,174.74
Taxes payable	60,256,015.60	24,435,371.35
Other payables	57,160,615.93	51,515,210.40
Including: Interest payable		2,988,309.00
Dividends payable		
Service charges and commissions payable		
Reinsurance accounts payable		

Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	3,033,616,274.01	1,769,097,151.29
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowing	200,000,000.00	200,000,000.00
Bonds payable		479,891,035.92
Including: Preferred shares		
Perpetual bond		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	14,624,770.00	10,022,500.00
Deferred income tax liabilities	11,819,861.30	27,472,884.02
Other non-current liabilities		
Total non-current liabilities	226,444,631.30	717,386,419.94
Total liabilities	3,260,060,905.31	2,486,483,571.23
Owner's equity:		
Share capital	1,135,216,809.00	1,018,775,769.00
Other equity instruments		104,535,879.24
Including: Preferred shares		
Perpetual bond		
Capital reserves	956,734,039.75	456,556,282.32
Less: Inventory shares	80,017,965.68	60,009,612.52
Other comprehensive income	-24,555,229.97	-3,059,762.06
Special reserve		
Surplus reserves	151,359,957.53	127,284,211.74
General risk provision		
Undistributed profit	1,324,944,369.91	866,301,932.11
Total owner's equity attributable to the parent company	3,463,681,980.54	2,510,384,699.83

Minority equity	84,992,151.43	124,782,540.90
Total owners' equity	3,548,674,131.97	2,635,167,240.73
Total liabilities and owners' equity	6,808,735,037.28	5,121,650,811.96

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

2. Balance sheet of the parent company

Unit: Yuan

Items	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	705,163,083.52	385,436,535.15
Trading financial assets	102,133,982.10	238,405,345.80
Derivative financial asset		
Notes receivable	6,939,021.98	76,671,962.02
Accounts receivable	896,265,475.70	899,176,641.49
Receivables financing	217,543,679.19	
Prepayments	6,953,106.28	5,957,082.22
Other receivables	41,159,647.12	117,939,852.28
Including: interest receivable		
Dividends receivable		
Inventory	209,965,269.91	105,521,726.58
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	12,054,327.33	6,081,494.93
Total current assets	2,198,177,593.13	1,835,190,640.47
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	2,200,934,231.94	1,805,683,606.98
Investment in other equity instruments		
Other non-current financial assets		

Investment property		
Fixed assets	120,829,877.70	109,399,125.14
Projects under construction	2,392,458.84	565,615.15
Productive biological assets		
Oil and gas assets		
Use right assets		
Intangible assets	132,732,792.93	117,561,989.08
Development expenditure	44,248,718.56	37,718,324.75
Goodwill		
Long-term unamortized expenses	27,739,322.93	12,217,217.91
Deferred income tax assets	27,692,977.98	19,876,957.58
Other non-current assets	6,997,597.90	14,236,345.61
Total non-current assets	2,563,567,978.78	2,117,259,182.20
Total assets	4,761,745,571.91	3,952,449,822.67
Current liabilities:		
Short-term borrowing	102,151,500.00	165,000,000.00
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	696,684,142.33	252,444,912.50
Accounts payable	471,203,775.42	389,218,701.89
Advance receipt		19,097,275.28
Contract liabilities	29,103,190.50	
Employee salary payable	91,953,399.79	75,793,897.30
Taxes payable	28,211,920.73	5,254,949.29
Other payables	299,042,515.61	243,934,895.76
Including: Interest payable		2,976,709.00
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,718,350,444.38	1,150,744,632.02
Non-current liabilities:		
Long-term borrowing		

Bonds payable		479,891,035.92
Including: Preferred shares		
Perpetual bond		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	10,535,500.00	9,567,500.00
Deferred income tax liabilities	8,106,676.00	24,289,411.36
Other non-current liabilities		
Total non-current liabilities	18,642,176.00	513,747,947.28
Total liabilities	1,736,992,620.38	1,664,492,579.30
Owner's equity:		
Share capital	1,135,216,809.00	1,018,775,769.00
Other equity instruments		104,535,879.24
Including: Preferred shares		
Perpetual bond		
Capital reserves	1,007,315,299.41	457,944,801.38
Less: Inventory shares	80,017,965.68	60,009,612.52
Other comprehensive income	5,569,575.04	
Special reserve		
Surplus reserves	151,331,439.07	127,255,693.28
Undistributed profit	805,337,794.69	639,454,712.99
Total owners' equity	3,024,752,951.53	2,287,957,243.37
Total liabilities and owners' equity	4,761,745,571.91	3,952,449,822.67

3. Consolidated income statement

Unit: Yuan

Items	2020	2019
I. Gross operating income	5,560,182,998.21	4,098,855,380.70
Including: Operating income	5,560,182,998.21	4,098,855,380.70
Interest income		
Premium earned		

Service charge and commission income		
II. Total operating costs	5,030,783,316.55	3,797,327,579.71
Including: Operating cost	4,204,293,830.77	3,197,501,735.13
Interest payment		
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	21,690,582.69	28,337,443.99
Selling expenses	132,898,433.70	134,890,094.70
Management fees	181,296,178.33	142,622,745.50
Research and development costs	313,618,277.57	257,795,968.95
Finance charges	176,986,013.49	36,179,591.44
Including: Interest expense	41,611,921.13	37,039,755.07
Interest income	7,457,090.20	7,330,866.39
Plus: Other income	35,265,593.47	47,420,079.04
Return on investment (loss marked with "-")	258,578,241.24	-2,091,016.67
Including: Income from investment in associated enterprises and joint ventures	-360,946.80	2,176,410.20
Income from derecognition of financial assets measured at amortized cost		
Exchange gains (loss marked with "-")		
Net exposure hedge gain (loss marked with "-")		
Income from changes in fair value (loss marked with "-")	-105,561,454.64	120,249,096.66
Credit impairment loss (loss marked with "-")	10,647,224.22	-26,753,102.91
Asset impairment loss (loss marked with "-")	-99,263,678.59	-48,136,700.20
Income from disposal of assets (loss marked with "-")	-932,817.83	2,736.00
III. Operating profit (loss marked with "-")	628,132,789.53	392,218,892.91
Plus: Non-operating income	3,091,552.14	5,994,977.01
Less: Non-operating expenses	5,057,831.82	4,929,940.67
IV. Total profit (total loss marked with "-")	626,166,509.85	393,283,929.25
Less: Income tax expense	74,971,425.76	52,647,079.38

V. Net profit (net loss marked with "-")	551,195,084.09	340,636,849.87
(I) Classification according to business continuity		
1. Net profit from continuing operation (net loss marked with "-")	551,195,084.09	340,636,849.87
2. Net profit from termination of operation (net loss marked with "-")		
(II) Classification according to ownership		
1. Net profit attributable to the shareholders of the parent company	533,516,814.04	330,827,437.00
2. Profits and losses of minority shareholders	17,678,270.05	9,809,412.87
VI. Net after-tax amount of other comprehensive income	-21,495,467.91	-6,849,227.44
Net after-tax amount of other comprehensive income attributable to the owner of the parent company	-21,495,467.91	-6,849,227.44
(I) Other comprehensive income that cannot be reclassified into profits or losses		
1. Remeasurement of changes in defined benefit plans		
2. Other comprehensive income that cannot be transferred to profits and losses under the equity method		
3. Changes in the fair value of other equity instrument investments		
4. Changes in fair value of the enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that is reclassified into profits and losses	-21,495,467.91	-6,849,227.44
1. Other comprehensive income transferable to profits and losses under the equity method		
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
(4) Provision for credit impairment of other debt investment		
5. Cash flow hedge reserve		
6. Difference in translation of foreign-currency financial statements	-27,065,042.95	-6,849,227.44
7. Others	5,569,575.04	
Net after-tax amount of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	529,699,616.18	333,787,622.43
Total consolidated income attributable to the owners of the parent company	512,021,346.13	323,978,209.56

Total consolidated income attributable to minority shareholders	17,678,270.05	9,809,412.87
VIII. Earnings per share:		
(I) Basic earnings per share	0.51	0.33
(II) Diluted earnings per share	0.51	0.32

In case of merger of enterprises under the same control in the current period, the net profit realized by the merged party before the merger is 0 yuan, and the net profit realized by the merged party in the previous period is 0 yuan.

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

4. Income statement of the parent company

Unit: Yuan

Items	2020	2019
I. Operating income	3,382,368,020.38	3,142,124,807.33
Less: Operating cost	2,795,048,150.10	2,624,048,330.36
Taxes and surcharges	9,802,314.00	19,465,142.81
Selling expenses	85,887,555.58	90,889,629.95
Management fees	116,464,465.35	99,296,897.96
Research and development costs	139,910,160.61	142,762,064.99
Finance charges	137,498,249.51	38,691,213.83
Including: Interest expense	34,251,784.01	37,460,920.34
Interest income	5,563,022.74	5,538,876.35
Plus: Other income	19,920,775.54	22,916,956.82
Return on investment (loss marked with "-")	260,450,508.23	17,667,186.47
Including: Income from investment in associated enterprises and joint ventures	-360,946.80	2,176,410.20
Income from derecognition of financial assets measured at amortized cost (loss marked with "-")		
Net exposure hedge gain (loss marked with "-")		
Income from changes in fair value (loss marked with "-")	-105,561,454.64	116,437,345.80
Credit impairment loss (loss marked with "-")	12,890,980.63	-7,845,573.36
Asset impairment loss (loss marked with "-")	-6,126,212.74	-897,572.25
Income from disposal of assets (loss marked with "-")	-286,627.68	734,475.09
II. Operating profit (loss marked with "-")	279,045,094.57	275,984,346.00
Plus: non-operating income	2,033,271.44	5,090,698.61
Less: non-operating expenses	2,747,958.93	3,891,327.26

III. Total profit (total loss marked with "-")	278,330,407.08	277,183,717.35
Less: Income tax expense	37,572,949.14	32,684,808.08
IV. Net profit (net loss marked with "-")	240,757,457.94	244,498,909.27
(I) Net profit from continuing operation (net loss marked with "-")	240,757,457.94	244,498,909.27
(II) Net profit from termination of operation (net loss is marked with "-")		
V. Net after-tax amount of other comprehensive income	5,569,575.04	
(I) Other comprehensive income that cannot be reclassified into profits or losses		
1. Remeasurement of changes in defined benefit plans		
2. Other comprehensive income that cannot be transferred to profits and losses under the equity method		
3. Changes in the fair value of other equity instrument investments		
4. Changes in fair value of the enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that is reclassified into profits and losses	5,569,575.04	
1. Other comprehensive income transferable to profits and losses under the equity method		
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedge reserve		
6. Difference in translation of foreign-currency financial statements		
7. Others	5,569,575.04	
VI. Total comprehensive income	246,327,032.98	244,498,909.27
VII. Earnings per share:		
(I) Basic earnings per share	0.23	0.24
(II) Diluted earnings per share	0.23	0.24

5. Consolidated cash flow statement

Unit: Yuan

Items	2020	2019
I. Cash flow from operating activities:		
Cash received from selling goods and providing services	5,029,358,595.65	3,624,667,545.10
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from the central bank		

Net increase in funds borrowed from other financial institutions		
Cash from receipt of original insurance contract premiums		
Receipt of net cash for reinsurance operations		
Net increase in savings and investment funds of the insured		
Cash from receipt of interest, service charges and commissions		
Net increase in borrowed funds		
Net increase in funds from repurchase operations		
Net cash received for acting trading securities		
Tax rebates received	236,631,627.27	177,024,186.44
Receipt of other cash related to operating activities	99,560,021.46	88,433,724.01
Subtotal of cash inflow from operating activities	5,365,550,244.38	3,890,125,455.55
Cash paid for purchasing goods and accepting services	3,505,711,340.07	2,537,711,007.03
Net increase in customer loans and advances		
Net increase in deposits with central banks and interbanks		
Cash for payment of claims under original insurance contracts		
Net increase in lending funds		
Cash for payment of interest, service charges and commissions		
Cash for payment of policy dividends		
Cash paid to and for employees	915,077,720.87	691,964,490.19
Various taxes paid	113,556,882.14	77,082,028.22
Other cash paid in connection with operating activities	183,303,592.92	178,890,229.91
Subtotal of cash outflow from operating activities	4,717,649,536.00	3,485,647,755.35
Net cash flow from operating activities	647,900,708.38	404,477,700.20
II. Cash flow from investment activities:		
Cash received from investment recovery	591,409,909.06	1,555,040,000.00
Cash received as return on an investment	235,969,188.04	6,148,573.13
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	1,738,744.68	3,694,571.59
Net cash recovered from the disposal of subsidiaries and other business units		
Other cash received relating to investment activities	0.00	502,944.51
Subtotal of cash inflow from investment activities	829,117,841.78	1,565,386,089.23
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	573,790,008.02	409,024,790.94
Cash paid for investment	617,034,000.00	1,490,229,514.23
Net increase in pledged loans		

Net cash paid for acquiring subsidiaries and other business units	0.00	0.00
Other cash paid in connection with investment activities	20,016,000.00	0.00
Subtotal of cash outflow from investment activities	1,210,840,008.02	1,899,254,305.17
Net cash flow from investment activities	-381,722,166.24	-333,868,215.94
III. Cash flow from financing activities:		
Cash received from absorbing investment	44,442,375.30	0.00
Including: Cash received by subsidiaries' absorption of minority shareholders' investment		
Cash received from loans	499,724,833.34	1,146,000,000.00
Other cash received in connection with financing activities	51,476,244.39	81,570,223.20
Subtotal of cash inflow from financing activities	595,643,453.03	1,227,570,223.20
Cash paid to repay debts	274,767,315.35	696,000,000.00
Cash paid to distribute dividends, profits or pay interest	77,989,846.88	142,867,869.59
Including: Dividends and profits paid by subsidiaries to minority shareholders	4,061,400.15	18,487,894.89
Other cash paid in connection with financing activities	38,047,377.60	117,134,438.20
Subtotal of cash outflow from financing activities	390,804,539.83	956,002,307.79
Net cash flow from financing activities	204,838,913.20	271,567,915.41
IV. Impact of exchange rate fluctuations on cash and cash equivalents	-36,026,940.91	-10,096,223.51
V. Net increase in cash and cash equivalents	434,990,514.43	332,081,176.16
Plus: Balance of cash and cash equivalents at the beginning of the period	761,845,320.49	429,764,144.33
VI. Balance of cash and cash equivalents at the end of the period	1,196,835,834.92	761,845,320.49

6. Cash flow statement of the parent company

Unit: Yuan

Items	2020	2019
I. Cash flow from operating activities:		
Cash received from selling goods and providing services	3,371,191,145.42	2,904,681,047.98
Tax rebates received	156,974,447.43	137,944,807.75
Receipt of other cash related to operating activities	981,628,989.96	1,029,988,881.80
Subtotal of cash inflow from operating activities	4,509,794,582.81	4,072,614,737.53
Cash paid for purchasing goods and accepting services	2,594,237,500.42	2,257,400,937.47
Cash paid to and for employees	401,882,971.23	382,115,603.80
Various taxes paid	42,011,867.61	28,269,799.36
Other cash paid in connection with operating activities	823,048,596.85	1,077,225,844.00

Subtotal of cash outflow from operating activities	3,861,180,936.11	3,745,012,184.63
Net cash flow from operating activities	648,613,646.70	327,602,552.90
II. Cash flow from investment activities:		
Cash received from investment recovery	171,209,909.06	308,500,000.00
Cash received as return on an investment	237,841,455.03	4,909,426.27
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	9,857,495.16	1,339,164.25
Net cash recovered from the disposal of subsidiaries and other business units	0.00	0.00
Other cash received relating to investment activities	0.00	0.00
Subtotal of cash inflow from investment activities	418,908,859.25	314,748,590.52
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	101,947,971.74	88,914,297.81
Cash paid for investment	503,777,500.00	492,055,065.22
Net cash paid for acquiring subsidiaries and other business units	0.00	0.00
Other cash paid in connection with investment activities	20,016,000.00	0.00
Subtotal of cash outflow from investment activities	625,741,471.74	580,969,363.03
Net cash flow from investment activities	-206,832,612.49	-266,220,772.51
III. Cash flow from financing activities:		
Cash received from absorbing investment	44,442,375.30	0.00
Cash received from loans	102,151,500.00	938,000,000.00
Other cash received in connection with financing activities	18,199,609.19	43,016,000.42
Subtotal of cash inflow from financing activities	164,793,484.49	981,016,000.42
Cash paid to repay debts	166,767,315.35	691,000,000.00
Cash paid to distribute dividends, profits or pay interest	67,753,957.44	125,632,313.30
Other cash paid in connection with financing activities	28,680,695.64	81,601,387.13
Subtotal of cash outflow from financing activities	263,201,968.43	898,233,700.43
Net cash flow from financing activities	-98,408,483.94	82,782,299.99
IV. Impact of exchange rate fluctuations on cash and cash equivalents	-14,118,735.18	-10,096,540.34
V. Net increase in cash and cash equivalents	329,253,815.09	134,067,540.04
Plus: Balance of cash and cash equivalents at the beginning of the period	367,236,925.95	233,169,385.91
VI. Balance of cash and cash equivalents at the end of the period	696,490,741.04	367,236,925.95

7. Consolidated statement of changes in owner's equity

Current amount

Unit: Yuan

Items	2020														Minority equity	Total owners' equity
	Owner's equity attributable to the parent company															
	Share capital	Other equity instruments			Capital reserves	Less: Inventory shares	Other comprehensive income	Special reserve	Surplus reserves	General risk provision	Undistributed profit	Others	Subtotal			
Preferred shares		Perpetual bonds	Others													
I. Ending balance of last year	1,018,775,769.00			104,535,879.24	456,556,282.32	60,009,612.52	-3,059,762.06		127,284,211.74		866,301,932.11		2,510,384,699.83	124,782,540.90	2,635,167,240.73	
Plus: Changes in accounting policies															0.00	
Correction of previous errors															0.00	
Merger of enterprises under the same control															0.00	
Others															0.00	
III. Balance at the beginning of the current year	1,018,775,769.00	0.00	0.00	104,535,879.24	456,556,282.32	60,009,612.52	-3,059,762.06	0.00	127,284,211.74	0.00	866,301,932.11		2,510,384,699.83	124,782,540.90	2,635,167,240.73	
III. Amount of increase	116,441,040.00	0.00	0.00	-104,535,879.24	500,177,757.44	20,008,353.16	-21,495,467.91	0.00	24,075,745.79	0.00	458,642,437.79		953,297,280.71	-39,790,389.47	913,506,891.24	

of owner's equity															
1. Conversion of capital reserves to additional capital (or share capital)															
2. Conversion of surplus reserves to additional capital (or share capital)															
3. Losses covered with surplus reserve															
4. Change of defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserve															
1. Withdrawal in the current period															
2. Use in the current period															
(VI) Others				-109,539.24	-39,965,788.98								-40,075,328.22	-53,407,259.37	-93,482,587.59
IV. Ending balance of the current period	1,135,216,809.00			0.00	956,734,039.76	80,017,965.68	-24,555,229.97	151,359,957.53	1,324,944,369.90	3,463,681,980.54	84,992,151.43	3,548,674,131.97			

Amount of the previous period

Items	2019														Minority equity	Total owners' equity
	Owner's equity attributable to the parent company												Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: Inventory shares	Other comprehensive income	Special reserve	Surplus reserves	General risk provision	Undistributed profit	Others				
	Pref erred shar es	Perp etual bond s	Others													
I. Ending balance of last year	1,019,046,531.00				427,479,116.96	40,347,326.50	3,789,465.38		96,903,853.96		627,537,034.07		2,134,408,674.87	131,954,226.33	2,266,362,901.20	
Plus: Changes in accounting policies									5,930,466.85		33,773,958.15		39,704,425.00		39,704,425.00	
Correction of previous errors													0.00		0.00	
Merger of enterprises under the same control													0.00		0.00	
Others													0.00		0.00	
III. Balance at the beginning of the current year	1,019,046,531.00	0.00	0.00	0.00	427,479,116.96	40,347,326.50	3,789,465.38	0.00	102,834,320.81	0.00	661,310,992.22		2,174,113,099.87	131,954,226.33	2,306,067,326.20	
III. Amount of increase or decrease in the current period (decrease marked with "-")	-270,762.00	0.00	0.00	104,535,879.24	29,077,165.36	19,662,286.02	-6,849,227.44	0.00	24,449,890.93	0.00	204,990,939.89		336,271,599.96	-7,171,685.43	329,099,914.53	
(I) Total comprehensive income							-6,849,227.44				330,827,437.00		323,978,209.56	9,809,412.87	333,787,622.43	
(II) Capital invested and reduced by owners	-270,762.00	0.00	0.00	104,535,879.24	18,796,152.89	55,907,257.99	0.00	0.00	0.00	0.00	0.00		67,154,012.14	0.00	67,154,012.14	

1. Ordinary shares invested by owners													0.00		0.00
2. Capital invested by holders of other equity instruments	40,077.00			104,535,879.24	181,948.75								104,757,904.99		104,757,904.99
3. Amount of share payment included in owner's equity					18,940,585.09								18,940,585.09		18,940,585.09
4. Others	-310,839.00				-326,380.95	55,907,257.99							-56,544,477.94		-56,544,477.94
(III) Profit distribution								24,449,890.93		-125,836,497.11			-101,386,606.18	-18,487,894.89	-119,874,501.07
1. Withdrawal of surplus reserves								24,449,890.93		-24,449,890.93					
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)										-101,386,606.18			-101,386,606.18	-18,487,894.89	-119,874,501.07
4. Others															
(IV) Internal carryover of owner's equity															
1. Conversion of capital reserves to additional capital (or share capital)															
2. Conversion of surplus reserves to additional capital (or share capital)															
3. Losses covered with surplus reserve															

4. Change of defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserve															
1. Withdrawal in the current period															
2. Use in the current period															
(VI) Others				10,281,012.47	-36,244,971.97							46,525,984.44	1,506,796.59	48,032,781.03	
IV. Ending balance of the current period	1,018,775,769.00		104,535,879.24	456,556,282.32	60,009,612.52	-3,059,762.06		127,284,211.74		866,301,932.11		2,510,384,699.83	124,782,540.90	2,635,167,240.73	

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

Current amount

Unit: Yuan

Items	2020											
	Share capital	Other equity instruments			Capital reserves	Less: Inventory shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Ending balance of last year	1,018,775,769.00			104,535,879.24	457,944,801.38	60,009,612.52			127,255,693.28	639,454,712.99		2,287,957,243.37
Plus: Changes in accounting policies												

Correction of previous errors												
Others												
III. Balance at the beginning of the current year	1,018,775,769.00			104,535,879.24	457,944,801.38	60,009,612.52			127,255,693.28	639,454,712.99		2,287,957,243.37
III. Amount of increase or decrease in the current period (decrease marked with "-")	116,441,040.00			-104,535,879.24	549,370,498.03	20,008,353.16	5,569,575.04		24,075,745.79	165,883,081.70		736,795,708.16
(I) Total comprehensive income							5,569,575.04			240,757,457.94		246,327,032.98
(II) Capital invested and reduced by owners	116,441,040.00			-104,426,340.00	540,143,546.42	20,008,353.16						532,149,893.26
1. Ordinary shares invested by owners	12,014,700.00				32,428,355.38							44,443,055.38
2. Capital invested by holders of other equity instruments	104,426,340.00			-104,426,340.00	498,506,425.85							498,506,425.85
3. Amount of share payment included in owner's equity					9,208,765.19							9,208,765.19
4. Others						20,008,353.16						-20,008,353.16
(III) Profit distribution									24,075,745.79	-74,874,376.24		-50,798,630.45
1. Withdrawal of surplus reserves									24,075,745.79	-24,075,745.79		
2. Distribution to owners (or shareholders)										-50,798,630.45		-50,798,630.45
3. Others												
(IV) Internal carryover of owner's equity												
1. Conversion of capital reserves to additional capital (or share capital)												
2. Conversion of surplus reserves to additional capital (or share capital)												
3. Losses covered with surplus reserve												
4. Change of defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward to retained												

