

Company code: 605066

Company abbreviation: Tianzheng Electric

**Zhejiang Tianzheng Electric Co., Ltd.**

**2021 Semi-Annual Report**

## important hint

I. The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management of the Company guarantee that the contents of the semi-annual report are true, accurate and complete

There are no false records, misleading statements or major omissions, and bear individual and joint legal responsibilities.

2. All directors of the company attended the board meeting.

3. This semi-annual report has not been audited.

4. Gao Tianle, the person in charge of the company, Wang Yong, the person in charge of the accounting work, and Huang Yuan, the person in charge of the accounting organization (the person in charge of accounting), declare:

Guarantee the truthfulness, accuracy and completeness of the financial reports in the semi-annual report.

V. The profit distribution plan or the capital reserve conversion plan approved by the board of directors for the reporting period

During the reporting period, no profit distribution or conversion of capital reserve into share capital was conducted.

VI. RISK STATEMENT OF FORWARD-LOOKING STATEMENTS

Applicable Not applicable

The forward-looking statements such as the company's future plans involved in this report do not constitute a substantial commitment of the company to any investors and related parties.

Investors are advised to pay attention to investment risks.

7. Whether there is any non-operating capital occupation by the controlling shareholder and its related parties

no

8. Is there any violation of the prescribed decision-making procedures to provide external guarantees?

no

9. Whether more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the semi-annual report disclosed by the company

no

X. Significant Risk Warning

During the reporting period, the company had no major risk events. The company has described the possible related risks in this report in detail, please check Please refer to "V. Other Disclosures (1) Potential Risks" in Section III "Management Discussion and Analysis".

## Eleven, other

Applicable Not applicable

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Reference file directory	1. The full text of the company's 2021 semi-annual report with the signature of the company's legal representative. 2.
	Financial statements bearing the signatures and seals of the legal representative, the person in charge of accounting work, and the person in charge of the accounting organization. 3. The originals of all company documents and announcements publicly disclosed on the website
	designated by the China Securities Regulatory Commission during the reporting period.

## Section 1 Interpretation

In this report, unless the context otherwise requires, the following terms have the following meanings:

Definition of common words	
Tianzheng Electric, Tianzheng, the company, and the company refer to Zhejiang Tianzheng Electric Co., Ltd.	
Tianzheng Group, controlling shareholder	Refers to Tianzheng Group Co., Ltd.
Tianzheng Intelligent Tianzheng Electromechanical	Refers to Zhejiang Tianzheng Intelligent Electric Co., Ltd.
Shanghai Investment Fuding Phase I Ningbo	Refers to Shanghai Tianzheng Electromechanical (Group) Co., Ltd.
Yongjia China Securities Regulatory Commission	Refers to Tianzheng Group Shanghai Investment Co., Ltd.
Exchange, Exchange Low Voltage Electrical	Refers to Shanghai Fuding Phase I Equity Investment Fund Partnership (Limited Partnership)
Appliances	Refers to Ningbo Yongjia Investment Management Partnership (Limited Partnership)
	Refers to China Securities Regulatory Commission
	Refers to the Shanghai Stock Exchange
	Refers to manually or automatically turning on and off the circuit according to external signals and requirements. In order to realize the distribution of electrical energy, circuit connections, circuits to circuits or non-electrical objects Various electrical components and assemblies for switching, circuit protection, control and display.
Power distribution appliances	Refers to mainly used in power distribution circuits, except for terminal appliances and power appliances, used for The low-voltage side of power grid transmission and distribution is used to connect and break current, and can be used in Cut off in case of short circuit, overload, undervoltage and other faults in the line or electrical equipment circuit, so as to protect the circuit and equipment.
Control appliances	Refers to mainly used in switchgear and control equipment for control, signal, interlock, etc. It is often used in electric motors widely used in various industries. Various controls such as start-up, speed regulation, forward and reverse rotation, and braking are performed.
Terminal appliances	Refers to installed at the end of the circuit, used to distribute power to related circuits and electrical equipment, Switching electrical appliances such as protection, control, regulation and alarm.
Power appliances	Refers to mainly used in power distribution circuits, responsible for converting and sensing the state of multiple currents. Switching between normal, backup or emergency power In the power-consuming units or devices with high requirements for continuous supply of power to ensure that these users The stability or specificity of the electricity used by an electrical unit or device.
Instrumentation appliances	Refers to the instrument design used to detect, measure, observe and calculate various parameters of the circuit ready.
Power distribution cabinet, switchboard	Refers to the equipment that concentrates, switches, and distributes electrical energy, generally composed of cabinets, switches (off-circuit breakers), protection devices, monitoring devices, energy meters, and other two composition of secondary components. Installed in power stations, substations and large power consumption of electricity customers.
Disk factory	Refers to the manufacturer of high and low voltage distribution cabinets (distribution panels)
molded case circuit breaker	Refers to the installation of all components in a molded insulating housing, mainly for power lines Low-voltage electrical appliances for distribution and protection of branch trunks or motors.
frame breaker	Refers to the installation of all components on an insulating base or a frame with insulating pads It is mainly used for low-voltage power distribution and protection of main lines of power lines. device.
Miniature Circuit Breaker	Refers to mainly used at the end of the line, with short-circuit transient, overload delay protection functions of low-voltage electrical appliances.
ERP	Refers to Enterprise Resource Planning, enterprise resource planning, is the system General resource planning management information software for manufacturing industry, including production resource planning Management, Manufacturing Management, Financial Management, Sales Management, Purchasing Management, Quality Administration, Business Process Management, Product Data Management, Inventory Management, Distribution With functional modules such as transportation management, human resource management and periodic reporting system.
EAP	Refers to Enterprise Application Platform, enterprise management software platform

		It is a highly open platform that integrates several enterprise management software models. block, EAP can choose the management module required by the enterprise to install and use, without installing unneeded features. Ordinary business people through simple training After training, enterprise application software can be developed on the platform.
Intelligent power distribution system	Refers to	the secondary development according to the needs of users and following the standard specifications of the power distribution system A set of professional, high degree of automation, easy to use, high performance, It is a power management system suitable for low-voltage power distribution systems with high reliability and other characteristics.

## Section 2 Company Profile and Main Financial Indicators

### 1. Company Information

The Chinese name of the company	Zhejiang Tianzheng Electric Co., Ltd.
The Chinese abbreviation of the company	Tianzheng Electric
The foreign name of the company	ZHEJIANG TENGGEN ELECTRICS CO.,LTD.
The foreign abbreviation of the company	TENGEN
The legal representative of the company	Gao Tianle

### 2. Contact and contact information

	board secretary
Name	Zhou Guanghui
Contact Address	Sulu Industrial Zone, Liushi Town, Yueqing City, Zhejiang Province
Telephone Fax E-	0577-62782881
mail	0577-62762770
	zhengquan@tengen.com.cn

### 3. Introduction to the change of the basic situation

Company Registered	Sulu Industrial Zone, Liushi Town, Yueqing City, Zhejiang Province
Address Historical Changes of Company Registered	none
Address Company Office Address Postal Code of Company	Sulu Industrial Zone, Liushi Town, Yueqing City, Zhejiang Province
Office Address Company Website E-mail Changes in the	325604
Reporting Period Query Index	www.tengen.com
	zhengquan@tengen.com.cn
	none

### 4. Brief introduction to information disclosure and change of storage location

Name of the newspaper selected by the company for information disclosure	"Securities Times", "Securities Daily", "China Securities Journal", "Shanghai Securities News"
The website address where the semi-annual report is published	www.sse.com.cn
The company's semi-annual report storage location	Sulu Industrial Zone, Liushi Town, Yueqing City, Zhejiang Province
location Changes during the reporting period query index	none

### V. Company stock profile

Stock Types	Stocks Listed on the Stock Exchange	Stock Abbreviation on Shanghai Stock	Stock abbreviation before the stock code change	stock code change
A shares	Exchange Tianzheng Electric		605066	not applicable

## 6. Other relevant information

•Applicable •Not applicable

## 7. Main accounting data and financial indicators of the company

## (1) Major accounting data

Unit: Currency: RMB

key accounting data	this reporting period (January to June)	last year	this reporting period Year-on-year increase or decrease (%)
Operating income	1,664,750,902.37	1,056,492,493.30	145,024,582.02 91,860,703.56 57.57
attributable to shareholders of listed companies Net profit			57.87
attributable to shareholders of listed companies Non-recurring deductions	116,074,794.29	95,239,819.30	21.88
net cash flow from			
operating activities	-4,823,461.81	-66,346,559.26	not applicable
	end of the reporting period	end of last year	Compared with the end of the reporting period Increase/decrease at the end of the previous year (%)
Net assets attributable to shareholders of listed companies	1,761,850,024.58	1,734,347,142.56	Total assets 1.59
	3,598,311,672.82	3,164,794,070.63	13.70

## (2) Main financial indicators

Key Financial Indicators	this reporting period (January to June)	last year	This reporting period is higher than the previous year Increase or decrease in the same period (%)
Basic earnings per share (RMB/share)	0.36	0.28	28.57
Diluted earnings per share (RMB/share)	0.36	0.28	28.57
Basic earnings per share after deducting non-recurring gains and losses	0.29	0.29	
Profit (yuan/share)			
Weighted average return on equity (%)	8.11	10.52	A decrease of 2.41 percent point
Weighted average net after deducting non-recurring gains and losses			
Return on Assets(%)	6.49	10.91	A decrease of 4.42 percent point

Explanation of the company's main accounting data and financial indicators

•Applicable •Not applicable

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

•Applicable •Not applicable

(1) The net profit in the financial report disclosed in accordance with the International Accounting Standards and the Chinese Accounting Standards and attributable to shareholders of the listed company

Differences in net assets of

•Applicable •Not Applicable

(2) The net profit in the financial report disclosed in accordance with the foreign accounting standards and the Chinese accounting standards and attributable to shareholders of the listed company

difference in net worth of

•Applicable •Not applicable

(3) Explanation of differences between domestic and foreign accounting

standards: Applicable Not applicable

## 9. Non-recurring profit and loss items and amounts

Applicable Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit and loss		Notes (if applicable)
items, non-current assets disposal profit	Amount - 490,710.45	
and loss approval beyond the authority, or no formal approval document, or occasional tax refund, reduction or exemption of government	1,151,004.38	
subsidies included in the current profit and loss, but closely related to the company's normal business operations, in line with national policies and regulations, according to Except for government subsidies that are continuously	30,575,463.73	
enjoyed by a certain standard or fixed amount, which are included in the current profit and loss,	1,028,097.60	
the capital occupation fee charged to non-financial enterprises is less than the investment cost of the enterprise to obtain subsidiaries, associates and joint ventures. Income from fair value of assets		
Non-monetary asset exchange gains and losses		
Gains and losses from entrusting others to invest		
or manage assets All kinds of asset impairment provisions accrued due to force majeure factors,		
such as natural disasters Profits and losses in excess of fair value arising from transactions where the transaction price is obviously		
unreasonable, such as integration costs, net profit		
or loss for the current period from the beginning of the period to the merger date of subsidiaries		
arising from business combination under the same control, and profit or loss arising from contingent events unrelated to the normal operation of the		
company In addition to the effective hedging business related to the normal operation of the company, holding financial assets for trading,		
derivative financial assets, financial liabilities for trading, gains and losses from changes in fair		
value arising from derivative financial liabilities, and disposal of financial assets for trading and derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and others	1,249,999.99	

Investment income from debt investment		
Receivables individually tested for impairment Item and contract asset impairment provision reversed		
Profits and losses from external entrusted loans		
Follow-up using the fair value model Measured fair value of investment real estate Profit and loss from changes in value		
According to tax, accounting and other laws and regulations <small>According to the requirements of the regulations, a current profit and loss shall be</small> The impact of one-off adjustments on current profit and loss		
Custody fee income from entrusted operations		
Other business than the above External income and	656,799.32	
expenses Others meet the definition of non-recurring profit and loss profit and loss items		
Amount of influence of minority shareholders' equity		
Total income tax impact	-5,220,866.84	
	28,949,787.73	

10. Others

☐Applicable ☐Not applicable

### Section 3 Management Discussion and Analysis

#### I. Description of the company's industry and main business during the reporting period

The company is one of the enterprises with the strongest comprehensive strength in the domestic low-voltage electrical industry, mainly engaged in distribution electrical appliances, control electrical appliances, terminals R&D, production and sales of low-voltage electrical products such as electrical appliances, power electrical appliances, instrument electrical appliances, etc. At the same time, the company also provides intelligent Comprehensive solutions for low-voltage electrical products and intelligent power distribution systems. At present, the main products of Tianzheng Electric include: "Tian E Electric" products Brand Te series high-end products, "Tianzheng Electric" brand TG boutique series, "Xiangyun" general product series and "Tian E Tian" Zhi" intelligent power distribution system solutions. With competitive products and solutions, stable product quality, fast product delivery Pay and after-sales service, the company is in the large industry customers including State Grid, telecom operators, new energy investors, top 100 real estate companies and so on Established a good reputation and brand image.

The main representative products of the company are introduced as follows:

Big kind	main correspond product	Product icon	Performance and use
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<p>Power</p>	<p>Molded case circuit breaker</p>		<p>With overload, short-circuit and under-voltage protection devices, it can protect lines and power equipment from over-current or under-voltage damage. It is especially suitable for low-voltage power distribution system, power control of mechanical equipment and terminal control and protection.</p> <p>The company's intelligent molded case circuit breakers have standard data bus protocol communication, which is convenient to realize systematic networking, and has the functions of "telemetry, remote adjustment, remote control, and remote signaling".</p>
<p>distribution appliances</p>	<p>Universal circuit breaker</p>		<p>It is used to distribute electric energy and protect lines and power equipment from overload, undervoltage, short circuit, single-phase grounding and other faults.</p> <p>The company's intelligent universal circuit breaker has the function of USB communication, and through the protocol function conversion of the USB interface, a safe, non-contact wireless Bluetooth connection can be realized. check.</p>
<p>Control appliances</p>	<p>contactor</p>		<p>It is used for making and breaking circuits at a long distance, frequently starting and controlling AC motors, and can form an electromagnetic starter with thermal relays to protect circuits that may be overloaded or out of phase.</p>

	<p>Miniature Circuit Breaker</p>		<p>Used for AC 50/60Hz, rated voltage up to 400V, rated current 1-125A, used for overload and short-circuit protection of lighting, distribution lines and equipment in office buildings, residences and similar buildings, and can also be used as It is used for infrequent on-off operation and conversion of lines, and is mainly used in various places such as industry, commerce, high-rise and residential buildings.</p>
<p>Terminal appliances</p>	<p>Small earth leakage circuit breaker</p>		<p>It is used in circuits with AC 50/60Hz, rated voltage to 400V, and rated current of 1-125A. When personal electric shock or grid leakage current exceeds the specified value, the leakage circuit breaker can quickly cut off the power supply to protect the safety of people and electrical equipment, and has overload and short circuit protection functions, and can also be turned on and off the electrical device infrequently under normal conditions. and lighting lines. It is suitable for applications in residential, charging piles, and smart home applications.</p>
<p>Small three boxes complete set of notes</p>			<p>The small three-box complete set of equipment supplies each low-voltage electrical component as a set, the rated insulation voltage is 660V AC, the rated voltage of the main circuit is 380V, and the working voltage of the auxiliary circuit is 220V/380V, and the protection level reaches IP30 and IP54.</p>
<p>Power appliances</p>	<p>Transformer</p>		<p>Transformer is divided into current transformer and voltage transformer. Its function is to convert high voltage or high current into standard low voltage or standard small current in proportion, so as to realize the standardization and miniaturization of measuring instruments, protection equipment and automatic control equipment.</p>

	<p>Electricity meter Instrumentation appliances</p>		<p>Meters for energy metering. The product has the functions of forward, reverse and combined active energy measurement. The combined active energy can be configured according to the forward and reverse active energy. It supports four rates of sharp, peak, flat and valley; built-in two sets of time zone tables and two sets of daily timetables, which can be programmed and configured on demand, and can set the switching time of two sets of time zone tables and the switching time of two sets of daily timetables. achieve mutual switching.</p>
<p>other</p>	<p>Inverter</p>		<p>The inverter is a power control device that uses frequency conversion technology and microelectronics technology to control the AC motor by changing the frequency of the motor's working power supply.</p>
	<p>high voltage circuit breaker</p>		<p>The high-voltage circuit breaker can not only cut off or close the no-load current and load current in the high-voltage circuit, but also cut off the overload current and short-circuit current through the action of the relay protection device when the system fails. sufficient breaking capacity. Widely used in high voltage distribution lines</p>

Note: The main products of the small three-box complete set include low-voltage distribution cabinets, distribution boxes, lighting boxes, etc.

The company's Tianzheng Tianzhi "TenEdge" intelligent power distribution system is as follows:



The company's Tianzheng Tianzhi "TenEdge" intelligent power distribution system is based on the Internet of Things architecture, relying on built-in intelligent circuit breakers, modules, etc.

Sensors can collect various power parameters, transmit data to local software for display and control through wired and wireless networks, and can

In order to store big data in the cloud, it can provide professional application services such as energy consumption analysis, safe electricity consumption, and fault warning.

The intelligent power distribution system can build a digital energy solution, making the operation of the power distribution system safer and more reliable and reducing failures efficiency; high efficiency and convenience, improve management efficiency; green energy saving, continuous improvement of energy consumption.

In terms of research and development, the company separates technology development and product development, establishes research institutes and research and development centers, and sets up various products at the same time.

Line is responsible for product competitiveness. The company established a preliminary IPD process system, which effectively improved the response to customer needs and ensured new products.

Product development success rate.

The company's research institute is mainly responsible for technology development, the main task is to turn immature and unsolved technologies into mature technologies, and at the same time Pre-research on cutting-edge technologies in the industry; the R&D center is mainly responsible for product development, and the main task is to accurately and quickly based on market insights In response to customer needs, we try our best to use mature technologies to complete the R&D and listing of new products to quickly seize the market and reduce investment risks. Produce The product line is mainly responsible for product management and overall responsibility for product competitiveness.

Make plans on the product roadmap, put forward specific new product development plans, and organize and promote the IPD process to achieve the full life cycle of the product period management.

In terms of marketing, the company adopts the marketing strategy of "dual brand" + "dual-track system". In terms of brand, the company has "Tianzheng" and "Tian E" two major brands, of which the "Tian E" brand focuses on new energy, data centers, and high-end buildings with "high performance and high quality" and other high-end market segments, aiming to replace imported brands. The "Tianzheng" brand focuses on the general-purpose market with high cost performance. company Ten industry sales channels, three large sales areas, 26 sales areas, and 23 sales liaison offices have been set up, adopting the "distribution + direct sales" approach. The "sales" model achieves regional coverage and industry coverage for end users. In terms of direct sales, the company has established Source, communication, intelligent power distribution, rail transit, OEM (equipment support), construction, panel factory and other industries sales channels, set up professional The sales team and technical support team realize the key line of

Coverage of large and medium-sized enterprises. In terms of distribution, the company mainly through more than 400 major dealers and marketing networks throughout the counties and towns

To achieve nationwide regional coverage, mainly for small and medium-sized enterprises in various industries.

In terms of production and delivery, the company mainly adopts a combination of inventory-oriented production and order-oriented production.

The automated and information-based production system completes rapid product manufacturing, and ensures the stability of product quality through a perfect quality management system

At the same time, through the two major logistics centers of Wenzhou and Jiaying and 11 sub-logistics nationwide, the end-users are guaranteed

Fast delivery.

## II. Analysis of core competitiveness during the reporting period

☑Applicable ☐Not applicable

As one of the leading enterprises in the domestic low-voltage electrical industry, the company is engaged in technology and product research and development, marketing channels, intelligent manufacturing, information

It has strong advantages in informationization, strategy and human resource management.

### (1) Technology and product development advantages

The company regards research and development as the core element to enhance the company's competitiveness, and has strong research and development strength. The company has "Nationally Recognized Enterprise Industry Technology Center", "Postdoctoral Mobile Station", and won the "Second Prize of National Science and Technology Progress". The company has led or participated in a number of electronic

The formulation of national or industry standards for power, communications and other industries. As of June 30, 2021, the company has 615 patents, of which

82 are invention patents.

In terms of R&D management, the company has established certain excellence in system, product platform construction, project management, and innovation methodology.

It will become the cornerstone for the further development of future R&D.

### (2) The advantages of diversification of marketing channels

The company ranks in the forefront of the domestic industry in the construction of traditional mechanical and electrical market distribution channels. At present, the company's main

There are first-level dealers in prefecture-level cities, and second-level outlets all over the country in counties and towns. A strong distribution network ensures that the company has a large number of small and medium-sized

Customer's area coverage. At the same time, the company has a large capacity and relatively high growth potential in the power, communication, new energy, construction and other markets.

The strong industry sets up a professional industry direct sales team, focusing on leading enterprises in various industries. Distributors will companies develop large end-user experience

It has been tested and replicated, and the development of small and medium-sized enterprises in the industry has been completed in its authorized area, forming a "company to take the lead, and dealers to quickly recover."

In the electric power industry, the company has accumulated electricity in the State Grid and dozens of provinces across the country.

The company won the bid. In the communications industry, the company has been operating in China Mobile, China Telecom, China Tower and other large-scale telecommunications for several consecutive years.

The company has achieved brand shortlisting, and has long-term cooperation with well-known telecom equipment manufacturers such as ZTE and Delta. In the new energy industry, the company is in

National Energy Group, State Power Investment Group, Huaneng Group, Datang Group and other large-scale photovoltaic power generation investment enterprises achieved brand finalists

And achieve product matching in the construction of many large-scale centralized photovoltaic power stations, closely integrating with the leaders of distributed photovoltaic industry such as Trina Solar.

do. In the construction industry, the company has been shortlisted for centralized procurement in more than 30 top 100 real estate companies, including Country Garden, Sunac,

Poly, R&F, Xuhui and other top 20 real estate developers in China.

### (3) Manufacturing advantages brought by industrialization, automation and lean

The company has implemented lean production since 2008, and is one of the earliest companies in the industry to implement lean production reform. company establishment

He is the deputy general manager of industrialization and the industrialization department, responsible for promoting the automation, lean and information transformation of the whole company, and has the

Ability to design automated production lines and various fixtures. After more than ten years of exploration and accumulation, a set of "automatic

Tianzheng's lean production standards with "informatization, informatization, and lean" as the core, and lean production has strong competitiveness in the industry.

In order to improve the company's production management level, the company cooperates with external consulting companies to introduce the "star factory" evaluation system in the automotive industry

Department, starting from four dimensions of lean maturity, improving change management, comprehensive flow management, and full production maintenance, involving lean talents

Echelon training, continuous improvement system, supply chain system management and other aspects, promote the improvement of the company system from the point, line, surface and body multi-dimensional

The level of manufacturing management is in line with that of the automobile industry. In recent years, the company has accelerated product development management, supply chain management, manufacturing execution system, customer

The upgrade of information systems such as customer relationship management, the upgrade and improvement of the above information systems, is in line with the lean and automation foundation laid by the company for many years.

It will help the company to improve the overall production and manufacturing level.

#### (4) Informatization advantages

The company has always attached great importance to the investment in informatization. As early as 2006, the ERP system was built, which realized the cooperation with dealers, customers,

Supplier information exchange. On this basis, the company has built a CRM customer relationship management system, an EAP internal management system

System, BI system, MES production management system and other comprehensive information systems covering procurement, production, sales, internal management and other fields

system, effectively improving the operation and management efficiency.

#### (5) Management advantages

The company has established a high-quality professional manager team, forming a management advantage with Tianzheng characteristics.

In terms of management team, the main management positions of the company are held by professional managers with higher education and rich experience in operation and management.

appoint. After several years of experience, the college recruits have also become the backbone of the company's business and the main source of middle management positions. the same

At the same time, a number of professional managers from well-known enterprises have also improved the diversity of the company's management methods.

In terms of human resource management, the company formulates human resource strategies based on the company's strategy, and analyzes the company's human resource needs.

Seek the status quo, and clarify the type of talents and development methods required by the company. In recent years, through leadership improvement plans, talent echelon construction, etc.

way to support the selection and training of the company's talents, establish an internal competition mechanism through the current leader's last assistance and elimination mechanism,

At the same time, according to the company's strategy, the talent allocation and reserve of key positions are carried out to maximize the potential of talents and promote the corporate strategy.

implementation. Strategic human resource management helps enterprises to establish a long-term strategy that suits the company's characteristics according to changes in the market environment and the company's own needs.

Long-distance supply and demand plan, improve employee ability and stimulate employees' subjective initiative, and continuously improve the company's per capita efficiency, thereby improving the organization

Competitiveness.

### 3. Discussion and analysis of operating conditions

In the first half of 2021, in the face of the sharp rise in commodity prices and raw materials, the company's correct leadership on the board

In the future, we will continue to promote management changes in market expansion, technology and product research and development, intelligent manufacturing, strategic management, human resource management, etc.

leather, and achieved remarkable results. During the reporting period, the company's sales revenue increased by 57.57% year-on-year, and the net profit attributable to shareholders of the parent company was the same.

Compared with the previous year, it increased by 57.87%, and the net profit after deducting non-deductible items increased by 21.88% year-on-year.

#### (1) Market expansion

In terms of direct sales to major customers in the industry, the company regards leading companies in key industries as target customers, and strives to pass the "iron triangle" business

The sales model establishes an "organized customer relationship" with this part of "long-term value customers". In the new energy industry, the company in China Huaneng

The Group's 2021 new energy box-type transformer framework agreement to purchase medium and low voltage frame circuit breakers was successfully shortlisted;

Co., Ltd.'s 2021-2022 frame procurement project of medium and low voltage frame circuit breakers was successfully shortlisted. In addition, the company is well-known in Trina Solar and other famous

The supporting aspects of distributed photovoltaic business of photovoltaic enterprises have grown rapidly. In the communications industry, the company will cooperate with China Telecom in April 2021

Signed a joint innovation framework agreement, focusing on the optimization of communication energy products (switch circuit breakers, power distribution cabinets, column head cabinets, etc.)

Work. The formation of the project team has been completed, and the research on the pain points in the operation, maintenance and use of the product has been preliminarily completed. rail industry,

During the reporting period, the company has achieved a number of regional railway groups such as Hohhot Railway Bureau Group, a subsidiary of China Railway Group, and China Railway Design Consulting Group.

The brands of well-known enterprises in the rail transit industry such as the regiment were shortlisted. In the electric power industry, during the reporting period, the company continued to be in the bidding of several provincial electric power companies

Winning the bid, the sales revenue of the power industry increased by more than 80% year-on-year. In the construction industry, the company continued to increase the number of finalists in the top 100 real estate

The sales revenue of the construction industry increased by more than 90% year-on-year.

In terms of distribution, the company continued to promote the "100 cities, 1000 counties and 10,000 stores" campaign, and vigorously developed a new level of distribution in blank and disadvantaged markets

At the same time, the company's sales team assists dealers to vigorously develop secondary outlets and small and medium-sized enterprise customers to achieve more comprehensive regional coverage

cover. During the reporting period, more than 70 first-tier dealers were newly developed through distribution channels, and more than 1,500 second-tier outlets were newly added.

#### (2) Technology and product development

During the reporting period, the company continued to increase investment in technology and product research and development, and the research and development expenses in the first half of the year increased by approximately

36.49%. During the reporting period, the company applied for 104 patents, including 23 invention patents; 47 new patents were granted. as of

As of June 30, 2021, the company has 615 patents, of which 82 are invention patents. During the reporting period, the company hosted and participated in

16 revisions to national, industry and group standards.

During the reporting period, the organizational structure of the R&D system was based on the two major product lines of power distribution and industrial control last year, adding terminal electrical products.

The line is ultimately responsible for product competitiveness, and continues to promote IPD to ensure the rapid and accurate response of new product development to market demand.

In the first half of 2021, the R&D system mainly focuses on cutting-edge technology research and industry product development.

AC1140V frame circuit breaker, AC800V molded case circuit breaker product development, which can meet the needs of special industries such as wind power, photovoltaic, energy storage and new energy

Apply new requirements to help the high-end intelligent power distribution field, and provide strong support for the realization of digital intelligent power distribution transformation under the dual-carbon goal.

The company has completed the research and development of a new generation of "Xinxiangyun" products that took 5 years to polish, and will be fully launched in July 2021.

Postdoctoral workstation project "Research on the mechanism of coordinated regulation of high-voltage DC MCCB arcs by magnetic blowing and air blowing", listed in 2021

National Postdoctoral Science Fund Project Plan". Zhejiang Province Key R&D Program--Technology Research and Development of Low-Voltage Intelligent Power Distribution Digital System

Industrialization, successfully passed the acceptance of Zhejiang Provincial Department of Science and Technology and was unanimously recognized by the acceptance expert group.



		percentage of production (%)		Total assets proportion (%)	year-on-year end-of-period change dynamic ratio (%)	
Accounts receivable	1,577,512,444.10	43.84	1,187,903,876.40	37.53	32.80	
Prepayments	17,980,948.37	0.5	6,282,284.68	0.20	186.22	
Other receivables	42,185,421.94	1.17	8,099,155.12	0.26	420.86	
Contract assets	5,389,506.95	0.15			not applicable	
arrive within one year non-current dynamic assets	31,249,999.99	0.87			not applicable	
Construction in progress	46,738,591.23	1.30	22,877,604.22	0.72	104.30	
Right to use capital Produce	11,960,368.52	0.33			not applicable	
other non-flow Short-term	40,437,113.15	1.12	19,621,199.10	0.62	106.09	
borrowings for movable assets	90,103,583.34	2.50	40,051,160.70	1.27	124.97	
Notes payable	126,607,412.04	3.52	12,131,938.43	0.38	943.59	
Contract liabilities	6,681,682.31	0.19	3,927,195.35	0.12	70.14	
Other payables	53,471,765.27	1.49	20,216,343.05	0.64	164.50	
Lease liabilities	2,541,214.48	0.07			not applicable	
Treasury shares	21,403,485.00	0.59			not applicable	

other instructions

1. Accounts receivable: mainly due to the increase in operating income
2. Prepayments: mainly due to the increase in prepayments for materials
3. Other receivables: mainly due to the increase in performance bond
4. Contract assets: mainly due to the increase in the quality deposit receivable
5. Non-current assets due within one year: mainly due to the increase in debt investment
6. Construction in progress: mainly due to increased investment in fundraising projects
7. Right-of-use assets: According to the new lease standards, enterprises recognize right-of-use assets for leases other than short-term leases and leases of low-value assets.

Produce

8. Other non-current assets: mainly due to increased investment in fundraising projects
9. Short-term borrowings: mainly due to the increase in bank working capital loans
10. Notes payable: mainly due to the increase in the settlement of supplier payment notes
11. Contract liabilities: mainly due to the increase in advance receipts
12. Other payables: mainly due to the implementation of the employee equity incentive plan, and the increase in the obligation of restricted stock repurchase
13. Lease liabilities: According to the new lease standards, enterprises recognize lease liabilities for leases other than short-term leases and leases of low-value assets
14. Treasury stock: mainly due to the implementation of the employee equity incentive plan, and the increase in the obligation of restricted stock repurchase

## 2. Overseas assets

Applicable Not applicable

## 3. Restrictions on major assets as at the end of the reporting period

Applicable Not applicable

project	Book value at the end of the period	Restricted Reason
---------	-------------------------------------	-------------------

Total monetary	9,419,894.86	Margin
funds	9,419,894.86	

## 4. Other instructions

ÿApplicable ÿNot applicable

## (IV) Analysis of investment status 1.

Overall analysis of external equity investment

ÿApplicable ÿNot applicable

## (1) Significant equity investment

ÿApplicable ÿNot applicable

## (2) Significant non-equity investment

ÿApplicable ÿNot applicable

## (3) Financial assets measured at fair value ÿApplicable ÿNot

applicable

For details, please refer to "XI. Disclosure of Fair Value" in Section XI Financial Report.