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

Amount of the previous period

Unit: Yuan

Items	2019											
	Share capital	Other equity instruments			Capital reserves	Less: Inventory shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Ending balance of last year	1,019,046,531.00				428,286,532.14	40,347,326.50			96,875,335.50	467,418,099.17		1,971,279,171.31
Plus: Changes in accounting policies									3,567,280.00	32,105,520.00		35,672,800.00
Correction of previous errors												
Others												
III. Balance at the beginning of the current year	1,019,046,531.00				428,286,532.14	40,347,326.50			100,442,615.50	499,523,619.17		2,006,951,971.31
III. Amount of increase or decrease in the current period (decrease marked with "-")				104,576,452.47	20,037,501.83	19,662,286.02				27,897,484.48		132,849,152.76
(I) Total comprehensive income										129,284,090.67		129,284,090.67
(II) Capital invested and reduced by owners				104,576,452.47	10,198,829.99	55,907,257.99						58,868,024.47

1. Ordinary shares invested by owners												
2. Capital invested by holders of other equity instruments				104,576,452.47								104,576,452.47
3. Amount of share payment included in owner's equity					10,198,829.99							10,198,829.99
4. Others						55,907,257.99						-55,907,257.99
(III) Profit distribution										-101,386,606.19		-101,386,606.19
1. Withdrawal of surplus reserves												
2. Distribution to owners (or shareholders)										-101,386,606.19		-101,386,606.19
3. Others												
(IV) Internal carryover of owner's equity												
1. Conversion of capital reserves to additional capital (or share capital)												
2. Conversion of surplus reserves to additional capital (or share capital)												
3. Losses covered with surplus reserve												
4. Change of defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserve												
(VI) Others					9,838,671.84	-36,244,971.97						46,083,643.81
IV. Ending balance of the current period	1,019,046,531.00			104,576,452.47	448,324,033.97	60,009,612.52			100,442,615.50	527,421,103.65		2,139,801,124.07

III. Basic information of the Company

(I) Basic information of the Company

Registered Chinese name of the Company: Shenzhen Topband Co., Ltd

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

Legal representative: Wu Yongqiang

Registered capital: 1,135,216,809.00 yuan

Share capital: 1,135,216,809.00 yuan

Company type: company limited by shares (Listing)

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

Business term: sustainable operation

Unified social credit code: 91440300192413773Q

(II) Historical development of the Company

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

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

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

On July 15, 2002, with the approval of SFG (2002) No. 24 issued by Shenzhen Municipal People’s

Government, it was agreed that Shenzhen Topband Electronic Technology Co., Ltd. would be reorganized into a joint stock limited Company jointly by five shareholders, namely Wu Yongqiang, Ji Shuhai, Zhuhai Tsinghua Science and Technology Park Venture Capital Co., Ltd., Qi Hongwei and Li Xianqian. After the reorganization, the total share capital of the Company is 21 million yuan. Shenzhen Pengcheng Accounting Firm issued the Capital Verification Report (SPSYZ (2002) No. 67) to verify the share capital of the Company. On August 16, 2002, the Company was approved by Shenzhen Administration for Industry and Commerce to register the change of industry and commerce, in exchange for the business license of enterprise legal person with Registration No. 4403012049338. The business period is from February 9, 1996 to February 9, 2046.

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

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

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

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

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

share capital of the Company increased from 100 million shares to 140 million shares.

On April 7, 2010, the Company held a meeting of the Board of Directors to deliberate and pass the profit distribution plan for 2009: Based on the total share capital of 140 million shares as of December 31, 2009, the Company will pay cash dividends of 1.50 yuan (tax included) per 10 shares, and based on the total share capital of 140 million shares as of December 31, 2009, 2 shares will be added per 10 shares. After the increase by conversion, the total share capital of the Company increased from 140 million shares to 168 million shares.

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

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

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

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

According to the resolution of the 3rd Extraordinary General Meeting of Shareholders of the Company in 2015, and approved by the Reply to the Approval of Non-public Development of Shares of Shenzhen Topband Co., Ltd. issued by China Securities Regulatory Commission (ZJXK [2016] No. 205), the Company non-publicly issued 35,864,345 ordinary shares (A shares) in RMB to specific investors on March 28, 2016, with the issuance price of 16.66 yuan per share. The registered capital of the Company was increased to 298,520,813.00 yuan after the issuance.

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

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 24th meeting of the 5th Board of Directors of the Company held on April 26, 2016, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, those 72,000 restricted stocks held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to 303,042,813.00 yuan.

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

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 28th meeting of the 5th Board of Directors of the Company held on October 26, 2016, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, those 331,500 shares of restricted stocks held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to 453,471,319.00 yuan.

The 2016 Annual General Meeting of Shareholders of the Company was held on April 11, 2017, and the 2016 annual equity distribution plan was approved. Based on the Company's existing total share capital of 453,471,319 shares, the Company distributed 1.50 yuan in cash to all shareholders for every 10 shares. At the same time, the Company increased 5 shares to all shareholders for every 10 shares with the capital reserve, and the capital increased by 226,735,659 yuan. After the capital increased, the registered capital of the Company was increased to 680,206,978.00 yuan.

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 32nd meeting of the 5th Board of Directors of the Company held on June 13, 2017, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, the 346,500 restricted stocks held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to 679,860,478.00 yuan.

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

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 6th meeting of the 6th Board of Directors of the Company held on July 27, 2018, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, the 744,186 restricted stocks held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to 1,019,046,531.00 yuan.

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 6th meeting of the 6th Board of Directors of the Company held on July 27, 2018, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, the 744,186 restricted stocks held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to 1,019,046,531.00 yuan.

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 15th meeting of the 6th Board of Directors of the Company held on July 26, 2019, as for the incentive object

who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, the 310,800 restricted stocks held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to 1,018,735,692 yuan. With the approval of “SZS [2019] No. 164” issued by Shenzhen Stock Exchange, the Company’s 573 million yuan convertible corporate bonds will be listed and traded in Shenzhen Stock Exchange from April 8, 2019. Since September 16, 2019, bondholders can exercise the right to transfer shares. As of December 31, 2019, the Company has transferred 2,223.00 shares of bonds and increased the share capital by 40,077.00 yuan. After the share transfer, the registered capital of the Company will increase to 1,018,775,769.00 yuan.

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

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

(III) Submission of financial report

The financial report is approved and submitted by the Board of Directors of the Company on March 5, 2021.

From January to December 2020, there are 24 subsidiaries and sub- subsidiaries of the Company included in the scope of merger. For details, please refer to Interests in Other Entities in Note 9. The merger scope of the Company in this reporting period increased by 7 compared with that in the previous year. For details, please refer to Note 8 Changes in the Scope of Consolidation.

IV. Preparation basis of the financial report

1. Preparation basis

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

2. Continuation

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

V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates reminders:

None

1. Statement on compliance with accounting standards for business enterprises

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

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

2. Accounting period

The accounting year of the Company is from January 1 to December 31 of the Gregorian calendar.

3. Operating cycle

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

4. Recording currency

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

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

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

The business combination not under common control realized step by step through multiple transactions shall be treated as follows:

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

2. Recognizing goodwill (or amount included in the current profits and losses). The initial investment cost of long-term equity investment after the first step adjustment is compared with the fair value share of net identifiable

assets of subsidiaries at the date of acquisition. If the former is greater than the latter, the difference is recognized as goodwill, otherwise, it is included in the current profits and losses.

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

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

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

- (1) These transactions were concluded simultaneously or with consideration of mutual influence;
- (2) These transactions as a whole can achieve a complete business outcome;
- (3) The occurrence of a transaction depends on the occurrence of at least one other transaction;
- (4) A transaction is not economical by itself, but it is economical when considered in conjunction with other transactions.

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

If the transactions relating to disposal of equity investment in subsidiaries to losing control over subsidiaries belong to “package transaction”, these shall be treated as a transaction for disposing the subsidiary and losing control; however, the difference between the price of every disposal and the net assets share held in the subsidiary corresponding to the disposal of investment before losing control shall be recognized as other consolidated income in the consolidated financial statements, which shall be transferred to the current profits and losses at the time of losing control.

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

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

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

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

6. Compiling method of consolidated financial statements

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

During the combination, the internal equity investment and the owner’s equity of the subsidiaries, the internal investment income and the profit distribution of the subsidiaries, the internal transactions, the internal claims and debts are offset. The accounting policies adopted by the subsidiaries shall be consistent with those adopted by the parent company.

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

1. Identification and classification of joint venture arrangements

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

alone.

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the activities related to the arrangement must be agreed upon by the parties holding control right before 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. The term “joint venture” refers to a joint venture arrangement in which the joint venture party has rights only to the net assets of the arrangement.

2. Accounting treatment for joint venture arrangement

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

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

8. Standards for determining cash and cash equivalents

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

9. Foreign currency transaction and foreign currency statement translation

1. Foreign currency transaction conversion

When foreign currency transactions are initially recognized, they are converted into RMB at the spot exchange rate on the transaction date. On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The exchange difference arising from different exchange rates shall be included in the current profits and losses, except for the exchange difference of the principal and interest

of foreign currency special borrowings related to the acquisition and construction of assets that meet the capitalization conditions; foreign currency non-monetary items measured at historical cost shall be translated at the spot exchange rate on the transaction date, with the amount in RMB maintaining unchanged; foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rate on the date of determining fair value, with the difference included in the current profits and losses or other comprehensive income.

2. Translation of foreign currency financial statements

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

10. Financial instruments

1. Recognition and de-recognition of financial instruments

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

The trading of financial assets in a conventional manner shall be recognized and derecognized according to the accounting of the trading day. Conventional trading of financial assets refers to the collection or delivery of financial assets within the time limit specified by laws and regulations or common practice in accordance with the terms of the contract. The term “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 s.

2. Classification and measurement of financial assets

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

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

(1) Financial assets measured at amortized cost

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

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

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

assets is included in the current profits and losses.

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

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

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

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

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

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

3. Classification and measurement of financial liabilities

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

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

value, which is reported to key management personnel within the Company on this basis; (3) the financial liabilities include embedded derivatives that need to be split separately.

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

The subsequent measurement of financial liabilities depends on its classification

(1) Financial liabilities measured at amortized cost

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

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

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

4. Set off of financial instruments

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

5. Impairment of financial assets

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

The Company, taking into account all reasonable and well founded information (including forward-looking information) estimates the expected credit losses of financial assets measured at amortized cost and financial

assets (debt instruments) measured at fair value with changes included in other comprehensive income in a single or combined way.

(1) Measurement of expected credit loss

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

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

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

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

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

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

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

Third stage: credit impairment occurs after initial recognition

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

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

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

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

(3) Receivables and lease receivables

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

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

6. Transfer of financial assets

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

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

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

11. Notes receivable

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

12. Accounts receivable

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

current profits and losses as impairment losses or gains.

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

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

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

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

2. Receivables with provision for bad debts by portfolio

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

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

Aging	Estimated loss of accounts receivable (note)	Estimated loss of other receivables
Within 1 year (including 1 year)	3.10%	5.00%
1-2 years (including 2 years)	9.04%	10.00%
2-3 years (including 3 years)	22.11%	30.00%

3-4 years (including 4 years)	47.51%	50.00%
4-5 years (including 5 years)	84.26%	80.00%
More than 5 years	100.00%	100.00%
Among which: those that have been determined to be irrecoverable	Write off	Write off

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

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

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

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

13. Financing of receivables

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

If the Company transfers the receivables held by it in the form of discount or endorsement, which is frequent and involves a large amount, and its management business mode is essentially the collection and sale of the contractual cash flow, it is classified into financial assets whose changes are measured at fair value and included in other comprehensive income in accordance with the accounting standards of financial instruments.

14. Other receivables

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

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

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

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

15. Inventories

1. Classification of inventories

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

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

2. Valuation method of delivered inventories

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

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

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

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

4. Inventory system

Perpetual inventory system is applied for the inventories.

5. Amortization method of low value consumables and wrappage

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

16. Contractual assets

None

17. Contract costs

None

18. Assets held for sale

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

The company adjusted the estimated net residual value of the asset held for sale to the net amount (not more than the original book value of such asset held for sale) reflecting its fair value minus the sales expenses. If the original book value is higher than the adjusted estimated net residual value, the difference between the two was deemed as the asset impairment loss and included in the current profits and losses, and the provision for

impairment of assets held for sale shall be made. For the amount of asset impairment loss recognized for the disposal portfolio held for sale, it is necessary to offset the book value of goodwill in the disposal portfolio and then offset the book value of the specified non-current assets in the disposal portfolio applicable for being measured in accordance with the Standard in proportion.

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

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

19. Debt investment

None

20. Other debt investments

None

21. Long-term receivables

None

22. Long-term equity investment

1. Determination of investment cost

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

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

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

(3) Investment costs other than those incurred in business combination: The initial investment cost shall be the purchase price paid actually if the investment is obtained by paying cash, the fair value of the issued equity securities if by issuing the equity securities, and the value specified in the investment contract or agreement in case of investment from an investor (unless the unfair value is specified in the contract or agreement).

2. Subsequent measurement and recognition methods for profit and loss

The long-term equity investment that the Company has the control over the investee shall be calculated with

cost method in its individual financial statement; those under the same control or significant influence shall be calculated with equity method.

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

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

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

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

Control refers to having the power over the investee, being entitled to variable returns by participating in the

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

4. Disposal of long-term equity investment

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

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

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

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

5. Methods for impairment test and provision of impairment reserve

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

23. Investment real estate

Measurement model of investment real estate

Measurement with cost method

Depreciation or amortization method

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

appreciation, and leased buildings.

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

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

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

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

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

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

24. Fixed assets

(1) Conditions for recognition

The fixed assets of the company refer to the tangible assets that are held for production of goods, rendering

of labor services, and leasing or operating management and have a useful life of more than one fiscal year. Fixed assets shall be recorded at the actual cost upon the acquisition and subject to the provision for straight-line depreciation from the next month following the date when they are ready for use as intended. The straight-line method shall be used to calculate the depreciation of the fixed assets of the company, and the useful life and depreciation methods of the fixed assets shall be checked at the end of each year based on the estimated net residual value and useful life of various types of fixed assets. If there is a significant variance with the estimation, adjustment shall be made accordingly. If the provision for impairment is not considered, the depreciable life and the yearly depreciation, according to the type, estimated economic useful life and estimated net residual value of the fixed assets, shall be determined respectively as follows:

(2) Depreciation method

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

If the provision for impairment is considered, the depreciation during each period shall be determined and calculated according to the book value of a single fixed asset minus provision for impairment and the remaining depreciable life. If there is any sign showing that a fixed asset is impaired on the balance sheet date, the provision for impairment shall be made accordingly at the difference between the book value and the recoverable amount.

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

Financing lease will be recognized if one or more of following criteria is or are met: ① The ownership of the leased asset is transferred to the lessee at the expiration of the lease term; ② It can be reasonably determined that the lessee will exercise the option at the start of the lease since the lessee has such option to purchase the leased asset and the agreed purchase price is expected to be much lower than the fair value of the leased asset when the option is exercised; ③ The lease term accounts for most of the useful life of the leased asset [generally, it accounts for more than 75% (including 75%) of the useful life of the leased asset] even if the ownership of the

asset will not be transferred; ④ The present value of the minimum lease payment made by the lessee on the start date of lease is almost equivalent to the fair value [90% and above (including 90%)] of the leased asset on the start date of lease; the present value of the minimum lease payment received by the lessor on the start date of lease is almost equivalent to the fair value [90% and above (including 90%)] of the leased asset on the start date of lease; ⑤ The leased asset is of a special nature and will be only used by the lessee if no major transformation is made. The fixed assets under financing lease shall be recorded at the lower of the fair value of the leased assets on the start date of lease and the present value of the minimum lease payment and shall be subject to provision for depreciation in accordance with the depreciation policy of self-owned fixed assets.

25. Project under construction

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

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

26. Borrowing costs

1. Recognition principle for capitalization of borrowing costs

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

2. Period of capitalization of borrowing costs

(1) The borrowing costs shall be capitalized if they meet the following conditions: 1) Asset expenditures have been incurred; 2) Borrowing costs have been incurred; 3) Acquisition, construction or production activities

necessary for the assets to reach the usable or marketable state as intended have begun.

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

(3) The capitalization of borrowing costs shall cease when the purchased, constructed or produced assets that meet the conditions for capitalization reaches the intended usable or marketable state.

3. Capitalized amount of borrowing costs

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

27. Biological assets

None

28. Oil and gas assets

None

29. Use right assets

None

30. Intangible assets

None

(1) Valuation method, service life and impairment test

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

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

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

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

(2) Accounting policy of internal R & D expenditure

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

31. Long-term assets impairment

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

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

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

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

In case of signs of assets impairment, corresponding recoverable amount shall be estimated.

Recoverable amount shall be determined based on the higher of the net amount of fair value of assets minus the disposal expenses and the present value of expected future cash flow of assets.

Disposal expenses include legal expenses, relevant taxes and handling fees related to disposal of assets as well as direct expenses incurred to make the assets marketable.

Present value of expected future cash flow of assets shall be determined by selecting an appropriate discount rate based on the expected future cash flow generated during continuous use and final disposal of the assets. To estimate present value of future cash flow of assets, measures shall be taken to comprehensively consider factors as the expected future cash flow, service life and discount rate of the assets.

In case of measurement result of recoverable amount showing that recoverable amount of the asset is lower than its book value, the book value shall be written down to the recoverable amount, and the written down amount shall be recognized as the loss of asset impairment and included in the current profits and losses; besides, corresponding provision for asset impairment shall be made at the same time.

32. Long-term deferred expenses

Long-term deferred expenses shall be recorded according to the actual amount, and shall be averagely

amortized in the benefit period or the specified period. In case future accounting period cannot benefit from long-term deferred expenses, all unamortized value of the item shall be transferred into the current profits and losses.

33. Contractual liabilities

The Company shall list contractual assets or liabilities in the balance sheet based on the relationship between the performance of obligations and customer payment. Obligation of the Company to transfer commodities or provide services to customers for consideration received or receivable from customers shall be listed as contractual liabilities.

34. Employee compensation

(1) Accounting treatment of short-term compensation

Employee compensation refers to various forms of remuneration or compensation provided by the Company for obtaining services provided by employees or dissolving labor relations. Employee compensation includes short-term compensation, post-employment benefits, dismissal benefits and other long-term employee benefits. Benefits provided by the Company to employees' spouses, children and dependants, family members of deceased employees as well as other beneficiaries shall also be included in employee compensation.

Share-based payments issued by the enterprise to its employees shall also be included in employee compensation, and shall be handled in accordance with relevant provisions of Accounting Standards for Enterprises No.11- Share-based Payments.

1. Short-term compensation

The Company shall recognize actual short-term compensation as liabilities and include it in the current profits and losses or related asset costs during the accounting period when employees provide services. Where, non-monetary welfare shall be measured at fair value.

(2) Accounting treatment of post-employment benefits

(3) Accounting treatment of dismissal benefits

2. Dismissal benefits

In case the Company terminates labor relationship with employees prior to the expiration of employee's

labor contract, or offers compensation to encourage employees to accept the layoff voluntarily, it shall confirm the compensation for termination of labor relationship with employees and include the compensation amount in the current profits and losses at the earlier time when it fails to unilaterally withdraw labor relationship termination plan or layoff proposal and confirms costs related to reorganization involving the payment of dismissal benefits.

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

3. Defined contribution plan

Employees of the Company have accepted the social basic endowment insurance organized and implemented by the local labor and social security departments. The Company shall pay endowment insurance premium to the local agency handling with social basic endowment insurance on a monthly basis based on the payment base and proportion of the local social basic endowment insurance. After employee retirement, the local labor and social security department shall pay basic social pension to retired employees. The Company shall recognize amount to be paid according to the above social security provisions as liabilities and include it into the current profits and losses or related asset cost during the accounting period when employees provide services.

35. Lease liabilities

None

36. Estimated liabilities

None

37. Share-based payment

1. Types of share-based payment

It includes equity-settled share-based payment and cash-settled share-based payment

2. Determination method of fair value of equity instrument

(1) In case of active market, it shall be determined according to the quoted price in the active market.

(2) In case of no active market, it shall be determined by adopting valuation technologies, including referring to prices used in recent market transactions by parties familiar with the situation and willing to trade, current fair value of other financial instruments that are essentially the same, discounted cash flow method and option pricing

model.

3. Basis for confirming the best estimate of vesting equity instruments

Estimation shall be based on the latest available changes on vesting employee number and other subsequent information.

4. Accounting treatment of implementing, modifying and terminating share-based payment plan

(1) Equity-settled share-based payment

Equity-settled share-based payment in exchange for employee services that can be exercised immediately after the grant shall be included in the relevant costs or expenses according to the fair value of equity instruments on the grant date, and the capital reserve shall be adjusted accordingly. For equity-settled share-based payment in exchange for employee services only after completing service within the waiting period or reaching the specified performance conditions, it is required to include the services obtained in the current period into relevant costs or expenses according to the best estimate of number of vesting equity instruments and the fair value on the grant date of equity instruments on each balance sheet date within the waiting period, and the capital reserve shall be adjusted accordingly.

For equity-settled share-based payment in exchange for other party's services, if the fair value of other party's services can be reliably measured, it shall be measured based on the fair value of other party's services on the acquisition date; In case the fair value of other party's services cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it shall be measured based on the fair value of equity instruments on the acquisition date and shall be included in relevant costs or expenses; besides, the owner's equity shall be increased accordingly.

(2) Cash-settled share-based payment

Cash-settled share-based payment in exchange for employee services that can be exercised immediately after the grant shall be included in relevant costs or expenses according to the fair value of the liabilities undertaken by the Company on the grant date, and the liabilities shall be increased accordingly. For cash-settled share-based payment in exchange for employee services only after completing service within the waiting period or reaching the specified performance conditions, it is required to include the services obtained in the current period into relevant costs, expenses and corresponding liabilities according to the best estimate of vesting rights and the fair value of the liabilities undertaken by the Company on each balance sheet date within the waiting period.

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

In case of increase of fair value of the equity instruments granted due to modification, the Company shall recognize the increase of services obtained based on the increase of fair value of equity instruments; In case of increase of the number of equity instruments granted due to modification, the Company shall recognize the fair value of the increased equity instruments as the increase of services obtained accordingly; Besides, if the Company modifies vesting conditions in a way beneficial to employees, it shall consider all modified vesting conditions when dealing with the vesting conditions.

In case of decrease of fair value of the equity instruments granted due to modification, the Company shall continue to recognize the amount of services obtained based on the fair value of equity instruments on the grant date without considering the decrease of fair value of equity instruments; In case of decrease of the number of equity instruments granted due to modification, the Company shall recognize the decreased part as the cancellation of granted equity instruments; Besides, if the Company modifies vesting conditions in a way not beneficial to employees, it shall not consider the modified vesting conditions when dealing with vesting conditions.

In case the Company cancels or settles the granted equity instruments within the waiting period (except those cancelled due to failure to meet the vesting conditions), the cancellation or settlement shall be accelerated for vesting, and the amount originally confirmed in the remaining waiting period shall be recognized immediately.

Share-based payment refers to the transaction of granting equity instruments or undertaking liabilities determined on the basis of equity instruments to obtain services provided by employees and other parties. Share-based payment can be divided into equity-settled share-based payment and cash-settled share-based payment

Equity-settled share-based payment in exchange for employee services shall be measured at the fair value of equity instruments granted to employees. Cash-settled share-based payment shall be measured at the fair value of the Company's liabilities calculated and determined on the basis of shares or other equity instruments.

38. Preferred shares, perpetual bonds and other financial instruments

None

39. Revenue

None

Accounting policies adopted for revenue recognition and measurement

1. Revenue recognition

The Company's revenue mainly includes sales revenue of intelligent controller, lithium battery, motor and control system.

The Company has fulfilled performance obligation in the Contract, that is, recognizing revenue when the customer obtains the control right of relevant commodities. Obtaining of the control right of relevant commodities means to be able to dominate the use of the commodities and obtain almost all economic benefits arising therefrom.

2. The Company shall judge nature of relevant performance obligations as "performance obligations fulfilled in a certain period" or "performance obligations fulfilled at a certain time point" based on relevant provisions of revenue standards, and shall confirm revenue according to the following principles respectively.

(1) In case the Company meets one of the following conditions, it shall fulfill the performance obligations within a certain period of time:

① Customers obtain and consume economic benefits arising from performance of the Company during the Company's performance of the Contract.

② Customers can control the assets under construction during the Company's performance of the Contract.

③ Assets of the Company during the performance of the Contract are irreplaceable, and the Company shall be entitled to collect money for the performance part completed so far in the whole contract period.

For performance obligations fulfilled within a certain period of time, the Company shall recognize revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. The Company shall consider nature of commodities, and shall determine the proper performance progress by adopting the output method or the input method.

(2) For performance obligations fulfilled at a certain time point rather than in a certain period, the Company shall recognize revenue at the time when customers obtain the control right of relevant commodities.

When judging whether customers have obtained the control right of relevant commodities, the Company consider the following signs:

① The Company shall be entitled to immediately collect revenues from commodities, which means that customers have the obligation to pay for commodities.

② The Company has transferred the legal ownership of commodities to customers, which means that customers have obtained the legal ownership of commodities.

③ The Company has transferred commodities in kind to customers, which means that customers have possessed commodities in kind.

④ The Company has transferred main risks and rewards related to the ownership of commodities to customers, which means that customers have obtained main risks and rewards related to the ownership of commodities.

⑤ Customers have accepted the commodities.

⑥ Other indications that customers have obtained the control right of commodities.

3. Specific revenue recognition method of the Company

In case the sales contract between the Company and customers has been deemed as a performance obligation fulfilled at a certain time point, the specific revenue recognition method shall be formulated according to the actual situation of the Company's product sales as follows:

Domestic sales: ① In case customers take delivery of commodities in cash, the Company shall consider that risks and rewards of the ownership of products have been transferred to customers, and shall confirm the sales revenue. ② In case of advance collection and settlement, the receiving order shall be confirmed by the opposite customer after delivery, then the Company shall consider that risks and rewards of the ownership of products have been transferred to customers, and shall confirm the sales revenue. ③ In case of sale on credit, customers shall settle according to the account period, and shall obtain the confirmation receipt from the opposite customer after delivery according to Customers' order, so as to transfer risks and rewards of product ownership to customers; besides, the Company shall confirm the sales revenue.

Foreign sales: the Company shall deliver commodities according to the signed order, hold special export invoice, delivery note and other original documents for customs clearance and export, pass customs audit,

complete export declaration procedures, obtain relevant declaration documents to transfer risk reward, and record the sales revenue based on the delivery order, special export invoice and customs declaration form.

4. Measurement of revenue

The Company shall measure revenue according to the transaction price allocated to each individual performance obligation. In determining the transaction price, the Company shall consider the influence of variable consideration, significant financing components in the Contract, non-cash consideration, consideration payable to customers as well as other factors.

(1) Variable consideration

The Company shall determine the best estimate of variable consideration according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the accumulated recognized revenue that will not be significantly reversed when relevant uncertainty is eliminated. When evaluating whether the accumulative recognized revenue is unlikely to be significantly reversed, the enterprise shall further consider the possibility and proportion of revenue reversal.

(2) Significant financing components

In case of significant financing components in the Contract, the Company shall determine the transaction price according to the amount payable in cash when assuming that customers obtain the control right of commodities. Difference between the transaction price and the contract consideration shall be amortized by adopting the effective interest rate method during the contract period.

(3) Non-cash consideration

In case customers pay non-cash consideration, the Company shall determine the transaction price according to the fair value of the non-cash consideration. In case the fair value of non-cash consideration cannot be reasonably estimated, the Company shall indirectly determine the transaction price by referring to the separate selling price of commodities for transferring commodities to customers that it promises.

(4) Consideration payable to customers

Consideration payable to customers shall be written down against the transaction price, and the current income shall be offset at the later of confirming relevant income or paying (or promising to pay) customer's consideration, except that the consideration payable to customers is to obtain other clearly distinguishable

commodities from customers.

In case the consideration payable by an enterprise to customers is to obtain other clearly distinguishable commodities from customers, the purchased commodities shall be confirmed in a way consistent with other purchases of the enterprise. In case the consideration payable by an enterprise to customers exceeds the fair value of a clearly distinguishable commodity obtained from the customer, the excess amount shall be used to offset the transaction price. In case the fair value of clearly distinguishable commodities obtained from customers cannot be reasonably estimated, the enterprise shall offset the transaction price with the consideration payable to customers in full.

Differences in revenue recognition accounting policies caused by different business models of similar businesses

40. Government subsidies

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

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

3. Government subsidies calculated by adopting the gross method

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

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

4. Government subsidies calculated by adopting the net method

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

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

5. The Company shall adopt the gross method to calculate the government subsidies received.

6. For government subsidies including asset-related part and income-related part, measures shall be taken to distinguish different parts and carry out accounting treatment separately; Part difficult to distinguish shall be classified as government subsidies related to income.

7. The Company shall include the government subsidies related to its daily activities in other income according to the essence of economic business, and shall include the government subsidies unrelated to its daily activities in non-operating income and expenditure.

8. For discount interest of preferential policy loans to be obtained by the Company, two measures shall be adopted, including that the Ministry of Finance allocates the discount funds to the lending banks and that the Ministry of Finance allocates the discount funds to the Company:

(1) In case the Ministry of Finance allocates the discount funds to the lending banks, and the lending bank provides loans to the Company at preferential policy interest rate, the Company shall choose the following methods for accounting treatment:

a. Taking the loan amount actually received as the entry value of the loan, and calculating relevant borrowing costs based on the loan principal and the preferential policy interest rate.

b. Taking the fair value of loan as the entry value, calculate the loan amounts by adopting the effective interest rate method, and recognizing the difference between the actual received amount and the fair value of the loan as deferred income. Deferred income shall be amortized by adopted the effective interest rate method within the duration of loan to offset relevant borrowing costs.

(2) In case the Ministry of Finance allocates the discount funds to the Company, the Company will write down the corresponding discount interest against relevant borrowing costs.

41. Deferred income tax assets / Deferred income tax liabilities

1. It is required to calculate and recognize the deferred income tax assets or liabilities according to the difference between the book value of the assets and liabilities and corresponding tax base (in case the tax base of items not

recognized as assets and liabilities can be determined according to the provisions of the tax law, the difference between the tax base and their book amount shall be adopted) as well as the applicable tax rate during the period of expected recovery of the assets or settlement of the liabilities.

2. Recognition of deferred income tax assets shall be limited to the taxable income that is likely to be obtained to offset temporary deductible differences. In case of conclusive evidence showing that sufficient taxable income is likely to be obtained in the future to offset temporary deductible differences, the deferred income tax assets not recognized in the previous accounting period shall be recognized on the balance sheet date.

3. The book value of deferred income tax assets shall be reviewed on the balance sheet date. In case it is impossible to obtain enough taxable income to offset the benefits of the deferred income tax assets in the future, the book value of the deferred income tax assets shall be written down. If it is likely to obtain enough taxable income, the write down amount shall be reversed.

4. The current income tax and deferred income tax of the Company shall be recognized as income tax expense or income, and shall be included in the current profits and losses, except for income tax arising from the following circumstances: (1) business combination; (2) transactions or matters directly recognized in the owner's equity.

42. Lease

(1) Accounting treatment of operating lease

Financial lease is a lease with all risks and rewards related to the ownership of assets transferred in essence, and its ownership may eventually be transferred or not. Leases other than financial leases shall be recognized as operating leases.

(1) Operating lease business recorded by the Company as the lessee

Rental expenditure of operating lease shall be included in relevant asset cost or current profits and losses by adopting the straight-line method in each period of the lease term. Initial direct expenses shall be included in the current profits and losses. Contingent rents shall be included in the current profits and losses at the time of occurrence.

(2) Operating lease business recorded by the Company as the lessor

Rental income of operating lease shall be recognized as the current profits and losses by adopting the

straight-line method in each period of the lease term. Initial direct expenses with large amount shall be capitalized at the time of occurrence, and shall be included in the current profits and losses by stages on the same basis as the rental revenue during the whole lease term; Other initial direct expenses with small amount shall be included in the current profits and losses at the time of occurrence. Contingent rents shall be included in the current profits and losses at the time of occurrence.

(2) Accounting treatment of financial lease

(3) Financial lease business recorded by the Company as the lessee

The lower of the fair value of the leased asset and the present value of the minimum lease payment on the beginning date of lease term shall be taken as the entry value of the leased asset, the minimum lease payment shall be taken as the entry value of the long-term accounts payable, and the difference of the above two shall be taken as the unrecognized financing expense at the beginning of the lease term. In addition, initial direct expenses that can be attributed to the leased item in the process of lease negotiation and signing the lease contract shall also be included in leased assets. Balance of the minimum lease payment after deducting the unrecognized financing expenses shall be listed as long-term liabilities or long-term liabilities due within one year.

During the lease term, the unrecognized financing expenses shall be calculated and recognized by adopting the effective interest rate method. Contingent rents shall be included in the current profits and losses at the time of occurrence.

(4) Financial lease business recorded by the Company as the lessor

The sum of the minimum lease receipts and the initial direct expenses on the beginning date of lease term shall be taken as the entry value of the financing lease receivables, and the unguaranteed residual value shall be recorded at the same time at the beginning of the lease term; and the sum of minimum lease collection, initial direct cost and difference between unguaranteed residual value and its present value shall be recognized as unrealized financing income. Balance of financing lease receivables after deducting the unrealized financing income shall be listed as long-term creditor's right or long-term creditor's right due within one year.

During the lease term, the unrealized financing income shall be calculated and recognized by adopting the effective interest rate method. Contingent rents shall be included in the current profits and losses at the time of occurrence.

43. Other important accounting policies and accounting estimation

Hedge accounting

The hedge means the risk management activity where the enterprise designates the financial instruments as the hedge instruments for the risk exposure due to the management of the specific risks such as foreign exchange risk, interest rate risk, price risk, credit risk so that the fair value or the cash flow changes, which is expected to counteract all or part of the fair value or cash flow change of the hedged projects.

1. In the hedge accounting, the hedge is divided into fair value hedge, cash flow hedge, and net investment hedge for overseas operation.

2. Only when the fair value hedge, cash flow hedge, or net investment hedge for overseas operation meet the following conditions at the same time can the hedge accounting method stipulated by the Code for handling.

(1) The hedge relationship is only composed of the hedge instruments and hedged projects that meet the conditions; (2) When the hedge begins, the enterprise officially designates the hedge instruments and hedged projects and prepares the written documents about hedge relationship and the risk management strategies and risk management objectives related to the hedge for the enterprise. These documents at least describe the hedge instrument, hedged projects, nature of the hedged risks, and evaluation methods on hedge effectiveness (including the forming reason analysis for invalid part of the hedge and the confirmation methods of the hedge ratio) etc. (3) The hedge relationship conforms to the requirements of hedge effectiveness.

If the hedge meets the following conditions at the same time, the enterprise shall identify that the hedge relationship conforms to the requirements of hedge effectiveness:

(a) There is the economic relationship between the hedged projects and hedge instruments. The economic relationship makes the value of the hedge instruments and hedged projects change in the reverse direction due to the same hedged risks.

(b) In the value change generated for the hedged projects and hedge instruments, the effect of the credit risk is not dominant.

(c) The hedge ratio of the hedge relationship shall be equal to the ratio between the hedged project quantity of the actual hedge for the enterprise and the actual quantity of the hedge instruments and shall not reflect the unbalance of the relative weight between the hedged projects and hedge instruments, which will cause the hedge

invalidation and may generate the accounting results not consistent with the hedge accounting objectives.

The enterprise shall continuously evaluate whether the hedge relationship conforms to the hedge effectiveness requirements when the hedge begins and during sequent periods, especially for the analysis the forming reasons why it is expected to affect the hedge relationship due to the invalid part of the hedge during the residual periods of the hedge. The enterprise shall at least evaluate the hedge relationship on the day of balance sheet and when the major changes will happen for relevant situations affecting the hedge effectiveness requirements.

If the hedge relationship does not conform to the hedge effectiveness requirements any more due to the hedge ratio, but the risk management objective to designate the hedge relationship does not change, the enterprise shall re-balance the hedge relationship.

3. Accounting handling of the hedge.

(1) Fair value hedge

If the fair value hedge meets the conditions of the hedge accounting methods, it shall be handled in accordance with the provisions below:

(a) The profit or loss generated by the hedge instrument shall be incorporated into the profits and losses. If the hedge instrument is used to hedge the non-tradable equity instrument investment (or its components) which is measured at fair value with the changes including in other comprehensive income, the profit or loss generated by the hedge instruments shall be incorporated into other comprehensive income.

(b) The profit or loss generated by the hedged projects due to the hedge risk exposure shall be incorporated into the current profit or loss. At the same time, the account value shall be adjusted for the confirmed hedged projects measured at the fair value.

(2) Cash flow hedge

If the cash flow value hedge meets the conditions to apply the hedge accounting methods, it shall be handled in accordance with the provisions below:

(a) If the profit or loss generated by the hedge instrument belongs to the valid part of the hedge as the cash flow hedge reserve, it shall be incorporated into other comprehensive income. The amount of cash flow hedge reserve included in other comprehensive income in each period shall be the change amount of cash flow hedge

reserve in the current period.

(b) If the profit or loss generated by the hedge instrument belongs to the invalid part of the hedge (that is, other profit or loss after deducting other comprehensive income), it shall be incorporated into the current profits and losses.

(3) Net investment hedge for overseas operation

As for the net investment hedge for overseas operation, including the hedge of monetary items accounting as part of net investment, it shall be handled in accordance with the provisions similar to the cash flow hedge accounting:

(a) If the profit or loss generated by the hedge instrument belongs to the valid part of the hedge, it shall be incorporated into other comprehensive income.

When all or part of the overseas business is disposed, the above profit or loss of hedge instruments included in other comprehensive income shall be transferred out and incorporated into the current profits and losses.

If the profit or loss generated by the hedge instrument belongs to the invalid part of the hedge, it shall be incorporated into the current profits and losses.

Repurchase shares

If the Company or its subsidiaries shares are acquired due to the reduction of registered capital or reward of employees, the amount actually paid shall be treated as the treasury stock, and the record shall be made for reference. If the repurchase shares are cancelled, the capital reserve will be offset by the difference between the total par value of the cancelled shares and the number of cancelled shares and the amount paid for the actual repurchase. If the capital reserve is insufficient to be offset, the retained earnings shall be offset; If the repurchase shares are awarded to the employees of the Company as equity settled share payment, when the employees exercise the right to purchase the shares of the Company or its subsidiaries and receive the price, the cost of treasury shares delivered to the employees and the accumulated amount of capital reserve (other capital reserve) during the waiting period shall be resold, and the capital reserve (capital premium or share premium) shall be adjusted according to the difference.

44. Important accounting policy and accounting estimation changes

(1) Important accounting policy changes

applicable not applicable

Contents and reasons of the accounting policy change	Approval procedures	Remarks
Accounting policy change 1: According to the Accounting Standards for Business Enterprises No. 14-Income (CK [2017] No.22) revised and issued by the Ministry of Finance on July 5, 2017, it is required that the new income standards shall be implemented by enterprises listed in China as of January 1, 2020. According to the revised accounting standards, the Company was required to make corresponding changes to the original accounting policies.	Not applicable	
Accounting policy change 2: According to the Notice on Issuance and Revision of Accounting Standards for Business Enterprises No. 7-Non-Monetary Assets Exchange (CK [2019] No.8) revised and issued by the Ministry of Finance on May 9, 2019, it is required that the new standards shall be implemented by all enterprises implement the accounting standards of business enterprises as of June 10, 2019. According to the revised accounting standards, the Company was required to make corresponding changes to the original accounting policies.	Not applicable	
Accounting policy change 3: According to the Notice on Issuance and Revision of Accounting Standards for Business Enterprises No. 12-Debt Restructuring (CK [2019] No.9 hereinafter referred to as “Debt Restructuring Standards”) revised and issued by the Ministry of Finance on May 16, 2019, it is required that the new standards shall be implemented by all enterprises implement the accounting standards of business enterprises as of June 17, 2019. According to the revised accounting standards, the Company was required to make corresponding changes to the original accounting policies.	Not applicable	

1. After the accounting policy change for this time, the Company implements the new income standards. The original income and construction contract standards are incorporated into the unified income confirmation model for the new income standards; The risk premium transfer is replaced to the control right transfer as the judgment standards for income confirmation; The more specific guideline is provided for the accounting handling of the contract arranged for multiple transactions; The specific regulations is provided for the income confirmation and measuring of some special transactions (or matters). The accounting policy change for this time is the corresponding change made by the Company in accordance with the latest accounting standards revised by the Ministry of Finance. In terms of transition provisions, the cumulative impact of the first implementation of the new income standards only adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the year when the new income standards are first implemented, and does not adjust the information of the comparable period. After change, the accounting policy can more objectively and fairly reflect the financial conditions and operation results of the Company and conform to the provisions of relevant

laws and regulations and the actual situation of the Company. The Company re-evaluates the confirmation and measuring, business accounting and reporting of the major contract income for the Company in accordance with the new accounting standards, which has no significant impact on the financial conditions, operation results, and cash flow of the Company and is free of the damage of the benefit of the Company and shareholders.

2. According to the non-monetary assets exchange standards, the Company adjusts the non-monetary assets exchange between January 1, 2019 and the execution date according to these Standards, and does not make retrospective adjustment for the non-monetary assets exchange before January 1, 2019.

3. According to the debt restructuring standards, the Company adjusts the debt restructuring between January 1, 2019 and the execution date according to these Standards, and does not make retrospective adjustment for the debt restructuring before January 1, 2019.

(2) Important accounting estimation changes

applicable not applicable

(3) Relevant balance sheet account information at the beginning of the year when the new income standards and new lease standards are implemented at the first time since 2020

Applicable

Whether it is needed to adjust the balance sheet account at the beginning of the year

Yes No

Consolidated Balance Sheet

Unit: Yuan

Items	December 31, 2019	January 1, 2020	Adjustment quantity
Current assets:			
Monetary funds	815,641,620.85	815,641,620.85	
Settlement of provisions			
Lending funds			
Trading financial assets	389,012,845.80	389,012,845.80	
Derivative financial asset			
Notes receivable	184,241,548.74	184,241,548.74	
Accounts receivable	1,344,601,325.89	1,344,601,325.89	

Receivables financing			
Prepayments	14,434,888.27	14,434,888.27	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	45,781,832.93	45,781,832.93	
Including: interest receivable	7,295.55	7,295.55	
Dividends receivable			
Repurchase of financial assets for resale			
Inventory	513,461,655.22	513,461,655.22	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	30,780,749.09	30,780,749.09	
Total current assets	3,337,956,466.79	3,337,956,466.79	
Non-current assets:			
Loans and advances granted			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	6,863,474.93	6,863,474.93	
Investment in other equity instruments			
Other non-current financial assets			
Investment property	75,980,555.48	75,980,555.48	
Fixed assets	911,874,844.52	911,874,844.52	
Projects under construction	227,919,784.95	227,919,784.95	

Productive biological assets			
Oil and gas assets			
Use right assets			
Intangible assets	228,997,071.35	228,997,071.35	
Development expenditure	62,015,182.42	62,015,182.42	
Goodwill	143,168,717.85	143,168,717.85	
Long-term unamortized expenses	35,637,724.65	35,637,724.65	
Deferred income tax assets	39,907,895.92	39,907,895.92	
Other non-current assets	51,329,093.10	51,329,093.10	
Total non-current assets	1,783,694,345.17	1,783,694,345.17	
Total assets	5,121,650,811.96	5,121,650,811.96	
Current liabilities:			
Short-term borrowing	173,000,000.00	173,000,000.00	
Borrowing money from the central bank			
Borrowed funds			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	376,710,352.49	376,710,352.49	
Accounts payable	977,216,374.27	977,216,374.27	
Advance receipt	37,054,668.04	459,121.98	-36,595,546.06
Contract liabilities		36,595,546.06	36,595,546.06
Financial assets sold for repurchase			
Deposit absorption and interbank deposit			
Acting trading securities			
Acting underwriting securities			

Employee salary payable	129,165,174.74	129,165,174.74	
Taxes payable	24,435,371.35	24,435,371.35	
Other payables	51,515,210.40	51,515,210.40	
Including: Interest payable	2,988,309.00	2,988,309.00	
Dividends payable			
Service charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	1,769,097,151.29	1,769,097,151.29	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowing	200,000,000.00	200,000,000.00	
Bonds payable	479,891,035.92	479,891,035.92	
Including: Preferred shares			
Perpetual bond			
Lease liabilities			
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income	10,022,500.00	10,022,500.00	
Deferred income tax liabilities	27,472,884.02	27,472,884.02	
Other non-current liabilities			
Total non-current liabilities	717,386,419.94	717,386,419.94	

Total liabilities	2,486,483,571.23	2,486,483,571.23	
Owner's equity:			
Share capital	1,018,775,769.00	1,018,775,769.00	
Other equity instruments	104,535,879.24	104,535,879.24	
Including: Preferred shares			
Perpetual bond			
Capital reserves	456,556,282.32	456,556,282.32	
Less: Inventory shares	60,009,612.52	60,009,612.52	
Other comprehensive income	-3,059,762.06	-3,059,762.06	
Special reserve			
Surplus reserves	127,284,211.74	127,284,211.74	
General risk provision			
Undistributed profit	866,301,932.11	866,301,932.11	
Total owner's equity attributable to the parent company	2,510,384,699.83	2,510,384,699.83	
Minority equity	124,782,540.90	124,782,540.90	
Total owners' equity	2,635,167,240.73	2,635,167,240.73	
Total liabilities and owners' equity	5,121,650,811.96	5,121,650,811.96	

Adjustment situation representation

According to the Accounting Standards for Business Enterprises No. 14-Income (CK [2017] No.22) revised and issued by the Ministry of Finance on July 5, 2017, it is required that the new income standards shall be implemented by enterprises listed in China as of January 1, 2020. According to the requirements of the standards, our obligation to transfer goods to customers for consideration received or receivable at the beginning of the period is adjusted to the presentation of contract liabilities, resulting in a decrease of 36,595,546.06 yuan at the early period and an increase of 36,595,546.06 yuan in contract liabilities, which has no impact on other statement items.