## (V) Sale of major assets and equity ÿApplicable

ÿNot applicable

## (VI) Analysis of major controlling and shareholding

companies ÿApplicable ÿNot applicable

Zhejiang Tianzheng Intelligent Electric Appliance Co., Ltd., a wholly-owned subsidiary of the company, achieved revenue of RMB 233,898,100, a year-on-year increase of 30.16%;

The net profit for the period was a loss of RMB 7.4493 million due to rising raw material prices.

## (VII) Situation of structured entities controlled by the company

ÿApplicable ÿNot applicable

## V. Other Disclosures (I) Possible

risks ÿApplicable ÿNot applicable

## 1. Market competition risk

At present, the domestic low-voltage electrical appliance market is in a state of full competition, and strong multinational companies have formed a joint venture with local advantageous enterprises.

The existing competitive landscape is gradually moving towards industry consolidation. Multinational companies have mastered relatively advanced technologies in the low-voltage electrical industry, while

Local advantageous enterprises enhance market competitiveness through continuous technological and management innovation, and industry competition tends to be fierce.

The company has been operating in the low-voltage electrical industry for nearly 20 years, with rich industry experience and a complete range of products. At the same time, the company

The continuous R&D investment, refined management, lean production, and high-quality service have formed a good brand image in the domestic low-voltage electrical appliance market.

and strong competitiveness. However, compared with the leading companies in the same industry, the company's product differentiation is not obvious enough. If the company in the future Failure to continuously and effectively improve the differentiation level of products and services within a certain period of time will adversely affect the Company's operating results.

### 2. Risk of price fluctuations of main raw materials

The raw materials required by the company's production and operation are mainly metal parts, plastic parts, electronic components and so on. As the cost of raw materials accounts for the product The total cost has a large proportion, and the fluctuation of raw material prices has a great impact on the gross profit margin of the main business. If the price of raw materials rises, the The company's production costs will increase accordingly, which may affect the company's gross profit and gross profit margin; if the price of raw materials decreases, it will also It can lead to a loss in the price of raw material inventories and adversely affect the company's performance.

### 3. The risk of rising labor costs

The company's main production base is located in Zhejiang, the Yangtze River Delta region. The labor cost is relatively high, and with the rapid development of China's economy And the rising cost of living, labor costs in the region are showing a rising trend. If the company's labor costs continue to rise in the future The company's investment in industrialization and lean production fails to effectively improve labor efficiency, which will have a certain adverse impact on the company's performance. ring.

(II) Other disclosed matters

Applicable Not applicable

## Section 4 Corporate Governance

### I. Brief introduction to the general meeting of shareholders

Date of the session		Enquiry Requests for Designated Websites where Resolutions are Published lead	resolution published Disclosure date	meeting outcome
first time in 2021 Extraordinary General Meeting	January 2021 15th	SSE website (www.sse.com.cn) "Zhejiang Tianzheng Electric Co., Ltd. The first extraordinary general meeting of shareholders in 2021 Proposal Announcement (Pro 2021-002)	January 2021 16	First time in 2021 Shareholders' meeting resolution
2020 Annual Shares East Assembly	May 13, 2021	SSE website (www.sse.com.cn) "Zhejiang Tianzheng Electric Co., Ltd. Announcement on Resolutions of the 2020 Annual General Meeting of Shareholders (Pro 2021-020)	May 2021 14th	2020 Annual Shareholders General Assembly Resolution

Preference shareholders with restored voting rights request to convene an extraordinary general meeting Applicable Not applicable

Explanation of the General Meeting of Shareholders

Applicable Not applicable

### II. Changes in directors, supervisors and senior management of the company

Applicable Not applicable

Name	position held	Changes
Ge Shiwei	Directors	election
Chen Xin	and Supervisors	election

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Zhu Xingbing	Director, Deputy General Manager	leave office
Du Nan	Supervisor	leave office

Explanation of changes in directors, supervisors and senior management of the company

☑Applicable ☐Not applicable

During the reporting period, Ms. Du Nan, the supervisor, resigned, and Ms. Chen Xin was elected as the supervisor of the 8th Supervisory Committee of the Company, and her term of office was reviewed by the shareholders' meeting.

From the date of approval to the date when the term of the eighth session of the Supervisory Committee expires.

During the reporting period, Mr. Zhu Xingbing, the company's director and deputy general manager, applied for his resignation as the company's director and deputy general manager, and Mr. Ge Shiwei was elected

He is elected as a director of the eighth board of directors of the company, and the term of office starts from the date of deliberation and approval at the general meeting of shareholders and ends on the date when the term of the eighth board of directors expires.

### 3. Profit distribution or capital reserve conversion plan The half-yearly

proposed profit distribution plan and the capital reserve conversion plan whether to distribute or

increase the number of bonus shares per 10 shares (shares) Number of dividends per 10 shares	no
(RMB) (tax included) Number of shares transferred per 10 shares (shares)	0
	0
	0
Relevant information on profit distribution or capital reserve conversion plan	
none	

### IV. Situation and impact of the company's equity incentive plan, employee stock ownership plan or other employee incentive measures

Matters Overview	query index
Zhejiang Tianzheng Electric Co., Ltd. 2020 Restricted Stock Incentive Plan <a href="http://www.sse.com">www.sse.com</a>	
Regarding the adjustment of the list of incentive objects awarded for the first time in the 2020 restricted stock incentive plan and the announcement of the number of grants	<a href="http://www.sse.com">www.sse.com</a> Announcement No.: 2021-006
Announcement on the Results of the First Grant of the 2020 Restricted Stock Incentive Plan	<a href="http://www.sse.com">www.sse.com</a> Announcement No.: 2021-009

(2) Incentives not disclosed in the temporary announcement or with follow-up progress Equity

incentives

☑Applicable ☐Not applicable

other instructions

☑Applicable ☐Not applicable

The company held the tenth meeting of the eighth board of directors and the eighth meeting of the eighth board of supervisors on July 23, 2021, and reviewed and approved the

\*On the Repurchase and Cancellation of Restricted Shares in the 2020 Restricted Stock Incentive Plan that have been granted to some incentive objects but have not yet been released from sales restrictions

The company plans to repurchase and cancel the incentive objects Tan Zhengyan, Huang Yufei, Lv Qingpeng, Zhou Chen, and Han Pengkai.

A total of 77,500 restricted shares have not been lifted.

Employee stock ownership plan

☑Applicable ☐Not applicable

other incentives

☑Applicable ☐Not applicable

## Section 5 Environmental and Social Responsibility

### 1. Environmental information

(1) Explanation on the environmental protection of the company and its main subsidiaries that are key pollutant discharge units announced by the environmental protection department

☐Applicable ☐Not applicable

(2) Explanation on environmental protection of companies other than key pollutant discharge

units ☐Applicable ☐Not applicable

1. Situation of administrative punishment due to environmental issues ☐Applicable

☐Not applicable

2. Disclose other environmental information with reference to key pollutant discharging units

☐Applicable ☐Not applicable

3. Reasons for not disclosing other environmental information ☐Applicable

☐Not applicable

The company and its subsidiaries are not key pollutant discharge units. During the reporting period, the company and its subsidiaries strictly implemented relevant national environmental protection measures.

There are no violations of environmental protection laws and regulations and no disputes over pollution accidents, and no environmental violations have been imposed by the environmental protection department.

Administrative penalties.

(3) Explanation on the subsequent progress or changes in the disclosure of environmental information during the reporting period

☐Applicable ☐Not applicable

(IV) Relevant information conducive to ecological protection, pollution prevention and control, and fulfillment of environmental

responsibilities ☐Applicable ☐Not Applicable

(V) Measures and effects taken to reduce carbon emissions during the reporting period ☐Applicable ☐Not applicable

2. Consolidate and expand the achievements of poverty alleviation, rural revitalization and other specific situations

☐Applicable ☐Not applicable

## Section VI Important Matters

## I. Fulfillment of commitments (I) Commitments

made by the company's actual controller, shareholders, related parties, acquirers and the company and other related parties in the reporting period or continuing to the reporting period ̄Applicable ̄Not applicable

Commitment Background	promise type	Commitment party	promise content	Commitment time and deadline	whether have shoes travel period limit	whether timely strict fulfill	If not performed in time <small>Should indicate that the performance has not been completed</small> specific reason for the trip	If not in time <small>The performance should be stated</small> next steps
related to initial public offerings Promise of	Share Restriction Tianzheng Group		Note 1 Thirty-six	from the date of listing month	is not applicable			not applicable
	Restriction on the sale of shares in Gao Tianle		Note 2 Thirty-six	from the date of listing month	is not applicable			not applicable
	Thirty-six from the date of listing of shares restricted by Gao Guoxuan, Gao Xiao and Gao Jue			month	is not applicable			not applicable
	Share Restrictions Wang Yong, Zhu Xingbing, Zhou Guanghui, Huang Yuechi, Huang Hongbin, Fang Chu Fu, Ge Shiwei, Zhao Tianwei		Note 4 is not applicable	for twelve months from the date of listing				not applicable
	Share Restriction Du Nan to solve		Note 5 Whether it is not applicable	for twelve months from the date of listing	Note 6 Whether it is valid for a			not applicable
	horizontal competition Tianzheng Group to solve		long term or not	Note 7 is valid for a long term or not				not applicable
	horizontal competition Gao Tianle and its concerted action person Gao Guo Xuan, Gao Xiao and Gao Jue							not applicable
	Resolving connected transactions Tianzheng		Note 8 is valid for a long time	Note	No Is Not Applicable No Is Not Applicable			not applicable
	Group resolving connected transactions Gao Tianle and its concerted action person Gao Guo Xuan, Gao Xiao, Gao Jue		Note 9 is valid for a long time					not applicable
	other	Company, controlling shareholder, actual controller Controllers and persons acting in concert, directors (excluding independent directors of the company) and senior management	Note 10 Thirty-six	from the date of listing month	is not applicable			not applicable

	other		Note 11 Long-term validity Note	No Is Not Applicable No Is	Not Applicable	not applicable
	other	Company	12 Long-term validity Note 13	No Is Not Applicable		not applicable
		Tianzheng Group Gao Tianle, Gao Guoxuan, Gao Xiaogang, Gao Jue	Long-term validity			not applicable
	other	All directors, supervisors and senior executives management staff	Note 14 is valid for a long time	Is it not applicable		not applicable
Undertakings related to equity incentives	other	company	Note 15 is valid for a long time	No Is Not Applicable No Is	Not Applicable	not applicable
promise		company	Note 16 is valid for a long time			not applicable

## Note 1:

"Tianzheng Group, the controlling shareholder of the company, promises:

(1) Within 36 months from the date of the issuer's initial public offering and listing, the company shall not transfer or entrust others to manage the issuer's shares that have been issued before the issuer's initial public offering held directly or indirectly by the company, nor shall the company people back buy the shares.

(2) Within 6 months after the issuer's listing, if the closing price of the issuer's shares for 20 consecutive trading days is lower than the initial public offering price (during the period, if the issuer distributes dividends, dividends, bonus shares, and capital reserves are converted into share capital), allotment and other ex-rights and ex-dividend events

If the closing price is lower than the initial public offering price at the end of the 6-month period after listing (if that day is not a trading day, it will be the first trading day after that day), the company will hold Lock-up period for some issuer shares

The limit is automatically extended by 6 months on the basis of the original lock-up period.

(3) If the company reduces its holdings within two years after the expiration of the lock-up period, the reduction price shall not be lower than the issue price. If, before the Company reduces its holdings of the aforementioned shares, the issuer has incurred ex-rights and ex-dividend events such as dividend distribution, dividend distribution, bonus shares, capital reserve conversion to share capital, and allotment of shares, etc.

Then the reduction price of the company shall not be lower than the price after the corresponding adjustment of the issue price of the issuer at the time of the IPO.

(4) The Company's reduction of the issuer's shares will be carried out in accordance with the Company Law, the Securities Law, Several Provisions on Shareholders of Listed Companies, Directors, Supervisors and Senior Management on Reducing Shares, and the Shareholders, Directors, and Supervisors of Listed Companies on the Shanghai Stock Exchange, senior management Implementation Rules for Share Reduction and other relevant laws and regulations. "

## Note 2:

"The actual controller of the company, Gao Tianle, promises:

(1) Within 36 months from the date of the issuer's initial public offering and listing, I shall not transfer or entrust others to manage the shares issued before the issuer's initial public offering that I hold directly or indirectly, nor shall I be returned by the issuer, buy the part of the shares.

(2) Within 6 months after the issuer's listing, if the closing price of the issuer's shares for 20 consecutive trading days is lower than the initial public offering price (during the period, if the issuer distributes dividends, dividends, bonus shares, and capital reserves are converted into share capital), allotment and other ex-rights and ex-dividend events

If the closing price is lower than the initial public offering price at the end of the 6-month period after listing (if that day is not a trading day, it will be the first trading day after that day), I hold the The lock-up period of the issuer's shares

Automatically extended by 6 months on the basis of the original lock-up period.

(3) During my tenure as a director, supervisor or senior executive of the issuer, the shares of the issuer that I directly or indirectly hold each year shall not exceed 25% of the total number of shares of the issuer that I directly or indirectly hold. . myself

Within six months after resignation, the shares of the issuer held by me directly or indirectly shall not be transferred.

(4) If the shares held by me are reduced within two years after the expiration of the lock-up period, the reduction price shall not be lower than the issue price. If before I reduce my holdings of the above-mentioned shares, the issuer has occurred ex-rights and ex-dividend events such as dividend distribution, dividend distribution, bonus shares, capital reserve conversion to share capital, allotment of shares, etc.

Items, the price of my shareholding reduction should not be lower than the issue price at the time of the issuer's initial public offering after the corresponding adjustment.

(5) I will reduce the issuer's shares in accordance with the "Company Law", "Securities Law", "Several Regulations for Shareholders of Listed Companies, Directors, Supervisors and Senior Management to Reduce Shares", "Shareholders and Directors, Supervisors, and Shareholders of Listed Companies on the Shanghai Stock Exchange" Senior management reduced Implementation Rules for Shareholding and other relevant laws and regulations. "

## Note 3:

"Gao Guoxuan, Gao Xiao and Gao Jue, the concerted action persons of the company's actual controllers, promise:

(1) Within 36 months from the date of the issuer's initial public offering and listing, I shall not transfer or entrust others to manage the shares issued before the issuer's initial public offering that I hold directly or indirectly, nor shall I be returned by the issuer. buy the shares. (2) Within 6 months after the issuer's listing, if the closing price of the issuer's shares for 20 consecutive trading days is lower than the initial public offering price (during the period, if the issuer distributes dividends, dividends, bonus shares, and capital reserves are converted into share capital) , allotment and other ex-rights and ex-dividend events, it will be treated as ex-right and ex-dividend, the same below), or the closing price at the end of the 6-month period after listing (if that day is not a trading day, the first trading day after that day) is lower than the initial public offering price , the lock-up period of the issuer's shares held by me is automatically extended by 6 months on the basis of the original lock-up period. (3) If the shares held by me are reduced within two years after the expiration of the lock-up period, the reduction price shall not be lower than the issue price. If, before I reduce my holdings of the aforementioned shares, the issuer has occurred ex-rights and ex-dividend events such as dividend distribution, dividend distribution, bonus shares, capital reserve conversion to share capital, allotment of shares, etc., the price of my shareholding reduction should not be lower than the issuer's initial public offering of shares. The issue price at that time has been adjusted accordingly.

(4) I will reduce the issuer's shares in accordance with the "Company Law", "Securities Law", "Several Regulations for Shareholders of Listed Companies, Directors, Supervisors and Senior Management to Reduce Shares", "Shareholders and Directors, Supervisors, and Shareholders of Listed Companies on the Shanghai Stock Exchange" Relevant laws and regulations such as the Implementation Rules for the Reduction of Shares held by Senior Management. "Note 4: "Shareholders who are directors and senior managers of the company, Wang Yong, Zhu Xingbing, Zhou Guanghui, Huang Yuechi, Huang Hongbin, Fang Chufu, Ge Shiwei, and Zhao Tianwei undertake: (1) From the date of the issuer's initial public offering and listing Within 12 months, I shall not transfer or entrust others to manage the shares issued before the issuer's initial public offering that I hold directly or indirectly, nor shall the issuer repurchase such shares. (2) Within 6 months after the issuer's listing, if the closing price of the issuer's shares for 20 consecutive trading days is lower than the initial public offering price (during the period, if the issuer distributes dividends, dividends, bonus shares, and capital reserves are converted into share capital) , allotment and other ex-rights and ex-dividend events, it will be treated as ex-right and ex-dividend, the same below), or the closing price at the end of the 6-month period after listing (if that day is not a trading day, the first trading day after that day) is lower than the initial public offering price , the lock-up period of the issuer's shares held by me is automatically extended by 6 months on the basis of the original lock-up period.

(3) During my tenure as a director, supervisor or senior executive of the issuer, the shares of the issuer that I directly or indirectly hold each year shall not exceed 25% of the total number of shares of the issuer that I directly or indirectly hold. . Within six months after my resignation, I will not transfer the shares of the issuer that I hold directly or indirectly. (4) If the shares held by me are reduced within two years after the expiration of the lock-up period, the reduction price shall not be lower than the issue price. If, before I reduce my holdings of the aforementioned shares, the issuer has occurred ex-rights and ex-dividend events such as dividend distribution, dividend distribution, bonus shares, capital reserve conversion to share capital, allotment of shares, etc., the price of my shareholding reduction should not be lower than the issuer's initial public offering of shares. The issue price at that time has been adjusted accordingly. (5) I will reduce the issuer's shares in accordance with the "Company Law", "Securities Law", "Several Regulations for Shareholders of Listed Companies, Directors, Supervisors and Senior Management to Reduce Shares", "Shareholders and Directors, Supervisors, and Shareholders of Listed Companies on the Shanghai Stock Exchange" Relevant laws and regulations such as the Implementation Rules for the Reduction of Shares held by Senior Management. "Note 5: "Du Nan, a shareholder who serves as a supervisor of the company, promises: (1) Within 12 months from the date of the issuer's initial public offering of stocks, he will not transfer or entrust others to manage the issuer's first time The shares issued before the public offering of shares shall not be repurchased by the issuer. (2) During my tenure, the shares of the issuer that I directly or indirectly hold each year shall not exceed 25% of the total number of shares of the issuer that I directly or indirectly hold. Within six months after my resignation, I will not transfer the shares of the issuer that I hold directly or indirectly. (3) I will reduce the issuer's shares in accordance with the "Company Law", "Securities Law", "Several Regulations for Shareholders of Listed Companies, Directors, Supervisors and Senior Management to Reduce Shares", "Shareholders and Directors, Supervisors, and Shareholders of Listed Companies on the Shanghai Stock Exchange" Relevant laws and regulations such as the Implementation Rules for the Reduction of Shares held by Senior Management. "Note 6: "In order to safeguard the interests of all shareholders of the company and ensure the long-term and stable development of the company, Tianzheng Group, the controlling shareholder of the company, issued the "Letter of Commitment on Avoiding Horizontal Competition" to the company, the main contents are as follows: 1. As of the issuance of this letter of commitment On the date, the Company and other enterprises directly or indirectly controlled by the Company did not directly or indirectly hold any interests or other arrangements in enterprises that compete with the issuer's business, and did not engage in business or activities that compete with the issuer in the same industry. 2. The company and other enterprises directly or indirectly controlled by the company will not directly or indirectly engage in businesses that compete with the issuer's business or businesses that may constitute substantial competition in the form of holding shares or by participating in shares but having substantial control. 3. If the issuer engages in a new business field in the future, the company and other enterprises directly or indirectly controlled by the company will not directly or indirectly engage in the new business with the issuer in the form of holding shares or in the form of holding shares but having substantial control. There are directly competing businesses or activities in the field.

4. In order to more effectively avoid horizontal competition between the company and other companies directly or indirectly controlled by the company and the issuer in the future, the company will also take the following

measures: (1) Through the board of directors or shareholders (general) meeting and other companies Governance bodies and legal decision-making procedures that reasonably affect other companies directly or indirectly controlled by the company will not directly or indirectly engage in business or activities that compete with the issuer, so as to avoid horizontal competition; (2) If the company and the company Other enterprises directly or indirectly controlled have the same or similar business opportunities as the issuer, and such business opportunities may directly or indirectly cause the company and other enterprises directly or indirectly controlled by the company to compete with the issuer in the same industry. Immediately notify the issuer after discovering the business opportunity, and do its best to urge the business opportunity to be provided to the issuer on a condition not inferior to that provided to the company and other enterprises directly or indirectly controlled by the company; (3) If the company and other enterprises directly or indirectly controlled by the company have businesses that may compete with the issuer, the company and other enterprises directly or indirectly controlled by the company will withdraw from the competition with the issuer by including but not limited to the following methods: 1) Stop the production of products that constitute competition or may constitute competition; 2) Stop operating businesses that constitute competition or may constitute competition; 3) Prioritize the transfer of competing assets or businesses to the issuer or as capital contributions to the issuer in accordance with fair market conditions; 4) Transfer the competing business to an unrelated third party; 5) Take other actions that are beneficial to safeguarding the rights and interests of the issuer to eliminate horizontal competition. In the event of damage to the rights and interests of the issuer and other shareholders due to the violation of the above commitments, the company will bear the corresponding legal responsibilities according to law, and bear all the economic losses caused to the issuer due to the violation of the above commitments. "Note 7: "In order to safeguard the interests of all shareholders of the company and ensure the long-term and stable development of the company, the actual controller of the company, Gao Tianle, and its concerted actors, Gao Guoxuan, Gao Xiao and Gao Jue, respectively issued to the company the Letter of Commitment on Avoiding Horizontal Competition. ", the main contents are as follows: 1. As of the date of the issuance of this letter of commitment, I and other enterprises directly or indirectly controlled by me have not directly or indirectly held any rights or other arrangements in enterprises that compete with the issuer's business in the same industry, and have not engaged in any The issuer's business or activity is in competition. 2. I and other enterprises directly or indirectly controlled by me will not directly or indirectly engage in business that competes with the issuer's business or that may constitute substantial competition by way of holding shares or by way of equity participation but substantial control. 3. If the issuer engages in a new business field in the future, I and other enterprises directly or indirectly controlled by myself will not directly or indirectly engage in the issuer's new business field in the form of holding shares or by way of holding shares but having substantial control. Directly competing businesses or activities. 4. In order to more effectively avoid horizontal competition between myself and other enterprises directly or indirectly controlled by me and the issuer in the future, I will also take the following measures: Legal decision-making procedures, which reasonably affect other enterprises directly or indirectly controlled by me will not directly or indirectly engage in business or activities that compete with the issuer, so as to avoid horizontal competition; The enterprise has the same or similar business opportunity as the issuer, and the business opportunity may directly or indirectly cause me and other enterprises directly or indirectly controlled by me to compete with the issuer, I should notify the issuer immediately after discovering the business opportunity , and do its best to procure that the business opportunity is provided to the issuer on a condition that is no less favourable than that provided to me and other enterprises directly or indirectly controlled by me;

(3) If I and other enterprises directly or indirectly controlled by me have businesses that may compete with the issuer, I and other enterprises directly or indirectly controlled by me will withdraw from the competition with the issuer by including but not limited to the following methods: 1) Stop the production of products that constitute competition or may constitute competition; 2) Stop operating businesses that constitute competition or may constitute competition; 3) Prioritize the transfer of competing assets or businesses to issuers or issue them as capital contributions based on fair market conditions 4) Transfer competing businesses to unrelated third parties; 5) Take other actions that are beneficial to safeguarding the rights and interests of the issuer to eliminate horizontal competition. If there is any damage to the rights and interests of the issuer and other shareholders due to violation of the above commitments, I will bear the corresponding legal responsibilities in accordance with the law, and bear all the economic losses caused to the issuer due to the violation of the above commitments. Note 8: Tianzheng Group, the controlling shareholder of the company, issued a Letter of Commitment on Regulating Related Transactions to the company, the main contents of which are as follows: "1. During the period when the company is the controlling shareholder of the issuer, the company and other enterprises controlled by the company will It will not illegally occupy the issuer's funds and any other assets for any reason and method, and will minimize or avoid related transactions with the issuer. 2. For connected transactions that are unavoidable or occur for reasonable reasons, the company and other companies controlled by the company will follow the principles of fairness and reasonableness and fair prices, sign agreements with the issuer in accordance with the law, perform legal procedures, and will follow the " Companies Law, Securities Law, Shanghai Stock Exchange Listing Rules and other laws, regulations, and normative documents, as well as the Articles of Association of Zhejiang Tianzheng Electric Co., Ltd. and the Articles of Association of Zhejiang Tianzheng Electric Co., Ltd. (Draft), etc. The company guarantees that it will not damage the legitimate rights and interests of the issuer and other shareholders through related transactions. 3. If the above commitment is violated, the company is willing to bear all the losses caused to the issuer. 4. This letter of commitment will take effect from the date of signing by the company. This Letter of Commitment shall continue to be effective and cannot be changed or revoked during the period when the Company is the controlling shareholder of the issuer. 5. The content stated in this letter of commitment is true, accurate and complete, and there is no false record, misleading statement, omission or concealment, and the company is willing to assume the corresponding legal responsibility for this. "

## Note 9:

Gao Tianle, the actual controller, and Gao Guoxuan, Gao Xiao, and Gao Jue, the actual controller, and Gao Guoxuan, Gao Xiao, and Gao Jue, issued a Letter of Commitment on Regulating Related Party

Transactions to the company, the main contents of which are as follows: "1. During the period of acting in concert, I and other enterprises under my control will not illegally occupy the issuer's funds and any other assets for any reason or method, and will try to minimize or avoid related transactions with the issuer. 2. For unavoidable or For connected transactions that occur for reasonable reasons, I and other companies controlled by myself will follow the principles of fairness and reasonableness and fair prices, sign agreements with issuers in accordance with the law, and perform legal procedures. "Shanghai Stock Exchange Stock Listing Rules" and other laws, regulations, normative documents, and "Zhejiang Tianzheng Electric Co., Ltd. Articles of Association", "Zhejiang Tianzheng Electric Co., Ltd. Articles of Association (Draft)" and other relevant provisions to perform information disclosure obligations and handle related For the approval matters, I promise not to damage the legitimate rights and interests of the issuer and other shareholders through related transactions. 3. If the above commitment is violated, I am willing to bear all the losses caused to the issuer. 4. This letter of commitment starts from the date I sign it Effective. This commitment letter continues to be valid and cannot be changed or revoked during the period when I am the actual controller of the issuer or the person acting in concert. 5. The content of this commitment letter is true, accurate and complete, and there is no false record or misleading Statement, omission or concealment, I am willing to bear the corresponding legal responsibility." Note 10: (1) Conditions for initiating stock price stabilization measures Within 36 months after the initial public offering and listing of stocks, not due to force majeure factors, if the company The closing price of the stock for 20 consecutive trading days is lower than the latest audited net asset per share (if any situation such as equity distribution, conversion of capital reserve into share capital, allotment, etc. occurs after the audit base date, it shall be treated ex-rights and ex-dividends) (hereinafter referred to as "" Starting Conditions"), the company, controlling shareholders, actual controllers and persons acting in concert, directors (excluding independent directors of the company, the same below) and senior managers shall take legal measures to fulfill their obligations to stabilize the company's stock price in accordance with this plan (hereinafter referred to as "" The obligation to stabilize the stock price"), but the relevant responsible entities shall abide by the relevant laws and regulations when fulfilling the obligation to stabilize the stock price. (2) Specific measures to stabilize the company's stock price 1. Repurchase of shares by the company (1) When the start-up conditions are fulfilled, the company will convene a board of directors within 10 days to make a resolution to implement the repurchase of shares in accordance with the law, submit it to the shareholders' meeting for approval and perform information disclosure program. (2) The company will repurchase from public shareholders in accordance with relevant laws and regulations such as the Administrative Measures for Listed Companies Repurchasing Public Shares (for Trial Implementation), Supplementary Provisions on Listed Companies Repurchasing Shares by Centralized Bidding Transactions and other relevant laws and regulations Part of the company's shares, and at the same time ensure that the repurchase result will not cause the company's equity distribution to fail to meet the listing conditions. (3) All the directors of the company undertake to vote in favor of the repurchase matters at the board meeting held by the company on the repurchase of shares. The company's general meeting of shareholders shall make a resolution on the repurchase of shares, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting. At the general meeting of shareholders, voted in favor of such repurchase matters at the general meeting of shareholders. (4) After the shareholders' meeting has reviewed and approved the share repurchase plan, go through the filing procedures for the share repurchase with the securities regulatory authority according to law, and go through the cancellation registration procedure with the industry and commerce authority. In addition to complying with the requirements of relevant laws and regulations, the company shall also meet the following requirements for share repurchase for the purpose of stabilizing the stock price: 1) The company's single-time share repurchase fund shall not be less than RMB 10 million; 2 ) The total amount of funds used by the company to repurchase shares does not exceed the total amount of funds raised by the company's initial public offering of new shares; 3) If the company's stock price triggers the obligation to stabilize the stock price multiple times in a fiscal year, the total number of shares repurchased by the company in a single fiscal year No more than 2% of the company's total shares, and the company's equity distribution after the repurchase should meet the listing conditions. 2. Increase in holdings of the controlling shareholder, actual controller and persons acting in concert (1) When the start-up conditions are fulfilled, the controlling shareholder, actual controller and persons acting in concert of the company shall submit to the company a plan to increase their holdings of the company's shares and disclosed by the company. (2) The controlling shareholder, actual controller and persons acting in concert of the company shall comply with the provisions of laws, regulations and normative documents such as the "Administrative Measures for Acquisition of Listed Companies" and the "Guidelines for the Increase of Shares by Shareholders of Listed Companies and Persons Acting in Concert". Under the premise of the conditions and requirements, the company's shares are increased by means of centralized bidding transactions, block transactions or other methods approved by the securities regulatory authorities.

(3) The controlling shareholder, the actual controller and the persons acting in concert shall undertake to increase the total amount of holdings at a time of not less than RMB 1 million. (4)

If the stock price of the company triggers the obligation to stabilize the stock price several times in a fiscal year, and the number of additional shares held in a single fiscal year does not exceed 2% of the total number of shares of the company, the equity distribution of the company after the increase should meet the listing conditions, and the increased shareholding should not exceed 2%. Behavior and information disclosure shall comply with relevant laws and regulations. 3. Directors and senior managers to increase their holdings (1) When the start-up conditions are fulfilled, the company's directors and senior managers need to submit a plan to increase their holdings of the company's shares within 10 days and the company will disclose it.

(2) The directors and senior management personnel of the company who work in the company and receive remuneration shall comply with the "Administrative Measures for the Acquisition of Listed Companies" and the "Management Rules for the Shares of the Company Held by Directors, Supervisors and Senior Management of Listed Companies and their Changes" and other laws. Under the premise of the conditions and requirements stipulated by the regulations, the company's stock holdings will be increased. (3) The directors and senior managers of the company who are obliged to increase their holdings promise that the monetary funds they use to increase their shares of the company will not exceed the total amount of remuneration they received from the company in the previous fiscal year during their tenure as directors or senior managers. 50%.

#### 4. Other laws, regulations, and measures permitted by the regulations of the China Securities

##### Regulatory Commission and the stock exchange

(1) Share repurchase by the

company (2) Controlling shareholders, actual controllers and persons acting in concert

to increase their holdings (3) Directors and senior managers to increase their

shareholdings (3) Termination of the stock price stabilization plan from the date of

announcement Within 90 natural days, if any of the following circumstances occurs, it will be deemed that the implementation of the stock price stabilization measures and commitments have been completed, and the implementation of the announced stock price

stabilization plan will be terminated: 1. The closing price of the company's stock for 10 consecutive trading days Reach or exceed the latest audited net assets per share (ex-rights and ex-dividends should be dealt with in the event of equity distribution, capital reserve conversion, allotment, etc.

after the audit base date); 2. The company and relevant responsible entities have fully fulfilled the The specific measures to stabilize the stock price this time; 3. Continuing to repurchase or increase the company's shares will cause the company's equity distribution to not meet the listing conditions

or will force the controlling shareholder and actual controller to perform the obligation of tender offer. Before appointing new directors and senior management personnel in the future, the company will require them to sign a letter of commitment to ensure that they will fulfill the corresponding

commitments made by the directors and senior management personnel during the company's initial public offering and listing. Note 11: The company makes the following commitments on the authenticity, accuracy and completeness of the prospectus for this initial public offering: "1. The company

promises that the prospectus does not contain false records, misleading statements or major omissions, and it will make the following commitments. 2. If the prospectus contains false records, misleading statements or major omissions, which has a significant and substantial impact on judging

whether the company complies with the issuance conditions stipulated by law, the Within 30 trading days after the fact is confirmed by the competent authority's effective legal documents, the company will repurchase all the new shares in the initial public offering. Interest (if the company's shares

have ex-rights or ex-dividends such as dividends, dividends, bonus shares, conversion of capital reserves to share capital, etc., the issue price will be adjusted ex-rights and ex-dividends accordingly.) 3. If the prospectus contains false records, misleading statements or If there are major omissions

that cause investors to suffer losses in the securities trading of the company's stocks, the company will compensate investors for their losses according to law." Note 12: As the issuer's controlling shareholder, Tianzheng Group, on the prospectus of this initial public offering of stocks The authenticity, accuracy

and completeness of the company issued the following commitments: "1. The company promises that the prospectus does not contain false records, misleading statements or major omissions, and undertakes individual and joint legal obligations for its authenticity, accuracy and completeness. 2. If there are

false records, misleading statements or major omissions in the prospectus, which have a significant and substantial impact on the judgment of whether the issuer complies with the issuance conditions stipulated by law, 30 days after the fact is confirmed by the effective legal document of the competent

authority Within two trading days, the company will repurchase the issuer's original restricted shares and the transferred original restricted shares that have been publicly offered by the company. The repurchase price will be determined based on the secondary market price, and will not be lower than the

issue price plus the same period. Bank deposit interest (if the issuer's shares have ex-rights and ex-dividend events such as dividends, dividends, bonus shares, and capital reserve conversion to share capital, the issue price will be adjusted ex-rights and ex-dividends accordingly). 3. If the prospectus

contains false records or misleading If there is any false statement, misleading statement or material omission in the prospectus, the company, as the controlling shareholder of the issuer, will urge the issuer to repurchase all the new shares in the IPO according to law. If the issuer suffers losses in the

securities trading of the shares of the issuer, the company will compensate investors for the losses according to the law." Note 13: Gao Tianle as the issuer's actual controller, Gao Guoxuan, Gao Xiaoyan, and Gao Yue as the issuer's actual controllers acting in concert I hereby make the following undertakings

regarding the authenticity, accuracy and completeness of the prospectus for this initial public offering: "1. I undertake that the prospectus does not contain false records, misleading statements or major omissions, and I will confirm its authenticity, accuracy and integrity. 2. If there are false records, misleading

statements or major omissions in the prospectus, the issuer shall be responsible for judging whether the issuer complies with the law. If the issuance conditions have a significant and substantial impact, within 30 trading days after the fact is confirmed by the competent authority in the effective legal document,

I will repurchase the issuer's original restricted shares and the transferred original restricted shares that I have offered to the public. , the repurchase price will be determined based on the secondary market price, and will not be lower than the issue price plus the bank deposit interest in the same period (if

the issuer's shares have dividends, dividends, bonus shares, capital reserves are converted into share capital and other ex-rights and ex-dividend events, The issue price will be adjusted ex-rights and ex-dividend accordingly).

3. If there are false records, misleading statements or major omissions in the prospectus, I, as the issuer's actual controller or a person acting in concert, will urge the issuer to repurchase all the new shares in the IPO in accordance with the law.

4. If there are false records, misleading statements or major omissions in the prospectus, which cause investors to suffer losses in the securities transactions of the issuer's shares, I will compensate the investors for their losses in accordance with the law. "

Note 14: All

directors, supervisors, and senior management have issued the following commitments on the authenticity, accuracy and completeness of the issuer's prospectus for this IPO:

"1. I undertake that the prospectus does not contain false records, misleading statements or major omissions, and bear individual and joint legal responsibility for its authenticity, accuracy and completeness.

2. If there are false records, misleading statements or major omissions in the prospectus, which cause investors to suffer losses in the securities transactions of the issuer's shares, I will compensate the investors for their losses in accordance with the law.

3. I will not refuse to perform the above commitments due to job change, resignation, etc. "

Note 15: The

company does not provide loans or any other form of financial assistance, including guarantees, for the incentive objects of this restricted stock incentive plan to obtain restricted stocks through this plan.

Note 16: There

are no false records, misleading statements or major omissions in the relevant information disclosure documents of this incentive plan.

Note 17: If the

company does not comply with the arrangement for granting rights or exercising rights due to false records, misleading statements or major omissions in the information disclosure documents, the incentive object shall be confirmed to have false records or misleading statements from the relevant information disclosure documents

Or after major omissions, all the benefits obtained by this incentive plan will be returned to the company.

II. Non-operating capital occupation by the controlling shareholder and other related parties during the reporting

period ÿApplicable ÿNot applicable

III. Illegal guarantee ÿApplicable

ÿNot applicable

IV. Audit of semi-annual report Applicable

Not applicable

V. Changes and handling of matters involved in non-standard audit opinions in the annual report of the previous year Applicable

Not applicable

VI. Matters related to bankruptcy and

reorganization Applicable Not applicable

VII. Major lawsuits and arbitrations The company

has major lawsuits and arbitrations during the reporting period The company has no major lawsuits and arbitrations during the reporting period

8. Listed companies and their directors, supervisors, senior managers, controlling shareholders, and actual controllers are suspected of violating laws and regulations and have been punished

Penalty and rectification

Applicable Not applicable

IX. Explanation on the integrity of the company, its controlling shareholder and actual controller during the reporting period

Applicable Not applicable

X. Significant related transactions

(I) Related-party transactions related to daily operations 1. Matters

disclosed in temporary announcements with no progress or changes in subsequent implementation Applicable

Not applicable

2. Items that have been disclosed in temporary announcements, but there are progress or changes in subsequent

implementation Applicable Not applicable

3. Matters not disclosed in the temporary announcement

Applicable Not applicable

(II) Related-party transactions arising from asset acquisition or equity acquisition and sale

2. Items that have been disclosed in temporary announcements, but there are progress or changes in subsequent

implementation Applicable Not applicable

3. Matters not disclosed in the temporary announcement

Applicable Not applicable

4. If performance agreement is involved, the achievement of performance during the reporting period shall be disclosed

ÿApplicable ÿNot applicable

(III) Significant related-party transactions of joint external investment 1.

Matters that have been disclosed in temporary announcements and have no progress or changes in subsequent

implementation ÿApplicable ÿNot applicable

2. Items that have been disclosed in temporary announcements, but there are progress or changes in subsequent implementation

ÿApplicable ÿNot applicable

3. Matters not disclosed in the temporary announcement

ÿApplicable ÿNot applicable

(IV) Credit and debt transactions with related parties

1. Matters that have been disclosed in temporary announcements and have no progress or changes in subsequent

implementation ÿApplicable ÿNot applicable

2. Items that have been disclosed in temporary announcements, but there are progress or changes in subsequent implementation

ÿApplicable ÿNot applicable

3. Matters not disclosed in the temporary announcement

ÿApplicable ÿNot applicable

(V) Financial business between the company and the financial company with an associated relationship, the financial company controlled by the company and the related party

ÿApplicable ÿNot applicable

1. Deposit business

ÿApplicable ÿNot applicable

2. Loan business ÿApplicable

ÿNot applicable

3. Credit business or other financial business ÿApplicable ÿNot

applicable

4. Other instructions

ÿApplicable ÿNot applicable

(VI) Other significant related transactions

ÿApplicable ÿNot applicable

(VII) Other

ÿApplicable ÿNot applicable

XI. Significant contracts and their performance 1. Trusteeship,

contracting and leasing

ÿApplicable ÿNot applicable

(1) Custody situation

ÿApplicable ÿNot applicable

(2) Contracting situation

ÿApplicable ÿNot applicable

(3) Leasing situation

ÿApplicable ÿNot applicable

Unit: 10,000 Yuan Currency: RMB

lessor name	Leasing party name say	rent rent capital Produce Affection condition	lease capital production involves amount	lease start day	lease termination day	rental income beneficial	lease income Sure in accordance with	lease income for business Siyang ring	whether association trade	association relation
Shanghai Tianzheng Electromechanical (Group) Limited company	Our company	house Room	17,000	2021- 01-01	2021- 12-31	111.14	lease protocol	house is		shareholder son company

Description of lease

none

2 Significant guarantees performed and not yet performed during the reporting period ÿApplicable

ÿNot applicable

3 Other major contracts ÿApplicable

ÿNot applicable

XII. Explanation of other major events ÿApplicable

ÿNot applicable

## Section 7 Changes in Shares and Shareholders

1. Changes in share capital

(I) Changes in Shares 1. Changes in

Shares

Unit: share

	Before this change		Increase or decrease in this change (+, -)					After this change	
	Quantity ratio (%)	New shares issued		Public product gold share	That he	Subtotal	Quantity ratio (%)		
1. Limited sale clause 1. State- owned shares	330,000,000	82.29	3,115,500			3,115,500	333,115,500	82.43	
2. State-owned legal person share									

3. Other domestic capital holdings share	330,000,000	82.29	3,115,500				3,115,500	333,115,500	82.43
Of which: domestic non-State-owned legal person	114,986,960	28.67						114,986,960	28.45
from within Shareholding	215,013,040	53.62	3,115,500				3,115,500	218,128,540	53.98
4. Foreign shareholding									
Of which: foreign law Shareholding									
overseas from Shareholding									
2. Unlimited sales Circulating shares	71,000,000	17.71						71,000,000	17.57
1. Ordinary RMB share	71,000,000	17.71						71,000,000	17.57
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Other									
3. The total number of shares is 401,000,000		100.00	3,115,500				3,115,500	404,115,500	100.00

## 2. Description of changes in shares

☐Applicable ☐Not applicable

On March 8, 2021, the company completed the grant and registration of the 2020 restricted stock incentive plan.

There are 152 elephants in total, and the number of registered restricted shares granted is 3.115 million shares. After the registration of this grant is completed, the company's registered capital

Changed from RMB 401,000,000 to RMB 404,115,500, and the total share capital was changed from 401,000,000 shares to

404,115,500 shares, of which 71,000,000 shares are unrestricted tradable shares and 333,115,500 tradable shares are restricted.

## 3. The impact of share changes on earnings per share, net assets per share and other financial indicators from the end of the reporting period to the disclosure date of the semi-annual report (such as Yes)

☐Applicable ☐Not applicable

## 4. Other contents deemed necessary by the company or required by securities regulators to be disclosed

☐Applicable ☐Not applicable

## (2) Changes in restricted shares ☐Applicable ☐Not applicable

☐Applicable ☐Not applicable

Unit: Shares

Shareholder name	opening deadline	reporting period	Increase in reporting period	end of reporting period	Restricted original	release date
	Number of shares sold	Unlimited Number of shares sold	Number of restricted shares	Number of restricted shares	because	
Year 2020 institutional stock Incentive plan Incentive object	0	0	3,115,500	3,115,500	2020	Company 2020 Restrictive The first grant of the stock incentive plan Restricted shares granted The period is the first since the restricted stock The next grant date is January 2021 12 months from the 18th, 24 months, 36 months

						The third phase lifts sales restrictions and locks After the expiration of the period and the assessment standard Don't unlock its grant total 40%, 30%, 30%
total	0	0	3,115,500	3,115,500	/	/

## 2. Shareholders

(1) Total number of shareholders: As of

the end of the reporting period, the total number of ordinary shareholders (account)	21,174
The total number of preferred shareholders with their voting rights restored as of the end of the reporting period (account)	—

(2) Shareholdings of the top ten shareholders and top ten tradable shareholders (or shareholders not subject to selling restrictions) by the end of the reporting period

Unit: share

Shareholdings of the top ten shareholders							
Shareholder name (full name)	increase during the reporting period reduce	Number of shares held at the end of the period quantity	Proportion(%)	hold limited sale Conditional number of shares quantity	pledge, mark or freezing situation		nature of shareholders
					share share share state	quantity	
Tianzheng Group Co., Ltd.	0	99,146,960	24.53 99,146,960	None			non-state have a legal person
Gao Tianle	0	66,730,620	16.51 66,730,620	None			inland nature people
Shanghai Fuding Investment Management Co., Ltd. Partnership (Limited Partnership) - Shanghai Fuding Phase I Equity Investment Fund Partnership (Limited Partnership)	0	10,560,000	2.61 10,560,000	None			other
Yang Hong	0	7,920,000	1.96 7,920,000	None	quantity bet	1,750,000	inland nature people
Kou Guangzhi	0	7,920,000	1.96 7,920,000	None			inland nature people
Chen Ping	0	6,600,000	1.63 6,600,000	None			inland nature people
Chen Caiwei	500,000	6,483,340	1.60 5,983,340	None			inland nature people
Jiaxing Feijun Yongping Equity Investment capital management partnership (with Limited partnership) - Ningbo Yongjia Investment Management Partnership (Limited Partnership)	0	5,280,000	1.31 5,280,000	None			other
Gao Xiao	0	4,950,440	1.23 4,950,440	None			inland nature people
Hu Zhongsheng	0	4,879,160	1.21 4,879,160	None			inland nature people
Shareholdings of the top ten shareholders without restrictions on sales							
Shareholder name	The number of unrestricted tradable shares held			Type and quantity of shares			
				number of species			
Xiang Guangda	2,439,700			Ordinary RMB share	2,439,700		
Huang Haiyang	998,706			Ordinary RMB share	998,706		

Yue Weihua	779,413	Ordinary RMB share	779,413
Industrial and Commercial Bank of China Limited - Bank of Communications Shi Rhodes Trends Preferred Mixed Securities Investment Fund	763,600	Ordinary RMB share	763,600
Meng Jianhe	526,200	Ordinary RMB share	526,200
Chen Caiwei	500,000	Ordinary RMB share	500,000
Yue Ziyu	444,500	Ordinary RMB share	444,500
Sun Jianjie	427,000	Ordinary RMB share	427,000
Zhao Gang	300,000	Ordinary RMB share	300,000
Li Xiangyun	290,000	Ordinary RMB share	290,000
Description of the special account for repurchase among the top ten shareholders	not applicable		
Explanation of abstention from voting	not applicable		
Explanation of the related relationship or concerted action of the above shareholders	<p>Among the above shareholders, Gao Tianle and Gao Xiao are father and son and act in concert; Gao Tianle holds a 63.05% stake in Tianzheng Group Co., Ltd. and serves as the director of Tianzheng Group. Chairman, the actual controller of Tianzheng Group;</p> <p>Kou Guangzhi is the brother of Yang Hong's spouse;</p> <p>Chen Caiwei holds a 2.19% stake in Tianzheng Group and serves as the director and deputy general manager of Tianzheng Group</p> <p>reason;</p> <p>Hu Zhongsheng holds a 1.63% stake in Tianzheng Group and serves as a director of Tianzheng Group.</p> <p>Apart from this, there is no other related relationship or persons acting in concert among the above shareholders.</p>		
Preferred shareholders with restored voting rights and the number of shares held instruction of	not applicable		

Number of shares held by the top ten shareholders with restrictions on sales and restrictions on sales

☑Applicable ☐Not applicable

Unit: share

Serial No.	Name of Shareholders with Sales Restrictions	have Restrictions Number of shares	Restricted shares can be listed Market transactions		Restrictions
			Can be listed and traded time	Add can listed on the market Easy Shares quantity	
1	Tianzheng Group Co., Ltd.	99,146,960	2023-08-07	—	The date the company's stock was listed Limited sale within 36 months
2	Gao Tianle	66,730,620	2023-08-07	—	The date the company's stock was listed Limited sale within 36 months
3	Shanghai Fuding Investment Management Partnership (with Limited Partnership) - Shanghai Fuding Phase I Equity Investment Capital Fund Partnership (Limited Partnership)	10,560,000	2021-08-07	—	The date the company's stock was listed Limited sale within 12 months
4	Yang Hong	7,920,000	2021-08-07	—	The date the company's stock was listed Limited sale within 12 months
5	Kou Guangzhi	7,920,000	2021-08-07	—	The date the company's stock was listed Limited sale within 12 months
6	Chen Ping	6,600,000	2021-08-07	—	The date the company's stock was listed Limited sale within 12 months
7	Chen Caiwei	5,983,340	2021-08-07	—	The date the company's stock was listed Limited sale within 12 months

8	Jiaxing Feijun Yongping Equity Investment Management Partnership Enterprise (Limited Partnership) - Ningbo Yongjia Investment Capital Management Partnership (Limited Partnership)	5,280,000	2021-08-07	—	The date the company's stock was listed Limited sale within 12 months
9	Gao Xiao	4,950,440	2023-08-07	—	The date the company's stock was listed Limited sale within 36 months
10	Hu Zhongsheng	4,879,160	2021-08-07	—	The date the company's stock was listed Limited sale within 12 months
Explanation of the related relationship or concerted action of the above shareholders		<p>Among the above shareholders, Gao Tianle and Gao Xiao are father and son and act in concert; Gao Tianle holds a 63.05% stake in Tianzheng Group Co., Ltd. and serves as Tianzheng Collection The chairman of the group is the actual controller of Tianzheng Group; Kou Guangzhi is the brother of Yang Hong's spouse; Chen Caiwei holds a 2.19% stake in Tianzheng Group and serves as a director and deputy director of Tianzheng Group General manager; Hu Zhongsheng holds a 1.63% stake in Tianzheng Group and serves as a director of Tianzheng Group. Apart from this, there is no other related relationship or persons acting in concert among the above shareholders.</p>			

(3) Strategic investors or general legal persons become the top ten shareholders due to placement of new

shares Applicable Not applicable

### III. Directors, Supervisors and Senior Management

(I) Changes in shareholding of current and outgoing directors, supervisors and senior management during the reporting period

Applicable Not applicable

Unit: share

Name	Title	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Shares during the reporting period 150,000 Restricted	Reason for increase or decrease
Wang Yong	Director	936,540	1,086,540	150,000	Stock Incentive Plan
Zhao Tianwei	Executive	110,000	190,000	80,000	Restricted Stock Incentive Plan
Director Ge Shiwei		566,000		80,000	Restricted Stock Incentive Plan
Director Zhou Guanghui				70,000	Restricted Stock Incentive Plan
Director Fang Chufu	Executive			60,000	Restricted Stock Incentive Plan

Other situation description

Applicable Not applicable

(II) Shareholding incentives granted to directors, supervisors and senior executives during the reporting period Applicable

Not Applicable

Applicable Not applicable

Unit: share

Name	job title	held at the beginning of the period	New in the reporting period	unlocked shares	Unlocked shares	held at the end of the period
		restricted stock number of tickets	Grant restrictions number of sex stocks quantity	share	share	restricted stock number of tickets
Wang Yong	Director Zhao Tianwei	936,540	150,000	0	1,086,540	1,086,540
Senior Executive Ge Shiwei	Director	805,200	80,000	0	885,200	885,200
Zhou Guanghui	Director Fang Chufu	110,000	80,000	0	190,000	190,000
Senior Executive Total /		880,000	70,000	0	950,000	950,000
		506,000	60,000	0	566,000	566,000
		3,237,740	440,000	0	3,677,740	3,677,740

(III) Other description

ÿApplicable ÿNot applicable

IV. Changes in controlling shareholders or actual controllers

ÿApplicable ÿNot applicable

### Section VIII Preference Shares

ÿApplicable ÿNot applicable

### Section IX Bonds Related Information

I. Corporate bonds, corporate bonds and non-financial corporate debt financing instruments

ÿApplicable ÿNot applicable

II. Convertible corporate bonds ÿApplicable

ÿNot applicable

## Section X Financial Report

## I. Audit report ýApplicable

ýNot applicable

## 2. Financial Statements

Consolidated balance

sheet prepared on June

30, 2021: Zhejiang Tianzheng Electric Co., Ltd.

Unit: Currency: RMB

project	Note 30 June 2021	December 31, 2020
Current assets:		
Monetary	926,672,807.67	1,060,284,566.99
funds settlement reserve		
Loan funds		
Tradable financial assets		
Derivative financial assets		
Notes Receivable	75,630,468.52	88,700,864.73
Accounts	1,274,135,271.32	774,488,234.68
Receivable Financing	227,746,704.26	324,714,776.99
Advance Payments	17,980,948.37	6,282,284.68
Premium Receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	42,185,421.94	8,099,155.12
Including: Interest receivable		
Dividends receivable		
Repurchase of resale financial assets		
	341,072,993.72	306,697,349.77
Inventory	5,389,506.95	
Contract Assets Held for Sale Assets		
Non-current assets due within	31,249,999.99	
one year Other current assets	70,797,061.52	64,814,829.82
Total non-current assets:	3,012,861,184.26	2,634,082,062.78
Disbursement of loans and advances		
Debt investment		
Other debt investments		
Long-term receivables		
long-term equity investment		
Investment in other equity instruments		
Other non-current financial assets		
investment real estate		
Fixed assets	319,871,517.42	325,306,034.96
Construction in	46,738,591.23	22,877,604.22
progress productive biological assets		

oil and gas asset			
Right-of-use assets		11,960,368.52	
Intangible assets		114,749,755.66	116,341,192.82
development expenditure			
goodwill			
Long-term deferred		7,356,220.12	8,361,163.00
expenses Deferred tax		44,336,922.46	38,204,813.75
assets Other non-current assets		40,437,113.15	19,621,199.10
Total non-current assets		585,450,488.56	530,712,007.85
Total assets Current		3,598,311,672.82	3,164,794,070.63
liabilities:			
short-term		90,103,583.34	40,051,160.70
borrowing from the central bank			
borrowed funds			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills Payable		126,607,412.04	12,131,938.43
Accounts Payable		1,285,487,297.84	1,059,927,293.83
Advance Receipts			
Contract liabilities		6,681,682.31	3,927,195.35
Sales of financial assets under repurchase			
Deposits and deposits			
Agent for buying and selling securities			
Agent underwriting securities			
Payable Employee		68,075,764.79	77,611,747.48
Salary Payable Taxes		30,810,528.25	25,625,498.31
Other Payables		53,471,765.27	20,216,343.05
Including: Interest Payable			
dividends payable			
Fees and commissions			
Reinsurance Accounts Payable			
held-for-sale liabilities			
Non-current liabilities due within one year		6,119,823.02	
Other current liabilities Current liabilities		145,145,362.88	171,689,259.58
Total non-current liabilities:		1,812,503,219.74	1,411,180,436.73
Insurance contract reserve			
Long term loan			
Bonds payable			
Of which: preferred stock			
perpetual bond			
Lease liability		2,541,214.48	
long-term payables			
Long-term employee compensation payable			
Estimated		18,833,242.91	16,457,042.27
liabilities		2,583,971.11	2,809,449.07
Deferred income Deferred tax liabilities			
Other non-current liabilities			

Total non-current liabilities		23,958,428.50	19,266,491.34
Total liabilities Total		1,836,461,648.24	1,430,446,928.07
owners' equity (or shareholders' equity beneficial):			
Paid-in capital (or share capital)		404,115,500.00	401,000,000.00
Other equity instruments			
Of which: preferred stock			
perpetual bond			
Less capital		677,627,470.70	655,626,535.70
reserve: other		21,403,485.00	
comprehensive income from treasury shares			
Special reserves			
Surplus		104,713,483.92	104,713,483.92
reserve general risk reserve			
Undistributed profits		596,797,054.96	573,007,122.94
are attributable to owners' equity of the parent company (or shareholders' equity)		1,761,850,024.58	1,734,347,142.56
total minority interests			
Owner's Equity (or Shareholders' Equity profit) total		1,761,850,024.58	1,734,347,142.56
liabilities and owners' equity (or shareholders' equity) total		3,598,311,672.82	3,164,794,070.63

Person in charge of the company: Gao Tianle

Person in charge of accounting work: Wang Yong Person in charge of accounting organization: Huang Yuan

Parent company balance

sheet June 30, 2021

Prepared by: Zhejiang Tianzheng Electric Co., Ltd.

Unit: Currency: RMB

project	Note 30 June 2021	December 31, 2020
Current assets:		
monetary	852,218,064.52	957,050,679.62
capital trading financial assets		
Derivative financial assets		
Notes Receivable	75,630,468.52	88,700,864.73
Accounts	1,253,944,655.66	767,876,920.67
Receivable Accounts	227,746,704.26	324,714,776.99
Receivable Financing	15,325,346.37	6,281,376.40
Advances Other	82,154,721.47	58,029,357.19
Receivables Including: Interest Receivable		
Dividends receivable		
	264,777,054.59	240,229,650.66
Inventory	5,389,506.95	
Contract Assets Held for Sale Assets		
Non-current assets due within one	31,249,999.99	
year Other current assets Total current	62,847,047.59	58,599,583.99
assets	2,871,283,569.92	2,501,483,210.25

Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment		180,000,000.00	180,000,000.00
Other equity instrument investment			
Other non-current financial assets			
investment real estate			
Fixed assets		162,764,251.85	164,998,489.81
Construction in		45,870,935.19	21,765,991.90
progress productive biological assets			
oil and gas asset			
Right-of-use assets		11,960,368.52	
Intangible assets		80,695,000.49	81,829,777.23
development expenditure			
goodwill			
Long-term deferred		1,679,298.14	1,630,379.90
expenses Deferred tax		39,716,986.21	37,698,197.95
assets Other non-current assets		35,128,053.15	18,342,829.10
Total non-current assets		557,814,893.55	506,265,665.89
Total assets Current		3,429,098,463.47	3,007,748,876.14
liabilities:			
Held-for-trading		90,103,583.34	40,051,160.70
financial liabilities for short-term borrowings			
Derivative financial liabilities			
Bills Payable		126,607,412.04	12,131,938.43
Accounts Payable		1,155,014,728.03	948,618,469.94
Advance Receipts			
Contract		6,681,682.31	3,927,195.35
liabilities Payable		60,497,718.29	68,837,193.82
employee benefits		27,498,966.43	21,896,615.28
Taxes payable Other		49,111,426.99	18,111,027.99
payables Including: Interest payable			
dividends payable			
held-for-sale liabilities			
Non-current liabilities due within one year		6,119,823.02	
Other current liabilities Current liabilities		145,145,362.88	171,689,259.58
Total non-current liabilities:		1,666,780,703.33	1,285,262,861.09
Long term loan			
Bonds payable			
Of which: preferred stock			
perpetual bond			
Lease liability		2,541,214.48	
long-term payables			
Long-term employee compensation payable			
Deferred income		18,833,242.91	16,457,042.27
of estimated liabilities		2,583,971.11	2,809,449.07

Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		23,958,428.50	19,266,491.34
Total liabilities Total		1,690,739,131.83	1,304,529,352.43
owners' equity (or shareholders' equity beneficial):			
Paid-in capital (or share capital)		404,115,500.00	401,000,000.00
Other equity instruments			
Of which: preferred stock			
perpetual bond			
Less capital		691,359,060.42	669,358,125.42
reserve: other		21,403,485.00	
comprehensive income from treasury shares			
Special reserves			
Surplus reserve		115,567,930.60	115,567,930.60
undistributed profit		548,720,325.62	517,293,467.69
owner's equity (or shareholders' equity profit) total		1,738,359,331.64	1,703,219,523.71
liabilities and owners' equity (or shareholders' equity) total		3,429,098,463.47	3,007,748,876.14

Person in charge of the company: Gao Tianle

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

## Consolidated Income Statement

January-June 2021

Unit: Currency: RMB

Item 1.	Notes	2021 half year	2020 half year
Total operating income Including:		1,056,492,493.30	1,664,750,902.37
operating income and interest		1,664,750,902.37	1,056,492,493.30
income			
Premium earned			
Fee and commission income			
2. Total operating costs		1,504,469,838.59	929,187,352.51
Including: operating costs		1,267,853,125.94	745,067,955.65
and interest expenses			
Fees and Commissions Expenses			
Surrender			
Net payout			
Net withdrawal of insurance liability reserves			
dividend payment policy			
Reinsurance costs			
Taxes and Additional		8,899,215.91	6,380,698.17
Sales Expenses		123,467,854.16	90,186,422.25
Administrative		57,960,811.76	45,899,716.95
Expenses R&D		54,496,566.95	39,927,802.07
Expenses Financial		-8,207,736.13	1,724,757.42
Expenses Including: Interest Expenses		1,619,020.20	2,352,964.44

Interest income		9,939,370.88	979,850.27
plus: other income investment		31,080,955.48	4,092,526.51
income (losses are marked with "-" fill in)		1,078,557.38	
Of which: For associates and joint ventures investment income			
Gold measured at amortized cost Financial assets are derecognized as gains (losses are Fill in with "-")			
Exchange gains (losses are marked with "-" fill in)			
Net exposure hedging gains (losses in Fill in with "-")			
Gains from changes in fair value (losses in Fill in with "-")			
credit impairment losses (losses in Fill in with "-") Asset		-28,272,086.06	-16,965,511.99
impairment losses (losses are denominated in Fill in with "-")		-4,890,425.97	-1,780,499.62
Income from disposal of assets (losses are Fill in with "-") 3.			-3,158.63
Operating profit (for losses, fill in with "-")		159,278,064.61	112,648,497.06
column) plus: non-operating income		1,159,614.52	176,474.40
minus: non-operating expenses		539,364.15	7,806,702.89
4. Total profits (total losses are marked with "-" number)		159,898,314.98	105,018,268.57
Less: Income tax		14,873,732.96	13,157,565.01
expense V. Net profit (net loss is filled with "-" number (1)		145,024,582.02	91,860,703.56
Classification by business continuity			
1. Net profit from continuing operations (net loss equal to Fill in with "-") 2. Net		145,024,582.02	91,860,703.56
profit from discontinued operations (net loss equal to Fill in with "-")			
(2) Classification by ownership			
1. Net profit attributable to shareholders of the parent company (The net loss is listed with "-") 2. Minority		145,024,582.02	91,860,703.56
shareholders' profit and loss (net loss is listed with "-") Fill in with "-")			
6. Other comprehensive income, net after tax			
(1) Others belonging to the owners of the parent company Comprehensive income, net of tax			
1. Other comprehensive items that cannot be reclassified into profit or loss combined income			
(1) Changes in re-measurement of defined benefit plans Forehead			
(2) Others that cannot be transferred to profit or loss under the equity method Comprehensive income			

(3) Fair value of other equity instrument investments change			
(4) Fair value of the company's own credit risk change			
2. Other comprehensive reclassification to profit or loss income			
(1) Other comprehensive items that can be transferred to profit or loss under the equity method combined income			
(2) Changes in fair value of other debt investments (3)		-533,282.75	
Financial assets are reclassified and included in other comprehensive income Amount of combined income			
(4) Credit impairment provision for other debt investments (5) Cash flow hedge reserve		533,282.75	
(6) Differences in translation of foreign currency financial statements			
(7) Others			
(2) Other comprehensive assets attributable to minority shareholders Net after-tax amount of combined income			
7. Total comprehensive income (1)		145,024,582.02	91,860,703.56
Comprehensive income attributable to owners of the parent company Total combined income		145,024,582.02	91,860,703.56
(2) Comprehensive income attributable to minority shareholders total profit			
8. Earnings per share:			
(1) Basic earnings per share (yuan/share)		0.36	0.28
(2) Diluted earnings per share (yuan/share)		0.36	0.28

If a business combination under the same control occurs in the current period, the net profit realized by the merged party before the merger is: RMB 0, and the merged party in the previous period realized