Balance Sheet of Parent Company

Unit: Yuan

Items	December 31, 2019	January 1, 2020	Adjustment quantity
Current assets:			
Monetary funds	385,436,535.15	385,436,535.15	
Trading financial assets	238,405,345.80	238,405,345.80	
Derivative financial asset			
Notes receivable	76,671,962.02	76,671,962.02	
Accounts receivable	899,176,641.49	899,176,641.49	
Receivables financing			
Prepayments	5,957,082.22	5,957,082.22	
Other receivables	117,939,852.28	117,939,852.28	
Including: interest receivable			
Dividends receivable			
Inventory	105,521,726.58	105,521,726.58	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	6,081,494.93	6,081,494.93	
Total current assets	1,835,190,640.47	1,835,190,640.47	
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	1,805,683,606.98	1,805,683,606.98	
Investment in other equity instruments			
Other non-current financial assets			
Investment property			
Fixed assets	109,399,125.14	109,399,125.14	
Projects under construction	565,615.15	565,615.15	

Productive biological assets			
Oil and gas assets			
Use right assets			
Intangible assets	117,561,989.08	117,561,989.08	
Development expenditure	37,718,324.75	37,718,324.75	
Goodwill			
Long-term unamortized expenses	12,217,217.91	12,217,217.91	
Deferred income tax assets	19,876,957.58	19,876,957.58	
Other non-current assets	14,236,345.61	14,236,345.61	
Total non-current assets	2,117,259,182.20	2,117,259,182.20	0.00
Total assets	3,952,449,822.67	3,952,449,822.67	0.00
Current liabilities:			
Short-term borrowing	165,000,000.00	165,000,000.00	
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	252,444,912.50	252,444,912.50	
Accounts payable	389,218,701.89	389,218,701.89	
Advance receipt	19,097,275.28		-19,097,275.28
Contract liabilities		19,097,275.28	19,097,275.28
Employee salary payable	75,793,897.30	75,793,897.30	
Taxes payable	5,254,949.29	5,254,949.29	
Other payables	243,934,895.76	243,934,895.76	
Including: Interest payable	2,976,709.00	2,976,709.00	
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			

Other current liabilities			
Total current liabilities	1,150,744,632.02	1,150,744,632.02	0.00
Non-current liabilities:			
Long-term borrowing			
Bonds payable	479,891,035.92	479,891,035.92	
Including: Preferred shares			
Perpetual bond			
Lease liabilities			
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income	9,567,500.00	9,567,500.00	
Deferred income tax liabilities	24,289,411.36	24,289,411.36	
Other non-current liabilities			
Total non-current liabilities	513,747,947.28	513,747,947.28	0.00
Total liabilities	1,664,492,579.30	1,664,492,579.30	0.00
Owner's equity:			
Share capital	1,018,775,769.00	1,018,775,769.00	
Other equity instruments	104,535,879.24	104,535,879.24	
Including: Preferred shares			
Perpetual bond			
Capital reserves	457,944,801.38	457,944,801.38	
Less: Inventory shares	60,009,612.52	60,009,612.52	
Other comprehensive income			
Special reserve			
Surplus reserves	127,255,693.28	127,255,693.28	
Undistributed profit	639,454,712.99	639,454,712.99	
Total owners' equity	2,287,957,243.37	2,287,957,243.37	0.00

Total liabilities and owners' equity	3,952,449,822.67	3,952,449,822.67	0.00
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Adjustment situation representation

According to the Accounting Standards for Business Enterprises No. 14-Income (CK [2017] No.22) revised and issued by the Ministry of Finance on July 5, 2017, it is required that the new income standards shall be implemented by enterprises listed in China as of January 1, 2020. According to the requirements of the standards, our obligation to transfer goods to customers for consideration received or receivable at the beginning of the period is adjusted to the presentation of contract liabilities, resulting in a decrease of 19,097,275.28 yuan at the early period and an increase of 19,097,275.28 yuan in contract liabilities, which has no impact on other statement items.

(4) Comparison data declaration at the early stage for the traceability and adjustment for new income standards and new lease standards implemented from 2020 at the first time

applicable not applicable

45. Others

VI. Tax

1. Main tax type and rate

Tax type	Taxation basis	Tax rate
VAT (value-added tax)	Revenue from sales of goods	13%、9%、6%、3%
City maintenance and construction tax	Turnover tax paid actually	7%
Corporate income tax	Taxable income	15%、25%、16.5%、25.17%、20%、15.825%、22.46%
Education surcharge	Turnover tax paid actually	3%
Local education surcharge	Turnover tax paid actually	2%

Explanation shall be made by means of disclosure where there is any taxpayer with different corporate income tax rates

Name of taxpayer	Income tax rate
Shenzhen Topband Co., Ltd.	15%
Shenzhen Topband Software Technology Co., Ltd.	15%
Shenzhen Topband Automation Technology Co., Ltd.	25%
Chongqing Topband Industrial Co., Ltd.	25%
Huizhou Topband Electrical Technology Co., Ltd.	15%

Shenzhen Topband Lithium Battery Co., Ltd.	15%
Shenzhen YAKO Automation Technology Co., Ltd.	15%
Shenzhen Yansheng Software Co., Ltd.	12.5%
Topband (Hong Kong) Co., Ltd.	16.5%
TOPBAND INDIA PRIVATE LIMITED	25.17%
Shenzhen Allied Control System Co., Ltd.	15%
Huizhou Topband Lithium Battery Co., Ltd.	25%
Ningbo Topband Intelligent Control Co., Ltd.	25%
Shenzhen Meanstone Intelligent Technology Co., Ltd.	20%
Topband (Vietnam) Co., Ltd	20%
Hangzhou Zhidong Motor Technology Co., Ltd.	25%
TOPBAND SMART DONGNAI(VIETNAM) Co., Ltd	20%
Shenzhen Topband Supply Chain Services Co., Ltd.	25%
Shenzhen Spark IOT Technology Co., Ltd.	25%
Shenzhen Topband Investment Co., Ltd.	25%
Topband Germany GmbH	15.825%
Shenzhen Senxuan Technology Co., Ltd.	25%
TOPBAND JAPAN Co., Ltd.	22.46%

2. Tax preference

On October 31, 2017, the Company obtained the Certificate for High-tech Enterprise that is numbered GR201744204652 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission, Shenzhen Municipal Office, SAT and Shenzhen Local Taxation Administration. This Certificate is valid within 3 years from the date of issuance. On February 5, 2021, the Company has received the Certificate for High-tech Enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, and Shenzhen Tax Service, State Taxation Administration, and passed the re-certification of high-tech enterprises. This certification is a renewal of the original certificate that has been expired. According to relevant regulations, the Company will be entitled to the preferential policies stated by China for the high-tech enterprise income tax for three consecutive years after passing the re-certification of high-tech enterprises. That is, the company shall pay its corporate income tax at 15% of corporate income tax rate from 2020 to 2022.

On October 16, 2018, Shenzhen Yansheng Software Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR201844200095 and issued by Shenzhen Science and Technology Innovation

Commission, Shenzhen Finance Commission and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2019 to 2021 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On November 9, 2018, Shenzhen Topband Lithium Battery Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR201844202311 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2019 to 2021 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On November 9, 2018, Shenzhen Allied Control System Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR201844202356 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission, Shenzhen Municipal Office, SAT and Shenzhen Local Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2018 to 2020 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On November 9, 2018, Shenzhen YAKO Automation Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR201844204122 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission, Shenzhen Municipal Office, SAT and Shenzhen Local Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2018 to 2020 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On November 9, 2018, Huizhou Topband Electrical Technology Co., Ltd. obtained the Certificate for

High-tech Enterprise that is numbered GR201844010394 and issued by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2019 to 2021 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On December 9, 2019, Shenzhen Topband Software Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR201944201381 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission, Shenzhen Municipal Office, SAT and Shenzhen Local Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2019 to 2021 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On July 11, 2018, the Ministry of Finance and the State Taxation Administration issued CS [2018] No. 77 Notice on Further Strengthening the Efforts in Preferential Income Tax Policies for Small and Low-Profit Enterprises. According to the Notice, from January 1, 2018 to December 31, 2020, the cap of the annual taxable income of small and low-profit enterprises shall be increased from 500,000 yuan to 1 million yuan, and the small and low-profit enterprises with annual taxable income of less than 1 million yuan (inclusive) shall pay their corporate income taxes at 20% of tax rate with including their incomes reduced by 50% into their taxable incomes. Shenzhen Meanstone Intelligent Technology Co., Ltd., a subsidiary of the Company, was recognized as a small and micro business, and shall apply 20% tax rate for its corporate income tax from 2018 to 2020.

According to CS [2019] No. 13 Notice on the Implementation of Inclusive Tax Relief Policies for Small and Micro Businesses, the small and micro businesses shall pay their corporate income taxes at 20% of tax rate, and reduce the portion of not more than 1 million yuan in their annual taxable incomes by 25% and that of more than 1 million yuan but not more than 3 million yuan in their annual taxable incomes by 50% before including such portion into their taxable incomes. The provisions of this Policy apply to Shenzhen Topband Investment Co., Ltd., Shenzhen Senxuan Technology Co., Ltd., Shenzhen Spark IOT Technology Co., Ltd., Shenzhen Tulu Innovation

Co., Ltd., Huizhou Topband Lithium Battery Co., Ltd., and Shenzhen Meanstone Intelligent Technology Co., Ltd. that are subsidiaries and sub-subsidiaries.

On September 15, 2020, Shenzhen Yansheng Software Co., Ltd. passed the verification carried out by the Industry and Information Technology Bureau of Shenzhen Municipality on the preferential income tax conditions for the enterprises engaged in software and integrated circuit design in Shenzhen. According to the provisions of No. 68 Announcement of Ministry of Finance and State Taxation Administration on Corporate Income Tax Policies for Integrated Circuit Design and Software Industry issued by the Ministry of Finance and State Taxation Administration in 2019, Shenzhen Yansheng Software Co., Ltd. shall be entitled to the preferential tax policy of exemptions in two years and reduction in three years, that is, its corporate income tax shall be exempted from the first to the second year and reduced by 50% at 25% of statutory tax rate from the third to the fifth year until the expiration of the preferential period provided that the preferential period shall be calculated from the profit-making year before December 31, 2018.

3. Others

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

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

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

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

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

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

VII. Notes to Items of Consolidated Financial Statements

1. Monetary capital

Unit: Yuan

Items	Ending balance	Beginning balance
Cash on hand	604,492.12	1,898,597.43
Bank deposit	1,196,226,680.89	759,946,723.06
Other monetary capital	22,264,303.49	53,796,300.36
Total	1,219,095,476.50	815,641,620.85
Including: total amount deposited abroad	153,809,647.09	126,765,216.76
Total amount restricted for use due to mortgage, pledge or freezing, etc.	22,264,303.49	53,796,300.36

Other description

2. The restricted portion of other monetary capital at the end of the period was 15,538,974.44 yuan of bank acceptance deposits, 5,960,105.14 yuan of guarantee amount, and 760,562.00 yuan of frozen fund for labor arbitration. In addition to the above capital restrictions, there were no realizable restrictions or potential recovery risks in monetary capital at the end of the period.

2. Trading financial assets

Unit: Yuan

Items	Ending balance	Beginning balance
Financial assets measured at fair value with changes included in the current profits and losses	226,491,482.10	389,012,845.80
Including:		
Financial products	112,970,000.00	152,970,000.00
Investment in equity instruments	113,521,482.10	236,042,845.80
Including:		
Total	226,491,482.10	389,012,845.80

3. Derivative financial assets

None

4. Notes receivable

(1) Notes receivable listed by category

Unit: Yuan

Items	Ending balance	Beginning balance
Bank acceptance bill	33,560,579.23	183,920,666.71
Commercial acceptance bill	5,917,351.40	320,882.03
Total	39,477,930.63	184,241,548.74

Unit: Yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Notes receivable with single provision for bad debts	33,560,579.23	84.61%		0.00%	33,560,579.23	183,920,666.71	99.82%			183,920,666.71
Including:										
Bank acceptance bill	33,560,579.23	84.61%		0.00%	33,560,579.23	183,920,666.71	99.82%			183,920,666.71
Notes receivable with provision for bad debts by portfolio	6,106,657.79	15.39%	189,306.39	3.10%	5,917,351.40	337,770.56	0.18%	16,888.53	5.00%	320,882.03
Including:										
Commercial acceptance bill	6,106,657.79	15.39%	189,306.39	3.10%	5,917,351.40	337,770.56	0.18%	16,888.53	5.00%	320,882.03
Total	39,667,237.02	100.00%	189,306.39	0.48%	39,477,930.63	184,258,437.27	100.00%	16,888.53	0.01%	184,241,548.74

Single provision for bad debts: 0

Unit: Yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Bank acceptance bill	33,560,579.23	0.00	0.00%	No risk of cashing bank acceptance bill
Total	33,560,579.23	0.00	--	--

Single provision for bad debts:

None

Provision for bad debts by portfolio: 189,306.39

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Commercial acceptance bill	6,106,657.79	189,306.39	3.10%
Total	6,106,657.79	189,306.39	--

Description of the basis for determining the portfolio: None

Provision for bad debts by portfolio: None

Description of the basis for determining the portfolio:

If the provision for bad debts on notes receivable is based on the general model of expected credit loss, the information about the provision for bad debts shall be disclosed by referring to the disclosure method of other receivables:

applicable not applicable

(2) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in current period:

Unit: Yuan

Category	Beginning balance	Amount changed in current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Provision for bad debts - notes receivable	16,888.53	172,417.86	0.00	0.00	0.00	189,306.39
Total	16,888.53	172,417.86	0.00	0.00	0.00	189,306.39

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

applicable not applicable

(3) Notes receivable pledged by the Company at the end of the period

Unit: Yuan

Items	Amount pledged at the end of the period
Bank acceptance bill	1,525,312.22
Total	1,525,312.22

(4) Notes receivable endorsed or discounted by the Company at the end of the period but not yet due at the balance sheet date

Unit: Yuan

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill - endorsed but not due	39,813,557.75	
Bank acceptance bill - discounted but not due	50,289,167.9	

(5) Notes that the Company transferred to accounts receivable at the end of the period due to non-performance by drawer

Unit: Yuan

Items	Amount of accounts receivable transferred at the end of the period
Commercial acceptance bill	0.00
Total	0.00

(6) Notes receivable actually written off in current period

applicable not applicable

5. Accounts receivable

(1) Disclosure of accounts receivable by category

Unit: Yuan

Category	Ending balance			Beginning balance		
	Book balance	Provision for bad	Book value	Book balance	Provision for bad	Book value

			debts					debts		
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with provision for bad debts by single item	3,787,463.00	0.21%	3,787,463.00	100.00%	0.00	3,186,251.80	0.22%	3,186,251.80	100.00%	0.00
Including:										
Accounts receivable with insignificant single amount but single provision made for bad debts	3,787,463.00	0.21%	3,787,463.00	100.00%	0.00	3,186,251.80	0.22%	3,186,251.80	100.00%	0.00
Accounts receivable with provision for bad debts by portfolio	1,758,425,185.47	99.79%	57,314,031.63	3.26%	1,701,111,153.84	1,416,989,478.28	99.78%	72,388,152.39	5.11%	1,344,601,325.89
Including:										
Accounts receivable with provision for bad debts by aging combination	1,758,425,185.47	99.79%	57,314,031.63	3.26%	1,701,111,153.84	1,416,989,478.28	99.78%	72,388,152.39	5.11%	1,344,601,325.89
Total	1,762,212,648.47	100.00%	61,101,494.63	3.47%	1,701,111,153.84	1,420,175,730.08	100.00%	75,574,404.19	5.32%	1,344,601,325.89

Single provision for bad debts: 3,787,463.00

Unit: Yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Accounts receivable with insignificant single amount but single provision made for bad debts	3,787,463.00	3,787,463.00	100.00%	It is difficult to recover
Total	3,787,463.00	3,787,463.00	--	--

Single provision for bad debts:

applicable not applicable

Provision for bad debts by portfolio: 57,314,031.63

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Within 1 year	1,733,363,386.58	53,734,264.99	3.10%
1 to 2 years	20,160,968.67	1,822,551.56	9.04%
2 to 3 years	3,628,511.90	802,263.98	22.11%
3 to 4 years	592,551.52	281,521.22	47.51%
4 to 5 years	40,260.00	33,923.08	84.26%

More than 5 years	639,506.80	639,506.80	100.00%
Total	1,758,425,185.47	57,314,031.63	--

Description of the basis for determining the portfolio: None

Provision for bad debts by portfolio:

applicable not applicable

Unit: Yuan

If the provision for bad debts on accounts receivable is based on the general model of expected credit loss, the information about the provision for bad debts shall be disclosed by referring to the disclosure method of other receivables:

applicable not applicable

Disclosure by aging

Unit: Yuan

Aging	Book balance
Within 1 year (including 1 year)	1,734,392,628.43
1 to 2 years	20,639,335.42
2 to 3 years	5,908,366.30
More than 3 years	1,272,318.32
3 to 4 years	592,551.52
4 to 5 years	40,260.00
Over 5 years	639,506.80
Total	1,762,212,648.47

(2) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in current period:

Unit: Yuan

Category	Beginning balance	Amount changed in current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Accounts receivable with provision for bad debts by single item	3,186,251.80	601,211.20				3,787,463.00
Accounts receivable with provision for bad debts by portfolio	72,388,152.39	-14,817,278.59		256,842.17		57,314,031.63
Total	75,574,404.19	-14,216,067.39		256,842.17		61,101,494.63

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

applicable not applicable

(3) Accounts receivable actually written off in current period

Unit: Yuan

Items	Write-off amount
Accounts receivable actually written off	256,842.17

Of which the significant write-offs of accounts receivable

Unit: Yuan

Name of Entity	Nature of accounts receivable	Write-off amount	Reasons for write off	Write-off procedures performed	Whether the amount was generated by related transactions
Shanghai Aihao Intelligent Technology Co., Ltd.	Payment for goods	93,496.37	It is not expected to be recovered		No
Commercial Lighting Services LLC	Payment for goods	136,354.71	It is not expected to be recovered		No
TECHTRONIC PRODUCT DEVELOPMENT LTD	Payment for goods	23,191.79	It is not expected to be recovered		No
KH CONG CONG	Payment for goods	3,799.30	It is not expected to be recovered		
Total	--	256,842.17	--	--	--

Description of accounts receivable written off:

applicable not applicable

(4) Accounts receivable of top five ending balances grouped by debtors

Unit: Yuan

Name of Entity	Ending balance of accounts receivable	Proportion to total ending balances of accounts receivable	Ending balance of provision for bad debts
No.1	300,967,772.85	17.08%	9,330,522.57
No.2	96,234,080.92	5.46%	2,983,256.51
No.3	62,756,189.31	3.56%	1,945,441.87

No.4	49,984,610.85	2.84%	1,877,221.74
No.5	48,958,179.62	2.78%	1,517,703.59
Total	558,900,833.55	31.72%	

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

applicable not applicable

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

applicable not applicable

6. Receivables financing

Unit: Yuan

Items	Ending balance	Beginning balance
Notes receivable	90,426,713.39	
Accounts receivable	156,229,313.88	
Total	246,656,027.27	

Changes in increase/decrease in receivables financing and changes in fair value in current period

applicable not applicable

If the provision for bad debts on receivables financing is based on the general model of expected credit loss, the information about the provision for bad debts shall be disclosed by referring to the disclosure method of other receivables:

Applicable not applicable

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of 1 January 2020	0			0
Balance as of 1 January 2020 in the current period	—	—	—	—
Accrued in current period	4,843,108.73			4,843,108.73

Balance as of December 31, 2020	4,843,108.73			4,843,108.73
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7. Prepayments

(1) Prepayments are listed by aging

Unit: Yuan

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	16,968,264.14	95.68%	13,638,186.67	94.48%
1 to 2 years	627,825.07	3.54%	754,513.97	5.23%
2 to 3 years	113,188.10	0.64%	33,762.64	0.23%
More than 3 years	25,952.68	0.15%	8,424.99	0.06%
Total	17,735,229.99	--	14,434,888.27	--

(2) Prepayment of top five ending balance grouped by prepaid object

The total amount of prepayments of top five ending balances grouped by debtors in the year was 6,934,977.68 yuan, accounting for 39.10% of the total ending balances of prepayments.

8. Other receivables

Unit: Yuan

Items	Ending balance	Beginning balance
Interest receivable		7,295.55
Other receivables	40,728,126.64	45,774,537.38
Total	40,728,126.64	45,781,832.93

(1) Interest receivable

1) Classification of interest receivable

Unit: Yuan

Items	Ending balance	Beginning balance
Term deposit		7,295.55
Total		7,295.55

2) Significant overdue interest

applicable not applicable

3) Provision for bad debts

applicable not applicable

(2) Dividends receivable

applicable not applicable

(3) Other receivables**1) Classification of other receivables by nature of amount**

Unit: Yuan

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
VAT rebate	23,817,036.82	4,943,914.48
Employee loans	7,886,380.07	8,278,397.06
Margin, deposit	11,276,827.12	12,429,525.03
Legal fee, arbitration fee		1,047,009.70
Compensation		22,850,370.67
Others	187,249.47	289,527.39
Total	43,167,493.48	49,838,744.33

2) Provision for bad debts

Unit: Yuan

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of 1 January 2020	4,064,206.95			4,064,206.95
Balance as of 1 January 2020 in the current period	—	—	—	—

Reversal in current period	1,624,840.11			1,624,840.11
Balance as of December 31, 2020	2,439,366.84			2,439,366.84

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

applicable not applicable

Disclosure by aging

Unit: Yuan

Aging	Book balance
Within 1 year (including 1 year)	32,003,122.58
1 to 2 years	7,971,409.98
2 to 3 years	1,937,168.39
More than 3 years	1,255,792.53
3 to 4 years	1,205,151.61
4 to 5 years	7,228.60
Over 5 years	43,412.32
Total	43,167,493.48

3) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in current period:

Unit: Yuan

Category	Beginning balance	Amount changed in current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Provision for bad debts	4,064,206.95	0.00	1,624,840.11			2,439,366.84
Total	4,064,206.95	0.00	1,624,840.11			2,439,366.84

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

applicable not applicable

4) Other receivables actually written off in current period

Unit: Yuan

Items	Write-off amount

Of which the significant write-offs of other receivables

Unit: Yuan

Name of Entity	Nature of other receivables	Write-off amount	Reasons for write off	Write-off procedures performed	Whether the amount was generated by related transactions
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Description of other receivable written off:

5) Other receivables of top five ending balances grouped by debtors

Unit: Yuan

Name of Entity	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
No.1	VAT export tax rebate	20,264,087.02	Within 1 year	46.94%	
No.2	VAT export tax rebate	1,839,223.41	Within 1 year	4.26%	
No.3	VAT export tax rebate	1,713,726.39	Within 1 year	3.97%	
No.4	Security deposit	1,630,359.50	2~3 years	3.78%	489,107.85
No.5	Rental deposit	1,520,178.00	1~2 years	3.52%	152,017.80
Total	--	26,967,574.32	--	62.47%	641,125.65

6) Receivables involving government subsidies

applicable not applicable

7) Other receivables derecognized due to transfer of financial assets

applicable not applicable

8) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

applicable not applicable

9. Inventory

Whether the Company is required to comply with the disclosure requirements of the real estate industry

No

(1) Inventory classification

Unit: Yuan

Items	Ending balance			Beginning balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value
Raw material	669,357,860.89	56,781,506.42	612,576,354.47	272,107,000.56	21,222,352.31	250,884,648.25
Products in process	65,058,584.18		65,058,584.18	42,378,640.51		42,378,640.51
Goods on hand	340,321,032.11	9,669,035.83	330,651,996.28	169,294,992.97	5,282,595.18	164,012,397.79
Goods shipped in transit	48,921,114.18	3,963,402.85	44,957,711.33	19,315,120.48	3,941,558.64	15,373,561.84
Self-manufactured semi-finished product	60,865,430.27	3,717,115.68	57,148,314.59	36,844,098.35	2,618,548.54	34,225,549.81
Low-value consumables	84,986.73		84,986.73	12,694.55		12,694.55
Materials entrusted for processing	4,834,921.04		4,834,921.04	6,574,162.47		6,574,162.47
Total	1,189,443,929.40	74,109,624.64	1,115,312,868.62	546,526,709.89	33,065,054.67	513,461,655.22

(2) Provision for decline in value of inventories and provision for impairment of contract performance cost

Unit: Yuan

Items	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Raw material	21,222,352.31	54,078,006.36		18,518,852.25		56,781,506.42
Goods on hand	5,282,595.18	8,778,629.53		4,392,188.88		9,669,035.8300
Goods shipped in transit	3,941,558.64	21,844.21				3,963,402.8500
Self-manufactured semi-finished product	2,618,548.54	1,853,849.13		755,281.99		3,717,115.6800

Low-value consumables					
Materials entrusted for processing					
Total	33,065,054.67	64,732,329.23		23,666,323.12	74,131,060.78

(3) Description of capitalized amount of borrowing costs included in ending balance of inventory

applicable not applicable

(4) Description of current amortization amount of contract performance cost

applicable not applicable

10. Contract assets

applicable not applicable

11. Assets held for sale

applicable not applicable

12. Non-current assets due within one year

applicable not applicable

13. Other current assets

Unit: Yuan

Items	Ending balance	Beginning balance
Input tax of VAT	66,429,956.99	25,445,380.79
Other taxes paid in advance	1,716,313.34	5,321,236.23
Prepaid and amortized expenses	28,952.04	14,132.07
Total	68,175,222.37	30,780,749.09

14. Debt investment

applicable not applicable

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

applicable not applicable

15. Other debt investment

Significant changes in book balance

applicable not applicable

16. Long-term receivables

(1) Situation of long-term receivables

applicable not applicable

(2) Long-term receivables derecognized due to transfer of financial assets

applicable not applicable

(3) Amount of assets and liabilities formed by transferring long-term receivables and continuing to be involved

17. Long-term equity investment

Unit: Yuan

Investee	Beginning balance (book value)	Changes in increase/decrease in current period								Ending balance (book value)	Ending balance of provision for impairment
		Additi onal invest ment	Decrease in invest ment	Profit and loss on investment recognized under equity method	Adjustme nt to other compre hensive income	Other changes in equity	Declarati on of distributio n for cash dividends or profits	Provision for impairme nt	Others		
I. Joint venture											
II. Associates											
Shenzhen Yuchengx in Power Technology Co., Ltd.										9,764,719.19	9,764,719.19
Shenzhen	6,863,474.93			-360,946.80						6,502,528.13	

Daka Optoelectronics Co., Ltd.											
Subtotal	6,863,474.93			-360,946.80						16,267,247.32	9,764,719.19
Total	6,863,474.93			-360,946.80						16,267,247.32	9,764,719.19

Other description

18. Investment in other equity instruments

applicable not applicable

19. Other non-current financial assets

applicable not applicable

20. Investment property

(1) Investment property with cost measurement model

applicable not applicable

Unit: Yuan

Items	Houses and buildings	Land usage right	Construction in progress	Total
I. Original book value				
1. Beginning balance	78,840,485.22			78,840,485.22
2. Increase in current period	16,105,071.29			16,105,071.29
(1) Outsourcing				
(2) Transfer in of inventory, fixed assets and construction in progress	16,105,071.29			16,105,071.29
(3) Increase in business mergers				
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance	94,945,556.51			94,945,556.51

II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	2,859,929.74			2,859,929.74
2. Increase in current period	2,847,361.06			2,847,361.06
(1) Provision or amortization	2,847,361.06			2,847,361.06
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance	5,707,290.80			5,707,290.80
III. Provision for impairment				
1. Beginning balance				
2. Increase in current period				
(1) Provision				
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance				
IV. Book value				
1. Ending book value	89,238,265.71			89,238,265.71
2. Beginning book value	75,980,555.48			75,980,555.48

(2) Investment property with fair value measurement model

applicable not applicable

(3) Investment property without property certificate of title

Unit: Yuan

Items	Book value	Reasons for failure to complete certificate of title
Chongqing Yiyuan	89,238,265.71	It is being carried out

21. Fixed assets

Unit: Yuan

Items	Ending balance	Beginning balance
Fixed assets	1,096,875,640.94	911,874,844.52
Total	1,096,875,640.94	911,874,844.52

(1) Fixed assets

Unit: Yuan

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment and others	Molds	Total
I. Original book value:						
1. Beginning balance	669,923,995.13	399,145,854.25	2,444,090.81	121,024,972.52		1,192,538,912.71
2. Increase in current period	104,825,166.29	142,174,681.47	53,026.46	44,516,165.92		291,569,040.14
(1) Acquisition	1,926,254.51	121,879,560.69	53,026.46	41,210,878.53		165,069,720.19
(2) Transfer in of construction in progress	102,898,911.78	20,295,120.78		3,305,287.39		126,499,319.95
(3) Increase in business mergers						
3. Decrease in current period	21,754,702.05	13,539,653.48	131,170.42	5,133,652.34		40,559,178.29
(1) Disposal or scrap	1,303,625.31	10,937,493.10	126,626.34	4,874,955.78		17,242,700.53
(2) Transfer to investment property	16,105,071.29					16,105,071.29
(3) Impact of exchange rate changes	4,346,005.45	2,602,160.38	4,544.08	258,696.56		7,211,406.47
4. Ending balance	752,994,459.37	527,780,882.24	2,365,946.85	160,407,486.10		1,443,548,774.56
II. Accumulated depreciation						
1. Beginning balance	84,753,373.65	148,274,618.12	1,625,897.11	46,010,179.31		280,664,068.19
2. Increase in current period	17,166,099.00	30,518,345.77	399,510.73	32,337,177.39		80,421,132.89
(1) Provision	17,166,099.00	30,518,345.77	399,510.73	32,337,177.39		80,421,132.89
3. Decrease in current period	1,247,284.33	8,967,997.75	120,295.02	4,076,490.36		14,412,067.46
(1) Disposal or scrap	1,247,284.33	8,967,997.75	120,295.02	4,076,490.36		14,412,067.46
4. Ending balance	100,672,188.32	169,824,966.14	1,905,112.82	74,270,866.34		346,673,133.62

III. Provision for impairment						
1. Beginning balance						
2. Increase in current period						
(1) Provision						
3. Decrease in current period						
(1) Disposal or scrap						
4. Ending balance						
IV. Book value						
1. Ending book value	652,322,271.05	357,955,916.10	460,834.03	86,136,619.76		1,096,875,640.94
2. Beginning book value	585,170,621.48	250,871,236.13	818,193.70	75,014,793.21		911,874,844.52

(2) Temporary idle fixed assets

applicable not applicable

(3) Fixed assets leased through financial lease

applicable not applicable

(4) Fixed assets leased out through operating lease

applicable not applicable

(5) Fixed assets without property certificate of title

Unit: Yuan

Items	Book value	Reasons for failure to complete certificate of title
Chongqing Yiyuan	86,475,881.50	It is being carried out
India Plant	87,054,325.09	It is being carried out

(6) Disposal of fixed assets

applicable not applicable

22. Construction in progress

Unit: Yuan

Items	Ending balance	Beginning balance
Construction in progress	292,474,798.41	227,919,784.95
Total	292,474,798.41	227,919,784.95

(1) Situation of construction in progress

Unit: Yuan

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Decoration of Huizhou Plant	19,675,613.36		19,675,613.36	13,952,963.33		13,952,963.33
India Plant	12,113,644.13		12,113,644.13	106,352,884.39		106,352,884.39
Test instruments to be debugged	34,312,847.55		34,312,847.55	29,443,263.26		29,443,263.26
Ningbo Plant	208,173,673.86		208,173,673.86	69,455,858.97		69,455,858.97
Chongqing Yiyuan	1,950,161.78		1,950,161.78	325,313.45		325,313.45
Decoration project of plant in Binh Duong Industrial Park, Vietnam	189,761.68		189,761.68	7,493,558.74		7,493,558.74
Plant in Dong Nai Industrial Park, Vietnam	14,686,143.94		14,686,143.94			
Dormitory renovation of Huizhou plant	1,372,952.11		1,372,952.11			
Others				895,942.81		895,942.81
Total	292,474,798.41		292,474,798.41	227,919,784.95		227,919,784.95

(2) Changes in significant projects under construction in current period

Unit: Yuan

Project name	Amount budgeted	Beginning balance	Increase in current period	Amount of fixed assets transferred in current period	Other decreases in current period	Ending balance	Proportion of cumulative investment in the project	Project progress	Cumulated amount of interest capitaliz	Including: capitalization amount of interest	Capitalization rate of interest in current	Source of capitals
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							to budget		ed	in current period	period	
Chongqing Yiyuan	200,000,000.00	325,313.45	2,910,654.04		1,285,805.71	1,950,161.78	96.49%	96.00%				Fund raising
Decorative of Huizhou Plant	200,000,000.00	13,952,963.33	19,160,316.65	9,515,774.49	3,921,892.13	19,675,613.36	98.39%	98.00%				Others
India Plant	136,004,000.00	106,352,884.39	5,216,125.12	93,383,137.29	6,072,228.09	12,113,644.13	82.03%	82.00%				Others
Ningbo Plant	465,704,300.00	69,455,858.97	138,717,814.89			208,173,673.86	44.70%	45.00%				Fund raising
Plant in Dong Nai, Vietnam	140,000,000.00		14,686,143.94			14,686,143.94	10.49%	10%				Others
Total	961,708,300.00	190,087,020.14	180,691,054.64	102,898,911.78	11,279,925.93	256,599,237.07	--	--				--

(3) Provision for impairment of project under construction in current period

applicable not applicable

(4) Engineering materials

applicable not applicable

23. Productive biological assets

(1) Productive biological assets with cost measurement model

applicable not applicable

(2) Productive biological assets with fair value measurement model

applicable not applicable

24. Oil and gas assets

applicable not applicable

25. Use right assets

□ applicable √ not applicable

26. Intangible assets**(1) Situation of intangible assets**

Unit: Yuan

Items	Land usage right	Patent right	Non-patented technology	Software	Trademark	Total
I. Original book value						
1. Beginning balance	81,171,992.44	435,321.58	244,851,845.46	18,436,171.19	9,728,450.00	354,623,780.67
2. Increase in current period	43,606,201.68		84,448,655.92	3,880,728.03		131,935,585.63
(1) Acquisition	43,606,201.68			3,880,728.03		47,486,929.71
(2) Internal R&D			84,448,655.92			84,448,655.92
(3) Increase in business merger						
3. Decrease in current period	642,793.07					642,793.07
(1) Disposal						
(2) Exchange rate changes	642,793.07					642,793.07
4. Ending balance	124,135,401.05	435,321.58	329,300,501.38	22,316,899.22	9,728,450.00	485,916,573.23
II. Accumulated amortization						
1. Beginning balance	8,715,354.85	435,321.58	98,353,211.73	14,429,058.66	3,693,762.50	125,626,709.32
2. Increase in current period	2,665,890.55		44,254,570.60	2,609,312.13	965,550.00	50,495,323.27
(1) Provision	2,665,890.55		44,254,570.60	2,609,312.13	965,550.00	50,495,323.27
3. Decrease in current period						
(1) Disposal						
4. Ending balance	11,381,245.40	435,321.58	142,607,782.33	17,038,370.79	4,659,312.50	176,122,032.60
III. Provision for impairment						
1. Beginning balance						
2. Increase in current period						
(1) Provision						

3. Decrease in current period						
(1) Disposal						
4. Ending balance						
IV. Book value						
1. Ending book value	112,754,155.65		186,692,719.05	5,278,528.43	5,069,137.50	309,794,540.63
2. Beginning book value	72,456,637.59		146,498,633.73	4,007,112.54	6,034,687.50	228,997,071.35

Proportion of intangible assets formed through internal R&D in the balance of intangible assets at the end of the period

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

applicable not applicable

27. Development expenditure

Unit: Yuan

Items	Beginning balance	Increase in current period			Decrease in current period			Ending balance
		Internal development expenditure	Others		Recognized as intangible assets	Transferred to current profit and loss		
Intelligent controller project	42,739,096.16	53,572,781.57			51,030,673.59			45,281,204.14
Lithium battery project	3,140,677.88	10,886,815.69			10,224,439.80			3,803,053.77
Motor and control system project	6,169,262.82	11,492,023.07			12,004,689.32			5,656,596.57
Other projects	9,966,145.56	15,000,228.96			11,188,853.21			13,777,521.31
Total	62,015,182.42	90,951,849.29			84,448,655.92			68,518,375.79

28. Goodwill

(1) Original book value of goodwill

Unit: Yuan

Name of investee or matters forming goodwill	Beginning balance	Increase in current period	Decrease in current period	Ending balance

		Resulted from business merger		Disposal		
Shenzhen YAKO Automation Technology Co., Ltd.	107,314,446.71					107,314,446.71
Shenzhen Allied Control System Co., Ltd.	53,768,699.68					53,768,699.68
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,006,892.59					3,006,892.59
Hangzhou Zhidong Motor Technology Co., Ltd.	1,322,921.77					1,322,921.77
Total	165,412,960.75					165,412,960.75

(2) Provision for impairment of goodwill

Unit: Yuan

Name of investee or matters forming goodwill	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Provision		Disposal		
Shenzhen Allied Control System Co., Ltd.	22,244,242.90	31,524,456.78				53,768,699.68
Shenzhen Meanstone Intelligent Technology Co., Ltd.		3,006,892.59				3,006,892.59
Total	22,244,242.90	34,531,349.37	0.00	0.00	0.00	56,775,592.27

Information about the asset group or portfolio of goodwill

Description of goodwill impairment test process, key parameters (e.g. growth rate during the forecast period, growth rate during the stabilization period, profitability, discount rate, forecast period, etc. when the present value of future cash flow is expected) and method for recognizing impairment loss of goodwill:

Impact of goodwill impairment test

29. Long-term deferred expense

Unit: Yuan

Items	Beginning balance	Increase in current period	Current amortization amount	Other reduced amount	Ending balance
Decoration cost	35,522,908.03	51,591,958.90	15,175,055.01	142,428.31	71,797,383.61
Others	114,816.62	197,634.09	32,163.23		280,287.48
Total	35,637,724.65	51,789,592.99	15,207,218.24	142,428.31	72,077,671.09

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

Unit: Yuan

Items	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	149,075,252.50	23,312,424.21	121,504,959.89	19,131,411.66
Deductible loss	43,740,568.84	10,286,420.54	43,164,561.84	9,334,360.42
Amortization differences on intangible assets	36,167,726.46	5,441,721.65	20,398,573.35	3,092,911.36
Deferred income	14,279,770.00	2,141,965.50	9,567,500.00	1,435,125.00
Option fee	93,402,952.30	14,010,442.85	46,093,916.53	6,914,087.48
Others				
Total	336,666,270.10	55,192,974.75	240,729,511.61	39,907,895.92

(2) Deferred income tax liabilities without offset

Unit: Yuan

Items	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Valuation and appreciation of assets of business merger under non-common control	5,279,699.53	791,954.93	7,969,479.41	1,195,421.90
Changes in fair value of trading financial assets	62,074,391.17	9,311,158.68	167,635,845.80	25,145,376.87
Book-tax difference in rental income	3,411,531.24	852,882.81	2,413,903.03	603,475.76
Others	3,830,509.95	863,864.88	3,524,063.25	528,609.49
Total	74,596,131.89	11,819,861.30	181,543,291.49	27,472,884.02

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

Unit: Yuan

Items	Amount of offset	Ending balance of	Amount of mutual offset	Beginning balance of
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	between deferred income tax assets and liabilities at the end of the period	deferred income tax assets or liabilities after offset	between deferred income tax assets and liabilities at the beginning of the period	deferred income tax assets or liabilities after offset
Deferred income tax assets		55,192,974.75		39,907,895.92
Deferred income tax liabilities		11,819,861.30		27,472,884.02

(4) Details of unrecognized deferred income tax assets

Unit: Yuan

Items	Ending balance	Beginning balance
Deductible loss	14,481,679.98	13,420,024.85
Provision for asset impairment	3,393,804.05	945,612.46
Total	17,875,484.03	14,365,637.31

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

Unit: Yuan

Year	Ending amount	Beginning amount	Remarks
2021			
2022		2,246.11	
2023		1,004.12	
2024			
2025			
No time limit	14,481,679.98	3,317,394.76	
Total	14,481,679.98	3,320,644.99	--

31. Other non-current assets

Unit: Yuan

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepaid long-term assets	34,639,355.39		34,639,355.39	51,329,093.10		51,329,093.10
Total	34,639,355.39		34,639,355.39	51,329,093.10		51,329,093.10

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

Unit: Yuan

Items	Ending balance	Beginning balance
Guaranteed loan		8,000,000.00
Credit loan	402,151,500.00	165,000,000.00
Total	402,151,500.00	173,000,000.00

(2) Overdue short-term loans

applicable not applicable

33. Trading financial liabilities

applicable not applicable

34. Derivative financial liabilities

applicable not applicable

35. Notes payable

Unit: Yuan

Category	Ending balance	Beginning balance
Bank acceptance bill	715,574,653.91	376,710,352.49
Total	715,574,653.91	376,710,352.49

The total amount of notes payable due but unpaid at the end of the period was Yuan.

36. Accounts payable**(1) Accounts payable listed**

Unit: Yuan

Items	Ending balance	Beginning balance
Within 1 year	1,540,652,638.39	972,783,647.00
1~2 years	7,398,205.08	2,688,671.47
2~3 years	484,275.57	992,109.82

More than 3 years	1,371,220.68	751,945.98
Total	1,549,906,339.72	977,216,374.27

(2) Significant accounts payable aged over 1 year

applicable not applicable

37. Advances received**(1) Advances received listed**

Unit: Yuan

Items	Ending balance	Beginning balance
Within 1 year	487,267.17	459,121.98
1~2 years		
2~3 years		
3 years and above		
Total	487,267.17	459,121.98

(2) Significant advances received aged over 1 year

applicable not applicable

38. Contractual liabilities

Unit: Yuan

Items	Ending balance	Beginning balance
Advances from customers	72,576,117.56	36,595,546.06
Total	72,576,117.56	36,595,546.06

Amount of and reasons for significant changes in book value during the reporting period

applicable not applicable

39. Employee compensation payable**(1) Employee compensation payable listed**

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
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I. Short-term compensation	128,067,238.64	952,009,058.90	905,458,370.11	174,617,927.43
II. Post-employment benefits - defined contribution plan	1,097,936.10	36,314,385.52	36,526,484.93	885,836.69
Total	129,165,174.74	988,323,444.42	941,984,855.04	175,503,764.12

(2) Short-term compensation listed

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1. Wages, bonuses, allowances and subsidies	125,988,816.45	906,677,816.28	859,599,609.57	173,067,023.16
2. Employee benefits	180,593.11	14,134,375.96	14,053,905.28	261,063.79
3. Social insurance expense	887,242.60	17,108,249.71	17,763,494.11	231,998.20
Including: medical insurance expense	778,499.05	15,573,373.85	16,141,178.46	210,694.44
Industrial injury insurance expense	22,194.70	311,234.80	319,644.25	13,785.25
Maternity insurance expense	86,548.85	1,223,641.06	1,302,671.40	7,518.51
4. Housing provident fund	68.10	13,782,634.29	13,782,702.39	0.00
5. Trade union funds and staff education funds	131.20	144,584.46	144,506.40	209.26
8. Others	1,010,387.18	161,398.20	114,152.36	1,057,633.02
Total	128,067,238.64	952,009,058.90	905,458,370.11	174,617,927.43

(3) Defined contribution plan listed

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1. Basic endowment insurance	1,054,192.08	35,638,977.77	35,832,123.78	861,046.07
2. Unemployment insurance expense	43,744.02	675,407.75	694,361.15	24,790.62
Total	1,097,936.10	36,314,385.52	36,526,484.93	885,836.69

40. Taxes payable

Unit: Yuan

Items	Ending balance	Beginning balance
VAT (value-added tax)	12,524,919.27	6,680,386.88
Corporate income tax	41,728,458.33	12,970,370.57
Individual income tax	5,003,297.27	3,959,618.49
City maintenance and construction tax	188,254.81	123,276.29
Education surcharge	134,467.71	88,063.35
Property tax	429,548.57	338,604.36
Other taxes	247,069.64	275,051.41
Total	60,256,015.60	24,435,371.35

41. Other payables

Unit: Yuan

Items	Ending balance	Beginning balance
Interest payable		2,988,309.00
Other payables	57,160,615.93	48,526,901.40
Total	57,160,615.93	51,515,210.40

(1) Interest payable

Unit: Yuan

Items	Ending balance	Beginning balance
Corporate bond interest		1,909,259.00
Interest payable on short-term loans		1,079,050.00
Total		2,988,309.00

applicable not applicable

(2) Dividends payable

applicable not applicable

(3) Other payables**1) Other payables listed by nature**

Unit: Yuan

Items	Ending balance	Beginning balance
Payment for equipment	23,095,663.10	12,707,376.53
Payment for tooling	654,303.42	540,858.47
Transportation expenses	7,252,963.43	3,576,248.55
Rent and utilities	3,105,044.79	1,070,709.09
Margin, deposit	7,034,660.06	8,199,493.63
Wages for labor dispatching	2,150,932.92	2,776,280.00
Consultation fee	1,515,229.67	2,785,900.53
Fuel card fee	1,503,438.82	935,296.44
Payment of decoration	6,055,915.48	8,700,776.74
Others	4,792,464.24	7,233,961.42
Total	57,160,615.93	48,526,901.40

2) Other significant payables aged over 1 year

applicable not applicable

42. Liabilities held for sale

applicable not applicable

43. Non-current liabilities due within one year

applicable not applicable

44. Other current liabilities

applicable not applicable

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

Unit: Yuan

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

46. Bonds payable

(1) Bonds payable

Unit: Yuan

Items	Ending balance	Beginning balance
Convertible corporate bonds		479,891,035.92
Total		479,891,035.92

(2) Changes in increase or decrease of bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Unit: Yuan

Name of bond	Par value	Issuing date	Maturity of bond	Issuing amount	Beginning balance	Current issue	Interest accrued at par value	Amortization of premiums or discounts	Current repayment	Current share conversion	Ending balance
Topband convertible bonds	100.00	2019-3-7	6 years	573,000,000.00	479,891,035.92		2,478,640.93	17,968,728.33	1,555,300.00	496,304,464.25	0.00
Total	--	--	--	573,000,000.00	479,891,035.92		2,478,640.93	17,968,728.33	1,555,300.00	496,304,464.25	0.00

(3) Description of conversion conditions and time of convertible corporate bond

The Company issued 5,730,000 convertible corporate bonds with a par value of 100 yuan on March 7, 2019, as approved by the China Securities Regulatory Commission under ZJXK [2018] No. 1842. The annual interest of the bonds rates was 0.4% in the first year, 0.6% in the second year, 1.5% in the third year, 2.0% in the fourth year, 2.5% in the fifth year and 3.0% in the sixth year. The annual interest payment date was the date of each full year from the first day of issuance of the convertible corporate bonds, with principal repayment due in one lump sum. The initial conversion price of the convertible bonds issued this time was 5.64 yuan per share and the conversion period is from the first trading day after six months from the end of the issuance (March 13, 2019, i.e. the date when the raised funds was transferred to the issuer's account) to the maturity date of the convertible bonds (i.e. September 13, 2019 to March

7, 2025). In case of ex-right or ex-dividend of stock during the bond duration, the conversion price will be adjusted accordingly. The implementation of 2018 annual equity distribution plan was completed by the Company on May 29, 2019, and the conversion price was adjusted from 5.64 yuan per share to 5.54 yuan per share, with the adjusted conversion price effective from May 30, 2019.