The net profit is: 0 yuan. Person in

charge of the company: Gao Tianle

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

Parent company income

statement January-June 2021

Unit: Yuan Currency: RMB Semi-annual

project	Notes	2021 Semi-annual	2020 1,601,482,098.72	2020 1,008,092,017.96
I. Operating income minus:				
operating costs, taxes and		1,218,487,464.71	728,988,603.34	
additional sales		6,058,590.01	4,633,505.34	
expenses, management		121,914,035.41	88,514,404.09	
expenses, research		43,130,200.02	35,843,515.66	
and development		48,495,701.97	35,829,242.03	
expenses, financial		-7,348,262.01	1,714,853.50	
expenses, including: interest		1,539,307.81	2,336,193.61	
expenses, interest		8,982,210.53	982,772.53	
income plus: other income		30,140,184.76	3,106,419.19	
Investment income (losses are marked with "-" fill in)		1,078,557.38		
Of which: For associates and joint ventures investment income				

Gold measured at amortized cost Financial assets are derecognized as gains (losses are Fill in with "-")			
Net exposure hedging gains (losses in Fill in with "-")			
Gains from changes in fair value (losses in Fill in with "-")			
credit impairment losses (losses in Fill in with "-") Asset		-27,398,475.50	-16,397,971.75
impairment losses (losses are denominated in Fill in with "-") Income		-3,623,746.44	-1,461,559.08
from disposal of assets (losses are Fill in with "-") 2.			-3,158.63
Operating profit (for losses, fill in with "-")		170,940,888.81	97,811,623.73
column) plus: non-operating income		1,157,797.89	175,968.31
minus: non-operating expenses		469,868.41	6,034,545.56
3. Total profits (total losses are marked with "-" number)		171,628,818.29	91,953,046.48
Less: Income tax		18,967,310.36	10,033,144.53
expenses IV. Net profit (net loss is filled with "-" number (1)		152,661,507.93	81,919,901.95
Net profit from continuing operations (net loss Fill in with "-") (2) Net profit		152,661,507.93	81,919,901.95
from discontinued operations (net loss Fill in with "-")			
V. Other comprehensive income, net after tax			
(1) Others that cannot be reclassified into profit or loss Comprehensive income			
1. Remeasurement of changes in defined benefit plans Forehead			
2. Others that cannot be transferred to profit or loss under the equity method Comprehensive income			
3. Fair value of other equity instrument investments change			
4. The fair value of the company's own credit risk change			
(2) Other comprehensive items that will be reclassified into profit or loss combined income			
1. Other comprehensive profits and losses that can be transferred under the equity method combined income			
2. Changes in fair value of other debt investments 3. Financial assets are reclassified and included in other comprehensive Amount of combined income		-533,282.75	
4. Other debt investment credit impairment reserves 5. Cash flow hedge reserves		533,282.75	
6. Differences in translation of foreign currency financial statements			
7. Others			
6. Total comprehensive income		152,661,507.93	81,919,901.95

7. Earnings per share:			
(1) Basic earnings per share (yuan/share)		0.38	0.25
(2) Diluted earnings per share (yuan/share)		0.38	0.25

Person in charge of the company: Gao Tianle

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

## Consolidated Statement of

## Cash Flows January-June 2021

Unit: Currency: RMB

Item	Notes	2021 half year	2020 half year
1. Cash flow from operating activities			
quantity:			
Received from the sale of goods and the provision of labor services		1,037,248,668.97	669,121,284.61
Cash			
customer deposits and interbank deposits, net increase			
Net increase in borrowing from the central bank			
Net borrowings from other financial institutions increase			
Received from the original insurance contract premium cash			
Net cash received from reinsurance operations			
Net increase in policyholders' savings and investment funds			
Charges of interest, fees and commissions cash			
Net increase in borrowed funds			
Net increase in repurchase business funds			
Net cash received from agents buying and selling securities			
Forehead			
Refunds of taxes and fees		3,647,490.40	926,917.00
received and other related business activities		86,021,926.44	52,402,463.69
Subtotal		1,126,918,085.81	722,450,665.30
of cash inflows from operating activities for			
purchasing goods and accepting payment for labor services		603,913,300.12	408,364,386.04
Net			
increase in loans and advances to cash customers			
Deposits with central banks and banks, net increase			
Pay the original insurance contract compensation cash			
Net increase in borrowed funds			
Payment of interest, fees and commissions cash			
Cash to pay policy dividends			
Paid to and for employees		249,253,273.90	197,001,001.97
Taxes			
paid in cash		96,593,165.18	67,581,511.37

Pay for other business activities		181,981,808.42	115,850,325.18
Subtotal			
of cash outflows from operating activities		1,131,741,547.62	788,797,224.56
cash flow from operating activities			
2. Cash		-4,823,461.81	-66,346,559.26
flow from investing activities			
quantity:			
Cash back on investment			
Cash received from investment income			
Disposal of fixed assets, intangible assets and Net cash recovered from other long-term assets on		97,705.87	72,849.23
disposal of subsidiaries and other business units net cash received			
Receive other information related to investment activities cash			
Subtotal of cash inflows from investing activities for		97,705.87	72,849.23
purchase and construction of fixed assets, intangible assets and Net increase in cash pledged loans		59,621,186.62	13,496,852.81
paid from cash investments in		30,000,000.00	
other long-term assets			
Acquisition of subsidiaries and other business units Net cash paid			
Payment of other related investment activities			255,945.00
Subtotal			
of cash outflows from cash investing activities		89,621,186.62	13,752,797.81
cash flow from investing activities			
3. Cash		-89,523,480.75	-13,679,948.58
flow from financing activities			
quantity:			
Cash received from absorbing investments		22,338,135.00	
Including: Subsidiaries absorbing minority shareholders Cash received from investments			
Cash received from borrowings		90,000,000.00	60,000,000.00
received from other financing activities cash			
Subtotal of cash inflows from financing		112,338,135.00	60,000,000.00
activities Cash paid to pay debts to		40,000,000.00	90,000,000.00
distribute dividends, profits or interest paid Cash paid of		115,515,404.22	2,235,246.25
which: Subsidiary paid to minority shares dividends and profits			
Pay for other fundraising activities		5,723,366.80	676,801.00
Subtotal			
of cash outflows from cash financing activities		161,238,771.02	92,912,047.25
cash flow from financing activities			
4.		-48,900,636.02	-32,912,047.25
Changes in exchange rates to cash and cash price impact	etc.	4,766.78	-1,222.91

V. NET INCREASE IN CASH AND CASH EQUIVALENTS <small>Footnote</small>		-143,242,811.80	-112,939,778.00
Add: Beginning cash and cash equivalents <small>Balance</small>		701,632,252.43	376,504,094.52
VI. Balance of cash and cash equivalents at the end of the period <small>Footnote</small>		558,389,440.63	263,564,316.52

Person in charge of the company: Gao Tianle

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

Parent company cash flow statement

January-June 2021

Unit: Currency: RMB

Item	Notes	2021 half year	2020 half year
1. Cash flow from operating activities <small>quantity:</small>			
Received from the sale of goods and the provision of labor services Cash		978,706,844.38	625,974,498.32
received tax refund		1,039,725.08	468,850.53
received other related to operating activities Subtotal		83,962,858.00	129,920,907.85
of cash inflows from operating activities for		1,063,709,427.46	756,364,256.70
purchasing goods and accepting payment for labor services Cash		581,434,183.26	402,579,973.44
paid to and for employees Various		216,295,912.86	171,718,981.60
taxes and fees paid in		85,761,963.92	59,277,108.49
cash to pay other related business activities Cash		177,041,142.22	202,128,654.58
outflows from operating activities		1,060,533,202.26	835,704,718.11
Subtotal Net cash flows from operating activities <small>Footnote</small>		3,176,225.20	-79,340,461.41
2. Cash flow from investing activities <small>quantity:</small>			
Cash back on investment			
Cash received from investment income			
Disposal of fixed assets, intangible assets and Net cash recovered from other long-term assets on		128,157.68	72,849.23
disposal of subsidiaries and other business units net cash received			
Receive other information related to investment activities Subtotal		101,408,252.07	
of cash inflows from cash investing activities		101,536,409.75	72,849.23
Purchase and construction of fixed assets, intangible assets and Cash paid for investment in other long-		49,790,224.97	9,319,060.50
term assets Cash paid for acquisition		30,000,000.00	
of subsidiaries and other business units Net cash paid			
Payment of other related investment activities Subtotal		90,000,000.00	255,945.00
of cash outflows from cash investing activities		169,790,224.97	9,575,005.50

cash flow from investing activities		-68,253,815.22	-9,502,156.27
3. Cash			
flow from financing activities			
quantity:			
Cash received from		22,338,135.00	
investments received from		90,000,000.00	60,000,000.00
borrowed cash received from other financing activities			
cash			
Subtotal of cash inflows from financing		112,338,135.00	60,000,000.00
activities Cash paid to pay debts to		40,000,000.00	80,000,000.00
distribute dividends, profits or interest paid		115,515,404.22	2,194,475.42
Cash paid for			
other fundraising activities		5,723,366.80	676,801.00
Subtotal			
of cash outflows from cash financing activities		161,238,771.02	82,871,276.42
cash flow from financing activities		-48,900,636.02	-22,871,276.42
4.			
Changes in exchange rates to cash and cash etc.		4,766.78	-1,222.91
5. Net increase			
in cash and cash equivalents		-113,973,459.26	-111,715,117.01
Forehead			
Add: Beginning cash and cash equivalents		628,682,740.06	361,017,338.06
Balance			
VI. Balance of cash and cash equivalents at the end of the period		514,709,280.80	249,302,221.05
Forehead			

Person in charge of the company: Gao Tianle

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

## Consolidated Statement of Changes in

Owner's Equity January-June 2021

Unit: Currency: RMB

project	2021 half year										Total owner's equity
	Equity attributable to equity holders										
	Paid-up capital (or shares Book)	other rights tool			Less capital reserve: treasury shares	That he	surplus reserve	undistributed profit	That he	Subtotal	
You share		long term debt	That he								
1. The end of the previous year Balance	401,000,000.00				655,626,535.70		104,713,483.92	573,007,122.94		1,734,347,142.56	1,734,347,142.56
Plus: Accounting Policy change											
Early error correct											
same control Under Business Combination											
other											
2. The beginning of this year Balance III.	401,000,000.00				655,626,535.70		104,713,483.92	573,007,122.94		1,734,347,142.56	1,734,347,142.56
Increase or decrease in the current period											
Amount of change (minus Less than "-" fill in)	3,115,500.00				22,000,935.00	21,403,485.00		23,789,932.02		27,502,882.02	27,502,882.02
(1) Comprehensive income Total profit								145,024,582.02		145,024,582.02	145,024,582.02
(2) Owner investing and reducing Book	3,115,500.00				22,000,935.00	21,403,485.00				3,712,950.00	3,712,950.00
1. owner input of common stock	3,115,500.00				19,222,635.00	21,403,485.00				934,650.00	934,650.00



1. Extraction in this issue														
2. Use in this issue														
(6) Others														
4. The end of the current period balance	404,115,500.00				677,627,470.70	21,403,485.00			104,713,483.92		596,797,054.96		1,761,850,024.58	1,761,850,024.58

project	2020 half year													Total owner's equity
	Equity attributable to equity holders													
	Paid-up capital (or share capital)	Other equity workers			capital reserve	surplus reserve	undistributed profit	That	Subtotal	few				
priority share		forever contract debt	That he	reduce : library live share							That he	item store	like wind risk allow prepare	number share East right
1. Balance at the end of the previous year <small>Forward</small>	330,000,000.00				66,273,516.82			81,778,758.78		349,113,580.31		827,165,855.91	827,165,855.91	
Plus: Changes in accounting policies Even														
earlier error just														
under the same control business combination														
other														
2. Balance at the beginning of the year <small>Forward</small>	330,000,000.00				66,273,516.82			81,778,758.78		349,113,580.31		827,165,855.91	827,165,855.91	
3. Changes in this period														
Amount (reduced by Fill in with "-")										91,860,703.56		91,860,703.56	91,860,703.56	
(1) Comprehensive income Total										91,860,703.56		91,860,703.56	91,860,703.56	
(2) Owner's Investment Incoming and Reducing Capital														
1. Owner invested common stock														



## Statement of Changes in Owner's Equity of Parent

Company from January to June 2021

Unit: Currency: RMB

project	2021 half year									
	Paid-up capital (or share capital)	Other equity instruments			Less capital reserve	treasury shares	Tha he	surplus reserve	Total undistributed profit	owner's equity
		Preference Shares	Perpetual Bonds	Others						
1. The closing balance of the previous year	401,000,000 .00				669,358,12 5.42			115,567,930.60	517,293,467.69	1,703,219,523.71
Plus: Changes in accounting policies										
Early error correction										
other										
2. Balance at the beginning of the year	401,000,000 .00				669,358,12 5.42			115,567,930.60	517,293,467.69	1,703,219,523.71
3. The amount of increase or decrease in the current period (minus Fill in the column with "-" less)	3,115,500.0 0				22,000,935 .00	21,403,485.00				31,426,857.93 35,139,807.93
(1) Total comprehensive income										152,661,507.93 152,661,507.93
(2) Owner's investment and reduction of capital	3,115,500.0 0				22,000,935 .00	21,403,485.00				3,712,950.00
1. Common stock invested by owners	3,115,500.0 0				19,222,635 .00	21,403,485.00				934,650.00
2. Holders of other equity instruments into capital										
3. Share-based payment included in ownership amount of benefit					2,778,300. 00					2,778,300.00
4. other										
(3) Profit distribution										121,234,650.00 -121,234,650.00
1. Withdrawal of surplus reserve										





## 3. Basic information of the company 1.

## Company profile

☐Applicable ☐Not applicable

## 1) The company's registered place, organizational form and headquarters address

Zhejiang Tianzheng Electric Co., Ltd. (hereinafter referred to as the company, the company or Tianzheng Electric) is owned by Tianzheng Group Co., Ltd. and Wang Wei, Liu Shenglong and other 20 natural persons jointly initiated the establishment and registered in the Zhejiang Provincial Administration for Industry and Commerce on October 29, 1999. Registered, headquartered in Yueqing City, Zhejiang Province, the company's registered address: Sulu Industrial Zone, Liushi Town, Yueqing City, Zhejiang Province, legal representative: Gao Tianle. The company now holds a unified social credit code of 91330000717612987P issued by the Zhejiang Provincial Market Supervision Administration.

"business license".

Approved by the China Securities Regulatory Commission Zhengjian Faxing Zi [2020] No. 1482, and approved by the Shanghai Stock Exchange

According to the company's initial public offering of 71 million RMB ordinary shares (A shares), the issue price per share was 10.02 yuan, after deducting the issue price.

The actual net amount of funds raised after the expenses was RMB 660,353,000. The availability of the above-mentioned raised funds has been confirmed by Zhongxinghua Certified Public Accountants

(Special General Partnership) verification and issue a capital verification report of Zhongxing Huayanzi [2020] No. 510003. Company stock has been closed in August 2020

Listed on the Shanghai Stock Exchange on July 7, stock code: 605066.

As of June 30, 2021, the registered capital was RMB 404,115,500, and the total number of shares was 404,115,500

(Par value of 1 yuan per share). 152 employees were granted 3,115,500 restricted shares in the current equity incentive, and the subscription amount has been paid in 2021

Received on February 5th.

## 2) The business nature and main business activities of the company

The company and its subsidiaries are mainly engaged in the production and sales of low-voltage electrical appliances, instruments and meters.

According to the "Guidelines for Industry Classification of Listed Companies" issued by the China Securities Regulatory Commission, the industry in which the company operates belongs to C38 "Electrical Machinery".

and equipment manufacturing industry". According to the national standard of "National Economic Industry Classification" promulgated and implemented by the National Bureau of Statistics in August 2011

(GB/T4754-2011), the company's industry is "Power Transmission, Distribution and Control" under the category of C38 "Electrical Machinery and Equipment Manufacturing".

One of the branches of "manufacturing of control equipment" - the manufacture of distribution switch control equipment.

## 3) Approval and issue of financial reports

These financial statements have been approved for publication by the tenth meeting of the eighth session of the Board of Directors of the Company on July 23, 2021.

## 4) Scope of Consolidated Statements

The company included its subsidiary Zhejiang Tianzheng Intelligent Electric Co., Ltd. into the scope of the consolidated financial statements for the current period.

change.

## 2. Scope of consolidated financial statements

☐Applicable ☐Not applicable

"IX. Equity in other entities", the scope of consolidation has not changed in this half year.

4. Basis for the preparation of financial

statements 1. Basis for preparation

The financial statements of the company are based on the assumption of going concern, according to the actual transactions and events, in accordance with the regulations issued by the Ministry of Finance "Accounting Standards for Business Enterprises - Basic Standards" (issued by Order No. 33 of the Ministry of Finance and amended by Order No. 76 of the Ministry of Finance), published in 2006 42 specific accounting standards promulgated and revised on and after February 15, application guidelines of accounting standards for business enterprises, and interpretation of accounting standards for business enterprises and other relevant regulations (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), and the China Securities Regulatory Commission's "Public Issuance of Securities" 15 - General Provisions for Financial Reporting (Revised in 2014).

According to the relevant provisions of the Accounting Standards for Business Enterprises, the Company's accounting is based on the accrual basis, except for certain financial instruments In addition, the financial statements are based on historical cost. Non-current assets held for sale, at fair value less estimated expenses and the original book value when it meets the conditions of holding for sale, whichever is lower. If an asset is impaired, it is Corresponding provision for impairment is made according to relevant regulations.

2. Going concern

☐Applicable ☐Not applicable

The financial statements are presented on a going concern basis, and the Company has the ability to continue as a going concern for at least 12 months from the end of the reporting period.

V. Important accounting policies and accounting estimates

Specific accounting policies and accounting estimates reminders:

☐Applicable ☐Not applicable

The company has formulated specific accounting policies and accounting estimates based on the actual production and operation characteristics, which are mainly reflected in revenue recognition and accounting amount, provision for bad debts of receivables, provision for depreciation of inventories, recognition of fair value of financial instruments, deferred income tax Recognition of assets, depreciation policy of fixed assets and right-of-use assets, useful life and amortization of intangible assets, recognition of estimated liabilities etc.

1. Statement of Compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the company meet the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the company's financial status, Information on operating results, changes in shareholders' equity and cash flows.

2. Accounting period The

company's accounting year starts from January 1 to December 31 of the Gregorian calendar.

3. Operating cycle

☐Applicable ☐Not applicable

The normal operating cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. Our company Take 12 months as an operating cycle and use it as the standard for dividing the liquidity of assets and liabilities.

4. Standard currency for

bookkeeping The Company's standard currency for bookkeeping is RMB.

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

☐Applicable ☐Not applicable

A business combination refers to a transaction or event that combines two or more separate businesses to form a reporting entity. Enterprise cooperation

It is divided into business combination under the same control and business combination not under the same control.

(1) Accounting treatment method for business combination under the same control

The enterprises participating in the merger are ultimately controlled by the same party or the same multiple parties before and after the merger, and the control is not temporary.

Business combination under the same control. For a business combination under the same control, a company that obtains control over other enterprises participating in the combination on the combination date

The merging party is the merging party, and the other enterprises participating in the merging are the merged parties. The date of merger refers to the fact that the merging party actually obtains control over the merged party. date.

The assets and liabilities acquired by the company in the business combination shall be based on the assets and liabilities of the combined party on the combination date (including the final controlling party's income).

The goodwill formed by the acquisition of the merged party) is measured at the book value in the consolidated financial statements of the ultimate controlling party; the book value of the net assets obtained

The difference from the book value of the combined consideration paid (or the total face value of the issued shares), adjust the share premium in the capital reserve, the capital

If the share premium in the reserve is insufficient to offset, the retained earnings shall be adjusted.

All direct expenses incurred by the merging party for the business combination shall be included in the current profit and loss when incurred.

(2) Accounting treatment method for business combination not under the same control

If the enterprises participating in the merger are not ultimately controlled by the same party or the same multiple parties before and after the merger, it is an enterprise merger not under the same control.

and. For a business combination not under the same control, the party that obtains control over other companies participating in the merger on the purchase date is the purchaser and participates in the merger.

The other enterprises that are merged are the acquiree. The purchase date refers to the date on which the purchaser actually obtains control over the purchased party.

For a business combination not under common control, the cost of the combination includes the amount paid by the acquirer to obtain control over the acquiree on the acquisition date.

The fair value of assets acquired, liabilities incurred or assumed, and equity securities issued shall be the audit, legal and

Intermediary fees such as services, evaluation and consultation, and other management fees are included in the current profit and loss when incurred. Purchaser issued as merger consideration

The transaction costs of the equity securities or debt securities are included in the initial recognition amount of the equity securities or debt securities. involved

The contingent consideration is included in the merger cost at its fair value on the purchase date, and there is a situation within 12 months after the purchase date that exists on the purchase date.

If the contingent consideration needs to be adjusted due to new or further evidence of the situation, the consolidated goodwill shall be adjusted accordingly. Consolidation costs incurred by the purchaser and

The identifiable net assets acquired in the combination are measured at the fair value on the acquisition date. The cost of the merger is greater than the amount acquired by the acquiree in the merger.

The difference between the fair value shares of identifiable net assets on the purchase date is recognized as goodwill. The merger cost is less than the acquiree's identifiable value obtained in the merger

If the fair value share of the net assets is recognized, the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree obtained

and the measurement of the merger cost is reviewed. After the review, the merger cost is still less than the identifiable net assets of the acquiree obtained in the merger.

value share, the difference is included in the current profit and loss.

The purchaser obtains the deductible temporary difference from the purchaseee, which is not met on the purchase date because it does not meet the conditions for the recognition of deferred tax assets.

If confirmed, within 12 months after the date of purchase, if new or further information is obtained indicating that the relevant circumstances of the date of purchase have been

If it is expected that the economic benefits brought by the deductible temporary difference of the acquiree on the purchase date can be realized, the relevant deferred expenses shall be recognized.

If the goodwill is not enough to offset, the difference will be recognized as the current profit and loss;

Deferred income tax assets related to business combination shall be included in current profit and loss. 6. Preparation

of Consolidated Financial Statements

√Applicable √Not applicable

(1) Principles for determining the scope of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control means that the company has power over the investee,

Exposure to variable returns from participation in the relevant activities of the investee and the ability to use power over the investee to affect those returns

Forehead. The scope of consolidation includes the Company and all its subsidiaries. Subsidiaries are entities controlled by the company.

Once changes in relevant facts and circumstances lead to changes in the relevant elements involved in the above definition of control, the company will re-new assessment.

(2) Methods of preparing consolidated financial statements

From the date of obtaining the net assets of the subsidiary and the actual control right of production and operation decisions, the company begins to incorporate it into the scope of consolidation.

It will cease to be included in the scope of consolidation from the date of loss of actual control. For a disposed subsidiary, the operating results and current

Cash flows have been properly included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed of in the current period, consolidated assets are not adjusted

Beginning of the balance sheet. Subsidiaries added through business combination not under the same control, their operating results and cash flows after the acquisition date have already been

Appropriately included in the consolidated income statement and consolidated cash flow statement without adjusting the opening and comparative figures of the consolidated financial statements. same

Subsidiaries added by business combination under control, their operating results and cash flows from the beginning of the current period of the combination to the combination date have been properly included.

Included in the consolidated income statement and consolidated cash flow statement, and adjusted for comparisons in the consolidated financial statements at the same time.

When preparing the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiary and the company are inconsistent, the company shall

Make necessary adjustments to the subsidiary's financial statements for the accounting policies and accounting periods. Subsidiaries acquired through business combination not under common control

For companies, adjustments are made to their financial statements based on the fair value of identifiable net assets on the acquisition date.

All significant current balances, transactions and unrealized profits within the company are eliminated when the consolidated financial statements are prepared.

The shareholders' equity of subsidiaries and the part of the current net profit or loss that are not owned by the Company are regarded as minority shareholders' equity and minority interests respectively.

Shareholders' profit and loss are listed separately under shareholders' equity and net profit in the consolidated financial statements. Minority shareholders in the current net profit and loss of subsidiaries

The share of equity is listed under the item of "minority shareholder profit and loss" under the item of net profit in the consolidated income statement. Subsidiaries shared by minority shareholders

If the loss of the company exceeds the share of the minority shareholders in the initial shareholders' equity of the subsidiary, the minority shareholders' equity is still offset. 7. Classification of joint

arrangements and accounting for joint operations

☐Applicable ☐Not applicable

A joint arrangement is an arrangement under the joint control of two or more parties. The Company is based in the joint venture arrangement

The rights enjoyed and the obligations assumed, the joint arrangement is divided into joint operation and joint venture. Joint operation means that the company enjoys the

A joint arrangement that arranges the relevant assets and assumes the relevant liabilities of the arrangement. A joint venture means that the company only enjoys the net assets of the arrangement

Entitled joint arrangement.

The company's investment in joint ventures is accounted for by the equity method, and in accordance with the Note "V. 21 Long-term equity investment ☐ Equity method

Accounting for Long-Term Equity Investments" described in the accounting policy treatment.

As a joint venture party, the company recognizes the assets held by the company alone, the liabilities assumed by the company alone, and the

The company's share recognizes the jointly held assets and jointly borne liabilities; recognizes the sales of the company's share of the joint operation output.

The income generated by the joint operation is recognized according to the company's share; the expenses incurred by the company alone are recognized.

use, and recognize the expenses incurred by joint operation according to the company's share.

When the company invests or sells assets in the joint operation as a joint venture (the assets do not constitute business, the same below), or from the joint venture

When operating the purchase of assets, before the assets are sold to a third party, the company only confirms that the profit or loss arising from the transaction is attributable to the total.

Part of the same operation as other participating parties. The occurrence of such assets meets the requirements of "Accounting Standards for Business Enterprises No. 8 - Asset Impairment", etc.

If there is a loss from production impairment, the company will fully recognize the loss in the case of investment or sale of assets by the company to the joint operation;

When the company purchases assets from joint operation, the company recognizes the loss according to its share.

#### 8. Determination of cash and cash equivalents

Cash equivalents are short-term (generally due within three months from the date of purchase) held by the enterprise, highly liquid, and easy to transfer.

Exchange for a known amount of cash with little risk of a change in value.

#### 9. Foreign currency business and foreign currency statement

translation Applicable Not applicable

##### (1) Conversion method of foreign currency transactions

At the time of initial recognition, the foreign currency transactions of the Company shall be converted into the functional currency at the current average exchange rate on the transaction day.

The foreign currency exchange business or transactions involving foreign currency exchange incurred by the company shall be converted into the standard currency for bookkeeping according to the actual exchange rate adopted.

Forehead.

##### (2) Conversion method for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate on the balance sheet date, and the resulting exchange differences,

Except: The foreign exchange difference arising from special borrowings in foreign currency related to the acquisition and construction of assets eligible for capitalization shall be calculated according to the capital of borrowing costs.

##### (2) Exchange differences arising from changes in other book balances of available-for-sale foreign currency monetary items other than amortized costs

In addition to the amount included in other comprehensive income, it is included in the current profit and loss.

Foreign currency non-monetary items measured at historical cost are still converted at the spot exchange rate on the transaction date

metering. Foreign currency non-monetary items measured at fair value shall be converted at the spot exchange rate on the date when the fair value was determined.

The difference between the amount in the functional currency and the amount in the original functional currency is treated as a change in fair value (including changes in exchange rate) and is included in the current loss profit or recognized as other comprehensive income.

#### 10. Financial Instruments

Applicable Not applicable

Financial instruments refer to contracts that form financial assets of one party and financial liabilities or equity instruments of other parties.

##### (1) Recognition and derecognition of financial instruments

When the company becomes a party to a financial instrument contract, it recognizes the relevant financial assets or financial liabilities.

If a financial asset meets the following conditions, the recognition of a financial asset (or a part of a financial asset, or a group of similar financial assets is terminated)

part), i.e. written off from its accounts and balance sheet:

The right to receive cash flow from financial assets expires;

The right to receive cash flow from financial assets has been transferred, or the cash flow to be received in time has been assumed under the "pass-through agreement"

an obligation to pay in full to a third party; and substantially transfer substantially all the risks and rewards of ownership of the financial asset, or although

Substantially neither transfer nor retain substantially all the risks and rewards of ownership of the financial asset, but relinquish the financial asset

control.

Financial liabilities are derecognized when the obligation for the financial liabilities has been performed, cancelled or expired. If existing financial liabilities

is replaced by the same creditor with another financial liability of substantially different terms, or the terms of the existing liability are almost entirely replaced by

Substantial modification, such replacement or modification is treated as derecognizing the original liability and confirming the new liability, and the difference is included in the current profit and loss.

Financial assets purchased or sold in a conventional manner are recognized and derecognized based on transaction-day accounting. Regular way buying and selling of financial assets, yes

Refers to the collection or delivery of financial assets within the time limit stipulated by regulations or common practice in accordance with the terms of the contract. trading day, the

The date on which a company commits to buy or sell a financial asset.

(2) Classification and measurement of financial assets

At the time of initial recognition, according to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the company

Assets are classified as: financial assets measured at amortized cost, financial assets measured at fair value through profit or loss,

Financial assets at fair value through other comprehensive income. Unless the Company changes its business model for managing financial assets

In this case, all affected underlying financial assets are purchased on the first day of the first reporting period following the change in business model.

Otherwise, the financial asset shall not be reclassified after initial recognition.

Financial assets are measured at fair value on initial recognition. For financial instruments measured at fair value through profit or loss

Assets, related transaction costs are directly included in the current profit and loss, and other types of financial assets-related transaction costs are included in their initial recognition amount.

For the notes receivable and accounts receivable arising from the sale of goods or the provision of labor services that do not include or consider significant financing components, the Company shall

The initial measurement shall be performed according to the transaction price defined by the revenue standard.

Subsequent measurement of financial assets depends on their classification:

ÿ Financial assets measured at amortized cost

Financial assets that meet the following conditions at the same time are classified as financial assets measured at amortized cost: the company manages the financial assets

The business model of the financial asset is to collect contractual cash flows; the contractual terms of the financial asset

Flow, which is only the payment of principal and interest based on the outstanding principal amount. For such financial assets, the effective interest rate is used

The subsequent measurement is carried out according to the amortized cost method, and the gains or losses arising from the derecognition, amortization or impairment according to the effective interest method are all

Included in current profit and loss.

ÿ Financial assets at fair value through 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

Assets: The company's business model for managing the financial assets is to both collect contractual cash flows and sell financial assets;

The contractual terms of the financial asset provide that the cash flows generated on a specified date are only for the principal amount and based on the amount of the principal outstanding.

payment of the underlying interest. For such financial assets, fair value is used for subsequent measurement. Its discount or premium adopts the effective interest rate

It is amortised and recognised as interest income or expense. Except for impairment losses or gains and foreign exchange gains and losses recognized as current gains and losses, such

Changes in the fair value of financial assets are recognized as other comprehensive income until the financial assets are derecognized, and their accumulated gains or losses

Transfer to the current profit and loss. However, the relevant interest income of the financial asset calculated using the effective interest method is included in the current profit and loss.

The Company irrevocably elects to designate some non-trading equity instrument investments as being measured at fair value with changes included in its

For financial assets with other comprehensive income, only relevant dividend income is included in the current profit and loss, and changes in fair value are recognized as other comprehensive income.

Until the financial asset is derecognized, its accumulated gains or losses are transferred to retained earnings.

ÿ Financial assets at fair value through profit or loss

The above financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income

Other financial assets are classified as financial assets measured at fair value through profit or loss for the current period. For such financial assets,

Fair value is used for subsequent measurement, and all changes in fair value are included in current profit and loss.

### (3) Classification and measurement of financial liabilities

The company classifies financial liabilities into financial liabilities at fair value through profit or loss, financial guarantee contracts

Liabilities and financial liabilities measured at amortized cost.

The subsequent measurement of financial liabilities depends on their classification:

#### • Financial liabilities at fair value through profit or loss

This type of financial liabilities includes trading financial liabilities (including derivatives that are financial liabilities) and those designated to be measured at fair value.

Financial liabilities whose changes are included in the current profit and loss. After initial recognition, such financial liabilities are subsequently measured at fair value,

Except in relation to hedge accounting, the resulting gain or loss (including interest expense) is included in the current profit and loss. However, the company will designate as

Financial liabilities measured at fair value and whose changes are included in current profits and losses, the financial liabilities caused by changes in their own credit risk are fair

The amount of change in value is included in other comprehensive income. When the financial liability is derecognized, it is included in the accumulated interest in other comprehensive income.

Gains and losses should be transferred out of other comprehensive income and included in retained earnings.

#### • Financial guarantee contract liabilities

A financial guarantee contract means that when a specific debtor fails to repay the debt in accordance with the original or revised terms of the debt instrument,

A contract that asks the company to pay a specified amount of money to the contract holder who has suffered losses. Financial Guarantee Contract Liabilities to Basis Financial Instruments

The amount of the loss provision determined by the impairment principle and the initial recognition amount after deducting the accumulated amortization determined by the revenue recognition principle.

The higher the balance is for subsequent measurement.

#### • Financial liabilities measured at amortized cost

After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Except in special circumstances, financial liabilities and equity instruments are distinguished according to the following principles:

#### • If the company cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contract

Obligations meet the definition of financial liabilities. Some financial instruments do not expressly contain provisions for the obligation to deliver cash or other financial assets

terms and conditions, but may indirectly create contractual obligations through other terms and conditions.

#### • If a financial instrument needs to be settled with or can be settled with the company's own equity instruments, it is necessary to consider the amount of money used to settle the instrument.

Whether the company's own equity instrument is used as a substitute for cash or other financial assets, or is it to enable the holder of the instrument to enjoy the

The bank's remaining equity in the asset after deducting all liabilities. If the former, the instrument is a financial liability of the issuer; if the latter

, the instrument is an equity instrument of the issuer. In some cases, a financial instrument contract provides that the company must or may use its own

Equity instruments settle the financial instrument, where the contractual rights or contractual obligations are equal to the amount of own equity instruments that can be obtained or delivered

the amount multiplied by its fair value at settlement, whether the amount of the contractual right or contractual obligation is fixed, fully or partially

The subdivision is based on variables other than the market price of the company's own equity instruments (such as interest rates, the price of a commodity or a financial

the price of the instrument), the contract is classified as a financial liability.

### (4) Derivative financial instruments and embedded derivatives

Derivative financial instruments are initially measured at the fair value on the date when the derivative transaction contract is signed, and follow-up at their fair value

metering. A derivative financial instrument with a positive fair value is recognized as an asset, and a negative fair value is recognized as a liability.

Except for the portion of the cash flow hedge that is effective as a hedge, it is included in other comprehensive income and transferred out when the hedged item affects profit or loss.

In addition to the current profit and loss, gains or losses arising from changes in the fair value of derivatives are directly included in the current profit and loss.

For hybrid instruments that include embedded derivatives, such as the main contract is a financial asset, the hybrid instrument as a whole is applicable to financial instruments.

Regulations on asset classification. If the main contract is not a financial asset, and the hybrid instrument is not measured at fair value through

The current profit and loss are accounted for, and the embedded derivative has no close relationship with the main contract in terms of economic characteristics and risks, and is not closely related to the main contract.

The conditions for embedded derivatives are the same, and if a separate instrument meets the definition of a derivative, the embedded derivative is split from the mixed instrument,

Treated as a separate derivative financial instrument. If the fair value of the embedded derivative on the acquisition date or subsequent balance sheet date is not

method, the hybrid instrument is designated as a whole as a financial asset or financial asset measured at fair value through profit or loss for the current period.

debt.

#### (5) Impairment of financial instruments

The company's financial assets measured at amortized cost, liabilities at fair value through other comprehensive income

For instrument investment, lease receivables and financial guarantee contracts, etc., the loss provision is recognized on the basis of expected credit losses.

#### Measurement of expected credit losses

Expected credit loss refers to the weighted average of credit losses of financial instruments with the risk of default as the weight. credit loss,

Refers to all contractual cash flows receivable under the contract and all cash flows expected to be received by the company discounted at the original effective interest rate

The difference between the amounts, that is, the present value of the total cash shortfall. Among them, for the credit-impaired financial assets purchased or originated by the company

Assets shall be discounted at the credit-adjusted effective interest rate of the financial assets.

Lifetime expected credit losses refer to all possible default events that may occur during the entire expected lifetime of a financial instrument.

expected credit losses.

Expected credit losses in the next 12 months refer to the expected credit losses within 12 months after the balance sheet date (if the expected duration of the financial instrument

less than 12 months, the expected credit loss due to possible default events of financial instruments during the expected duration) is the entire deposit period.

A portion of the expected credit losses for renewals.

On each balance sheet date, the Company measures the expected credit losses of financial instruments in different stages separately.

If the credit risk of a financial instrument has not increased significantly since its initial recognition, it is in the first stage.

If the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, the

In the second stage, the company measures the loss provision according to the expected credit loss of the entire duration of the instrument;

If the credit impairment has occurred after the recognition, it is in the third stage, and the company measures the loss according to the expected credit loss of the entire duration of the instrument.

unprepared.

For financial instruments with low credit risk on the balance sheet date, the company assumes that its credit risk has not been recognized since the initial recognition.

If there is no significant increase, the loss provision is measured according to the expected credit loss in the next 12 months.

For financial instruments in the first and second stages and with relatively low credit risk, the Company shall, according to the standard before deduction of impairment

Interest income is calculated based on the book balance of the reserve and the effective interest rate. For financial instruments in the third stage, according to their book balance less calculated

Interest income is calculated based on the amortized cost and effective interest rate after provision for impairment.

For bills receivable and accounts receivable, regardless of whether there is a significant financing component, the company will

Losses are used to measure loss provisions.

For other receivables, debt investments and other debt investments, the company shall, in accordance with the nature of the investment,

Various types of risk exposures, calculated from the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration

period credit losses.

̣ have lower credit risk

If the default risk of the financial instrument is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and

Even if there are adverse changes in the economic situation and operating environment for a long period of time, it may not necessarily reduce the borrower's performance of its contractual cash flow obligations.

the financial instrument is considered to have low credit risk.

̣ Significant increase in credit risk

The company compares the probability of default during the estimated duration of the financial instrument determined on the balance sheet date with that at the time of initial recognition

The determined probability of default during the expected duration is used to determine the relative change in the probability of default during the expected duration of the financial instrument, to

Assess whether the credit risk of a financial instrument has increased significantly since initial recognition.

When determining whether the credit risk has increased significantly since the initial recognition, the company considers that there is no need to pay unnecessary additional costs or efforts

reasonable and supportable information, including forward-looking information, that is readily available to you. The information considered by the Company includes:

A. Whether the internal price indicators have changed significantly due to changes in credit risk;

B. Inconsistencies in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt service obligations

profit change;

C. Whether there has been a significant change in the actual or expected results of the debtor's operations; whether the regulatory, economic or technological environment in which the debtor is located

a significant adverse change;

D. Whether there has been a significant change in the value of collateral used to secure the debt or the quality of guarantees or credit enhancements provided by third parties. These

The change is expected to reduce the debtor's economic incentive to repay within the contractual period or affect the probability of default;

E. Whether there has been a significant change in the economic motive that is expected to reduce the debtor's repayment within the contractually agreed term;

F. Anticipated changes to the loan contract, including whether the anticipated breach of the contract may result in a release or revision of contractual obligations,

granting interest-free periods, interest rate jumps, requiring additional collateral or guarantees, or making other changes to the contractual framework of financial instruments;

G. Whether the debtor's expected performance and repayment behavior have changed significantly;

H. Whether the contract payment is overdue for more than (inclusive) 30 days.

According to the nature of the financial instrument, the company evaluates whether the credit risk is significant on the basis of a single financial instrument or a combination of financial instruments

Increase. When evaluating on the basis of a portfolio of financial instruments, the company can classify financial instruments based on common credit risk characteristics,

Such as overdue information and credit risk ratings.

Generally, if the overdue period exceeds 30 days, the Company determines that the credit risk of the financial instrument has increased significantly. unless this company

The company can obtain reasonable and substantiated information without undue cost or effort, proving that although the payment period agreed in the contract is exceeded30

days, but credit risk has not increased significantly since initial recognition.

̣ Credit-impaired financial assets

On the balance sheet date, the company evaluates financial assets measured at amortized cost and financial assets measured at fair value through other

Whether the debt investment in comprehensive income has been credit-impaired. When an item that has an adverse effect on the expected future cash flows of the financial asset

When one or more events occur, the financial asset becomes a credit-impaired financial asset. Evidence that financial assets are credit-impaired

It includes the following observable information:

The issuer or the debtor has major financial difficulties; the debtor breaches the contract, such as default or overdue payment of interest or principal;

for economic or contractual considerations related to the debtor's financial hardship, granting the debtor what the debtor would not have done under any other circumstances

Concessions; the debtor is likely to go bankrupt or undergo other financial reorganization; the issuer or debtor's financial difficulties result in the activity of the financial asset

The market disappears; a financial asset is purchased or originated at a substantial discount that reflects the fact that a credit loss has occurred.

#### (6) Transfer of financial assets

The transfer of financial assets refers to the following two situations: the contractual right to receive the cash flow of the financial asset is transferred to another party;

The financial asset is transferred, in whole or in part, to another party, but retains the contractual right to receive cash flows from the financial asset and assumes the cash flow to be received.

A contractual obligation to pay a cash flow to one or more recipients.

#### • Derecognize the transferred financial assets

Has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee, or has neither transferred nor retained

For those who have almost all the risks and rewards of ownership of a financial asset, but have given up control over the financial asset, the financial asset shall be derecognized.

When judging whether the control over the transferred financial assets has been given up, the actual ability of the transferee to sell the financial assets shall be emphasized. change

The receiving party can independently sell the transferred financial assets as a whole to a third party that has no related party relationship with it, and there are no additional conditions for

If the sale is restricted, it indicates that the enterprise has given up control of the financial asset.

When judging whether the transfer of financial assets meets the conditions for derecognition of financial assets, the company pays attention to the essence of the transfer of financial assets.

If the overall transfer of financial assets satisfies the conditions for termination of recognition, the difference between the following two amounts shall be included in the current profit and loss: the transferred financial

The book value of the asset; the consideration received due to the transfer, and the cumulative amount of changes in fair value originally included in the owner's equity (involving

The transferred financial assets are available-for-sale financial assets).

If the partial transfer of financial assets satisfies the conditions for derecognition, the overall book value of the transferred financial assets shall be recorded in the derecognition department.

part of the financial assets that are not derecognized (in this case, the retained service asset is deemed to be part of the non-derecognized financial asset)

The difference between the following two amounts is included in the current profit and loss:

The book value of the derecognized part; the consideration of the derecognized part, and the change in the fair value originally included in the owner's equity

The sum of the amount corresponding to the derecognized part in the accumulated amount (in the case where the transferred financial asset is an available-for-sale financial asset).

#### • Continue to be involved in the transferred financial assets

Neither transferring nor retaining substantially all the risks and rewards of ownership of financial assets, and not giving up the financial assets

If it is controlled, the relevant financial assets shall be recognized according to the degree of its continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

The degree of continued involvement in the transferred financial assets refers to the level of risk faced by the enterprise due to changes in the value of the financial assets.

#### • Continue to confirm the transferred financial assets

If almost all risks and rewards related to the ownership of the transferred financial assets are still retained, the transferred financial assets should continue to be recognized.

as a whole and recognize the consideration received as a financial liability.

The financial assets and the related financial liabilities recognized shall not be offset against each other. In subsequent accounting periods, the enterprise should continue to recognize the income from financial assets and expenses from that financial liability. If the transferred financial assets are measured at amortized cost, relevant liabilities shall not be designated as financial liabilities at fair value through profit or loss.

(7) Offset of financial instruments

Financial assets and financial liabilities shall be listed separately in the balance sheet and shall not be offset against each other. However, if the following conditions are met at the same time, presented in the balance sheet on a net basis after offsetting each other:

The Company has a legal right to set off the recognized amount, and such legal right is currently enforceable;

The company plans to settle on a net basis, or to realize the financial asset and pay off the financial liability at the same time.

For the transfer of financial assets that do not meet the conditions for derecognition, the transferor shall not offset the transferred financial assets and related liabilities.

(8) Determination method of fair value of financial instruments

The company measures the fair value of the relevant assets or liabilities at the price of the major market. If there is no major market, the company uses the most favorable market prices are used to measure the fair value of the relevant asset or liability.

The main market refers to the market with the largest transaction volume and the highest degree of transaction activity of the relevant assets or liabilities; the most favorable market refers to the market able to sell the underlying asset for the highest amount or transfer the underlying liability for the minimum amount after accounting for transaction and transportation costs field. The Company adopts the assumptions used by market participants to maximize their economic benefits when pricing the asset or liability.

• Valuation techniques

The company adopts valuation techniques that are applicable in the current situation and supported by sufficient available data and other information. Value technology mainly includes market method, income method and cost method. The company uses a methodology consistent with one or more of these valuation techniques. To measure the fair value, if a variety of valuation techniques are used to measure the fair value, the rationality of each valuation result is considered, and the current situation is selected. The fair value is the amount that best represents the fair value.

In the application of valuation techniques, the Company prioritizes the use of relevant observable input values, and only when relevant observable input values cannot be obtained only use unobservable input values when it is not practicable to obtain or obtain them. Observable input values are those that can be derived from market data. The input value obtained. This input reflects the assumptions that market participants use when pricing the underlying asset or liability. unobservable An input value is an input value that cannot be obtained from market data. This input is based on available market participants' or the best information on the assumptions used in pricing the liability.

• Fair value hierarchy

The company divides the input values used in fair value measurement into three levels, and firstly uses the first level of input values, and secondly use the second level to enter values, and finally use the third level to enter values. The first-level input value is the same information that can be obtained on the measurement date. An unadjusted quoted price for an asset or liability in an active market. The second level input value is related assets or liabilities in addition to the first level input value. Directly or indirectly observable input values. The third level of input is the unobservable input of the related asset or liability.

11. Determination method

and accounting treatment method of expected credit loss of notes receivable

• Applicable • Not applicable

Accounts receivable include notes receivable, accounts receivable, contract assets, etc. For notes receivable, accounts receivable and contract assets, no  
Regardless of whether there is a significant financing component, the company always measures its losses according to the amount equivalent to the expected credit loss during the entire duration  
Provision, the increase or reversal amount of the resulting loss provision is included in the current profit and loss as an impairment loss or gain.

When the information of the expected credit loss cannot be assessed at a reasonable cost for a single receivable, the company will apply the credit risk characteristics according to the

The receivables are divided into several combinations, and the expected credit loss is calculated on the basis of the combination. The determined receivables combination and the accrual method are as follows:

Portfolio	Bad debt provision accrual method
1: Application with aging as credit risk characteristic receive money	The aging analysis method is adopted, according to the aging of accounts receivable and expected credit loss rate. Pick.
Portfolio 2: Low Risk Portfolio	For low-risk payments such as bank acceptance bills receivable, export tax rebates receivable, etc. The expected credit loss rate is determined by historical empirical value.
Combination 3: Receivables from related parties within the scope of consolidation item	For receivables from related parties within the scope of consolidation, the expected creditworthiness is determined based on historical experience values. Use loss rate.
Portfolio 4: Receivables Involving Litigation	In the event of losing the lawsuit, a provision for bad debts shall be made in full for the relevant receivables; For the remaining receivables, according to the company's previous two fiscal years involving litigation receivables Estimate the recoverable amount based on the average collection ratio of the item, and determine the estimated amount of the receivables involved in litigation. term credit loss rate. Provision for bad debts based on estimated loss rate and aging According to the principle of the higher amount of bad debt reserves calculated by the analytical method, the bad debt reserves are accrued.

For receivables with aging as credit risk characteristics, the company refers to historical credit loss experience, combined with the current situation and

Predicting future economic conditions, compiling a comparison table between the aging of accounts receivable and the expected credit loss rate of the entire duration, and calculating the expected credit  
loss. The accrual ratio is as follows:

aging	Accrual of commercial acceptance bills receivable Proportion(%)	Accounts receivable accrual ratio (%)	Contract asset accrual ratio (%)
Within 1 year (including 1 year, the same below)	5.00	5.00	5.00
1-2 years	15.00	15.00	15.00
2-3 years	50.00	50.00	50.00
over 3 years	100.00	100.00	100.00

If there is objective evidence that a certain receivable has been credit-impaired, the company shall accrue bad debts for the receivable individually.

Prepare and recognize expected credit losses.

#### 12. Accounts receivable

Determination method and accounting treatment method of expected credit loss of accounts receivable

☑Applicable ☐Not applicable

For details, please refer to "V. 11 Notes Receivable" in this section.

#### 13. Receivables financing

☑Applicable ☐Not applicable

For details, please refer to "V. 10 Financial Instruments (5) Impairment of Financial Instruments" in this section.

#### 14. Other receivables

Determination method and accounting treatment method of expected credit loss of other receivables

☑Applicable ☐Not applicable

For details, please refer to "V. 10 Financial Instruments (5) Impairment of Financial Instruments" in this section.

#### 15. Inventory

☑Applicable ☐Not applicable

(1) Classification of inventories

Inventories mainly include raw materials, semi-finished products, goods in stock, low-value consumables, issued goods, and turnover materials.

(2) Valuation method of inventory acquisition and delivery

Inventories are priced at actual cost when they are obtained, and the cost of inventories includes purchase cost, processing cost and other costs. take and issue

All prices are calculated using the weighted average method.

(3) Recognition of the net realizable value of inventories and the method of accruing the provision for depreciation

Net realisable value refers to the estimated selling price of inventories in daily activities less the estimated costs and estimated costs to be incurred upon completion.

The amount after selling expenses and related taxes. When determining the net realisable value of inventories, based on the solid evidence obtained, and at the same time

Consider the purpose of holding the inventory and the impact of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower of cost and net realisable value. When its net realizable value is lower than cost, withdraw

Inventory impairment. Inventory depreciation reserves are drawn based on the difference between the cost of a single inventory item and its net realizable value.

After the provision for inventory depreciation has been made, if the factors affecting the previous write-down of the inventory value have disappeared, resulting in the net realizable value of the inventory.

If it is higher than its book value, it shall be reversed within the original provision for inventory depreciation, and the reversed amount shall be included in the current profit and loss.

(4) The inventory system of inventory is perpetual inventory system.

(5) Amortization method of low-value consumables and packaging

Low-value consumables are amortized by one-off amortization method when they are received; packaging materials are amortized by one-off amortization method when they are received.

16. Contract assets (1).

Recognition method and standard of contract assets Applicable Not

applicable

The company considers that the customer has not paid the consideration for the contract, but the company has fulfilled its performance obligations in accordance with the contract, and it is not an unconditional

(i.e. depending only on the passage of time) the right to collect money from the customer, listed as a contract asset on the balance sheet. under the same contract

Identical assets and contract liabilities are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

(2) Determination method and accounting treatment method of expected credit loss of contract assets Applicable Not

applicable For details, please refer to "V. 11 Notes Receivable" in this section.

17. Assets held for sale Applicable Not

applicable

If the company mainly sells (including the exchange of non-monetary assets with commercial substance, the same below) rather than continuing to use a

If a non-current asset or disposal group recovers its book value, it is classified as held for sale. The specific standard is to meet the following at the same time

Condition: A non-current asset or disposal group is in accordance with the practice of selling such assets or disposal groups in similar

Available for immediate sale; the company has made a resolution on the sale plan and obtained a firm purchase commitment; the sale is expected to be completed within one year

become. Among them, the disposal group refers to a group of assets that are disposed of together as a whole through sale or other means in a transaction, and

Liabilities directly related to those assets transferred in the transaction. The asset group or combination of asset groups to which the disposal group belongs is in accordance with the "Enterprise Accounting

Standard No. 8 - Impairment of Assets, if the goodwill obtained in the business combination is allocated, the disposal group shall include the allocation to the disposal group.

goodwill.

When the company initially measures or re-measures on the balance sheet date and divides it into non-current assets held for sale and disposal groups, its account

If the face value is higher than the net amount after the fair value minus the selling expenses, the book value shall be written down to the net amount after the fair value minus the selling expenses.

The written-down amount is recognized as asset impairment loss and included in current profit and loss, and at the same time, provision for impairment of assets held for sale is made. For the place in the disposal group, the recognized asset impairment loss is first deducted from the book value of the goodwill in the disposal group, and then deducted proportionally to the applicable assets in the disposal group.

"Accounting Standards for Business Enterprises No. 42 - Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations" (hereinafter referred to as "Hold for Sale")

The book value of each non-current asset specified in the measurement provisions of the "Standard". The fair value of the disposal group held for sale on the subsequent balance sheet date

If the net amount after deducting the selling expenses increases, the previously written-down amount shall be restored and shall be appropriately classified after being classified as held for sale.

The amount of asset impairment loss recognized for non-current assets measured by the held-for-sale standard is reversed, and the reversed amount is included in the current loss.

and according to the proportion of the book value of various non-current assets in the disposal group that are subject to the measurement requirements of the held-for-sale standard except goodwill

Proportionally increase its book value; the book value of goodwill that has been deducted, and the non-current assets measured by the held-for-sale standard are

Asset impairment losses recognized before being classified as held for sale shall not be reversed.

Non-current assets held for sale or non-current assets in disposal groups are not depreciated or amortized, and non-current assets held for sale in disposal groups are negative.

Interest and other expenses on the debt continue to be recognized.

When a non-current asset or disposal group no longer meets the classification conditions for the held-for-sale category, the company will no longer classify it as a held-for-sale asset.

Available-for-sale category or the non-current assets are removed from the disposal group held for sale and measured according to the lower of the following two: (1) Classified as held-for-sale

The book value before the available-for-sale category is available, and the depreciation, amortization or impairment that should have been recognized under the assumption that it is not classified as held-for-sale category

(2) The recoverable amount.

18. Determination method

and accounting treatment method of expected credit loss of debt investment in debt investment Applicable

Not applicable

Financial Instruments (5) Impairment of Financial Instruments".

Debt investment mainly accounts for bond investment measured at amortized cost. Whether the company has determined its credit risk since initial recognition

Has increased significantly, use the amount equivalent to the expected credit loss in the next 12 months or the entire duration to measure the impairment loss

lose.

19. Determination method and

accounting treatment method of expected credit loss of other debt investment in other debt investment Applicable

Not applicable

20. Long-term receivables

Determination method and accounting treatment method of expected credit loss of long-term receivables

Applicable Not applicable

21. Long-term equity investment

Applicable Not applicable

The long-term equity investment referred to in this section refers to the long-term equity investment in which the company has control, joint control or significant influence over the investee.

equity investment. The long-term equity investment in which the Company does not have control, joint control or significant influence over the investee shall be regarded as available for sale.

Sales of financial assets or financial assets measured at fair value through profit or loss for the current period are accounted for. For details of the accounting policies, please refer to this section

"V. 10 Financial Instruments".

Joint control refers to the common control that the company has over an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement must be

Decisions can only be made after the unanimous consent of the participants sharing control. Significant influence refers to the financial and economic impact of the company on the investee.

The camp policy has the power to participate in decision-making, but it cannot control or jointly control the formulation of these policies with other parties.

(1) Determination of investment cost

For the long-term equity investment obtained from the merger of enterprises under the same control, on the merger date, it is finalized according to the owner's equity of the merged party.

The share of book value in the consolidated financial statements of the controlling party is taken as the initial investment cost of long-term equity investment. Initial long-term equity investment

The difference between the investment cost and the cash paid, the non-cash assets transferred and the book value of the liabilities assumed, adjust the capital

If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the issue of equity securities is used as the merger consideration, on the merger date, the

The share of the book value of the shareholders' equity of the merging party in the consolidated financial statements of the ultimate controlling party is taken as the initial investment cost of the long-term equity investment.

This capital is based on the total face value of the issued shares as the share capital, and the difference between the initial investment cost of the long-term equity investment and the total face value of the issued shares

Adjust the capital reserve; if the capital reserve is insufficient to offset, adjust the retained earnings. Gain the same control step by step through multiple transactions

If the equity of the merged party under the same control eventually forms a business combination under the same control, it should be dealt with whether it belongs to a "package deal":

In the case of a "package deal", each transaction shall be accounted for as a transaction for obtaining control, does not belong to the "package deal"

In the case of "easy", on the merger date, according to the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party

As the initial investment cost of long-term equity investment, the initial investment cost of long-term equity investment and the long-term equity investment before the merger

The difference between the book value and the sum of the book value of the newly paid consideration for further acquisition of shares on the merger date shall be adjusted to the capital reserve;

If the accumulation is insufficient to offset, the retained earnings shall be adjusted.

For the long-term equity investment obtained from the merger of enterprises not under the same control, the merger cost shall be regarded as the long-term equity investment on the purchase date.

The initial investment cost of the capital, the combined cost includes the assets paid by the purchaser, the liabilities incurred or assumed, and the equity securities issued.

Sum of fair values. If the acquiree's equity is acquired step by step through multiple transactions, and eventually a business combination not under the same control is formed,

Whether it belongs to a "package deal" should be dealt with separately: if it belongs to a "package deal", each transaction shall be regarded as one to obtain control.

transactions are accounted for. If it does not belong to a "package deal", the book value of the equity investment originally held by the acquiree plus the new

The sum of the additional investment costs shall be regarded as the initial investment cost of the long-term equity investment calculated by the cost method. Equity originally held using equity

If the accounting method is adopted, the relevant other comprehensive income is not subject to accounting treatment for the time being. If the originally held equity investment is an available-for-sale financial asset, its corporate

The difference between the fair value and the book value, and the accumulated changes in fair value originally included in other comprehensive income are transferred to the current profit and loss.

Intermediary fees such as auditing, legal services, evaluation and consulting and other related management incurred by the merging party or the purchaser for the business combination

Expenses are included in the current profit and loss when incurred.

Other equity investments other than long-term equity investments formed by business combination shall be initially measured at cost, which shall be treated as long-term equity investments.

According to the different ways of obtaining the equity investment, according to the actual cash purchase price paid by the company and the equity securities issued by the company.

Fair value, value agreed in investment contracts or agreements, fair value or original book value of assets exchanged in non-monetary asset exchange transactions

value, the fair value of the long-term equity investment itself, etc. Expenses, taxes directly related to the acquisition of long-term equity investments

Gold and other necessary expenses are also included in the investment cost. For the additional investment that can have a significant impact on the investee or implement joint

If it controls but does not constitute control, the cost of long-term equity investment is determined in accordance with the Accounting Standards for Business Enterprises No. 22 - Recognition and Accounting of Financial Instruments.

The fair value of the originally held equity investment determined by the amount plus the sum of the new investment cost.

## (2) Subsequent measurement and profit and loss recognition method

For long-term equity investments that have joint control (except for constituting joint operators) or significant influence over the investee, use equity

legal accounting. In addition, the company's financial statements use the cost method to account for long-term equity investments that can control the investee.

## • Long-term equity investment accounted for by the cost method

When the cost method is adopted, the long-term equity investment is priced at the initial investment cost, and the long-term equity investment is adjusted by adding or recovering the investment.

the cost of. Except for the price actually paid at the time of obtaining the investment or the cash dividends or profits that have been declared but not yet distributed included in the consideration

In addition, the current investment income is recognized according to the cash dividends or profits declared and distributed by the investee.

## • Long-term equity investment accounted for by the equity method

When the equity method is adopted, the initial investment cost of long-term equity investment is greater than the identifiable net capital of the investee at the time of investment.

If the fair value share of the equity investment is not adjusted, the initial investment cost of the long-term equity investment shall not be adjusted; if the initial investment cost is less than

If the share of the fair value of the identifiable net assets of the capital unit, the difference is included in the current profit and loss, and the cost of long-term equity investment is adjusted at the same time.

When accounting by the equity method, it shall be based on the share of the net profit or loss and other comprehensive income realized by the investee that should be enjoyed or shared.

investment income and other comprehensive income, and adjust the book value of long-term equity investment;

If the profit or cash dividend distributed by the report is calculated, the book value of the long-term equity investment shall be reduced accordingly;

Adjust the book value of long-term equity investments for other changes in owner's equity other than net profit or loss, other comprehensive income and profit distribution

value and included in the capital reserve. When recognizing the attributable share of the net profit and loss of the investee, the investee's various available

Based on the fair value of the identified assets, etc., the net profit of the investee is adjusted and confirmed. Accounting adopted by the investee

If the policies and accounting periods are inconsistent with the Company's, the Company's accounting policies and accounting periods shall be in accordance with the financial statements of the investee.

Adjustments are made and investment income and other comprehensive income are recognized accordingly. For transactions between the Company and its associates and joint ventures

If the assets traded, invested or sold do not constitute business, the unrealized profit and loss of internal transactions shall be calculated and attributed to the company according to the proportion enjoyed.

The part of the investment will be offset, and the investment profit and loss will be recognized on this basis. However, the unrealized internal transaction losses between the company and the investee

If it belongs to the impairment loss of the transferred assets, it will not be offset. Assets invested by the company to joint ventures or associates constitute business

If the investor obtains long-term equity investment but does not obtain control, the fair value of the invested business shall be used as the new long-term equity investment.

The initial investment cost of the equity investment, the difference between the initial investment cost and the book value of the invested business, shall be fully included in the current profit and loss. Our company

If the assets sold to a joint venture or an associate constitute a business, the difference between the consideration obtained and the book value of the business shall be fully included in the current business.

period profit and loss. If the assets purchased by the company from associates and joint ventures constitute business, according to the "Accounting Standards for Business Enterprises No. 20 -

According to the provisions of the "Business Combination", accounting treatment shall be carried out, and the gain or loss related to the transaction shall be recognized in full.

When recognizing the net loss of the investee that should be shared, the book value of the long-term equity investment and other substantial

The long-term equity write-down of the net investment in the investee is limited to zero. In addition, if the company is liable for additional losses to the investee

Obligations, then the estimated liabilities are recognized according to the expected obligations and included in the current investment losses. Net profit realized by the investee in subsequent periods

If the profit sharing amount makes up for the unrecognized loss sharing amount, the company will resume the recognition of the profit sharing amount.

For the long-term equity investments in associates and joint ventures held by the Company before the first implementation of the new accounting standards, such as

If there is an equity investment debit balance related to the investment, the straight-line amortization of the original remaining term is included in the current profit and loss.

## • Acquisition of minority stake

When preparing the consolidated financial statements, the new long-term equity investment due to the purchase of minority equity is calculated according to the proportion of the newly increased shareholding.

The difference between the shares of net assets calculated continuously from the acquisition date (or merger date) of subsidiaries, adjust the capital reserve, and adjust the capital reserve.

If the accumulation is insufficient to offset, the retained earnings shall be adjusted.

#### ̄ Disposal of long-term equity investment

In the consolidated financial statements, the parent company partially disposes of the long-term equity investment in the subsidiary without losing control.

The difference between the purchase price and the disposal of the long-term equity investment corresponding to the net assets of the subsidiary is included in shareholders' equity; the parent company partially disposes of the subsidiary.

If the company's long-term equity investment leads to the loss of control over the subsidiary, the method of preparation of the consolidated financial statements in this section shall be carried out according to

The relevant accounting policies described.

For the disposal of long-term equity investment under other circumstances, for the equity disposed of, the difference between the book value and the actual price obtained shall be calculated.

into the current profit and loss.

For long-term equity investments accounted for by the equity method, if the remaining equity after disposal is still accounted for by the equity method, the original equity investment shall be

The part of other comprehensive income included in shareholders' equity shall adopt the same proportion as the investee's direct disposal of the relevant assets or liabilities according to the corresponding proportion.

basis for accounting. Changes in other owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution

The recognized owner's equity shall be carried forward to the current profit and loss proportionally.

For long-term equity investments accounted for using the cost method, if the remaining equity after disposal is still accounted for using the cost method, it will be

Other comprehensive income recognized by equity method accounting or financial instrument recognition and measurement standards accounting before the control of the unit, using

Accounting treatment is carried out on the same basis as the investee's direct disposal of relevant assets or liabilities, and the current profits and losses are carried forward in proportion;

All other items other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the equity method

Changes in equity are carried forward proportionally to the current profit and loss.