Terms of redemption on maturity: Within five trading days after the expiration of the convertible bonds issued this time, the Company will redeem all the unconverted convertible corporate bonds at 116% of the par value of the convertible bonds issued this time (including the last installment of interest) from the holders of the convertible bonds.

Conditional redemption provisions: During the conversion period of the convertible bonds issued this time, if the closing price of the Company's A shares for at least 15 out of 30 consecutive trading days was not less than 130% of the current conversion price (including 130%), or if the unconverted balance of the convertible bonds issued this time was less than 30,000,000, the Company shall have the right to redeem all or part of the unconverted convertible bonds at the price of the par value of the bonds plus accrued interest for the period.

Put provisions:

(1) Conditional put provisions: In the last two interest-bearing years of the convertible corporate bonds issued this time, if the closing price of the Company's shares for any 30 consecutive trading days was less than 70% of the current conversion price, the holders of the convertible corporate bonds shall have the right to put bonds to the Company all or part of the convertible corporate bonds held by them at the price of the par value plus accrued interest for the period. If the conversion price has been adjusted within the above-mentioned trading days due to the occurrence of bonus shares, conversion of capital, issuance of new shares (excluding the increased share capital due to the conversion of convertible corporate bonds issued this issue), allotment of shares and distribution of cash dividends, the trading day before the adjustment shall be calculated according to the conversion price and closing price before the adjustment, and the trading day after the adjustment shall be calculated according to the conversion price and closing price after the adjustment. In the event of a downward correction of the conversion price, the above "30 consecutive trading days" shall be recalculated from the first trading day after the adjustment of the conversion price. In the last two interest-bearing years, the holders of convertible corporate bonds may exercise the put right once each year after the put conditions were satisfied for the first time in accordance with the above-mentioned conditions. If the put conditions were satisfied for the first time but the holders of convertible corporate bonds did not declare and put within the put reporting period

announced by the Company at that time, the put right cannot be exercised again in that interest-bearing year, and the partial put right cannot be exercised by the holders of convertible corporate bonds more than once.

(2) Additional put provisions: If there was a significant change in the implementation of the investment project of the raised funds of the convertible corporate bonds issued by the Company compared with the commitment of the Company in the prospectus, and such change was deemed by CSRC as a change in the use of the raised funds, the holders of the convertible corporate bonds shall have the right to put once. The holders of convertible corporate bonds have the right to put to the Company all or part of their convertible bonds at the par value of the bonds plus accrued interest for the period (See the relevant content of the redemption provisions in Article 11 for the calculation of accrued interest for the period). The bonds may be put by the holders within the additional put reporting period announced by the Company after the additional put conditions are met. If the bonds were not put within that additional put reporting period, the additional put right shall not be exercised.

(4) Description of other financial instruments classified as financial liabilities

applicable not applicable

47. Lease liabilities

applicable not applicable

48. Long-term accounts payable

applicable not applicable

49. Long-term employee compensation payable

applicable not applicable

50. Estimated liabilities

applicable not applicable

51. Deferred income

Unit: Yuan

Items	Beginning balance	Increase in current	Decrease in current	Ending balance	Reasons for formation
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		period	period		
Governmental subsidies	10,022,500.00	6,160,300.00	1,558,030.00	14,624,770.00	Governmental subsidies related to assets
Total	10,022,500.00	6,160,300.00	1,558,030.00	14,624,770.00	--

Items involving government subsidies:

Unit: Yuan

Liability items	Beginning balance	New subsidy amount in current period	Amount included in non-operating income in current period	Amount included in other income in current period	Amount of write-down costs in current period	Other changes	Ending balance	Asset-related /revenue-related
Special fund for the industrialization of high-efficiency energy-saving rare-earth permanent magnet motor	1,495,000.00			195,000.00			1,300,000.00	Asset-related
R&D equipment project of intelligent home management system such as IoT cloud computing technology	657,500.00			263,000.00			394,500.00	Asset-related
R&D project of key technology for clean energy DC system measurement	275,000.00			50,000.00			225,000.00	Asset-related

Nano lithium iron phosphate power battery project	1,000,000.00			250,000.00			750,000.00	Asset-related
Key technology research and development of 18650-2.8Ah high power battery	765,000.00			204,000.00			561,000.00	Asset-related
Intelligent grid connected project of distributed photovoltaic power station	180,000.00			60,000.00			120,000.00	Asset-related
R&D project of 60A solar charging controller with peak power tracking technology	650,000.00			120,000.00			530,000.00	Asset-related
R&D project of unmanned Robot Cleaner	3,000,000.00						3,000,000.00	Asset-related
Key technology research and development project of rare-earth permanent magnet brushless	2,000,000.00	2,000,000.00					4,000,000.00	Asset-related

DC motor and controller with high speed ratio and variable frequency								
Technological transformation supported by 2020 anti-epidemic national debt funds		4,160,300.00		416,030.00			3,744,270.00	Asset-related
Total	10,022,500.00	6,160,300.00		1,558,030.00			14,624,770.00	

52. Other non-current liabilities

applicable not applicable

53. Share capital

Unit: Yuan

	Beginning balance	Increase and decrease of change this time (+, -)					Ending balance
		Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Others	Subtotal	
Total number of shares	1,018,775,769.00				116,441,040.0	116,441,040.00	1,135,216,809.00

54. Other equity instruments

(1) Basic information of preferred shares, perpetual bonds and other financial instruments issued at the end of the period

applicable not applicable

(2) Changes in preferred shares, perpetual bonds and other financial instruments issued at the end of the period

Unit: Yuan

Issued and outstanding financial instruments	At the beginning of the period		Increase in current period		Decrease in current period		At the end of the period	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Convertible corporate bonds	5,727,777	104,535,879.24			5,727,777	104,535,879.24		0.00
Total	5,727,777	104,535,879.24			5,727,777	104,535,879.24		

55. Capital reserve

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Capital premium (share premium)	432,470,271.26	540,668,536.71	49,192,740.63	923,946,067.35
Other capital reserve	24,086,011.06	17,834,787.32	9,132,825.97	32,787,972.40
Total	456,556,282.32	558,503,324.03	58,325,566.60	956,734,039.75

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

Note 1: The increase in share premium for the year was 540,668,536.71 yuan, of which: 498,506,425.85 yuan was increased due to the conversion of convertible bonds, 7,319,817.00 yuan of option expenses previously included in other capital surplus was transferred to share premium due to the unlocking of options, and 32,428,355.38 yuan of the excess of issuance proceeds received from the unlocking of options was included over the balance of other capital surplus previously accrued. The deferred income tax of 2,413,938.48 yuan corresponding to the excess of pre-tax deductible expenses of the exercised options in the current year was included in the share premium. The decrease in share premium of 49,192,740.63 yuan for the year was mainly due to the write-down of capital surplus share premium of 49,192,740.63 yuan as a result of the acquisition of minority interests in R&D and control of automation.

Note 2: Other capital surplus was increased by 17,834,787.33 yuan during the year, of which: 11,021,774.20 yuan of share-based payment expense was recognized under the stock option plan; 6,813,013.13 yuan of deferred income tax assets was recognized based on the pre-tax deductible stock option expense expected to be exercised in the future. Other capital surplus was decreased by 9,132,825.99 yuan this year, of which: other capital surplus

was decreased by 7,319,817.00 yuan due to the transfer of stock option exercise to capital premium; other capital surplus was decreased by 1,813,008.99 yuan due to the offsetting of share-based payment expense by the departure of incentive recipients.

56. Treasury stock

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Repurchase of company shares in competitive trading	60,009,612.52	20,008,353.16		80,017,965.68
Total	60,009,612.52	20,008,353.16		80,017,965.68

57. Other comprehensive income

Unit: Yuan

Items	Beginning balance	Amount incurred in current period						Ending balance
		Amount before income tax in current period	Less: current profits and losses included in other comprehensive income in the previous period	Less: current retained earnings included in other comprehensive income in the previous period	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
II. Other comprehensive income to be reclassified into profit and loss	-3,059,762.06	-22,221,934.22			-726,466.31	-21,495,467.91		-24,555,229.97
Translation difference of foreign currency financial statements	-3,059,762.06	-27,065,042.95				-27,065,042.95		-30,124,805.01
Others		4,843,108.73			-726,466.31	5,569,575.04		
Total amount of	-3,059,762.06	-22,221,934.22			-726,466.31	-21,495,467.91		-24,555,229.97

other comprehensive income								
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Other description, including the adjustment to the effective portion of the profit and loss of cash flow hedging transferred to the amount initially recognized for the hedged item:

58. Special reserve

applicable not applicable

59. Surplus reserve

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Statutory surplus reserve	127,284,211.74	24,075,745.79		151,359,957.53
Total	127,284,211.74	24,075,745.79		151,359,957.53

60. Undistributed profit

Unit: Yuan

Items	Current period	Prior period
Undistributed profit at the end of last period before adjustment	866,301,932.11	627,537,034.07
Total undistributed profit at the beginning of the period (+ for increase, - for decrease)		33,773,958.15
Undistributed profit at the beginning of last period after adjustment	866,301,932.11	661,310,992.22
Plus: Net profit attributable to the owners of the parent company in current period	533,516,814.04	330,827,437.00
Less: withdrawal of statutory surplus reserve	24,075,745.7900	24,449,890.93
Common Stock dividends payable	50,798,630.45	101,386,606.18
Undistributed profit at the end of the period	1,324,944,369.9100	866,301,932.11

Details of undistributed profit at the beginning of adjustment period:

1) Due to the retroactive adjustment of Accounting Standards for Business Enterprises and related new regulations, the undistributed profit at the beginning of the period was 0.00 yuan.

2) Due to the change of accounting policy, the undistributed profit at the beginning of the period was 0.00 yuan.

3) Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was 0.00 yuan.

4) Due to the change in merger under the same control, the undistributed profit at the beginning of the period was 0.00 yuan.

5) The undistributed profit at the beginning of the period was 0.00 yuan with other adjustments.

61. Operating income and operating costs

Unit: Yuan

Items	Amount incurred in current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	5,509,664,078.91	4,183,169,715.86	4,065,588,092.70	3,187,058,098.70
Other business	50,518,919.30	21,124,114.91	33,267,288.00	10,443,636.43
Total	5,560,182,998.21	4,204,293,830.77	4,098,855,380.70	3,197,501,735.13

Whether the lower of audited net income before or after deducting the non-recurring profit and loss is negative

Yes No

Income-related information:

applicable not applicable

62. Taxes and surcharges

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
City maintenance and construction tax	6,324,873.31	11,620,278.16
Education surcharge	4,517,766.67	8,300,108.77
Property tax	6,798,046.02	5,691,202.24
Land use tax	761,833.73	713,133.98
Stamp duty	3,161,739.96	1,978,717.11
Others	126,323.00	34,003.73
Total	21,690,582.69	28,337,443.99

63. Sales expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
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Employee compensation	84,228,078.15	67,668,913.58
Transportation expenses		23,782,813.44
Business entertainment expenses	11,324,256.98	8,822,809.60
Travel expenses	6,448,204.97	9,494,443.99
Intermediary service expenses	12,857,876.78	5,789,023.54
Exhibition expenses	1,883,321.83	2,837,703.49
Materials expenses	4,981,728.64	6,040,253.95
Mail expenses	2,083,622.84	1,431,377.30
Option fee	1,070,281.42	1,978,364.59
Advertising expenses	585,897.69	804,590.03
Others	7,435,164.40	6,239,801.19
Total	132,898,433.70	134,890,094.70

64. Administrative expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Employee compensation	101,669,023.72	80,240,845.75
Decoration cost	15,080,374.60	8,000,824.55
Intermediary service expenses	11,006,233.18	13,053,238.86
Depreciation expense	10,022,105.25	6,546,844.76
Amortization of intangible assets	5,366,794.68	4,272,259.57
Rent and utilities	4,678,076.32	4,790,022.14
Low-value consumables	4,814,426.22	1,025,656.80
Property insurance expenses	3,943,952.43	3,909,544.24
Office expenses	2,688,859.58	1,360,357.58
Option fee	2,161,539.30	3,637,827.49
Travel expenses	2,106,934.87	3,746,250.40
Recruitment expenses	1,761,794.56	2,314,075.87
Others	15,996,063.62	9,724,997.49
Total	181,296,178.33	142,622,745.50

65. R&D expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
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Employee compensation	203,174,657.25	163,254,464.74
Amortization of intangible assets	44,628,065.78	30,909,754.89
Material expenses	17,494,266.42	16,267,606.20
Depreciation expense	6,091,886.30	6,275,637.85
Low-value consumables	5,366,096.64	2,252,150.50
Testing expense	5,009,617.91	2,329,033.03
Option fee	4,721,777.37	10,505,635.48
Tooling expense	4,480,409.98	7,345,678.03
Decoration cost	3,624,175.64	408,020.21
Travel expenses	3,210,677.11	3,695,156.46
Intermediary service expenses	4,028,380.25	2,601,863.78
Utilities	2,880,537.35	2,608,134.45
Rental expense	1,876,088.61	2,351,404.49
Others	7,031,640.96	6,991,428.84
Total	313,618,277.57	257,795,968.95

66. Financial expense

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Interest expense	41,611,921.13	37,039,755.07
Less: Interest income	7,457,090.20	7,330,866.39
Profit or loss on exchange	98,517,832.20	-13,428,533.19
Others	44,313,350.36	19,899,235.95
Total	176,986,013.49	36,179,591.44

67. Other revenues

Unit: Yuan

Source for other revenues	Amount incurred in current period	Amount incurred in prior period
Governmental subsidies	27,326,933.85	40,717,067.89
Added-value tax refund on demand	7,158,399.28	6,076,408.89
Return of individual income tax service charge	766,726.03	620,079.09
Others	13,534.31	6,523.17
Total	35,265,593.47	47,420,079.04

68. Investment revenue

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Long-term equity investment revenue accounted by equity method	-360,946.80	2,176,410.20
Investment revenue of trading financial assets during holding period		1,301,220.00
Investment revenue from disposal of trading financial assets	230,366,485.41	
Investment revenue of financial products	5,602,702.63	4,847,353.13
Forward foreign exchange contract settlement profit and loss	22,970,000.00	-10,416,000.00
Total	258,578,241.24	-2,091,016.67

69. Net exposure hedging revenue
 applicable not applicable
70. Fair value change revenue

Unit: Yuan

Source for fair value change revenue	Amount incurred in current period	Amount incurred in prior period
Trading financial assets	-105,561,454.64	120,249,096.66
Total	-105,561,454.64	120,249,096.66

71. Credit impairment loss

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Bad debt loss of other receivables	1,590,385.44	-1,196,458.19
Bad debt loss of accounts receivable	9,229,256.64	-25,556,644.72
Bad debt loss of commercial acceptance bill	-172,417.86	
Total	10,647,224.22	-26,753,102.91

72. Asset impairment loss

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
II. Loss on inventory valuation and contract performance cost impairment loss	-64,732,329.22	-25,892,457.30
XI. Goodwill impairment loss	-34,531,349.37	-22,244,242.90
Total	-99,263,678.59	-48,136,700.20

73. Assets disposal revenue

Unit: Yuan

Source of assets disposal revenue	Amount incurred in current period	Amount incurred in prior period
Revenue from disposal of non-current assets	-932,817.83	2,736.00
Total	-932,817.83	2,736.00

74. Nonbusiness income

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period	Amount included in the current non-recurring profit and loss
Customer compensation income		3,078,009.43	
Supplied goods deduction income	10,645.00	1,043,173.17	10,645.00
Others	3,080,907.14	1,873,794.41	3,080,907.14
Total	3,091,552.14	5,994,977.01	3,091,552.14

Government subsidy included in the current profits and losses

Unit: Yuan

Subsidy project	Grant entity	Grant reasons	Nature type	Whether the subsidy affect the profit and loss of the year	Whether it is the special subsidy	Amount incurred in the current period	Amount incurred in the last period	
Added-value tax refund on demand						7,158,399.28	6,076,408.89	Related to revenue
Return of individual income tax service charge						766,726.03	620,079.09	Related to revenue
Technological transformation supported by 2020 anti-epidemic national debt						416,030.00		Asset-related

funds								
Research and development equipment funding of smart home management system based on Internet of Things cloud computing technology						263,000.00	263,000.00	Asset-related
Nano lithium iron phosphate power battery project						250,000.00	250,000.00	Asset-related
High rate 18650-2.8Ah power battery key technology research and development project						204,000.00	204,000.00	Asset-related
Industrialization of high efficiency energy saving motor for permanent magnet with rare earth						195,000.00	195,000.00	Asset-related
Research and development of 60A solar charging controller with peak power tracking technology						120,000.00	120,000.00	Asset-related
Intelligent grid connected project of distributed photovoltaic power station						60,000.00	52,500.00	Asset-related
Clean energy projects subsidy						50,000.00	57,500.00	Asset-related
Return of unemployment insurance premium						5,991,047.80	-	Related to revenue
Training replaced for operation subsidy						2,709,000.00	-	Related to revenue
Support and subsidy for enterprises to expand production and increase efficiency						2,511,000.00	2,450,000.00	Related to revenue
Enterprise development and research funding						2,199,800.00	4,733,400.00	Related to revenue
Export credit insurance subsidy						2,052,992.00	1,953,075.00	Related to revenue
Industrial and commercial electricity subsidy						1,629,404.77	2,216,473.00	Related to revenue
Two-tax financial subsidy						1,540,000.00	-	Related to revenue
Position stabilization subsidy						1,311,398.13	800,174.91	Related to revenue
Technical transformation and improvement project funding						950,000.00	2,370,000.00	Related to revenue
Special funds for foreign trade development of enterprises						655,162.00	-	Related to revenue
Support and subsidiary for emerging industries						520,000.00	-	Related to revenue
Denglinghui multiplying plan subsidy						500,000.00	100,000.00	Related to revenue

Industrial Internet development support plan						350,000.00	-	Related to revenue
Reward for scale growth of industrial enterprises						300,000.00	-	Related to revenue
Project funds of discount subsidy scheme of science and technology finance in 2020						296,300.00	-	Related to revenue
Double promotion funding for technically innovative doubling special funding plan quality brand						280,000.00	-	Related to revenue
Filing subsidy						270,000.00	-	Related to revenue
Special fund for Huizhou industry and informatization issued by Zhongkai Economic Development Bureau						250,000.00	2,500,000.00	Related to revenue
Subsidy for recognition of high-tech enterprises for counseling services						200,000.00	20,000.00	Related to revenue
Steady growth subsidy						200,000.00	834,600.00	Related to revenue
Patent subsidy						169,500.00	111,510.00	Related to revenue
Pre-position training subsidy						127,600.00	84,600.00	Related to revenue
Sub-item funds for energy conservation and emission reduction						56,073.15	200,000.00	Related to revenue
Enterprise high-tech enterprise recognition award subsidy						50,000.00	714,000.00	Related to revenue
Exhibition subsidy						5,000.00	441,400.00	Related to revenue
Municipal Commission of Economy, Trade and Information Technology: special fund for the development of industry and information technology						-	400,000.00	Related to revenue
Lithium power battery project						-	11,155,400.00	Related to revenue
Financial support fund of Xinqiao Town of Songjiang District of Shanghai						-	290,000.00	Related to revenue
Subsidy for advantageous industrial clusters						-	850,000.00	Related to revenue
Subsidy for large-scale industrial innovation ability cultivation and promotion support plan						-	1,000,000.00	Related to revenue
Subsidy for discount of import interest						-	420,995.00	Related to revenue

Reward for enterprise scale expansion						-	3,511,300.00	Related to revenue
Support fund for enterprise information construction project						-	2,180,000.00	Related to revenue
Other projects						658,160.31	244,663.15	Related to revenue
Total						35,265,593.47	47,420,079.04	

75. Non-operating expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period	Amount included in the current non-recurring profit and loss
Loss on damage and scrapping of non-current assets	1,229,856.20	2,692,727.66	1,229,856.20
Customer quality deduction expenditure	3,257,648.65	1,735,670.32	3,257,648.65
Public welfare donation expenditure	100,000.00		100,000.00
Others	470,326.97	501,542.69	470,326.97
Total	5,057,831.82	4,929,940.67	5,057,831.82

76. Income tax expense

(1) Table of income tax expense

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Current income tax expense	95,921,210.40	34,292,792.53
Deferred income tax expense	-20,949,784.64	18,354,286.85
Total	74,971,425.76	52,647,079.38

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

Unit: Yuan

Items	Amount incurred in current period
Total profits	626,166,509.85
Income tax expenses calculated at statutory / applicable tax rates	93,924,976.48
Impact of different tax rates on subsidiaries	-1,948,555.30

Effect of income tax adjustment in previous period	270,048.91
Impact of non-deductible costs, expenses and losses	1,290,663.04
Impact of deductible loss of unrecognized deferred income tax assets in previous period	-607.04
Impact of deductible temporary difference or deductible loss of unrecognized deferred income tax assets in the current period	4,228,108.00
Impact of additional deductible expenses	-15,396,551.45
Impact of tax exemption policy for sub-subsidiaries in Vietnam	-11,550,176.74
Impact of other adjustments	4,153,519.86
Income tax expense	74,971,425.76

77. Other comprehensive income

See Note 57-Other Comprehensive Income for details.