If the company loses control over the investee due to the disposal of part of the equity investment, when preparing individual financial statements, after the disposal

If the remaining equity of the company can exercise joint control or exert significant influence on the investee, it shall be accounted for by the equity method, and the remaining equity shall be accounted for by the equity method.

The right is deemed to be adjusted using the equity method when it is acquired; the remaining equity after disposal cannot exercise joint control over the investee

or exert a significant influence, the accounting treatment shall be carried out in accordance with the relevant provisions of the financial instrument recognition and measurement standards.

The difference between the fair value and the book value is included in the current profit and loss. Before the Company obtains control over the investee, due to

Other comprehensive income recognized using the equity method accounting or financial instrument recognition and measurement standards accounting, when the loss of control over the investee

The accounting treatment is carried out on the same basis as the investee directly disposes of the relevant assets or liabilities in the system.

Changes in other owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized

When the control over the investee is lost, it is carried forward to the current profit and loss. Among them, if the remaining equity after disposal is accounted for by the equity method, other comprehensive

Income and other owner's equity are carried forward in proportion; the remaining equity after disposal shall be accounted for in accordance with the recognition and measurement standards of financial instruments.

other comprehensive income and other owner's equity are all carried forward.

If the company loses joint control or significant influence on the investee due to the disposal of part of the equity investment, the remaining shares after disposal

The right to change is accounted for according to the recognition and measurement standards of financial instruments, and its fair value and book value on the date of loss of joint control or significant influence

The difference is included in the current profit and loss. Other comprehensive income recognized by the original equity investment due to accounting using the equity method,

In profit-based accounting, the same basis as the investee's direct disposal of relevant assets or liabilities is adopted for accounting treatment.

Owners' equity recognized from changes in other owners' equity other than net profit or loss, other comprehensive income and profit distribution shall be

In the equity method, all are transferred to the current investment income.

The company disposes the equity investment in the subsidiary step by step through multiple transactions until it loses control. If the above transactions belong to a package

In the case of transactions, each transaction shall be accounted for as a transaction in which the equity investment of the subsidiary is disposed of and the control right is lost.

The difference between each disposal price before the control of the right and the book value of the long-term equity investment corresponding to the disposed equity is first recognized as its value.

His comprehensive income will be transferred to the current profit and loss of the loss of control when he loses control.

## 22. Investment real estate

(1). If the depreciation or amortization method of the cost

measurement mode is adopted

1. Investment real estate includes leased land use rights, land use rights held and prepared to be transferred after appreciation, and leased land use rights.

building.

2. The initial measurement of investment real estate is based on cost, and the subsequent measurement is carried out using the cost model.

Intangible assets are depreciated or amortized in the same way.

## 23. Fixed assets (1).

Recognition conditions

☐Applicable ☐Not applicable

Fixed assets refer to those held for the production of commodities, provision of labor services, lease or operation and management, with a service life exceeding one accounting year

tangible assets. Fixed assets are only if the economic benefits related to them are likely to flow into the company and their costs can be measured reliably

be confirmed. Fixed assets are initially measured at cost and considering the impact of expected disposal costs.

(2). Depreciation method

☐Applicable ☐Not applicable

Category	depreciation method	Depreciation period (years)	Average age of buildings	Residual rate	annual depreciation rate
and buildings	Average age of special equipment	Transportation equipment	Average age of	5	4.75
mechanical equipment	Office equipment and its		5	5	19
			4	5	23.75
			5-10	5	19.00-9.5
years	Average number of		3-5	5	31.67-19.00

(3) Recognition basis, valuation and depreciation method of fixed assets acquired under financial

lease ☐Applicable ☐Not applicable

## 24. Construction in progress

☐Applicable ☐Not applicable

The cost of construction in progress is determined according to the actual construction expenditure, including various construction expenditures incurred during the construction period, and the project can be The capitalized borrowing costs and other related costs before the state are used. Construction in progress will be carried forward to solid state after reaching the expected usable state fixed assets.

Please refer to "V. 30 Impairment of long-term assets" in this section for the method of impairment test and provision for impairment of construction in progress.

## 25. Borrowing costs

☐Applicable ☐Not applicable

Borrowing costs include borrowing interest, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings

Wait. Borrowing costs that can be directly attributable to the acquisition, construction or production of assets eligible for capitalization are

When the payment expenses have been incurred and the acquisition, construction or production activities necessary to make the asset ready for its intended use or sale have begun,

Begin capitalization; stop when the constructed or produced assets eligible for capitalization reach the intended use or sale state.

stop capitalization. The remaining borrowing costs are recognized as expenses in the period in which they are incurred.

The interest expense actually incurred in the current period of the special loan, minus the interest income or income from the unused loan funds deposited in the bank.

The amount after the investment income obtained from the temporary investment shall be capitalized;

The capitalized amount is determined by multiplying the weighted average number of asset expenditures by the capitalization rate of the occupied general borrowings. The capitalization rate is based on the general

The weighted average interest rate of the loan is calculated and determined.

During the capitalization period, the exchange differences of foreign currency special borrowings are fully capitalized; the exchange differences of foreign currency general borrowings are included in current losses.

beneficial.

Assets eligible for capitalization refer to the acquisition, construction or production activities that require a considerable period of time before they can reach their intended use or availability.

Assets such as fixed assets, investment properties, and inventories in the sale state.

If the assets eligible for capitalization are abnormally interrupted during the acquisition, construction or production process, and the interruption time exceeds 3 consecutive

Monthly, the capitalization of borrowing costs is suspended until the acquisition, construction or production of the asset resumes.

#### 26. Biological assets

ÿApplicable ÿNot applicable

#### 27. Oil and gas properties

ÿApplicable ÿNot applicable

#### 28. Right-of-use assets

ÿApplicable ÿNot applicable

The accounting policy for right-of-use assets applies to 2021 and beyond.

On the commencement date of the lease period, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. use

The right assets are initially measured at cost. This cost includes: the initial measurement amount of the lease liability; on or before the commencement date of the lease term

The lease payments paid, if there is a lease incentive, deduct the relevant amount of the lease incentive already enjoyed; the initial direct

Expenses; the company dismantles and removes the leased asset, restores the site where the leased asset is located, or restores the leased asset to the terms of the lease

Status of costs that are expected to be incurred, excluding costs that are incurred to produce inventory. The company subsequently adopts the straight-line method to

depreciation of assets. If it can be reasonably determined that the ownership of the leased asset will be obtained when the lease term expires, the company will

Depreciation is accrued over its useful life; otherwise, the leased asset is accrued within the shorter of the lease term and the remaining useful life of the leased asset

depreciation. The company determines whether the right-of-use asset has been impaired in accordance with the principles described in "V. 30 Impairment of long-term assets" in this section, and determines whether the right-of-use asset has been impaired.

Identified impairment losses are accounted for. 29. Intangible

assets (1). Valuation method, service life, impairment test

ÿApplicable ÿNot applicable

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the company.

Intangible assets are initially measured at cost. Expenses related to intangible assets, if the related economic benefits are likely to flow into the capital

Companies and their costs can be measured reliably are included in the cost of intangible assets. Expenses for other items other than the above shall be included when incurred

Current profit and loss.

The acquired land use rights are usually accounted for as intangible assets. Self-development and construction of workshops and other buildings, related land use rights

Expenditure and building construction costs are accounted for as intangible assets and fixed assets, respectively. In the case of purchased houses and buildings, there will be

The relevant price is allocated between the land use right and the building. If it is difficult to allocate it reasonably, it shall be treated as a fixed asset.

The intangible assets with limited useful life are accumulated from the original value minus the estimated net residual value and the provision for impairment from the time they are available for use.

The calculated amount is amortized on a straight-line basis over its estimated useful life. Intangible assets with indefinite useful lives shall not be amortized.

At the end of the period, the service life and amortization method of the intangible assets with limited service life shall be reviewed.

Estimated change processing. In addition, the useful life of intangible assets with indefinite useful lives is reviewed, if there is evidence that the

The period in which the intangible assets will bring economic benefits to the enterprise is foreseeable, then its useful life is estimated and based on the intangibles with limited useful life.

The amortization policy for the asset is amortized.

Please refer to "V. 30 Impairment of long-term assets" in this section for details on the method of impairment test and provision for impairment of intangible assets.

(2) Accounting policy for internal research and development expenditure Applicable Not applicable

The Company's internal research and development project expenditures are divided into research phase expenditures and development phase expenditures.

Expenses in the research stage shall be included in the current profit and loss when incurred.

Expenses in the development stage that meet the following conditions at the same time are recognized as intangible assets;

Included in current profit and loss:

It is technically feasible to complete the intangible asset so that it can be used or sold;

Have the intention to complete the intangible asset and use or sell it;

The way in which intangible assets generate economic benefits, including the existence of a market or intangible products produced by using the intangible assets

The asset itself exists in the market, and the intangible assets will be used internally, which can prove its usefulness;

There are sufficient technical, financial and other resource support to complete the development of the intangible asset and have the ability to use or export

sell the intangible asset;

The expenditures attributable to the development stage of the intangible assets can be measured reliably.

If it is impossible to distinguish the research stage expenditure and the development stage expenditure, all the research and development expenditure incurred shall be included in the

current profit and loss. 30. Impairment of long-term assets Applicable Not applicable

For fixed assets, construction in progress, intangible assets with limited service life, investment real estate measured by the cost model, and

For non-current non-financial assets such as long-term equity investments in subsidiaries, joint ventures and associates, the Company shall judge on the balance sheet date.

Whether there are signs of impairment. If there is any indication of impairment, estimate its recoverable amount and conduct an impairment test. Goodwill, service life

Uncertain intangible assets and intangible assets that have not yet reached a usable state, regardless of whether there is any sign of impairment, are impaired every year

test.

If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the net amount of the asset's fair value less disposal costs and the present value of the asset's estimated future cash flow the higher of the between. The fair value of the asset is determined based on the sale agreement price in an arm's length transaction; there is no sale agreement but the asset exists

If there is an active market, the fair value is determined according to the buyer's bid for the asset; if there is no sales agreement and an active market for the asset, the fair value can be

The best information available is the basis for estimating the fair value of the asset. Disposal fees include legal fees, related taxes related to asset disposal costs, handling costs, and direct costs incurred to bring the asset to marketable condition. The present value of the expected future cash flows of the asset, according to

According to the expected future cash flow generated during the continuous use and final disposal of the asset, select the appropriate discount rate to carry out the calculation.

The discounted amount is determined. Provision for asset impairment is calculated and confirmed on an individual asset basis.

If the recoverable amount is estimated, the recoverable amount of the asset group is determined by the asset group to which the asset belongs. Asset groups are able to be generated independently

Minimum portfolio of assets for cash inflows.

For the goodwill listed separately in the financial statements, when the impairment test is performed, the book value of the goodwill is allocated to the expected transfer from the enterprise contract.

The asset group or combination of asset groups that benefit from the synergies of the merger. The test results show that the asset group or group of asset groups contains apportioned goodwill

If the total recoverable amount is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss is first offset and allocated to the asset group or the book value of the goodwill of the asset group combination, and then based on the book value of other assets other than goodwill in the asset group or asset group combination

The proportion of the face value is deducted from the book value of other assets in proportion.

Once the above-mentioned asset impairment loss is confirmed, the part whose value is recovered will not be reversed in subsequent periods. 31. Long-term deferred expenses Applicable Not applicable

Long-term deferred expenses are expenses that have occurred but should be borne by the reporting period and subsequent periods with an amortization period of more than one year.

The long-term deferred expenses of the Company mainly include decoration expenses and greening works. Long-term deferred expenses are amortized on a straight-line basis during the expected benefit period

pin.

### 32. Recognition method of

contract liabilities Contract liabilities Applicable Not applicable

Contract liabilities refer to the company's obligation to transfer goods to customers after receiving or receivable consideration from customers. If in the company to customers

Before the customer transfers the goods, the customer has paid the contract consideration or the company has obtained the unconditional right to receive payment.

The receivable or receivable shall be listed as a contract liability at the earlier of the actual payment and the due payable. under the same contract

Identical assets and contract liabilities are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

### 33. Employee compensation

(1), Accounting treatment method of short-term compensation Applicable Not applicable

Short-term compensation mainly includes wages, bonuses, allowances and subsidies, employee benefits, medical insurance, maternity insurance, work-related injuries

Insurance premiums, housing provident fund, trade union funds and employee education funds, non-monetary benefits, etc. The company's employees provide the company with

During the accounting period of the service, the actual short-term employee compensation will be recognized as a liability and included in the current profit and loss or related asset costs. in

Non-monetary benefits are measured at fair value.

(2) Accounting treatment of post-employment benefits Applicable

Not applicable

Post-employment benefits mainly include basic pension insurance, unemployment insurance and annuities. Post-employment benefit plan includes defined contribution

Draw. If a defined withdrawal plan is adopted, the corresponding deposit amount shall be included in the relevant asset cost or current profit and loss when it occurs. (3) Accounting

treatment of dismissal benefits Applicable Not applicable

Terminate the labor relationship with the employee before the employee's labor contract expires, or offer compensation to encourage the employee to accept the layoff voluntarily

Compensation proposal, when the company cannot unilaterally withdraw the dismissal benefits provided by the labor relationship termination plan or layoff proposal, and the company

The company confirms the cost related to the reorganization involving the payment of dismissal benefits, whichever is earlier, and recognizes the employee compensation burden arising from dismissal benefits.

Debt and included in the current profit and loss. However, if the termination benefits are not expected to be fully paid within 12 months after the end of the annual reporting period, the other

Long-term employee compensation processing.

The internal retirement plan of employees is treated in the same principle as the above-mentioned dismissal benefits. The company will start from the day when the employees stop providing services to

The salaries and social insurance premiums to be paid for early retirees during the normal retirement date, when the conditions for the recognition of estimated liabilities are met,

Included in the current profit and loss (dismissal welfare).

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

Not applicable

If other long-term employee benefits provided by the company to employees meet the defined contribution plan, accounting shall be conducted according to the defined contribution plan

In addition, accounting treatment is carried out according to the defined benefit plan.

34. Lease liabilities

Applicable Not applicable

The accounting policy for lease liabilities applies to 2021 and beyond.

On the commencement date of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. Lease negative

The debt is initially measured at the present value of outstanding lease payments. Lease payments include: fixed payments (including in-substance fixed

fixed payments), if there is a lease incentive, deduct the amount related to the lease incentive; variable lease payments that depend on an index or ratio; root

The amount expected to be paid based on the residual value of the guarantee provided by the company; the exercise price of the purchase option, provided that the company is reasonably certain that it will exercise

The option; the amount payable for exercising the option to terminate the lease, provided that the lease term reflects that the company will exercise the option to terminate the lease.

The company uses the interest rate implicit in the lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the company's

The incremental borrowing rate serves as the discount rate. The company calculates the interest of the lease liability in each period of the lease term according to the fixed periodic interest rate

Expenses, and included in the current profit and loss or related asset costs. Variable lease payments not included in the measurement of the lease liability are measured when they are actually incurred

Include current profit and loss or related asset cost.

After the commencement date of the lease term, the Company re-measures the lease liabilities and adjusts the corresponding right-of-use assets in the following situations:

If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the difference shall be included in the current profit and loss:

When the evaluation result of the purchase option, lease renewal option or termination option changes, or the actual exercise of the aforementioned option

If it is inconsistent with the original assessment result, the Company re-measures the lease at the present value calculated by the changed lease payments and the revised discount rate.

Liabilities; when there are changes in the actual fixed

When the index or ratio changes, the Company re-measures the lease liability based on the present value of the changed lease payments and the original discount rate.

However, where changes in lease payments result from changes in floating interest rates, a revised discount rate is used to calculate the present value. 35. Estimated

liabilities

•Applicable •Not applicable

When the obligations related to contingencies meet the following conditions at the same time, they are recognized as estimated liabilities: (1) The obligation is borne by the company

(2) the performance of the obligation is likely to result in outflow of economic benefits; (3) the amount of the obligation can be measured reliably.

On the balance sheet date, considering factors such as risks, uncertainties and time value of money related to contingencies,

The estimated liabilities are measured by the best estimate of the expenditure required by the relevant present obligation.

If all or part of the expenses required to settle the estimated liabilities are expected to be compensated by a third party, the compensation amount can be received after it is basically determined.

When it is confirmed as an asset separately, and the confirmed compensation amount does not exceed the book value of the estimated liability.

(1) The obligation to provide external product quality assurance and other contingent matters becomes the current obligation of the company, and the obligation is fulfilled

When it is likely to cause economic benefits to flow out of the company, and the amount of the obligation can be measured reliably, the company recognizes the obligation as a forecast.

debt.

(2) The company initially measures the estimated liabilities according to the best estimate of the expenditure required to perform the relevant current obligations, and calculates the estimated liabilities in the assets.

On the balance sheet date, the book value of the estimated liabilities shall be reviewed.

36. Share-based payment •Applicable •Not applicable

(1) Accounting treatment of share-based payment

Share-based payment is to grant equity instruments or undertake commitments based on equity instruments in order to obtain services provided by employees or other parties.

debt transactions. Share-based payment is divided into equity-settled share-based payment and cash-settled share-based payment.

•Equity-settled share-based payment

Equity-settled share-based payments in exchange for services provided by employees to grant employees the fair value of equity instruments on the grant date

metering. The amount of the fair value can only be exercised when the service within the waiting period is completed or the specified performance conditions are met.

During the period, based on the best estimate of the number of exercisable equity instruments, calculated on a straight-line basis and included in relevant costs or expenses/after the grant

When the option is immediately exercised, the relevant costs or expenses shall be included in the grant date, and the capital reserve shall be increased accordingly.

On each balance sheet date during the waiting period, the company will make a decision based on the latest obtained follow-up information such as the change in the number of employees with vested rights.

The best estimate, correcting the number of equity instruments that are expected to be exercised. The impact of the above estimates is included in the relevant costs or expenses of the current period, and the corresponding

Adjust the capital reserve.

For equity-settled share-based payments in exchange for services from other parties, if the fair value of services from other parties can be measured reliably,

Measured at the fair value of the services of other parties on the date of acquisition, if the fair value of the services of other parties cannot be measured reliably, but the equity instruments

If the fair value of the equity instrument can be reliably measured, it shall be measured according to the fair value of the equity instrument on the date of service acquisition, and included in the relevant costs or expenses.

increase shareholder's equity accordingly.

•Cash-settled share-based payment

The cash-settled share-based payment shall be based on the fairness of the liabilities determined on the basis of shares or other equity instruments undertaken by the company.

Value measurement. If the right can be exercised immediately after the grant, the relevant costs or expenses will be included on the grant date, and the liabilities will be increased accordingly;

During the period of service or after meeting the specified performance conditions, the right can be exercised, and on each balance sheet date of the waiting period, the vesting situation will be reviewed.

Based on the best estimate of the company, the services obtained in the current period are included in the cost or expense according to the fair value amount of the liabilities assumed by the company,

A corresponding increase in debt.

The fair value of the liability is remeasured on each balance sheet date before the settlement of the relevant liability and on the settlement date, and the change in the liability is calculated into the current profit and loss.

(2) Relevant accounting treatment of modification and termination of share-based payment plan

When the company modifies the share-based payment plan, if the modification increases the fair value of the equity instruments granted, it will be an increase in fair value is correspondingly recognized as an increase in services obtained. The increase in the fair value of equity instruments refers to the equity instruments before and after modification. The difference between the fair value at the modification date. If the modification reduces the total fair value of share-based payment or adopts other unfavorable method, the accounting treatment of the obtained services will continue to be carried out, as if the change has never occurred, unless the company cancels part or all granted equity instruments.

During the waiting period, if the granted equity instrument is cancelled, the company will cancel the granted equity instrument as an accelerated exercise. Processing, the amount that should be recognized during the remaining waiting period is immediately included in the current profit and loss, and the capital reserve is recognized at the same time. employees or other parties can If you choose to meet the non-vesting conditions but not within the waiting period, the company will treat it as the cancellation of the grant of equity instruments.

(3) Accounting treatment of share-based payment transactions involving the company and its shareholders or actual controllers

Share-based payment transactions involving the company and the company's shareholders or actual controllers, one of the settlement company and the service recipient company is in Within the company and another outside the company, accounting treatment shall be carried out in accordance with the following provisions in the company's consolidated financial statements:  
 If the settlement enterprise settles with its own equity instruments, the share-based payment transaction shall be treated as equity-settled share-based payment; In addition, share-based payments are processed as cash-settled.

If the settlement enterprise is an investor of the service enterprise, the fair value of the equity instruments or the fair value of the liabilities that should be assumed on the grant date shall be determined. The value is recognized as the long-term equity investment in the enterprise receiving the service, and the capital reserve (other capital reserve) or liabilities are recognized at the same time.

If the service-receiving enterprise has no settlement obligation or the employee of the enterprise is granted its own equity instruments, the share-based payment transaction Processing of share-based payment as equity settlement; the service-receiving enterprise is obliged to settle and grants its employees not its own rights and interests. If the instrument is not used, the share-based payment transaction shall be treated as a cash-settled share-based payment.

For share-based payment transactions between companies within the company, if the service-receiving company and the settlement company are not the same company, The confirmation and measurement of the share-based payment transaction in the respective individual financial statements of the serviced enterprise and the settlement enterprise shall be handled in accordance with the above principles. reason.

37. Other financial instruments such as preference shares and perpetual bonds

Applicable Not Applicable

38. Income

(1) Accounting policies adopted for revenue recognition and measurement Applicable Not applicable

When the contract between the company and the customer meets the following conditions at the same time, revenue is recognized when the customer obtains control over the relevant commodities: The parties have approved the contract and promised to perform their respective obligations; the contract clarifies that the parties to the contract are related to the transferred goods or the provision of labor services rights and obligations; the contract has clear payment terms related to the goods transferred; the contract has commercial substance, i.e. the performance of the contract

will change the risk, time distribution or amount of future cash flows of the Company;

The price is likely to be recovered.

On the contract start date, the company identifies each individual performance obligation in the contract, and assigns the transaction price according to each individual performance obligation.

The relative proportion of the stand-alone selling price of the promised goods is allocated to each individual performance obligation. Variable pairs are taken into account when determining the trade price

The impact of factors such as price, significant financing components in the contract, non-cash consideration, and consideration payable to customers.

For each single performance obligation in the contract, if one of the following conditions is met, the company shall, within the relevant performance period,

The progress of contract performance will be apportioned to the transaction price of the single performance obligation and recognized as revenue: the customer will receive and cancel the contract when the company performs the contract.

Consume the economic benefits brought by the company's performance; the customer can control the products under construction during the company's performance; the company's performance process

The goods produced in the process have irreplaceable uses, and the company has the right to pay for the performance part that has been completed so far throughout the contract period.

Receive payment in points. The progress of the contract is determined by the input method or the output method according to the nature of the transferred goods. When the progress of the contract cannot be reasonably determined.

If the costs incurred by the company are expected to be compensated at regular intervals, the revenue shall be recognized according to the amount of costs incurred until the performance is completed.

until the schedule can be reasonably determined.

If one of the above conditions is not met, the company will allocate it to the single performance when the customer obtains control of the relevant commodity

The transaction price of the obligation recognizes revenue. When judging whether the customer has obtained control of the goods, the company considers the following indications:

The commodity has a current right to receive payment, that is, the customer has a current payment obligation for the commodity; the enterprise has transferred the legal ownership of the commodity to

Transfer to the customer, that is, the customer has legal ownership of the commodity; the enterprise has transferred the commodity in kind to the customer, that is, the customer has the physical

Possession of the commodity; the enterprise has transferred the main risks and rewards of ownership of the commodity to the customer, that is, the customer has obtained the ownership of the commodity

the main risks and rewards of the right; the customer has accepted the commodity; other indications that the customer has obtained control of the commodity.

The specific methods of revenue recognition of the Company are as follows:

The company's merchandise sales business usually only includes performance obligations for the transfer of merchandise. For domestic sales, the goods have been issued and signed by the customer.

When the goods are received, the control right of the goods is transferred, and the company recognizes the income at that time. The export business is in accordance with the contract to declare the product and receive it.

When the bill of lading is obtained, the control of the goods is transferred, and the company recognizes the revenue at that time. The credit period given by the company to customers is in line with industry custom

For example, there is no significant financing component.

Under the distribution model, there are arrangements such as sales rebates in the contracts between the company and customers, which form variable consideration. The company according to expectations

or the most likely amount to determine the best estimate of variable consideration, but the transaction price that includes variable consideration does not exceed the

It is highly probable that there will be no significant reversal of the accumulated recognized revenue upon qualitative elimination. For in accordance with the sales policy is expected to be awarded to the customer

The amount of rebates will be written off against the current sales revenue, and the corresponding liabilities will be recognized.

(2) Differences in accounting policies for revenue recognition due to the adoption of different business models for similar businesses Applicable Not Applicable

### 39. Contract costs

Applicable Not applicable

If the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, it is recognized as an asset as the cost of obtaining the contract.

Costs incurred in fulfilling the contract are not included in the "Accounting Standards for Business Enterprises No. 14 – Revenue (2017 Revision)".

If it is within the scope of the Accounting Standards for Business Enterprises and meets the following conditions at the same time, it is recognized as an asset as a contract performance cost:  The cost

directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing overhead (or similar),

Clarify the cost borne by the customer and other costs incurred only due to the contract; ̣ This cost increases the future use of the Group for performance

resources for performance obligations; ̣ the cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as the revenue from commodities related to the asset is recognized, and are included in current losses.

beneficial. 40. Government

subsidies ̣Applicable ̣Not applicable

Government grants refer to the monetary and non-monetary assets obtained by the company from the government for free, excluding the government as an investor

And enjoy the corresponding owner's equity and invested capital. Government grants are divided into asset-related government grants and income-related government grants

grant. The company defines the government grants obtained for the acquisition and construction or forming long-term assets in other ways as the government grants related to the assets.

government grants; other government grants are defined as government grants related to income. If the government document does not clearly specify the subsidy object, use the

The grants are divided into government grants related to income and government grants related to assets in the following ways: (1) The government document clarifies that

For the specific project for which the subsidy is directed, the amount of expenditure that will form the asset and the amount of expenditure included in the cost of the specific project's budget

The relative proportion of the amount should be divided, and the divided proportion should be reviewed on each balance sheet date and changed if necessary; (2)

The purpose of the government document is only a general statement, and if no specific project is specified, it is regarded as a government grant related to income. government subsidy

If the assistance is a monetary asset, it shall be measured according to the amount received or receivable. If government grants are non-monetary assets, they are measured at fair value

If the fair value cannot be obtained reliably, it shall be measured at the nominal amount. Government subsidies measured at the nominal amount are directly included in the

Current profit and loss.

The company usually recognizes and measures government subsidies according to the actual amount received when they are actually received. But for the end of the period there are conclusive

Evidence shows that it can meet the relevant conditions stipulated in the financial support policy. It is expected to receive financial support funds, and it will be calculated according to the amount receivable.

quantity. Government subsidies measured by the amount receivable should meet the following conditions at the same time: (1) The amount of the subsidy receivables has already passed the authorized government

The department issued a document to confirm, or can reasonably calculate it according to the relevant provisions of the officially released financial fund management measures, and it is estimated that the financial

There is no major uncertainty in the amount; (2) It is based on the official release of the local financial department and in accordance with the "Regulations on the Disclosure of Government Information".

It is stipulated that the financial support projects and their financial funds management methods to be actively disclosed, and the management methods should be inclusive (any

Enterprises that meet the prescribed conditions can apply), rather than specially formulated for specific enterprises; (3) The relevant subsidy approval documents have been

The disbursement period is clearly promised, and the disbursement of the money is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it will be available in the

received within the specified period.

Government grants related to assets are recognized as deferred income and paid in a reasonable and systematic manner within the useful life of the relevant assets.

The method is included in the current profit and loss in installments. If government subsidies related to income are used to compensate for related costs or losses in subsequent periods,

It is considered as deferred income, and is included in the current profit and loss during the period in which the related costs or losses are recognized; it is used to compensate for the related costs that have already occurred.

The cost or loss is directly included in the current profit and loss.

At the same time, it includes government subsidies related to assets and income, and separate accounting treatment for different parts;

If it is difficult to distinguish, it is classified as a government grant related to income as a whole.

Government grants related to the company's daily activities are included in other income or offset related costs according to the essence of economic business

Government subsidies not related to daily activities are included in non-operating income and expenditure.

When the confirmed government grant needs to be returned, if there is a relevant deferred income balance, the book balance of the relevant deferred income shall be written down, and the excess  
The outgoing part is included in the current profit and loss; in other cases, it is directly included in the current profit and loss.

41. Deferred income tax assets/deferred income tax liabilities Applicable Not

applicable (1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current period and previous periods shall be calculated in accordance with the provisions of the tax law.  
Calculate the amount of income tax that is expected to be paid (or returned). The taxable income on which the current income tax expense is calculated is the root  
Calculated after making corresponding adjustments to the accounting profit before tax in the reporting period in accordance with relevant tax laws.

(2) Deferred tax assets and deferred tax liabilities

Differences between the book value of certain assets and liabilities and their tax bases, and those not recognized as assets and liabilities but  
Temporary differences arising from the difference between the book value of an item whose tax base can be determined in accordance with the tax law and the tax base  
Deferred tax assets and deferred tax liabilities are recognized using the balance sheet liability method.

Relevant to the initial recognition of goodwill and to neither a business combination nor affecting accounting profit and taxable income when it occurs

Taxable temporary differences related to the initial recognition of assets or liabilities arising from transactions (or deductible losses) shall not be recognized.  
related deferred tax liabilities. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures,  
If the company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future  
The related deferred tax liabilities will not be recognized. Except for the above exceptions, the company confirms that all other taxable temporary differences  
Deferred income tax liabilities arising from differences.

Intermediate property in a transaction that is neither a business combination nor affects accounting profits and taxable income (or deductible losses) when it occurs

The deductible temporary differences related to the initial recognition of the assets or liabilities incurred shall not be recognized as related deferred tax assets. also,  
For deductible temporary differences related to investments in subsidiaries, associates and joint ventures, if the temporary difference is not in the foreseeable future.  
It is not probable that it will be reversed in the future, or it is not probable that the taxable income against which the deductible temporary difference can be offset will be obtained in the future.  
Recognize related deferred tax assets. Except for the above-mentioned exceptions, the company may obtain deductible temporary differences  
Deferred income tax assets arising from other deductible temporary differences are recognized within the limit of the taxable income.

For deductible losses and tax credits that can be carried forward to future years, with a high probability of being available against deductible losses and taxes

To the extent that the deductible future taxable income is limited, the corresponding deferred income tax assets are recognized.

On the balance sheet date, for deferred income tax assets and deferred income tax liabilities, in accordance with the provisions of the tax law, the related assets will be recovered as expected.

The applicable tax rate is measured in the period in which the asset or the related liability is settled.

On the balance sheet date, review the book value of deferred tax assets, if it is probable that sufficient

When the taxable income is used to offset the benefits of deferred tax assets, the book value of deferred tax assets is written down. in the likely

When sufficient taxable income is obtained, the written-down amount shall be reversed.

(3) Income tax expense

Income tax expense includes current income tax and deferred income tax.

Current income tax and deferred income tax accounting for transactions and events other than those recognised in other comprehensive income or directly included in shareholders' equity

In addition to adjusting the book value of goodwill in other comprehensive income or shareholders' equity, and deferred income tax arising from business combination, the remaining current period

Income tax and deferred income tax expenses or gains are included in the current profit and loss.

(4) Offset of income tax

When it has the legal right to settle on a net basis and intends to settle on a net basis or to acquire assets and pay off liabilities at the same time, the Company shall

The company's current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

When there is a legal right to settle current income tax assets and current income tax liabilities on a net basis, and deferred income tax assets and deferred income tax

Income tax liabilities are related to income tax levied by the same tax collection authority on the same taxpayer or related to different taxpayers.

However, in each future period in which significant deferred tax assets and liabilities are reversed, the taxable entity involved intends to

When the current income tax assets and liabilities are settled in full, or the assets are acquired and liabilities are paid off at the same time, the company's deferred income tax assets and deferred income

Income tax liabilities are presented on a net basis after offsetting.

#### 42. Leasing

(1) Accounting treatment method of operating lease

(2) Accounting treatment method of finance lease

(3) Determination method and accounting treatment method of lease under the new lease

standard Applicable Not applicable

The following revenue accounting policies apply in 2021 and beyond:

A lease is a contract whereby the lessor transfers the right to use the asset to the lessee for consideration within a certain period of time.

On the contract inception date, the Company assesses whether the contract is a lease or contains a lease. If a party in the contract assigns a certain

The contract is a lease or contains a lease if the right to control the use of one or more identified assets in exchange for consideration during the period. contract

If the contract contains multiple separate leases at the same time, the company will split the contract and conduct accounting treatment for each separate lease. contract

If it contains both lease and non-lease parts, the lessee and the lessor shall separate the lease and non-lease parts for accounting treatment.

(1) The company as the lessee

Right-of-use assets

On the commencement date of the lease period, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. use

The right assets are initially measured at cost. This cost includes: the initial measurement amount of the lease liability; on or before the commencement date of the lease term

The lease payments paid, if there is a lease incentive, deduct the relevant amount of the lease incentive already enjoyed; the initial direct

Expenses; the company dismantles and removes the leased asset, restores the site where the leased asset is located, or restores the leased asset to the terms of the lease

Status of costs that are expected to be incurred, excluding costs that are incurred to produce inventory. The company subsequently adopts the straight-line method to

depreciation of assets. If it can be reasonably determined that the ownership of the leased asset will be obtained when the lease term expires, the company will

Depreciation is accrued over its useful life; otherwise, the leased asset is accrued within the shorter of the lease term and the remaining useful life of the leased asset

depreciation. The company determines whether the right-of-use asset has been impaired in accordance with the principles described in "V. 30. Impairment of long-term assets" in this section.

Accounting for identified impairment losses.

#### Lease liabilities

On the commencement date of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. Lease negative

The debt is initially measured at the present value of outstanding lease payments. Lease payments include: fixed payments (including in-substance fixed

fixed payments), if there is a lease incentive, deduct the amount related to the lease incentive; variable lease payments that depend on an index or ratio; root

The amount expected to be paid based on the residual value of the guarantee provided by the company; the exercise price of the purchase option, provided that the company is reasonably certain that it will exercise

The option; the amount payable for exercising the option to terminate the lease, provided that the lease term reflects that the company will exercise the option to terminate the lease.

The company uses the interest rate implicit in the lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the company's

The incremental borrowing rate serves as the discount rate. The company calculates the interest of the lease liability in each period of the lease term according to the fixed periodic interest rate

Expenses, and included in the current profit and loss or related asset costs. Variable lease payments not included in the measurement of the lease liability are measured when they are actually incurred

Include current profit and loss or related asset cost.

After the commencement date of the lease term, the Company re-measures the lease liabilities and adjusts the corresponding right-of-use assets in the following situations:

If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the difference shall be included in the current profit and loss: when

If there is a change in the evaluation results of the purchase option, lease renewal option or termination option, or the actual exercise of the aforementioned option is different from the original

If the evaluation results are inconsistent, the Company re-measures the lease liability based on the present value of the changed lease payments and the revised discount rate;

When there is a change in the in-substance fixed payment, a change in the estimated amount payable of the residual value guarantee, or an index used to determine lease payments, or

If the ratio changes, the Company re-measures the lease liability according to the present value of the changed lease payments and the original discount rate. but,

Where changes in lease payments result from changes in floating interest rates, a revised discount rate is used to calculate the present value.

#### Short-term leases and low-value asset leases

The company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and assigns related lease payments

The amount is included in the current profit and loss or related asset costs on a straight-line basis in each period of the lease term. Short-term leases, which start at the beginning of the lease term

date, the lease term does not exceed 12 months and does not include a purchase option. Leasing of low-value assets means that a single leased asset is fully

Leases of lower value when new assets. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

#### Lease change

If the lease changes and the following conditions are met at the same time, the company shall account for the lease change as a separate lease:

Lease modification increases the scope of the lease by increasing the right to use one or more of the leased assets; the increased consideration and the scope of the lease increase

The stand-alone prices of the parts are equivalent in amounts adjusted for the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company re-allocates the contract after the change.

consideration, redetermine the lease term, and remeasure the lease at its present value based on the modified lease payments and the revised discount rate

debt. If the lease modification results in the narrowing of the lease scope or the shortening of the lease term, the Company shall reduce the book value of the right-of-use asset accordingly, and

The gains or losses related to the partial or complete termination of the lease are included in the current profit and loss. Other lease changes resulting in a recalculation of the lease liability

If the amount is exceeded, the Company adjusts the book value of the right-of-use asset accordingly.

(2) The company as the lessor

On the lease commencement date, the Company classifies leases into finance leases and operating leases. Finance lease, which means whether ownership is ultimately

A lease that transfers, but essentially transfers, nearly all the risks and rewards associated with ownership of the leased asset. operating leases

Other leases than finance leases. When the company acts as the sublease lessor, the sublease is paid based on the right-of-use asset generated from the original lease.

row classification.

Operating lease accounting

Lease receipts from operating leases are recognized as rental income on a straight-line basis over each period of the lease term. What will happen to the company

The initial direct costs related to operating leases are capitalized and are amortized and included in the current lease period on the same basis as rental income recognition.

period profit and loss. Variable lease payments not included in lease receipts are included in profit or loss for the period when they are actually incurred. If the operating lease is changed,

The company will account for it as a new lease from the effective date of the change, and the pre-received or lease receivables related to the lease before the change will be accounted for.

The amount is considered a receipt for the new lease.

Accounting treatment of financial lease

On the lease commencement date, the Company recognizes the finance lease receivables for the finance lease and derecognizes the finance lease assets. The company's

When the finance lease receivables are initially measured, the net investment in the lease is taken as the entry value of the finance lease receivables. Net lease investment

The amount is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received on the lease commencement date, discounted at the interest rate implicit in the lease. Ben Gong

The company calculates and recognizes the interest income for each period of the lease term according to the fixed periodic interest rate. Derecognition of finance lease receivables

The accounting treatment shall be carried out in accordance with "V. 10 Financial Instruments, (5) Impairment of Financial Instruments" in this section.

Variable lease payments that are not included in the net lease investment measurement are included in the current profit and loss when they are actually incurred.

The following lease accounting policies apply for 2020:

A finance lease is a lease that substantially transfers all risks and rewards associated with ownership of an asset, the ownership of which may eventually be transferred.

to move, or not to move. Leases other than finance leases are operating leases.

(1) The company records the operating lease business as the lessee

Rental expenses under operating leases are included in the cost of relevant assets or current profit and loss on a straight-line basis over each period of the lease term. initial straight

The receiving expenses are included in the current profit and loss. Contingent rentals are included in the current profit and loss when they are actually incurred.

(2) The company records the operating lease business as the lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over each period of the lease term. For larger amounts of initial direct

The overheads are capitalized when incurred, and are included in the current loss in installments on the same basis as the recognition of rental income throughout the lease term.

other initial direct costs with smaller amounts are included in the current profit and loss when incurred. Contingent rentals are included in current losses when they actually occur

beneficial.

(3) The company records the financial leasing business as the lessee

On the lease commencement date, the lower of the fair value of the leased asset on the lease commencement date and the present value of the minimum lease payments

For the entry value of leased assets, take the minimum lease payment as the entry value of long-term payables, and the difference as unrecognized financing

cost. In addition, the initial direct costs attributable to the lease project that occurred during the lease negotiation and signing of the lease contract are also included in the calculation.

The value of the leased-in property. The balance of the minimum lease payments after deducting unrecognized financing charges is for long-term liabilities and long-term liabilities due within one year, respectively.

Period liabilities are presented.

Unrecognized financing expenses are calculated and recognized in the current period using the effective interest rate method during the lease period. Contingent rent actually occurs

included in the current profit and loss.

(4) The company records the financial leasing business as the lessor

On the commencement date of the lease term, the sum of the minimum lease receipts and the initial direct costs on the lease commencement date shall be regarded as the balance of receivables for finance lease payments.

Book value while recording unguaranteed residual value; sum of minimum lease receipts, initial direct costs and unguaranteed residual value to its present value

The difference in the sum is recognized as unrealized financing gain. Long-term claims after deducting unrealized financing income from finance lease receivables

and long-term claims due within one year.

The unrealized financing income shall be calculated and recognized as the current financing income by using the effective interest rate method during the lease period. Contingent rent actually occurs

included in the current profit and loss.

43. Other important accounting policies and accounting estimates Applicable Not

applicable

44. Changes in significant accounting policies and accounting estimates

(1). Changes in important accounting policies

Applicable Not applicable

The content and reasons for changes in accounting policies	approval procedure	Remarks (names and amounts of report items that are significantly affected)
The company will implement the Ministry of Finance revised by the Ministry of Finance from January 1, 2021 "Accounting Standards for Business Enterprises No. 21 - Lease hereinafter collectively referred to as the "New Lease Standards"). According to the relevant provisions on the connection between the old and new standards, the information of the comparable period will not be adjusted. other instructions:	The [Eighth] Meeting of the Eighth Board of Directors	

The Ministry of Finance issued "Accounting Standards for Business Enterprises No. 21 - Leases" on December 7, 2018.

The above new lease standards will be implemented from January 1, 2021. After the [Eighth] Meeting of the Eighth Session of the Board of Directors of the Company in 2021 [04]

On January 22, the resolution was passed, and the company will implement the aforementioned new lease standards from January 1, 2021.

Using a single model similar to the current accounting for finance leases, the new leases standard requires lessees to

All leases other than leases of value assets recognize a right-of-use asset and a lease liability. In order to implement the new lease standard, the company re-evaluates the main

Recognition and measurement, accounting and presentation of lease contracts. In accordance with the provisions of the new tenancy standard, the choice is only for January 2020

The cumulative impact of contracts not yet completed on 1 day is adjusted. The cumulative effect amount of the first execution is adjusted at the beginning of the current period of the first execution (ie

January 1, 2021) The amount of relevant items in the financial statements will not be adjusted for comparable period information. before the date of first execution

The leased assets are operating leases of low-value assets or operating leases that will be completed within 12 months, and simplified treatment is adopted.

Right-of-use assets and lease liabilities.

The main changes and impacts of the implementation of the new lease standards are as follows:

—For operating leases prior to the date of initial application, the company borrows in increments on the date of initial application based on the remaining lease payments

The lease liability is measured at the present value of the discounted interest rate and is charged for an amount equal to the lease liability under each lease and is paid based on prepaid rent.

Make necessary adjustments to measure the right-of-use asset.

#### Impact on January 1, 2021 Financial Statements

report item	December 31, 2020 (before change) Amount January 1, 2021 (after change)			
	Consolidated Statement	Parent company statement	Consolidated Statement	Parent company statement
Other current assets	64,814,829.82	58,599,583.99	63,420,799.98	57,205,554.15
right-of-use asset			12,912,847.85	12,912,847.85
lease liability			11,518,818.01	11,518,818.01

In addition, from the date of initial implementation, the Company will include the cash paid for the repayment of the principal and interest of the lease liability in the cash flow statement.

Cash outflows from financing activities, short-term lease payments made with simplified processing and lease payments for low-value assets and not included in

Variable lease payments measured as lease liabilities are still included in operating cash outflows.

(2). Changes in significant accounting

estimates Applicable Not applicable

(3). The first implementation of the new lease standards from 2021 to adjust the financial statements at the beginning of the year for the first

implementation Applicable Not applicable

#### Consolidated Balance Sheet

Unit: Currency: RMB

project	December 31, 2020 day	January 1, 2021	adjustment
Current assets:			
Monetary	1,060,284,566.99	1,060,284,566.99	
funds settlement reserve			
Loan funds			
Tradable financial assets			
Derivative financial assets			
Notes Receivable	88,700,864.73	88,700,864.73	
Accounts	774,488,234.68	774,488,234.68	
Receivable Financing	324,714,776.99	324,714,776.99	
Advance Payments	6,282,284.68	6,282,284.68	
Premium Receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	8,099,155.12	8,099,155.12	
Including: Interest receivable			
Dividends receivable			
Repurchase of resale financial assets			
Inventory	306,697,349.77	306,697,349.77	
contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	64,814,829.82	63,420,799.98	-1,394,029.84
Total non-current	2,634,082,062.78	2,632,688,032.94	-1,394,029.84
assets:			

Disbursement of loans and advances			
Debt investment			
Other debt investments			
Long-term receivables			
long-term equity investment			
Investment in other equity instruments			
Other non-current financial assets			
investment real estate			
Fixed assets	325,306,034.96	325,306,034.96	
Construction in	22,877,604.22	22,877,604.22	
progress productive biological assets			
oil and gas asset			
Right-of-use assets		12,912,847.85	12,912,847.85
Intangible assets	116,341,192.82	116,341,192.82	
development expenditure			
goodwill			
Long-term deferred	8,361,163.00	8,361,163.00	
expenses Deferred tax	38,204,813.75	38,204,813.75	
assets Other non-current assets	19,621,199.10	19,621,199.10	
Total non-current assets	530,712,007.85	543,624,855.70	12,912,847.85
Total assets Current	3,164,794,070.63	3,176,312,888.64	11,518,818.01
liabilities:			
short-term	40,051,160.70	40,051,160.70	
borrowing from the central bank			
borrowed funds			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills Payable	12,131,938.43	12,131,938.43	
Accounts Payable	1,059,927,293.83	1,059,927,293.83	
Advance Receipts			
Contract liabilities	3,927,195.35	3,927,195.35	
Sales of financial assets under repurchase			
Deposits and deposits			
Agent for buying and selling securities			
Agent underwriting securities			
Payable Employee	77,611,747.48	77,611,747.48	
Salary Payable Taxes	25,625,498.31	25,625,498.31	
Other Payables	20,216,343.05	20,216,343.05	
Including: Interest Payable			
dividends payable			
Fees and commissions			
Reinsurance Accounts Payable			
held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities	171,689,259.58	171,689,259.58	
Total current liabilities	1,411,180,436.73	1,411,180,436.73	
Non-current liabilities:			
Insurance contract reserve			
Long term loan			

Bonds payable			
Of which: preferred stock			
perpetual bond			
Lease liability		11,518,818.01	11,518,818.01
long-term payables			
Long-term employee compensation payable			
Estimated	16,457,042.27	16,457,042.27	
liabilities	2,809,449.07	2,809,449.07	
Deferred income Deferred tax liabilities			
Other non-current liabilities			
Total non-current	19,266,491.34	30,785,309.35	11,518,818.01
liabilities Total	1,430,446,928.07	1,441,965,746.08	11,518,818.01
liabilities Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)	401,000,000.00	401,000,000.00	
Other equity instruments			
Of which: preferred stock			
perpetual bond			
Less capital	655,626,535.70	655,626,535.70	
reserve: treasury shares			
Other comprehensive income			
Special reserves			
Surplus	104,713,483.92	104,713,483.92	
reserve general risk reserve			
Undistributed profits	573,007,122.94	573,007,122.94	
are attributable to owners' equity of the parent company (or shareholders' equity) total	1,734,347,142.56	1,734,347,142.56	
minority interests			
Owner's Equity (or Shareholders' Equity profit) total	1,734,347,142.56	1,734,347,142.56	
liabilities and owners' equity (or shareholders' equity) total	3,164,794,070.63	3,176,312,888.64	11,518,818.01

Description of the adjustment of each item:

☐Applicable ☐Not applicable

The Ministry of Finance issued "Accounting Standards for Business Enterprises No. 21 - Leases" on December 7, 2018.

The above new lease standards will be implemented from January 1, 2021, and adjustments will be made to relevant items in the financial statements.

Parent Company Balance Sheet

Unit: Currency: RMB

project	December 31, 2020 day	January 1, 2021	adjustment
Current Assets:			
Monetary funds	957,050,679.62	957,050,679.62	
for trading financial assets			
Derivative financial assets			
Notes Receivable	88,700,864.73	88,700,864.73	
Accounts	767,876,920.67	767,876,920.67	
Receivable Receivables	324,714,776.99	324,714,776.99	
Financing Advances	6,281,376.40	6,281,376.40	

Other receivables	58,029,357.19	58,029,357.19	
Including: Interest receivable			
Dividends receivable			
Inventory	240,229,650.66	240,229,650.66	
contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	58,599,583.99	57,205,654.15	2,501,483,210.25
Total non-current	2,500,089,180.41		-1,394,029.84
assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	180,000,000.00	180,000,000.00	
Other equity instrument investment			
Other non-current financial assets			
investment real estate			
Fixed assets	164,998,489.81	164,998,489.81	
Construction in progress	21,765,991.90	21,765,991.90	
productive biological assets			
oil and gas asset			
Right-of-use assets		12,912,847.85	12,912,847.85
Intangible assets	81,829,777.23	81,829,777.23	
development expenditure			
goodwill			
Long-term deferred	1,630,379.90	1,630,379.90	
expenses Deferred tax	37,698,197.95	37,698,197.95	
assets Other non-current assets	18,342,829.10	18,342,829.10	
Total non-current assets	506,265,665.89	519,178,513.74	3,007,748,876.14
Total assets Current	3,019,267,694.15		11,518,818.01
liabilities:			
Held-for-trading	40,051,160.70	40,051,160.70	
financial liabilities for short-term borrowings			
Derivative financial liabilities			
Bills Payable	12,131,938.43	12,131,938.43	
Accounts Payable	948,618,469.94	948,618,469.94	
Advance Receipts			
Contract	3,927,195.35	3,927,195.35	
liabilities Payable	68,837,193.82	68,837,193.82	
employee benefits	21,896,615.28	21,896,615.28	
Taxes payable Other	18,111,027.99	18,111,027.99	
payables Including: Interest payable			
dividends payable			
held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities	171,689,259.58	171,689,259.58	
Total current liabilities	1,285,262,861.09	1,285,262,861.09	
Non-current liabilities:			
Long term loan			

Bonds payable			
Of which: preferred stock			
perpetual bond			
Lease liability		11,518,818.01	11,518,818.01
long-term payables			
Long-term employee compensation payable			
Estimated	16,457,042.27	16,457,042.27	
liabilities	2,809,449.07	2,809,449.07	
Deferred income Deferred tax liabilities			
Other non-current liabilities			
Total non-current	19,266,491.34	30,785,309.35	11,518,818.01
liabilities Total	1,304,529,352.43	1,316,048,70.44	11,518,818.01
liabilities Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)	401,000,000.00	401,000,000.00	
Other equity instruments			
Of which: preferred stock			
perpetual bond			
Less capital	669,358,125.42	669,358,125.42	
reserve: treasury shares			
Other comprehensive income			
Special reserves			
Surplus reserve	115,567,930.60	115,567,930.60	
undistributed profit	517,293,467.69	517,293,467.69	
owner's equity (or shareholders' equity profit) total	1,703,219,523.71	1,703,219,523.71	
liabilities and owners' equity (or Shareholders' equity)	3,007,748,876.14	3,019,267,694.15	11,518,818.01

Explanation of the adjustment of each item in total:

ÿApplicable ÿNot applicable

The Ministry of Finance issued "Accounting Standards for Business Enterprises No. 21 - Leases" on December 7, 2018.

The above new lease standards will be implemented from January 1, 2021, and adjustments will be made to relevant items in the financial statements.

(4) Explanation on retrospective adjustment of previous comparative data when the new lease standards are implemented for the first time

from 2021 ÿApplicable ÿNot applicable

#### 45. Other

ÿApplicable ÿNot applicable

#### VI. Taxes 1.

##### Main tax types and tax rates

##### Main tax types and tax rates

ÿApplicable ÿNot applicable

tax	Tax calculation	tax rate
VAT	basis Product sales taxable income at 13%, profit Interest and service income is taxed at 6% Calculate the output tax and allow the deduction for the current period The difference after the deducted input tax is calculated and paid VAT.	6%, 13%
sale tax		

business tax		
Urban Maintenance and Construction	According to the actual paid turnover tax	5%, 7%
Tax Enterprise Income Tax	according to the taxable income	15%, 25%

If there are taxpayers with different corporate income tax rates, an explanation of the disclosure

☐Applicable ☐Not applicable

Name of taxpayer	Income tax rate (%)
Zhejiang Tianzheng Electric Co., Ltd. Zhejiang	15
Tianzheng Intelligent Electric Co., Ltd.	25

## 2. Tax benefits

☐Applicable ☐Not applicable

(1) Corporate income tax incentives and approval documents

According to the National Science and Technology Enterprise Certification Management Leading Group Office issued on February 20, 2019

[2019] Document No. 70 "Reply Letter on the Filing of High-tech Enterprises in Zhejiang Province in 2018", the company has passed the high-tech enterprise certification

and obtained the "High-tech Enterprise Certificate" numbered GR201833003850, which is valid for 3 years, and the corporate income tax has been issued since 2018.

The tax rate is 15% within three years from the beginning of the year.

(2) Reduction of urban land use tax and property tax

According to the Yueqing Municipal Government's Document No. 27 [2018] (issued on June 13, 2018) "The Yueqing Municipal People's Government

According to the "Implementation Opinions on the Reform and Optimization of the Allocation of Resource Elements", the city's annual industrial enterprise "Efficiency per Mu"

The comprehensive evaluation results implement differentiated reduction and exemption of urban land use tax by classification and classification, and the real estate tax for self-use shall refer to the classification of urban land use tax.

The principle of graded reduction and exemption shall be implemented. The company meets the preferential conditions of 100% reduction of urban land use tax and 30% reduction of self-use property tax. son

The company Tianzheng Intelligent Co., Ltd. is eligible for the 80% reduction and exemption of urban land use tax.

## 3. Other

☐Applicable ☐Not Applicable

## 7. Notes to the Consolidated Financial Statements

### 1. Monetary funds

☐Applicable ☐Not applicable

Unit: Currency: RMB

Total	Ending balance	Opening Balance
interest on fixed deposits	22,752.42	22,149.87
of other monetary funds	908,316,138.36 9,470,444.71	1,051,595,712.35
in project cash bank	8,863,472.18	5,522,329.77
deposits Including:	926,672,807.67	3,144,375.00
Deposits deposited		1,060,284,566.99
overseas		
total amount		

other instructions:

As of June 30, 2021, other monetary funds are the guarantee deposit of RMB 9,419,894.86, and the third-party payment platform account

The balance is RMB 50,549.85; the restricted monetary funds are RMB 9,419,894.86.

2. Trading financial assets Applicable

Not applicable

3. Derivative financial assets

Applicable Not applicable

4. Notes receivable (1).

Notes receivable are listed by category

Applicable Not applicable

Unit: Currency: RMB

Project	Ending balance	Opening Balance
Bank Acceptance Notes		
Total Commercial	75,630,468.52	88,700,864.73
Acceptance Notes		88,700,864.73

(2). Notes receivable pledged by the company at the end of the

period Applicable Not applicable

(3) Notes receivable endorsed or discounted by the company at the end of the period and not yet due on the balance sheet date

Applicable Not applicable

(4). At the end of the period, the company transferred the bills to accounts receivable due to the drawer's failure to perform the

contract Applicable Not applicable

Unit: Currency: RMB

project	The amount of accounts receivable transferred at the end of the period
Commercial Acceptance Notes	18,082,669.14
total	18,082,669.14

(5). Disclosure by bad debt provision method Applicable

Not applicable

Unit: Currency: RMB

category	Ending balance					Opening Balance				
	Book balance		Bad debt provision		book value	Book balance		bad debt provision		book value
	amount	example (%)	amount	example (%)		amount	example (%)	amount	example (%)	
Withdrawal by single item										
bad debt provision										
in:										
Withdrawal by combination	81,595,810.56	100.5%	5,965,342.04		75,630,468.52	94,727,859.54	100.6%	6,026,994.81	6.36%	88,700,864.73
Provision for bad										
debts includes:										

using the expected letter loss rate meter										
Provision for bad debts of business receivables promissory note	81,595,810.56	100	5,965,342.04	775,630,468.52	94,727,859.54	100	6,026,994.81	6.36	88,700,864.73	
Total	81,595,810.56	100	5,965,342.04	775,630,468.52	94,727,859.54	100	6,026,994.81	6.36	88,700,864.73	

Provision for bad debts is made on a single item basis:

☐Applicable ☐Not applicable

Provision for bad debts by combination:

☐Applicable ☐Not applicable

Portfolio accrual item: commercial acceptance notes receivable for which bad debt provision is accrued using expected credit loss rate

Unit: Currency: RMB

name	Ending balance		
	Notes	Bad debt	Provision ratio (%)
receivable within 1 year	65,893,719.27	1 to 2 years 4,801,113.04	2 to 3
		provision 3,294,685.96	5
years 900,978.25	Total 81,595,810.56	Recognition of bad debt	2,220,166.96
			15
provision by combination		450,489.13	30
		5,965,342.04	

☐Applicable ☐Not applicable

If the bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☐Applicable ☐Not applicable

#### (6). Provisions for bad debts

☐Applicable ☐Not applicable

Unit: Currency: RMB

category	Opening Balance	The amount of changes			Ending balance
		in the current period	is withdrawn or reversed to	be written off or written off	
Bad debts of bills receivable	6,026,994.81		61,652.77		5,965,342.04
Prepare					
Total	6,026,994.81		61,652.77		5,965,342.04

Among them, the amount of bad debt provision recovered or reversed in the current period is important:

☐Applicable ☐Not applicable

#### (7) Notes receivable actually written off in the current period

☐Applicable ☐Not applicable

other instructions:

☐Applicable ☐Not applicable

#### 5. Accounts receivable

##### (1). Disclosed by age

☐Applicable ☐Not applicable

Unit: Currency: RMB

aging	Closing book balance
Subtotal within 1	1,331,403,129.27
year 1 to 2 years 2	8,273,592.17
to 3 years	4,605,687.07

over 3 years	23,548,134.41
total	1,367,830,542.92

## (2). Disclosure by bad debt provision method

☑Applicable ☐Not applicable

Unit: Currency: RMB

category	Ending balance					Opening Balance				
	Book balance		Bad debt provision		book value	Book balance		bad debt provision		book value
	amount	Proportion (%)	amount	Proportion (%)		amount	Proportion (%)	amount	Proportion (%)	
By item										
bad provision										
Account preparation										
in:										
By combination										
bad provision	1,367,830,542.92	100	93,695,271.60	6.85	1,274,135,271.32	843,781,260.61	100	69,293,025.93	8.21	774,488,234.68
Account preparation										
in:										
by aging										
for credit										
risk feature										
sign up	1,352,716,827.57	98.90	80,813,912.49	5.97	1,271,902,915.08	828,762,658.10	98.22	56,350,066.44	6.80	772,412,591.66
receive money										
involving a lawsuit										
litigation	15,113,715.35	1.10	12,881,359.11	85.23	2,232,356.24	15,018,602.51	1.78	12,942,959.49	86.18	2,075,643.02
receive money										
total	1,367,830,542.92	/	93,695,271.60	/	1,274,135,271.32	843,781,260.61	/	69,293,025.93	/	774,488,234.68

Provision for bad debts is made on a single item basis:

☑Applicable ☐Not applicable

Provision for bad debts by combination:

☑Applicable ☐Not applicable

Portfolio accrual items: receivables with aging as credit risk characteristics

Unit: Currency: RMB

name	Ending balance		
	Accounts	Bad debt	Provision ratio (%)
Recognition	receivable 1,329,852,283.48	provision 66,492,614.19	5
standards and	7,454,585.83	1,118,187.87	15
explanations for	4,413,695.66	2,206,847.83	50
bad debts	10,996,262.60	10,996,262.60	100
accrued by	1,352,716,827.57	80,813,912.49	

combination within 1 year, 1 to 2 years, 2 to 3 years, and more than 3 years:

☑Applicable ☐Not applicable

If the bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☑Applicable ☐Not applicable

## (3). The situation of bad debt provision

☑Applicable ☐Not applicable

Unit: Currency: RMB

Category	Beginning Balance	Amount of change in the current period			That he Change move	Ending balance
		accrual	retract or turn back	write off or write off		
accounts receivable						
bad debt Prepare	69,293,025.93 24,636,126.89	20,946.52 254,827.74				93,695,271.60
Total	69,293,025.93 24,636,126.89	20,946.52 254,827.74	Among them, the amount of bad debt reserves recovered or			93,695,271.60

reversed in the current period is important:

ÿApplicable ÿNot applicable

(4) Accounts receivable actually written off in the current period

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Accounts	Write-off amount
receivable actually written off by project	254,827.74

Among them, the important accounts receivable write-off situation

ÿApplicable ÿNot applicable

Accounts receivable write-off instructions:

ÿApplicable ÿNot applicable

(5) The accounts receivable of the top five ending balances collected by debtors

ÿApplicable ÿNot applicable

The aggregate amount of the top five accounts receivable at the end of the year collected by the debtor is 298,965,674.90 yuan, accounting for the annual accounts receivable

The ratio of the total amount at the end of the year is 21.86%, and the total amount of the year-end balance of the corresponding provision for bad debts is 15,607,116.19 yuan.

(6). Accounts receivable derecognized due to transfer of financial assets

ÿApplicable ÿNot applicable

(7) Amount of assets and liabilities formed by transferring accounts receivable and continuing

involvement ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

6. Receivables financing

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	Closing balance	Opening Balance
Bills Receivable	217,692,058.62 10,054,645.64	324,714,776.99
Accounts Receivable		
total	227,746,704.26	324,714,776.99

Increase/decrease changes and fair value changes of receivables financing in the current period:

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	End of period					
	initial cost	profit interest tune all	Accrued interest interest	fair value change move	Book value	Impairment provision
bills receivable	217,692,058.62				217,692,058.62	
accounts receivable	10,682,037.11			-627,391.47	10,054,645.64	627,391.47
Total	228,374,095.73			-627,391.47	227,746,704.26	627,391.47

(continued from above table)

project	Beginning number					
	initial cost	Interest Adjustment	Accrued interest	fair value change move	Book value	Impairment provision
bills receivable	324,714,776.99				324,714,776.99	
Total	324,714,776.99				324,714,776.99	

If the bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	End of period		
	Book balance	Impairment provision	Provision ratio (%)
Total Accounts Receivable	10,682,037.11	627,391.47	5.87
Portfolio	10,682,037.11	627,391.47	5.87

other instructions:

ÿApplicable ÿNot applicable

Notes receivable endorsed or discounted at the end of the period and not yet due on the balance sheet date

Amount to be derecognized at the end of the project period	
Bank acceptance bill 281,615,924.38	
Subtotal 281,615,924.38	

The bills receivable at the end of the period are all bank acceptance bills receivable, and the risk has not increased significantly since the initial recognition, so there is no need to make provision for impairment in the current period.