78. Items of cash flow statement

(1) Other cash received related to operating activities

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Interest income	7,457,090.20	7,330,866.39
Governmental subsidies	31,929,203.85	40,717,067.89
Deposit and margin collection	16,606,451.15	14,785,131.66
Return of individual income tax	766,726.03	615,538.52
Individual income tax collected	12,076,403.76	16,534,725.48
Housing subsidy for talents	63,328.86	3,045,268.00
Personal borrowings and expenditures	1,188,276.23	2,972,383.28
Others	3,869,236.60	2,432,742.79
Compensation	25,603,304.78	
Total	99,560,021.46	88,433,724.01

(2) Other cash paid related to operating activities

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Service charge	2,319,492.32	1,731,829.20
Management expenses	53,061,394.35	47,357,447.49

Research and development expenses	55,001,890.87	43,587,770.40
Sales expenses	47,229,489.36	63,321,862.91
Margin and deposit expenses	9,802,400.50	21,175,143.91
Employee borrowings	521,314.00	1,435,238.82
Individual income tax of equity incentive paid	12,076,403.76	
Others	3,291,207.76	280,937.18
Total	183,303,592.92	178,890,229.91

(3) Other cash received related to investment activities

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
		502,944.51
Total	0.00	502,944.51

(4) Other cash paid related to investment activities

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Individual income tax on acquisition of shares	20,016,000.00	
Total	20,016,000.00	0.00

(5) Other cash received related to financing activities

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Note margin	45,516,139.25	76,675,723.20
Guarantee margin	5,960,105.14	4,894,500.00
Total	51,476,244.39	81,570,223.20

(6) Other cash paid related to financing activities

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Note margin	13,144,524.44	53,276,279.48
Guarantee margin	4,894,500.00	456,380.78

Intermediary fee for issuing convertible bonds		6,720,940.10
Repurchase of treasury stock	20,008,353.16	55,907,257.99
Restricted stock repurchasing and others		773,579.85
Total	38,047,377.60	117,134,438.20

79. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Unit: Yuan

Supplementary information	Current amount	Amount of the previous period
1. Adjusting net profit to cash flow from operating activities	--	--
Net profit	551,195,084.0900	340,636,849.87
Plus: Impairment of assets	88,616,454.37	74,889,803.1100
Depreciation of fixed assets, depletion of oil and gas assets as well as depreciation of productive biological assets	80,597,211.85	64,744,439.3200
Depreciation of use right assets		
Amortization of intangible assets	50,357,893.86	35,701,242.8200
Amortization of long-term deferred expenses	15,207,218.24	4,302,110.9300
Losses from disposal of fixed assets, intangible assets and other long-term assets (income marked with "--")	932,817.83	-2,736.0000
Losses on scrapping of fixed assets (income marked with "--")	1,229,856.20	2,692,727.6600
Loss from fair value change (income marked with "--")	105,561,454.64	-120,249,096.6600
Financial expenses (income marked with "--")	93,764,044.38	37,885,616.0200
Investment loss (income marked with "--")	-258,578,241.24	2,091,016.6700
Decrease in deferred income tax assets (increase marked with "--")	-5,331,660.91	124,001.6700
Increase in deferred income tax liabilities (decrease marked with "--")	-15,619,358.99	18,234,920.1500
Decrease in inventory (increase marked with "--")	-673,392,280.5900	-47,156,515.6400
Decrease in operating receivables (increase marked with "--")	-511,359,671.27	-623,446,751.1000
Increase in operating payables (decrease marked with "--")	1,115,511,120.73	595,083,407.1500
Other	9,208,765.1900	18,946,664.2300
Net cash flow from operating activities	647,900,708.380	404,477,700.20
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 changes in cash and cash equivalents:	--	--
Ending balance of cash	1,196,835,834.92	761,845,320.49
Less: Beginning balance of cash	761,845,320.49	429,764,144.33
Plus: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	434,990,514.43	332,081,176.16

(2) Net cash paid for acquirement of subsidiaries in the current period

applicable not applicable

(3) Net cash received for disposal of subsidiaries in the current period

applicable not applicable

(4) Composition of cash and cash equivalents

Unit: Yuan

Items	Ending balance	Beginning balance
III. Balance of cash and cash equivalents at the end of the period	1,196,835,834.92	761,845,320.49

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

applicable not applicable

81. Assets with limited ownership or use right

Unit: Yuan

Items	Account value at the end of the period	Restricted reasons
Monetary capital	22,259,641.58	Apply to the bank for the security deposit and guarantee deposit for issuing bank acceptance bill
Notes receivable	22,927,362.22	Apply to the bank for issuing bills pledged by bank acceptance bills

Fixed assets	251,597,560.32	Mortgage housing loan
Total	296,784,564.12	--

82. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: Yuan

Items	Foreign currency balance at the end of the period	Conversion rate	Balance converted into RMB at the end of the period
Monetary capital	--	--	201,574,251.97
Including: USD	20,062,692.72	6.5249	130,907,063.75
Euro	576,059.13	8.0250	4,622,874.52
Hong Kong Dollar	699,179.92	0.8416	588,457.79
Indian rupee	592,364,414.99	0.0891	52,805,773.23
Vietnamese dong	38,799,662,184.00	0.0003	10,964,698.16
Japanese Yen	26,652,295.00	0.0632	1,685,384.53
Accounts receivable	--	--	720,990,899.48
Including: USD	104,954,081.13	6.5249	684,814,883.97
Euro	925,597.70	8.0250	7,427,921.54
Hong Kong Dollar	19,173,963.63	0.8416	16,137,574.75
Indian rupee	99,526,623.33	0.0891	8,872,208.00
Vietnamese dong	13,231,095,669.99	0.0003	3,739,078.18
Long-term loans	--	--	
Including: USD			
Euro			
Hong Kong Dollar			
Accounts payable			14,905,144.53
Including: USD	1,931,024.24	6.5249	12,599,740.06
Hong Kong dollar	35,810.06	0.8416	30,139.18
Indian rupee	4,216,523.90	0.0891	375,878.09
Vietnamese dong	6,721,173,375.73	0.0003	1,899,388.63

(2) Description of overseas business entities, including for important overseas business entities, disclosure of main overseas business locations, recording currency and selection basis as well as disclosure of reasons for changes in recording currency.

applicable not applicable

1. Topband India Private Limited, a subsidiary of the Company, is mainly located in Pune City, Maharashtra, India, with Indian Rupee as the recording currency;
2. Topband (Vietnam) Co., Ltd, a sub-subsidiary of the Company, is mainly located in Binh Duong, Vietnam, with Vietnamese dong as the recording currency;
3. TOPBAND SMART DONGNAI (VIETNAM) Co., Ltd, a sub-subsidiary of the Company, is mainly located in Dong Nai, Vietnam, with Vietnamese dong as the recording currency;
4. Topband Germany GmbH, a sub-subsidiary of the Company, is mainly located in Unterföhring, Germany, with Euro as the recording currency;
5. TOPBAND JAPAN Co., Ltd., a sub-subsidiary of the Company, is mainly located in Nagoya, Japan, with Japanese Yen as the recording currency;

83. Hedging

applicable not applicable

84. Government subsidies

(1) Basic information of government subsidies

Unit: Yuan

Category	Amount	Items presented	Amount included in current profit and loss
Technological transformation supported by 2020 anti-epidemic national debt funds	4,160,300.00	Deferred income	416,030.00
Key technology research and development project of rare-earth permanent magnet brushless DC motor and controller with high speed ratio and variable frequency	2,000,000.00	Deferred income	0.00
Added-value tax refund on demand	7,158,399.28	Other income	7,158,399.28
Return of individual income tax service charge	766,726.03	Other income	766,726.03
Research and development equipment funding of smart home management system based on Internet of Things cloud computing	263,000.00	Other income	263,000.00

technology			
Nano lithium iron phosphate power battery project	250,000.00	Other income	250,000.00
High rate 18650-2.8Ah power battery key technology research and development project	204,000.00	Other income	204,000.00
Industrialization of high efficiency energy saving motor for permanent magnet with rare earth	195,000.00	Other income	195,000.00
Research and development of 60A solar charging controller with peak power tracking technology	120,000.00	Other income	120,000.00
Intelligent grid connected project of distributed photovoltaic power station	60,000.00	Other income	60,000.00
Clean energy projects subsidy	50,000.00	Other income	50,000.00
Return of unemployment insurance premium	5,991,047.80	Other income	5,991,047.80
Training replaced for operation subsidy	2,709,000.00	Other income	2,709,000.00
Support and subsidy for enterprises to expand production and increase efficiency	2,511,000.00	Other income	2,511,000.00
Enterprise development and research funding	2,199,800.00	Other income	2,199,800.00
Export credit insurance subsidy	2,052,992.00	Other income	2,052,992.00
Industrial and commercial electricity subsidy	1,629,404.77	Other income	1,629,404.77
Two-tax financial subsidy	1,540,000.00	Other income	1,540,000.00
Position stabilization subsidy	1,311,398.13	Other income	1,311,398.13
Technical transformation and improvement project funding	950,000.00	Other income	950,000.00
Special funds for foreign trade development of enterprises	655,162.00	Other income	655,162.00
Support and subsidiary for emerging industries	520,000.00	Other income	520,000.00
Denglinghui multiplying plan subsidy	500,000.00	Other income	500,000.00
Industrial Internet development support plan	350,000.00	Other income	350,000.00
Reward for scale growth of industrial enterprises	300,000.00	Other income	300,000.00
Project funds of discount subsidy scheme of science and technology finance in 2020	296,300.00	Other income	296,300.00
Double promotion funding for technically innovative doubling special funding plan quality brand	280,000.00	Other income	280,000.00
Filing subsidy	270,000.00	Other income	270,000.00
Special fund for Huizhou industry and informatization issued by Zhongkai Economic Development Bureau	250,000.00	Other income	250,000.00
Subsidy for recognition of high-tech enterprises for counseling services	200,000.00	Other income	200,000.00
Steady growth subsidy	200,000.00	Other income	200,000.00
Patent subsidy	169,500.00	Other income	169,500.00

Pre-position training subsidy	127,600.00	Other income	127,600.00
Sub-item funds for energy conservation and emission reduction	56,073.15	Other income	56,073.15
Enterprise high-tech enterprise recognition award subsidy	50,000.00	Other income	50,000.00
Exhibition subsidy	5,000.00	Other income	5,000.00
Other projects	658,160.31	Other income	658,160.31

(2) Situation of government subsidies refund

applicable not applicable

Other description:

85. Others

VIII. Changes in the Scope of Consolidation

1. Merger of enterprises under different control

applicable not applicable

2. Merger of enterprises under the same control

applicable not applicable

3. Reverse purchase

Basic information of the transaction, the basis for the reverse purchase of the transaction, whether the assets and liabilities retained by the listed company constitute the business and its basis, the determination of the merger cost, the amount of the adjustment of the equity when the transaction is processed as an equity transaction and its calculation:

4. Disposal of subsidiaries

Is there single disposal of the investment in a subsidiary which results in loss of control

Yes No

Are there are step-by-step disposal of the investment in a subsidiary through multiple transactions and loss of control in the current period

Yes No

5. Changes in the scope of merger due to other reasons

Explanations for the changes in the scope of the merger caused by other reasons (e.g., establishment of new subsidiaries, or liquidation of subsidiaries, etc.) and relevant circumstances:

1. On January 6, 2020, Topband (Hong Kong) Co., Ltd., a subsidiary of the Company, invested in the establishment of a wholly-owned sub-subsidiary - Topband Smart Dongnai (Vietnam) Co., Ltd. with registered capital of USD7.5 million, which has been included in the scope of consolidated statements since the date of establishment.
2. On March 13, 2020, the Company invested in the establishment of a wholly-owned subsidiary - Shenzhen Topband Supply Chain Services Co., Ltd. with registered capital of 5 million yuan, which has been included in the scope of consolidated statements since the date of establishment.
3. On March 16, 2020, the Company invested in the establishment of a wholly-owned subsidiary - Shenzhen Topband Investment Co., Ltd. with registered capital of 30 million yuan, which has been included in the scope of consolidated statements since the date of establishment.
4. On April 8, 2020, Shenzhen Topband Investment Co., Ltd., a subsidiary of the Company, invested in the establishment of a wholly-owned subsidiary - Shenzhen Spark IOT Technology Co., Ltd. with registered capital of 10 million yuan, which has been included in the scope of consolidated statements since the date of establishment.
5. On September 23, 2020, Topband (Hong Kong) Co., Ltd., Ltd., a subsidiary of the Company, invested in the establishment of a wholly-owned sub-subsidiary - TOPBAND JAPAN Co., Ltd. with registered capital of 30 million yen, which has been included in the scope of consolidated statements since the date of establishment.
6. On October 29, 2020, the Company invested in the establishment of a wholly-owned subsidiary - Shenzhen Senxuan Technology Co., Ltd. with registered capital of 10 million yuan, which has been included in the scope of consolidated statements since the date of establishment.
7. On September 7, 2020, Shenzhen Topband Investment Co., Ltd., a subsidiary of the Company, invested in the establishment of a wholly-owned subsidiary - Shenzhen Tulu Innovation Co., Ltd. with registered capital of 10 million yuan, which has been included in the scope of consolidated statements since the date of establishment.

6. Others

applicable not applicable

IX. Interests in Other Entities

1. Interests in subsidiaries

(1) Composition of the enterprise group

Name of subsidiary	Principal place of business	Registered place	Nature of business	Shareholding proportion		Acquisition method
				Direct	Indirect	
Shenzhen Topband Software Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Lithium Battery Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Automation Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Chongqing Topband Industrial Co., Ltd.	Chongqing	Chongqing	Production and sales	100.00%		Establishment
Topband (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Investment	100.00%		Establishment
Huizhou Topband Electrical Technology Co., Ltd.	Huizhou	Huizhou	Production and sales	100.00%		Establishment
Huizhou Topband Lithium Battery Co., Ltd.	Huizhou	Huizhou	Production and sales		100.00%	Establishment
Ningbo Topband Intelligent Control Co., Ltd.	Ningbo	Ningbo	Production and sales	100.00%		Establishment
Shenzhen Allied Control System Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Merger of enterprises under different control
Shenzhen Meanstone Intelligent Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	65.00%		Merger of enterprises under different control
Topband (Vietnam) Co., Ltd.	Binh Duong, Vietnam	Binh Duong, Vietnam	Production and sales		100.00%	Establishment
Topband India Private Limited	India	India	Sales	100.00%		Establishment

TOPBAND SMART DONGNAI(VIETNAM) Co., Ltd	Dong Nai Province, Vietnam	Dong Nai Province, Vietnam	Production and sales		100.00%	Establishment
Shenzhen YAKO Automation Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	73.00%		Merger of enterprises under different control
Hangzhou Zhidong Motor Technology Co., Ltd.	Hangzhou	Hangzhou	Production and sales		52.50%	Merger of enterprises under different control
Shenzhen Yansheng Software Co., Ltd.	Shenzhen	Shenzhen	Software development		73.00%	Merger of enterprises under different control
Topband Germany GmbH	Unterföhring, Germany	Unterföhring City, Germany	Sales		100.00%	Establishment
Shenzhen Topband Supply Chain Services Co., Ltd.	Shenzhen	Shenzhen	Sales, import and export business and supply chain management services	100.00%		Establishment
Shenzhen Spark IOT Technology Co., Ltd.	Shenzhen	Shenzhen	Research and development as well as sales		100.00%	Establishment
Shenzhen Topband Investment Co., Ltd.	Shenzhen	Shenzhen	Investment	100.00%		Establishment
Shenzhen Tulu Innovation Co., Ltd.	Shenzhen	Shenzhen	Sales, import and export business and supply chain management services		100.00%	Establishment
Shenzhen Senxuan Technology Co., Ltd.	Shenzhen	Shenzhen	Sales, import and export business and supply chain management services	100.00%		Establishment

TOPBAND JAPAN Co., Ltd.	Nagoya City, Japan	Nagoya City, Japan	Sales, import and export business and supply chain management services		100.00%	Establishment
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(2) Important non-wholly-owned subsidiaries

Unit: Yuan

Name of subsidiary	Shareholding ratio of minority shareholders	Profits and losses attributable to minority shareholders during the current period	Dividends declared and distributed to minority shareholders during the current period	Ending balance of minority equity
Shenzhen YAKO Automation Technology Co., Ltd.	27.00%	17,864,382.53	4,061,400.15	85,332,616.02

(3) Major financial information of important non-wholly-owned subsidiaries

Unit: Yuan

Name of subsidiary	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen YAKO Automation Technology Co., Ltd.	303,827,572.37	47,014,094.08	350,841,666.45	50,893,109.13		50,893,109.13	263,287,387.24	42,069,492.02	305,356,879.26	44,477,309.49		44,477,309.49

Unit: Yuan

Name of subsidiary	Amount incurred in current period				Amount incurred in prior period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen YAKO Automation Technology Co., Ltd.	257,988,191.43	48,094,321.21	48,094,321.21	62,625,702.54	176,261,168.37	22,491,473.90	22,491,473.90	14,214,367.53

(4) Significant restrictions on the use of enterprise group assets and the liquidation of enterprise group debts

applicable not applicable

(5) Financial support or other support provided to structured entities included in the scope of the consolidated financial statements

applicable not applicable

2. Transaction in respect of which the share of the owner's equity of a subsidiary is changed and the subsidiary is still under control

applicable not applicable

3. Interests in joint venture arrangements or associated enterprises**(1) Important joint ventures or associated enterprises**

applicable not applicable

(2) Major financial information of important joint ventures

applicable not applicable

(3) Major financial information of important associated enterprises

applicable not applicable

(4) Summarized financial information of unimportant joint ventures and associated enterprises

Unit: Yuan

	Ending balance/Amount incurred in the current period	Beginning balance/Amount incurred in the previous period
Joint Venture:	--	--
Sum of the following items calculated according to the shareholding ratio	--	--
Associated enterprises:	--	--
Total book value of investment	6,502,528.13	6,863,474.93
Sum of the following items calculated	--	--

according to the shareholding ratio		
- Net profit	-360,946.80	2,176,410.20
- Total comprehensive income	-360,946.80	2,176,410.20

(5) Statement that there is a material limitation on the ability of the joint venture or associated enterprise to transfer funds to the Company

applicable not applicable

(6) Excess losses incurred by the joint venture or an associated enterprise

applicable not applicable

(7) Unconfirmed commitments related to the investment of joint ventures

applicable not applicable

(8) Contingent liabilities related to the investment of joint ventures or associated enterprises

applicable not applicable

4. Important joint operation

applicable not applicable

5. Interests in structured entities not included in the scope of the consolidated financial statements

applicable not applicable

X. Risks Associated with Financial Instruments

The main financial instruments of the Company include equity investment, borrowings, accounts receivable, accounts payable, etc. For the detailed description of each financial instrument, refer to relevant items in this Note VI. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The Management of the Company manages and monitors these risk exposures to ensure that these risks are controlled within the limited scope.

The Company uses sensitivity analysis technology to analyze the possible impact of reasonable and possible changes in risk variables on current profits and losses or shareholders' equity. Since any risk variable rarely

changes in isolation, and the correlation between the variables will have a significant effect on the final amount affected by a change in a risk variable, the following contents are based on the assumption that changes in each variable are made in isolation.

(1) Risk management objective and policy

The Company's risk management objective is to strike an appropriate balance between risks and returns, reduce the negative impact of risks on the Company's business performance to the lowest level, and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic risk management strategy of the Company is to determine and analyze various risks faced by it, establish an appropriate risk bearing bottom line and carry out risk management, and conduct timely and reliable supervision of various risks to control risks within the limited scope.

1. Market risk

(1) Foreign exchange risk

Foreign exchange risk refers to the risk of loss due to exchange rate fluctuations. The Company's foreign exchange risks are mainly related to US dollars and Hong Kong dollars. In addition, the Company and its subsidiary Topband (Hong Kong) Co., Ltd. purchase some materials and sell products in US dollars and Hong Kong dollars. Topband India Private Limited, a subsidiary of the Company, is denominated in Indian Rupee; Topband (Vietnam) Co., Ltd. and Topband Smart Dongnai (Vietnam) Co., Ltd., sub-subsidiaries of the Company, are denominated in Vietnamese Dong; Topband Germany GmbH, a sub-subsidiary of the Company, is denominated in Euro; Topband Japan Co., Ltd., a sub-subsidiary of the Company, is denominated in Japanese Yen. Other major business activities of the Company are denominated and settled in RMB. As of December 31, 2020, the Company's assets and liabilities were balances in RMB except that the assets or liabilities described in the table below were balances in USD, HKD, INR and VDN. The foreign exchange risks arising from the assets and liabilities of such foreign currency balances may have an impact on the Company's operating results.

Items	Year-end balance	Amount at the beginning of the year
Cash and cash equivalents	201,574,251.97	155,303,503.30
USD	130,907,063.75	91,393,630.94
Euro	4,622,874.52	6,010,673.38
HKD	588,457.78	1,114,130.41
Indian rupee	52,805,773.23	54,791,984.30
Vietnamese dong	10,964,698.16	1,993,084.27

Japanese Yen	1,685,384.53	
Accounts receivable	720,990,899.48	624,696,030.62
USD	684,814,883.97	615,222,106.47
Euro	7,427,921.54	2,125,735.81
HKD	16,136,807.79	7,348,188.34
Indian rupee	8,872,208.00	
Vietnamese dong	3,739,078.18	
Accounts payable	14,905,144.53	4,591,733.77
USD	12,599,740.06	3,232,666.86
HKD	30,137.75	655,471.15
Indian rupee	375,878.09	703,595.76
Vietnamese dong	1,899,388.63	

The Company pays close attention to the impact of exchange rate fluctuations on the Company's foreign exchange risks. The Company currently does not take any measures to avoid foreign exchange risks.

Foreign exchange risk sensitivity analysis:

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

Items	Exchange rate changes	Current year		Last year	
		Impact on profits	Impact on shareholders' equity	Impact on profits	Impact on shareholders' equity
Cash and cash equivalents	Appreciate against RMB 1%	2,015,742.52	2,015,742.52	1,553,035.03	1,553,035.03
Cash and cash equivalents	Depreciate against RMB 1%	2,015,742.52	2,015,742.52	-1,553,035.03	-1,553,035.03
Accounts receivable	Appreciate against RMB 1%	7,209,908.99	7,209,908.99	6,246,960.31	6,246,960.31
Accounts receivable	Depreciate against RMB 1%	-7,209,908.99	-7,209,908.99	-6,246,960.31	-6,246,960.31
Accounts payable	Appreciate against RMB 1%	-149,051.45	-149,051.45	-45,917.34	-45,917.34

Accounts payable	Depreciate against RMB	1%	149,051.45	149,051.45	45,917.34	45,917.34
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(2) Other price risks

Investments held by the Company and classified as trading financial assets are measured at fair value on the balance sheet date. Therefore, the Company is exposed to the risk of changes in the securities market.

2. Credit risk

As of December 31, 2020, the maximum credit risk exposure that might cause financial loss of the Company mainly came from the loss of the Company's financial assets caused by the failure of the other party to the contract to perform obligations and the financial guarantee undertaken by the Company, specifically including the carrying amount of the financial assets recognized in the consolidated balance sheet.

In order to reduce credit risks, the Company has set up special positions responsible for determining credit limits, conducting credit approval, and implementing other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the Company reviews the recovery of each individual receivables on each balance sheet date to ensure that adequate provision is made for uncollectible amounts. As a result, the Management of the Company believes that the credit risk assumed by the Company has been significantly reduced.

The Company's working capital is deposited in a bank with a high credit rating, so the credit risk of working capital is low.

(1) Aging analysis of overdue unimpaired financial assets

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

Items	2019-12-31					
	Within 1 year	1~2 years	2~3 years	3-5 years	More than 5 years	Total
Accounts receivable	68,863,323.92	17,304,916.32	799,310.43	506,333.80	229,693.00	87,703,577.47

(2) The Company has adopted necessary policies to ensure that all sales customers have good credit records. The

Company has no other major credit concentration risk.

3. Flow risk

In managing liquidity risks, the Company maintains and monitors cash and cash equivalents deemed sufficient by the Management to meet the Company's operational needs and reduce the impact of cash flow fluctuations. The Management of the Company monitors the use of bank loans and ensures compliance with loan agreements.

The Company relies on bank loans as its main source of funds. As of December 31, 2020, the Company's unutilized bank loan limit was 3,885,475,000 yuan (December 31, 2019: 1,715,532,800 yuan).

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

Items	Within 1 year	1~2 years	2~3 years	3-5 years	More than 5 years	Total
Non-derivative financial assets and liabilities:						
Monetary capital	1,219,095,476.50					1,219,095,476.50
Trading financial assets	226,491,482.10					
Notes receivable	39,477,930.63					39,477,930.63
Accounts receivable	1,762,212,648.49					1,762,212,648.49
Receivables financing	246,656,027.27					246,656,027.27
Other receivables	43,167,493.47					43,167,493.47
Short-term loans	402,151,500.00					402,151,500.00
Notes payable	715,574,653.91					715,574,653.91
Accounts payable	1,549,906,339.74					1,549,906,339.74
Other payables	57,160,615.93					57,160,615.93
Long-term loans				200,000,000.00		200,000,000.00

XI. Disclosure of Fair Value

1. Ending fair value of assets and liabilities measured at fair value

Unit: Yuan

Items	Ending fair value			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
1. Financial assets measured at fair value and whose changes are included in the current profits and losses	31,033,991.99	0.00	195,457,490.11	226,491,482.10
(1) Debt instrument investment			112,970,000.00	112,970,000.00
(2) Equity instrument investment	31,033,991.99		82,487,490.11	113,521,482.10
2. Financial assets measured at fair value and whose changes are included in other comprehensive income			246,656,027.27	246,656,027.27
Receivables financing			246,656,027.27	246,656,027.27
(1) Bank acceptance bills			90,426,713.39	90,426,713.39
(2) Accounts receivable			156,229,313.88	156,229,313.88
Total assets continuously measured at fair value	31,033,991.99	0.00	442,113,517.38	473,147,509.37
II. Non-continuous fair value measurement	--	--	--	--

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

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

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

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

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

6. For continuous fair value measurement items, if the conversion occurs among different levels in the current period, the reasons for the conversion and the policies for determining the conversion time point

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

8. Fair value of financial assets and financial liabilities not measured at fair value**9. Others****XII. Related Parties and Related Transactions****1. Information on the parent company of the Enterprise**

Name of parent company	Registered place	Nature of business	Registered capital	The parent company's shareholding ratio in the Enterprise	Proportion of the parent company's voting rights in the Enterprise
Wu Yongqiang	Shenzhen			18.68%	18.68%

2. Information on the Company's subsidiaries

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

3. Information on the joint ventures and associated enterprises of the Enterprise

The important joint ventures or associated enterprises of the Enterprise are detailed "3. Interests in joint ventures or associated enterprises" in "Interests in Other Entities" in Note 9 in the notes.

The situations of other joint ventures or associated enterprises with a balance resulting from related transactions with the Company during the current period or the previous period are as follows:

applicable not applicable

4. Other related parties

Names of other related parties	Relationship between other related parties and the Enterprise
Shenzhen Jizhiguang Electronics Co., Ltd.	A company substantially controlled by the relative of the Company's legal representative
Shenzhen Lianghui Technology Co., Ltd.	A company whose shares are held by the Company
Shenzhen Dynanonic Co., Ltd.	A company whose shares are held by the Company
Foshan Dynanonic Technology Co., Ltd.	A subsidiary of the company whose shares are held by the Company
Shenzhen ORVIBO Technology Co., Ltd.	A company whose shares are held by the Company
Shenzhen HANSC Intelligent Technology Co., Ltd.	A company whose shares are held by the Company

Guangdong Zhongchuang Zhijia Scientific Research Co., Ltd.	A company whose shares are held by the Company
Guangdong Huixin Semiconductor Co., Ltd.	A company whose shares are held by the Company

5. Related transactions

(1) Related transactions involving the purchase and sale of goods and the provision and acceptance of services

List of goods purchased/services received

Unit: Yuan

Related party	Related transaction content	Amount incurred in current period	Approved transaction limit	Is the transaction limit exceeded	Amount incurred in prior period
Shenzhen Jizhiguang Electronics Co., Ltd.	Raw material	15,939,982.64		No	10,361,563.26
Foshan Dynanonic Technology Co., Ltd.	Raw material	13,268,725.49		No	11,751,856.55
Shenzhen ORVIBO Technology Co., Ltd.	Technical service			No	389,838.14

List of goods sold/services provided

Unit: Yuan

Related party	Related transaction content	Amount incurred in current period	Amount incurred in prior period
Shenzhen ORVIBO Technology Co., Ltd.	LED products	13,158,867.26	

(2) Relevant entrusted management/contracting and entrusted management/outsourcing

applicable not applicable

(3) Related lease

applicable not applicable

(4) Related guarantee

applicable not applicable

(5) Related parties' loans at call

applicable not applicable

(6) Asset transfer and debt restructuring of related parties

applicable not applicable

(7) Remuneration of key management personnel

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Remuneration of key management personnel	10,583,700.00	10,064,720.00

(8) Other related transactions

applicable not applicable

6. Payables due to related parties**(1) Item receivable**

Unit: Yuan

Project name	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Shenzhen ORVIBO Technology Co., Ltd.	11,456,976.61	355,166.27		

(2) Item payable

Unit: Yuan

Project name	Related party	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	Shenzhen Jizhiguang Electronics Co., Ltd.	3,600,589.88	2,140,158.58
Accounts payable	Foshan Dynanonic Technology Co., Ltd.	4,573,368.10	5,760,730.94
Notes payable	Shenzhen Jizhiguang Electronics Co., Ltd.	1,560,000.00	670,000.00
Notes payable	Foshan Dynanonic Technology Co., Ltd.	1,283,800.00	4,004,799.91

7. Commitment of related parties

applicable not applicable

XIII. Share-based payment**1. General situation of share-based payment**

applicable not applicable

Unit: Yuan

Total amount of equity instruments granted by the Company during the current period	0.00
Total amount of equity instruments exercised by the Company during the current period	12,014,700.00
Total amount of the Company's equity instruments that expired during the current period	2,773,000.00
The range of the exercise price of the Company's stock options outstanding at the end of the period and the remaining term of the contract	The Company granted 42.8870 million stock options to 684 incentive recipients on November 27, 2018. The performance evaluation and exercise of the Company and the individuals of the incentive objects are conducted by the year, and the evaluation is conducted once each fiscal year. The achievement of the performance evaluation target is taken as the exercise condition of the incentive objects. This plan is valid for a maximum period of 48 months from the date of authorization of stock options to the date on which all options are exercised or cancelled. After the expiration of 12 months from the authorization date of the incentive plan of the current period, the incentive objects shall exercise the stock options by stages according to the exercise proportion of 30%, 30% and 40% within the vesting date. The grant price of the stock options unlocked at the end of the period is RMB 3.70.

Other description**1. Stock options in 2018**

On November 27, 2018, the ninth meeting of the sixth Board of Directors of the Company deliberated and passed the "Proposal on Granting Stock Options to Incentive Objects", granting 42,887,000 stock options to 684

eligible incentive objects at a grant price of RMB 3.80 per share.

On July 26, 2019, the 15th meeting of the sixth Board of Directors of the Company deliberated and passed the "Proposal on Adjusting the Stock Option Exercise Price of the 2018 Stock Option Incentive Plan", which adjusted the exercise price of the 2018 Stock Option Incentive Plan from RMB 3.80 to RMB3.70 due to the Company's 2018 annual equity distribution.

On March 30, 2020, the Company held the 22nd meeting of the sixth Board of Directors, deliberating and passing the "Proposal on the First Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights" and the "Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan": In the first exercise period of the 2018 stock option incentive plan of the Company, a total of 606 incentive objects with 12,014,700 stock options in total were eligible for exercise. In May 2020, a total of 606 incentive objects with 12,014,700 stock options in total in the first exercise period completed exercise.

On January 16, 2020, given that 76 original incentive objects of the Company, including Huang Xinyu and Yang Shengcang, left office due to personal reasons, according to relevant provisions of the "2018 Stock Option Incentive Plan (Revised Draft)", the above personnel did not meet the incentive conditions, and a total of 2,773,000 stock options that were granted to the 76 original incentive objects but were not exercised may not be exercised. The Company completed the cancellation of such stock options on January 29, 2021.

2. Equity-settled share-based payments

applicable not applicable

Unit: Yuan

Method for determining the fair value of the equity instrument on the grant date	Black-Scholes option pricing model
Basis for determining the number of exercisable equity instruments	It is expected that the exercise condition can be met and the granted objects will exercise
Accumulated amount of equity-settled share-based payments included in capital reserves	79,370,639.71
Total amount of expenses recognized by equity-settled share-based payments in the current period	9,208,765.19

3. Cash-settled share-based payments

applicable not applicable

4. Modification and termination of share-based payments

applicable not applicable

XIV. Commitments and Contingencies**1. Important commitments**

Important commitments that existed on the balance sheet date

2. Contingencies

applicable not applicable

XV. Events after the Balance Sheet Date**1. Important non-adjustment matters**

applicable not applicable

2. Profit distribution

Unit: Yuan

Profits or dividends to be distributed	56,018,894.45
Profits or dividends declared to be paid after examination and approval	56,018,894.45

3. Sales return

applicable not applicable

4. Description of other events after the balance sheet date

(1) New sub-subsidiary

On January 16, 2021, the fifth meeting of the seventh Board of Directors of the Company deliberated and passed the "Proposal on the Subsidiary's Acquisition of 83.5% of the equity in Taixing Ninghui Lithium Battery Co., Ltd. through Equity Transfer and Capital Increase", agreeing that the wholly-owned subsidiary of the Company, Topband Lithium Battery, will use its own or self-raised funds of 15.40 million yuan to acquire 70% of the equity in Taixing Ninghui Lithium Battery Co., Ltd. (hereinafter referred to as "Ninghui Lithium Battery" or the "Target

Company") and increase the capital of the Target Company by 18 million yuan, and the registered capital of the Target Company will increase from 22 million yuan to 40 million yuan. After the completion of this transaction, Topband Lithium Battery will hold 83.5% of the equity in Ninghui Lithium Battery. On February 5, 2021, the Company received a notice from Ninghui Lithium Battery, stating that Ninghui Lithium Battery had gone through the relevant industrial and commercial change registration procedures.

(2) Completion of the cancellation of part of stock options

On January 14, 2021, the Company held the fifth meeting of the seventh Board of Directors and the fifth meeting of the seventh Board of Supervisors, respectively deliberating and passing the "Proposal on Cancelling the Stock Options Granted to but not Exercised by Outgoing Employees in the 2018 Stock Option Incentive Plan". In view of the fact that 76 original incentive objects including Huang Xinyu and Yang Shengcang left the Company due to personal reasons and no longer met the conditions for being incentive objects, we agree to cancel the total of 2,773,000 unexercised stock options held by the above-mentioned 76 incentive objects. On January 29, 2021, Shenzhen Branch of China Securities Depository and Clearing Company Limited confirmed that the cancellation of the above 2,773,000 stock options had been completed.

(3) Adoption of the re-recognition as a high-tech enterprise

On February 5, 2021, the Company has received the Certificate for High-tech Enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, and Shenzhen Tax Service, State Taxation Administration, and passed the re-certification of high-tech enterprises. This certification is a renewal of the original certificate that has been expired. According to relevant regulations, the Company will be entitled to the preferential policies stated by China for the high-tech enterprise income tax for three consecutive years after passing the re-certification of high-tech enterprises. That is, the company shall pay its corporate income tax at 15% of corporate income tax rate from 2020 to 2022.

XVI. Other Important Matters

1. Correction of early accounting errors

applicable not applicable

2. Debt restructuring

applicable not applicable

3. Asset replacement

applicable not applicable

4. Annuity plan

applicable not applicable

5. Termination of operation

applicable not applicable

6. Division information

applicable not applicable

7. Other important transactions and matters that have an impact on investors' decisions

applicable not applicable

XVII. Notes on Main Items in the Financial Statements of the Parent Company**1. Accounts receivable****(1) Disclosure of accounts receivable by category**

Unit: Yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with provision for bad debts by single item	70,467,909.48	7.62%	597,758.70	0.85%	69,870,150.78	28,640,372.45	3.03%	0.00		28,640,372.45
Including:										
Accounts receivable with a single	69,868,984.66	7.56%		0.00%	69,868,984.66	28,350,830.32	3.00%	0.00	0.00%	28,350,830.32

significant amount and single bad debt provision										
Accounts receivable with insignificant single amount but single provision made for bad debts	598,924.83	0.06%	597,758.70	99.81%	1,166.12	278,592.63	0.03%		0.00%	278,592.63
Accounts receivable with provision for bad debts by portfolio	854,095,677.91	92.38%	27,700,353.00	3.24%	826,395,324.92	917,040,068.12	96.97%	46,492,849.58	5.07%	870,547,218.54
Including:										
Total	924,563,587.40	100.00%	28,298,111.70	3.06%	896,265,475.70	945,669,491.07	100.00%	46,492,849.58	4.92%	899,176,641.49

Single provision for bad debts: accounts receivable with a single significant amount and separate bad debt provision at the end of the year

Unit: Yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Shenzhen Topband Lithium Battery Co., Ltd.	16,139,926.54			
Topband (Hong Kong) Co., Ltd.	8,647,217.34			
Ningbo Topband Intelligent Control Co., Ltd.	37,237,598.53			
Topband (Vietnam) Co., Ltd.	7,844,242.25			
Total	69,868,984.66		--	--

Single provision for bad debts:

applicable not applicable

Bad debt provision made by the combination: accounts receivable with bad debt provision made by the aging analysis method

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Within 1 year	840,631,173.01	26,059,566.36	3.10%
1 to 2 years	10,226,141.74	924,443.21	9.04%
2 to 3 years	3,237,019.31	715,704.97	22.11%

3-4 years	1,343.85	638.46	47.51%
Total	854,095,677.91	27,700,353.00	--

Disclosure by aging

Unit: Yuan

Aging	Book balance
Within 1 year (including 1 year)	910,501,323.80
1 to 2 years	10,226,141.74
2 to 3 years	3,834,778.01
More than 3 years	1,343.85
3 to 4 years	1,343.85
4 to 5 years	0.00
Total	924,563,587.40

(2) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in current period:

Unit: Yuan

Category	Beginning balance	Amount changed in current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Provision for bad debts	46,492,849.58	-18,101,241.51		93,496.37		28,298,111.70
Total	46,492,849.58	-18,101,241.51		93,496.37		28,298,111.70

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

 applicable not applicable**(3) Accounts receivable actually written off in current period**

Unit: Yuan

Items	Write-off amount
Shanghai Aihao Intelligent Technology Co., Ltd.	93,496.37

Of which the significant write-offs of accounts receivable

 applicable not applicable

(4) Accounts receivable of top five ending balances grouped by debtors

Unit: Yuan

Name of Entity	Ending balance of accounts receivable	Proportion to total ending balances of accounts receivable	Ending balance of provision for bad debts
No.1	235,251,504.36	25.44%	7,292,796.66
No.2	66,857,476.23	7.23%	2,072,581.76
No.3	49,982,365.85	5.41%	1,877,152.14
No.4	41,606,424.45	4.50%	1,241,282.17
No.5	37,237,598.53	4.03%	
Total	430,935,369.42	46.61%	

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

applicable not applicable

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

applicable not applicable

2. Other receivables

Unit: Yuan

Items	Ending balance	Beginning balance
Other receivables	41,159,647.12	117,939,852.28
Total	41,159,647.12	117,939,852.28

(1) Interest receivable

applicable not applicable

(2) Dividends receivable

applicable not applicable

(3) Other receivables**1) Classification of other receivables by nature of amount**

Unit: Yuan

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Internal related transactions	13,021,127.03	109,403,887.22
VAT rebate	20,264,087.02	
Employee loans	4,589,352.52	5,467,617.13
Margin, deposit	4,493,457.54	3,971,918.80
Others	62,346.03	
Total	42,430,370.14	118,843,423.15

2) Provision for bad debts

Unit: Yuan

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of 1 January 2020	903,570.87			903,570.87
Balance as of 1 January 2020 in the current period	—	—	—	—
Accrued in current period	367,152.15			367,152.15
Balance as of December 31, 2020	1,270,723.02			1,270,723.02

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

 applicable not applicable

Disclosure by aging

Unit: Yuan

Aging	Book balance
Within 1 year (including 1 year)	37,334,059.83
1 to 2 years	3,654,188.57
2 to 3 years	202,025.81
More than 3 years	1,240,095.93
3 to 4 years	1,193,683.61

4 to 5 years	5,000.00
Over 5 years	41,412.32
Total	42,430,370.14

3) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in current period:

Unit: Yuan

Category	Beginning balance	Amount changed in current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Provision for bad debts	903,570.87	367,152.15				1,270,723.02
Total	903,570.87	367,152.15				1,270,723.02

4) Other receivables actually written off in current period

applicable not applicable

5) Other receivables of top five ending balances grouped by debtors

Unit: Yuan

Name of Entity	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
No.1	Export rebate amount	20,264,087.02	Within 1 year	47.76%	
No.2	Intercourse funds	10,359,774.50	Within 1 year	24.42%	
No.3	Rental deposit	1,520,178.00	1~2 years	3.58%	152,017.80
No.4	Intercourse funds	1,180,065.48	Within 1 year	2.78%	
No.5	Intercourse funds	1,032,592.04	Within 1 year	2.43%	
Total	--	34,356,697.04	--	80.97%	152,017.80

6) Receivables involving government subsidies

applicable not applicable

7) Other receivables derecognized due to transfer of financial assets

□ applicable ✓ not applicable

8) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

□ applicable ✓ not applicable

3. Long-term equity investment

Unit: Yuan

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	2,194,431,703.81		2,194,431,703.81	1,798,820,132.05		1,798,820,132.05
Investment in associated enterprises and joint ventures	18,936,183.18	12,433,655.05	6,502,528.13	19,297,129.98	12,433,655.05	6,863,474.93
Total	2,213,367,886.99	12,433,655.05	2,200,934,231.94	1,818,117,262.03	12,433,655.05	1,805,683,606.98

(1) Investment in subsidiaries

Unit: Yuan

Investee	Beginning balance (book value)	Changes in increase/decrease in current period				Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Decrease in investment	Provision for impairment	Others		
Huizhou Topband Electrical Technology Co., Ltd.	632,210,939.12				1,056,845.85	633,267,784.97	
Shenzhen YAKO Automation Technology Co., Ltd.	247,414,659.96	102,600,000.00				350,014,659.96	
Chongqing Topband Industrial Co., Ltd.	210,070,880.54				64,192.20	210,135,072.74	

Shenzhen Allied Control System Co., Ltd.	120,584,300.25					400,683.27	120,984,983.52	
Ningbo Topband Intelligent Control Co., Ltd.	250,021,353.55	100,000,000.00				23,342.63	350,044,696.18	
TOPBAND INDIA PRIVATE LIMITED	195,026,748.97						195,026,748.97	
Shenzhen Topband Software Technology Co., Ltd.	16,068,666.68					975,666.35	17,044,333.03	
Shenzhen Topband Automation Technology Co., Ltd.	9,400,000.00	15,000,000.00				16,539.46	24,416,539.46	
Topband (Hong Kong) Co., Ltd.	110,850,400.00	138,226,500.00					249,076,900.00	
Shenzhen Topband Lithium Battery Co., Ltd.	4,172,182.98					245,230.67	4,417,413.65	
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,000,000.00						3,000,000.00	
Shenzhen Topband Supply Chain Services Co., Ltd.		5,000,000.00					5,000,000.00	
Shenzhen Topband Investment Co., Ltd.		30,000,000.00				2,571.33	30,002,571.33	
Shenzhen Senxuan Technology Co., Ltd.		2,000,000.00					2,000,000.00	
Total	1,798,820,132.05	392,826,500.00				2,785,071.76	2,194,431,703.81	

(2) Investment in associated enterprises and joint ventures

Unit: Yuan

Investment unit	Beginning balance (book value)	Changes in increase/decrease in current period								Ending balance (book value)	Ending balance of provision for impairment
		Additi onal invest ment	Decrease in investmen t	Profit and loss on investment recognized under equity	Adjustm ent to other compreh ensive	Other change s in equity	Declarati on of distributio n for cash dividends	Provision for impairme nt	Others		

				method	income		or profits			
I. Joint venture										
II. Associates										
Shenzhen Yuchengxin Power Technology Co., Ltd.										12,433,655.05
Shenzhen Daka Optoelectronics Co., Ltd.	6,863,474.93				-360,946.80				6,502,528.13	
Subtotal	6,863,474.93				-360,946.80				6,502,528.13	12,433,655.05
Total	6,863,474.93				-360,946.80				6,502,528.13	12,433,655.05

4. Operating income and operating cost

Unit: Yuan

Items	Amount incurred in current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	3,260,338,225.11	2,683,111,915.01	3,088,293,913.45	2,582,865,482.65
Other business	122,029,795.27	111,936,235.09	53,830,893.88	41,182,847.71
Total	3,382,368,020.38	2,795,048,150.10	3,142,124,807.33	2,624,048,330.36

5. Return on investment

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in prior period
Long-term equity investment revenue accounted by equity method	-360,946.80	2,176,410.20
Investment revenue of trading financial assets during holding period		1,301,220.00
Investment revenue from disposal of trading financial assets	230,366,485.41	
Investment revenue of financial products	2,511,036.11	2,011,890.29
Forward foreign exchange contract settlement profit and loss	22,970,000.00	-10,416,000.00
Dividends during the holding period of subsidiaries	4,963,933.51	22,596,315.98
Cancellation of subsidiaries		-2,650.00
Total	260,450,508.23	17,667,186.47

XVIII. Supplementary Information**1. Schedule of current non-recurring profits and losses**√ applicable not applicable

Unit: Yuan

Items	Amount	Description
Profits and losses on disposal of non-current assets	-2,162,674.03	
Government subsidies recognized in the current profits and losses (except those closely related to the business of the enterprise and enjoyed in a fixed or quantitative amount according to the national uniform standard)	27,326,933.85	
Profit and loss from changes in fair value of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other creditor's rights investments, except for effective hedging business related to the normal business of the Company	147,775,030.77	
Other non-operating income and expenses other than those mentioned above	43,836.85	
Other profit and loss items that meet the definition of non-recurring profit and loss	5,602,702.63	Financing income
Less: amount affected by income tax	27,106,631.22	
Impact amount of minority shareholders' equity	706,319.26	
Total	150,772,879.59	--

The reasons shall be explained for the non-recurring profit and loss items defined by the Company in accordance with the definition of "Explanatory Announcement No. 1 on Information Disclosure of Companies Publicly Offering Securities - Non-recurring Profits and Losses", and for the non-recurring profit and loss items listed in the "Explanatory Announcement No. 1 on Information Disclosure of Companies Publicly Offering Securities - Non-recurring Profits and Losses" and defined as recurring profit and loss items.

 applicable not applicable**2. Return on equity and earnings per share**

Profit in the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (yuan / share)	Diluted earnings per share (yuan / share)
Net income attributable to the common shareholders of the Company	19.04%	0.51	0.51
Net profit attributable to the common shareholders of the	13.66%	0.37	0.37

Company after deduction of non-recurring profits and losses			
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3. Differences in accounting data under domestic and foreign accounting standards

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

applicable not applicable

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

applicable not applicable

(3) Reasons for differences in accounting data under domestic and foreign accounting standards. If the data audited by an overseas audit institution is adjusted for differences, the name of the overseas audit institution shall be indicated

applicable not applicable

Section XIII Catalogue of Documents for Reference

I. Accounting statements containing the signatures and seals of the legal representative, the financial head and the accounting institution head.

II. The original audit report bearing the seal of the accounting firm and the signatures and seals of the certified public accountants.

III. The originals of all the company documents publicly disclosed in newspapers designated by the CSRC during the reporting period and the original manuscripts of announcements.

IV. The original of the 2020 annual report bearing the signature of the chairman.

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