## 7. Prepayments (1).

Prepayments are listed by aging ÿApplicable

ÿNot applicable

Unit: Yuan Currency: RMB Beginning

aging	Ending balance		Balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	17,980,948.37	100	6,282,284.68	100
1 to 2 years				
2 to 3 years				
over 3 years				
total	17,980,948.37	100	6,282,284.68	100

Explanation of the reasons for not timely settlement of prepayments with an age of more than 1 year and an important amount:

No significant prepayments aged over 1 year at the end of the period

(2) Prepayments of the top five ending balances collected by prepayment objects

☐Applicable ☐Not applicable

company name	Book balance	Percentage of prepayment balance (%)
1st place	897,008.50	4.99
2nd place	853,600.00	4.75
3rd place	790,617.00	4.40
4th place	720,450.00	4.01
5th place	648,000.00	3.60
Subtotal	3,909,675.50	21.74

other instructions

☐Applicable ☐Not applicable

8. List of other receivables

☐Applicable ☐Not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Interest receivable		
Dividends receivable		
Other receivables	42,185,421.94	8,099,155.12
total	42,185,421.94	8,099,155.12

other instructions:

☐Applicable ☐Not applicable

Interest receivable

(1). Classification of interest

receivable ☐Applicable ☐Not applicable

(2). Important overdue interest

☐Applicable ☐Not applicable

(3). Provision for bad debts ☐Applicable

☐Not applicable

other instructions:

☐Applicable ☐Not applicable

Dividends

receivable (1). Dividends

receivable ☐Applicable ☐Not applicable

(2). Important dividends receivable aged over 1 year ☐Applicable

☐Not applicable

## (3). Provision for bad debts ýApplicable

ýNot applicable

other instructions:

ýApplicable ýNot applicable

## Other receivables

## (4). Disclosed by age

ýApplicable ýNot applicable

Unit: Currency: RMB

aging	Closing book balance
within 1 year	
Of which: sub-items within 1 year	
Within 1 Year	42,198,024.08
Subtotal 1 to 2 Years	2,188,429.93
2 to 3 Years 3 Years	438,656.92
Above 3 to 4 Years	883,546.00
4 to 5 years	
5+ years	
total	45,708,656.93

## (5). Classification by nature of payment

ýApplicable ýNot applicable

Unit: Currency: RMB

nature of payment	Ending book balance	Opening book balance
Guaranteed	37,712,021.60	7,626,234.70
reserve fund	3,412,629.02	331,496.98
Immediately levied value-added tax	316,103.34	690,974.15
refund Others	4,267,902.97	1,219,020.32
total	45,708,656.93	9,867,726.15

## (6). Provision for bad debts ýApplicable

ýNot applicable

Unit: Currency: RMB

bad debt provision	The first stage	Expected letter for	The third phase	total
	Expected credit losses over the next 12 months	the entire duration of the second stage With loss (not occurred letter use impairment)	Lifetime Expectation Letter With loss (occurred letter use impairment)	
More than January 1, 2021	1,215,290.86	533,280.17	20,000.00	1,768,571.03
More than January 1, 2021 amount in this issue				
--Transfer to the second stage	-50,000.00	--Transfer	50,000.00	
to the third stage				
-- go back to the second stage				
-- go back to the first stage				

This period's accrual is	1,835,778.73	-29,114.77	-20,000.00	1,786,663.96
reversed in this period				
Resale in this period				
Write-off of other	32,000.00			32,000.00
changes in the current period				
June 30, 2021 balance	2,969,069.59	554,165.40		3,523,234.99

Explanation on the significant changes in the book balance of other receivables with changes in loss provision in the current period:

ÿApplicable ÿNot applicable

The amount of provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

ÿApplicable ÿNot applicable

(7). Provisions for bad debts

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Category	Beginning Balance	Amount of change in the current period				Ending balance
		accrual	withdraw or turn back	resell or nuclear pin	other changes move	
Other receivables	1,768,571.03			32,000.00		3,523,234.99
bad debt provision	1,786,663.96					
Total	1,768,571.03			32,000.00		3,523,234.99

Among them, the amount of bad debt provision reversed or recovered in the current period is important:

ÿApplicable ÿNot applicable

(8). Other receivables actually written off in the current period

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Other	Write-off amount
receivables actually written off by the project	32,000.00

Among them, the write-off of other important receivables:

ÿApplicable ÿNot applicable

Notes on write-off of other receivables:

ÿApplicable ÿNot applicable

(9) Other receivables with the top five ending balances collected by debtors ÿApplicable

ÿNot applicable

Unit: Currency: RMB

Name of the unit	The nature of the payment	Closing balance	Aging	account for other receivables total closing balance Proportion(%)	bad debt provision Ending balance
1st place	Security deposit	20,000,000.00	Security deposit	43.76	1,000,000.00
2nd place	within 1 year	10,000,000.00	Security deposit within 1	21.88	500,000.00
3rd place	year	1,510,000.00	1-2 year security deposit	3.30	226,500.00
4th place	800,000.00	Security deposit within 1	within 1	1.75	40,000.00
5th place	year			1.36	31,000.00

total	/	32,930,000.00	/	72.05	1,797,500.00
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(10). Accounts receivable involving government

subsidies Applicable Not applicable

(11). Other receivables derecognized due to transfer of financial assets

Applicable Not applicable

(12) Amount of assets and liabilities formed by transferring other receivables and continuing to be

involved Applicable Not applicable

other instructions:

Applicable Not applicable

## 9. Inventory

(1). Inventory classification

Applicable Not applicable

Unit: Currency: RMB

project	Closing balance			Opening Balance		
	Book balance	inventory depreciation standard preparation/contract performance cost impairment	book value book balance	inventory depreciation standard preparation/contract performance cost impairment	Book value	
Raw materials	91,266,189.78	1,272,077.69	89,994,112.09	72,727,245.51	1,895,272.46	70,831,973.05
Goods in stock	221,337,270.00	3,335,130.83	218,002,139.17	210,535,004.07	1,741,387.42	208,793,616.65
Semi-finished products	18,376,806.61	538,938.49	17,837,868.12	19,350,712.43	416,744.95	18,933,967.48
Low value and easy consumption Taste	2,822,490.44	102,824.43	2,719,666.01		739,720.44	66,659.33
Commodities generated	12,698,134.34	178,926.01	12,519,208.33	7,494,866.61	30,135.13	7,464,731.48
Total	346,500,891.17	5,427,897.45	341,072,993.72	310,847,549.06	4,150,199.29	306,697,349.77

(2). Provision for depreciation of inventories and provision for impairment of contract performance

costs Applicable Not applicable

Unit: Currency: RMB

Project opening balance	The increase in the		Amount reduced for this period		Ending balance
	current period	is accrued to other	reversal or write-off	of other	
Raw materials	1,895,272.46	959,229.93	1,582,424.70	Stockists	1,272,077.69
	1,741,387.42	3,233,376.45	1,639,633.04		3,335,130.83
Semi-finished products	416,744.95	Low	484,030.17		538,938.49
value easy Consumables	66,659.33		39,364.75		102,824.43
issuer Taste	30,135.13		174,424.66		178,926.01
Total	4,150,199.29	4,890,425.97		3,612,727.81	5,427,897.45

(3) Explanation that the closing balance of inventory contains the capitalized amount of borrowing

costs Applicable Not applicable

(4) Explanation on the amortization amount of contract performance costs in the current

period Applicable Not applicable

According to the new revenue standard, when an enterprise sells goods to customers, it is agreed that the enterprise needs to deliver the goods to the place designated by the customer.

In general, the transportation activities that occurred before the transfer of control to the customer does not constitute a single performance obligation, but only the enterprise

For the activities undertaken by the business in order to perform the contract, the relevant transportation expenses shall be regarded as the contract performance cost. This issue is directly produced due to the sale of goods

The transportation cost of RMB 11,872,988.48 was amortized as contract performance cost.

other instructions:

Applicable Not applicable

10. Contract assets (1).

Conditions of contract assets

Applicable Not applicable

Unit: Currency: RMB

project	closing balance opening balance			
	Provision for impairment of book balance	Book value of provision for impairment of book balance	Book value of provision for impairment of book balance	Book value of provision for impairment of book balance
Quality guarantee	6,673,063.46	1,283,556.51	5,389,506.95	
Total	6,673,063.46	1,283,556.51	5,389,506.95	

(2) Amount and reasons for significant changes in book value during the reporting period

Applicable Not applicable

(3) Provision for impairment of contract assets in the current

period Applicable Not applicable

Unit: Currency: RMB

Total	Reason for write-off/write-off of current period accrual and current period reversal		
Project Quality	1,283,556.51		
Guarantee	1,283,556.51		/

If the bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

Applicable Not applicable

other instructions:

Applicable Not applicable

11. Assets held for sale

Applicable Not applicable

12. Non-current assets due within one year

Applicable Not applicable

Unit: Currency: RMB

Debt	Closing balance	Opening Balance
investment due within one year of the project	31,249,999.99	0

total	31,249,999.99	0
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Significant debt investments and other debt investments at the end of the period:

☐Applicable ☐Not applicable

Unit: 10,000 Yuan Currency: RMB

project	Ending balance				Opening Balance			
	face value	coupon rate	actual profit Rate	face value at maturity	coupon rate Rate	actual profit Rate	expiry date	
Hengan Besson 06705 Orientation financing plan	3,000	10	10.2022-	03-10				
Total	3,000	/	/	/	/	/	/	

### 13. Other current assets

☐Applicable ☐Not applicable

Unit: Currency: RMB

Project	Closing	Opening Balance
contract acquisition cost to be	balance 10,688,816.79	7,009,855.36
deducted Input tax prepaid	38,531,390.76	32,700,309.84
expenses Sales rebate is expected	5,169,121.41	3,152,816.40
to deduct output tax Prepaid income tax	16,407,732.56	19,646,451.74
		911,366.64
total	70,797,061.52	63,420,799.98

other instructions:

none

### 14. Debt investment

#### (1). Debt investment

☐Applicable ☐Not applicable

(2). Important debt investments at the end of the period

☐Applicable ☐Not applicable

(3). Withdrawal of provision for impairment

☐Applicable ☐Not applicable

### 15. Other debt investments

#### (1). Other debt investments

☐Applicable ☐Not applicable

(2). Other important debt investments at the end of the

period ☐Applicable ☐Not applicable

(3). Withdrawal of provision for impairment

☐Applicable ☐Not applicable

other instructions:

ÿApplicable ÿNot applicable

16. Long-term receivables (1)

Long-term receivables ÿApplicable ÿNot

applicable

(2) Provision for bad debts ÿApplicable ÿNot

applicable

(3) Long-term receivables derecognized due to transfer of financial assets ÿApplicable

ÿNot applicable

(4) Amount of assets and liabilities formed by transferring long-term receivables and continuing to be

involved ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

17. Long-term equity investment

ÿApplicable ÿNot applicable

18. Investment in other equity instruments (1).

Investment in other equity instruments ÿApplicable

ÿNot applicable

(2) Investment in non-trading equity instruments ÿApplicable ÿNot

applicable

other instructions:

ÿApplicable ÿNot applicable

19. Other non-current financial assets ÿApplicable

ÿNot applicable

20. Investment real estate investment

real estate measurement model

not applicable

21. List of fixed assets items

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	Closing balance	Opening Balance
Total fixed assets	319,524,960.56 346,556.86	325,015,796.62
liquidation of fixed assets	319,871,517.42	290,238.34
		325,306,034.96

other instructions:

none

Fixed assets (1):

Fixed assets Applicable Not applicable

Unit: Currency: RMB

Project houses and buildings special equipment transportation equipment machinery equipment		office equipment and other	total
1. The original book value:			
1. Beginning of the period Balance	313,850,941.07 31,928,713.74 11,831,956.17 162,877,856.23 42,564,051.93		563,053,519.14
2. Current Period increase amount		3,573,974.88 1,265,136.13 6,734,982.97 4,463,110.62	16,037,204.60
(1) purchase		2,439,037.45 1,265,136.13 6,285,027.21 4,441,102.07	14,430,302.86
(2) construction in progress enter		1,134,937.43	449,955.76 22,008.55 1,606,901.74
(3) business combination increase add			
3. This issue reduce amount		1,284,123.86	638,016.35 5,744,611.81 653,093.34 8,319,845.36
(1) Disposal or Scrap 4.		1,284,123.86	638,016.35 5,744,611.81 653,093.34 8,319,845.36
Period End Balance	313,850,941.07 34,218,564.76 12,459,075.95 163,868,227.39 46,374,069.21		570,770,878.38
2. Accumulated discount old			
1. Beginning of the period Balance	107,305,345.64 20,490,599.57 9,660,856.81 69,166,251.55 31,414,668.95		238,037,722.52
2. Current Period increase amount	6,622,193.42 1,680,482.40	367,997.95 7,202,137.96 3,089,433.50	18,962,245.23
(1) 3. The	6,622,193.42 1,680,482.40	367,997.95 7,202,137.96 3,089,433.50	18,962,245.23
current period reduce amount		1,172,344.14	606,115.53 3,366,648.53 608,941.73 5,754,049.93
(1) Disposal or Scrap 4.		1,172,344.14	606,115.53 3,366,648.53 608,941.73 5,754,049.93
Period End Balance	113,927,539.06 20,998,737.83 9,422,739.23 73,001,740.98 33,895,160.72		251,245,917.82
III. Impairment criteria prepare			

1. Beginning of the period balance							
2. This issue increase amount							
(1) accrual							
3. This issue reduce the amount							
(1) Dispose of or scrap							
4. End of period balance							
4. Book price value							
1. Period-end book Value	199,923,402.01	13,219,826.93	3,036,336.72	90,866,486.41	12,478,903.49		319,524,960.56
2. Opening book value	206,545,595.43	11,438,114.17	2,171,099.36	93,711,604.68	11,149,382.98		325,015,796.62

(2). Temporarily idle fixed assets Applicable Not

applicable

Unit: Currency: RMB

Accumulated depreciation and depreciation reserve for original book value of items	Book value of machinery and	Remark
equipment 35,897.44 19,324.79 16,572.65		
Special equipment 489,846.75 363,841.58 126,005.17		
Subtotal 525,744.19 383,166.37 142,577.82		

(3) Fixed assets leased through financial lease Applicable Not

applicable

(4) Fixed assets leased out through operating lease

Applicable Not applicable

(5) Fixed assets for which the certificate of title has not been

obtained Applicable Not applicable

other instructions:

Applicable Not applicable

Fixed assets liquidation

Applicable Not applicable

Unit: Currency: RMB

Project-	Ending balance	Opening Balance
specific equipment cleaning,	23,061.83	25,832.89
mechanical equipment	321,503.78	257,066.48
cleaning, office and other equipment	1,991.25	7,338.97
cleaning total	346,556.86	290,238.34

other instructions:

The reason for transfer to liquidation is asset scrapping

22. List of projects under

construction

☑Applicable ☐Not applicable

Unit: Currency: RMB

project	Closing	Opening Balance
Construction in progress	balance 46,738,591.23	22,877,604.22
<b>total</b>	<b>46,738,591.23</b>	<b>22,877,604.22</b>

other instructions:

none

Construction in progress

(1). Construction in progress

☑Applicable ☐Not applicable

Unit: Currency: RMB

project	Closing balance			Opening Balance		
	Book balance	impairment standard prepare	Book value	Book balance	Impairment criteria prepare	Book value
R & D center construction Project	95,149.45		95,149.45			
low voltage electrical assembly	4,511,328.52		4,511,328.52 2,863,688.26			2,863,688.26
Equipment Salt Pan Project	1,656,249.06		1,656,249.06	515,849.06		515,849.06
Sporadic Project 211,620.15 Based on Made in			211,620.15			
2025 direction low expansion of piezoelectric appliances build project	40,017,341.41 Production capacity		40,017,341.41 19,335,881.98			19,335,881.98
Intelligent low voltage electricity device product expansion set project	246,902.64		246,902.64	162,184.92		162,184.92
<b>Total 46,738,591.23</b>			<b>46,738,591.23 22,877,604.22</b>			<b>22,877,604.22</b>

(2). Changes in important projects under construction in the current

period ☑Applicable ☐Not applicable

Unit: Currency: RMB

Item name	Budget number	beginning of the period balance	Increase in this period	This period is transferred to fixed Asset amount	Other reductions in this period small amount	end of period balance	Engineering fixed asset investment account for the budget Proportion(%)	Engineering progress Spend	interest payment localization Calculate this amount	etc: current profit interest capital Amount to be committed	Book value change Rate (%)	Book value change Rate (%)
low voltage device assembly equipment		2,863,688.2	3,052,549.0	1,404,908.7		4,511,328.5						
		6	5	9		2						

Salt pan project		515,849.06	1,140,400.00			1,656,249.06												
Sporadic Engineering			592,220.15			380,600.00	211,620.15											Own funds Own funds
The expansion and construction project of intelligent low-voltage electrical products is based on Chinese manufacturing 2025-oriented low-voltage electrical capacity expansion projects	152,890,000.00	162,184.92	396,460.16	311,742.44			246,902.64	8.27	8.27									Fund raising
R&D Center Construction Project	83,280,000.00		95,149.45				95,149.45	5.09	5.09									Fund raising
total	660,353,018.88	22,877,604.22	25,958,238.24	1,716,651.23	380,600.00	46,738,591.23	/	/										//

(3). Provision for impairment of construction in progress in the current period  
 Applicable Not applicable Other explanations Applicable Not applicable  
 applicable

#### Engineering

materials Applicable Not applicable

#### 23. Productive biological assets (1).

The productive biological assets using the cost measurement model

Applicable Not applicable (2). The productive biological assets using

the fair value measurement model Applicable Not applicable Other explanations

Applicable Not applicable

#### 24. Oil and gas properties

Applicable Not applicable

#### 25. Right-of-use assets

Applicable Not applicable

Unit: Yuan Currency: RMB Total

Item	building	
1. Original book value 1.		
Beginning balance	12,912,847.85	12,912,847.85

2. The increase in the current period	2,466,694.66	2,466,694.66
3. The decrease in the current period		
4. Closing balance 2.	15,379,542.51	15,379,542.51
Accumulated depreciation		
1. Opening balance		
2. Increase in current period	3,419,173.99	3,419,173.99
(1) Accrual 3. Decrease	3,419,173.99	3,419,173.99
in current period		
(1) Disposal		
4. Closing balance	3,419,173.99	3,419,173.99
III. Provision for impairment		
1. Opening balance		
2. The increase in the current period		
(1) Provision		
3. The amount reduced in the current period		
(1) Disposal		
4. Closing balance		
4. Book value		
1. Book value at the end of the period 2.	11,960,368.52	11,960,368.52
Book value at the beginning of the period		

other instructions:

none

## 26. Intangible assets

(1). Intangible assets ÿApplicable

ÿNot applicable

Unit: Currency: RMB

project	land use right patent		non-patent technology technique	software	total
1. Original book value					
1. Opening balance of	117,738,799.76	2.		28,936,483.43	146,675,283.19
in the current period				1,196,871.95	1,196,871.95
amount				1,196,871.95	1,196,871.95
(1) Purchase					
(2) Internal					
(3) Enterprises					
Merge increase					
3. Decrease in this period					
amount					
(1) Disposal					
4. Closing balance of	117,738,799.76	2.		30,133,355.38	147,872,155.14
Accumulated amortization					
1. Opening balance of	19,808,840.53	2.		10,525,249.84	30,334,090.37
in the current period	1,317,732.39			1,470,576.72	2,788,309.11
amount					

(1) Meter carry	1,317,732.39			1,470,576.72	2,788,309.11
3. Decrease in this period amount					
(1) Disposal					
4. Closing balance 21, provision	26,572.92 3. Impairment			11,995,826.56 33,122,399.48	
1. Opening balance					
2. Increase in this period amount					
(1) Meter carry					
3. Decrease in this period amount					
(1) Disposal					
4. Closing balance					
4. Book value					
1. Period-end book Value	96,612,226.84			18,137,528.82 114,749,755.66	
2. Opening book Value At	97,929,959.23			18,411,233.59 116,341,192.82	

the end of the current period, the intangible assets formed through the company's internal research and development accounted for 0% of the balance of intangible assets

(2). Status of land use rights for which the title certificate has not been

obtained Applicable Not applicable

other instructions:

Applicable Not applicable

27. Development expenditure

Applicable Not applicable

28. Goodwill

(1). The original book value of

goodwill Applicable Not applicable

(2). Provision for impairment of

goodwill Applicable Not applicable

(3). Information about the asset group or combination of asset groups where the goodwill

belongs Applicable Not applicable

(4) Explain the goodwill impairment test process, key parameters (such as the forecast period growth rate when the present value of future cash flows is estimated, stability period growth rate, profit margin, discount rate, forecast period, etc., if applicable) and recognition method for impairment loss of goodwill

Applicable Not applicable

(5). Impact of goodwill impairment test

ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

29. Long-term deferred expenses

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	Opening Balance	Increase in this period		other reductions	Ending balance
		Forehead	Amortization amount for the current period		
Decoration fee 7,850,454.53 Others 510,708.47		832,877.79	1,660,350.01	105,283.02	7,022,982.31
Total 8,361,163.00 Other explanations:		282,753.68	938,160.81	1,943,103.69	333,237.81
					7,356,220.12

none

30. Deferred tax assets/deferred tax liabilities

(1). Deferred income tax assets before offsetting

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	Closing balance		Opening Balance	
	deductible temporary difference	Deferred income tax assets	deductible temporary difference	Deferred income tax assets
Asset Impairment Reserve	108,627,073.63	16,484,589.20	81,238,791.06	12,376,346.81
Internal Transaction Unrealized Profit	384,661.97	78,624.99	148,712.33	30,295.41
To Be Paid Sales Service Fee To Be	8,140,642.93	1,221,096.44	4,045,171.36	606,775.70
Paid Discount Rebate Product Quality	127,678,538.67	19,151,780.80	151,485,596.62	22,722,839.49
Deposit Can Make Up For Loss Share	18,833,242.93	2,824,986.44	16,457,042.27	2,468,556.34
Payment Others	16,259,963.48	4,064,990.87		
	2,778,300.00	416,745.00		
	627,391.47	94,108.72		
total	283,329,815.08	44,336,922.46	253,375,313.64	38,204,813.75

(2). Deferred income tax liabilities that have not been offset

ÿApplicable ÿNot applicable

(3). Deferred income tax assets or liabilities listed in net amount after offset

ÿApplicable ÿNot applicable

(4). Details of unrecognized deferred tax assets

ÿApplicable ÿNot applicable

(5). Deductible losses of unrecognized deferred tax assets will expire in the following years

ÿApplicable ÿNot applicable

other instructions:

•Applicable •Not applicable

### 31. Other non-current assets

•Applicable •Not applicable

Unit: Currency: RMB

project	Closing balance			Opening Balance		
	Book balance	impairment Prepare	book value book balance	impairment Prepare	Book value	
prepaid work	86,088.00		86,088.00	245,500.00	245,500.00	
prepaid trip Reserve	38,848,050.00		38,848,050.00	18,035,080.00	18,035,080.00	
prepayment none tangible assets Purchase money	1,502,975.15		1,502,975.15	1,340,619.10	1,340,619.10	
<b>Total</b>	<b>40,437,113.15</b>	<b>Other</b>	<b>40,437,113.15</b>	<b>19,621,199.10</b>	<b>19,621,199.10</b>	

descriptions:

none

### 32. Short-term loans

(1). Classification of short-term loans

•Applicable •Not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Explanation on the classification of short-term borrowings by total short-term	90,000,000.00	40,000,000.00
	103,583.34	51,160.70
<b>term</b>	<b>90,103,583.34</b>	<b>40,051,160.70</b>

borrowing interest on guaranteed loans and credit loans:

Borrowing Unit	Loan Start Date	Loan End Date	Annual Interest Rate %	Industrial and	principal
Tianzheng Electric	Commercial Bank of China Co., Ltd. Yueqing Sub-branch	2021-03-05	2022-03-31	3.85	10,000,000.00
Tianzheng Electric	China CITIC Bank Co., Ltd. Wenzhou Liushi Sub-branch	2021-04-19	2022-04-19	3.85	10,000,000.00
Tianzheng Electric	ICBC Co., Ltd. Yueqing Sub-branch	2021-03-22	2022-03-22	3.85	20,000,000.00
Tianzheng Electric	Agricultural Bank of China Co., Ltd. Yueqing Sub-branch	2021-04-26	2022-04-25	3.70	30,000,000.00
Tianzheng Electric	China Construction Bank Co., Ltd. Yueqing Sub-branch	2021-02-26	2022-02-25	3.70	20,000,000.00
<b>total</b>					<b>90,000,000.00</b>

(2). Short-term borrowings that have been overdue but not repaid

ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

33. Trading financial liabilities

ÿApplicable ÿNot applicable

34. Derivative financial liabilities

ÿApplicable ÿNot applicable

35. Notes payable

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Types of	Ending balance	Opening Balance
Commercial Acceptance Bills		
Bank acceptance bills 126,607,412.04	Total 126,607,412.04 The total amount of bills payable due	12,131,938.43
but not paid at the end of the period is 0 yuan.		12,131,938.43

36. Accounts payable

(1). List of accounts payable

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	Closing	Opening Balance
material	balance 1,285,487,297.84	1,059,927,293.83
total	1,285,487,297.84	1,059,927,293.83

(2). Important accounts payable aged over 1 year ÿApplicable

ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

37. Advance receipts

(1). List of advance receipts

ÿApplicable ÿNot applicable

(2). Important advance receipts aged over 1 year

ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

## 38. Contract liabilities

## (1) Contract liabilities

☐Applicable ☐Not applicable

Unit: Currency: RMB

project	Closing	Opening Balance
Advance payment	balance 6,681,682.31	3,927,195.35
<b>total</b>	<b>6,681,682.31</b>	<b>3,927,195.35</b>

## (2) Amount and reasons for significant changes in book value during the reporting period

☐Applicable ☐Not applicable

other instructions:

☐Applicable ☐Not applicable

## 39. Employee benefits payable

## (1). List of employee benefits payable

☐Applicable ☐Not applicable

Unit: Currency: RMB

project	Opening Balance	Increase in this period	Decrease the closing balance of the current period	
1. Short-term compensation	76,425,536.07	236,974,935.50	247,411,318.87	65,989,152.70
2. Post-employment benefits - set				
3. Dismissal benefit	1,186,211.41	11,961,261.72	11,060,861.04	2,086,612.09
4. Others		822,716.00	822,716.00	
due within one year				
He Welfare				
<b>total</b>	<b>77,611,747.48</b>	<b>249,758,913.22</b>	<b>259,294,895.91</b>	<b>68,075,764.79</b>

## (2). List of short-term remuneration

☐Applicable ☐Not applicable

Unit: Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
1. Wages, bonuses, allowances and subsidy	73,174,662.95	213,526,901.22	224,301,951.60	62,399,612.57
2. Employee welfare expenses		8,294,288.99	8,294,288.99	
Social insurance expenses	1,330,613.17	8,774,548.22	8,575,852.64	1,529,308.75
Including: medical insurance premiums,	1,307,574.32	8,381,760.78	344,776.01	321,837.59
work-related injury insurance premiums,	17,950.61	48,011.43	45,278.80	40,889.03
maternity insurance premiums	5,088.24		4,117,360.40	7,820.87
4.	303,306.20	4,052,625.20		368,041.40
Housing provident fund	1,616,953.75	2,261,836.67	2,186,600.44	1,692,189.98
5. Trade union funds and employee education				
6. Short-term paid absences				
7. Short-term profit sharing plan				

total	76,425,536.0	236,974,935.5	247,411,318.8	65,989,152.70
	7	0	7	

## (3). List of defined withdrawal plans

☐Applicable ☐Not applicable

Unit: Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
1. Basic endowment insurance	1,144,538.79	11,553,916.8	10,682,273.71	2,016,181.90
		2		
2. Unemployment insurance	41,672.62	407,344.90	378,587.33	70,430.19
premiums 3. Enterprise annuity contributions				
total	1,186,211.41	11,961,261.7	11,060,861.04	2,086,612.09
		2		

other instructions:

☐Applicable ☐Not applicable

## 40. Taxes payable

☐Applicable ☐Not applicable

Unit: Currency: RMB

project	Closing	Opening Balance
Value-added	balance 7,677,617.06	13,154,816.22
tax, corporate income	12,844,039.35	6,502,460.83
tax, individual income	7,219,101.94	884,273.41
tax, urban maintenance and	521,838.32	700,742.64
construction tax, education	293,109.10	402,892.98
fee plus local education fee,	195,406.06	268,595.32
land use tax, stamp duty, real	450,660.00	180,264.00
estate tax	91,274.04	517,059.24
	1,517,482.38	3,014,393.67
Total	30,810,528.25	25,625,498.31

other notes:

none

## 41. List of other payables

☐Applicable ☐Not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Interest payable		
dividends payable		
Other payables	53,471,765.27	20,216,343.05
total	53,471,765.27	20,216,343.05

other instructions:

none

Interest payable

ÿApplicable ÿNot applicable

Dividends

payable ÿApplicable ÿNot applicable

Other payables (1).

Other payables are listed according to the nature of the

payment ÿApplicable ÿNot applicable

Unit: Currency: RMB

The	Closing	Opening Balance
project has not paid the sales service fee,	balance 8,140,642.96	4,045,171.36
the equipment payment has not paid the	10,803,319.84	3,071,463.57
freight, the advertising fee, the deposit,	4,115,020.05	3,893,288.69
the quality guarantee gold, the construction	33,000.00	388,954.30
fee, the house lease fee, and the restricted	342,883.78	3,163,082.68
stock repurchase obligation.	4,688,555.15	295,503.50
	202,500.00	512,380.00
	21,403,485.00	
	3,742,358.49	4,846,498.95
total	53,471,765.27	20,216,343.05

(2). Important other payables aged over 1 year

ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

42. Liabilities held for sale

ÿApplicable ÿNot applicable

43. Non-current liabilities due within one year

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Total	Closing	Opening Balance
lease liabilities due within one year	balance 6,119,823.02	0
of the project 44.	6,119,823.02	0

Other current liabilities ÿApplicable

ÿNot applicable

Unit: Currency: RMB

Project	Closing	Opening Balance
has accrued unpaid sales rebates	balance 144,276,744.18	171,178,724.18

Total output tax to be	868,618.70	510,535.40
transferred	145,145,362.88	171,689,259.58

Changes in short-term bonds payable:

ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

45. Long-term loans (1).

Classification of long-term loans

ÿApplicable ÿNot applicable

Additional notes, including interest rate ranges:

ÿApplicable ÿNot applicable

46. Bonds payable (1).

Bonds payable ÿApplicable

ÿNot applicable

(2). Increase or decrease of bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

ÿApplicable ÿNot applicable

(3). Explanation of conversion conditions and conversion time of convertible corporate

bonds ÿApplicable ÿNot applicable

(4) Description of other financial instruments classified as financial liabilities

Basic information on other financial instruments such as preferred shares and perpetual bonds issued at the end of the period

ÿApplicable ÿNot applicable

Statement of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period

ÿApplicable ÿNot applicable

Explanation of the basis for classifying other financial instruments as financial liabilities

ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

47. Lease liabilities

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
building	2,541,214.48	11,518,818.01
total	2,541,214.48	11,518,818.01

other instructions:

none

## 48. List of long-term payables

ÿApplicable ÿNot applicable

## Long-term payables

ÿApplicable ÿNot applicable

## Special payables

ÿApplicable ÿNot applicable

## 49. Long-term employee remuneration

payable ÿApplicable ÿNot applicable

## 50. Estimated liabilities

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Project	Opening	Reasons for the formation of the closing balance	
Product Quality	balance 16,457,042.27	18,833,242.91	After-sale quality maintenance commitment
Assurance Total	16,457,042.27	18,833,242.91	/

Other explanations, including relevant important assumptions and estimates of important estimated liabilities:

none

## 51. Deferred income

Deferred income

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	The reason for the increase in the opening balance	in the current period and the decrease in the current period	in the ending balance
Government grants 2,809,449.07		225,477.96 2,583,971.11 gold	Special funds allocated by the government
Total 2,809,449.07		225,477.96 2,583,971.11	/

Projects involving government subsidies:

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Opening balance of liability items	New in this issue increase subsidy amount	Included in this period non-operating income deposit amount	included in this period his income	other change	Ending balance	related to assets /compared to revenue close
Technological Innovation Seeds Funding projects	83,332.42		8,000.10		75,332.32	related to assets
Add 10 million Intelligent low-voltage electricity	1,760,744.44		110566.74		1,650,177.70	related to assets

appliance products and 30 10,000 smart meters Product technical transformation project							
Workshop IoT Transformation build project	965,372.21			106911.12		858,461.09 related to assets	
total	2,809,449.07			225,477.96		2,583,971.11	

other instructions:

☐Applicable ☐Not applicable

#### 52. Other non-current liabilities

☐Applicable ☐Not applicable

#### 53. Share capital

☐Applicable ☐Not applicable

Unit: Currency: RMB

	Opening Balance	Increase or decrease in this change (+, -)				Subtotal	Ending balance
		send OK new share	deliver share	Accumulation gold Convert stock	other		
shares total	401,000,000.00				3,115,500.00 3,115,500.00	404,115,500.00	

Other notes: The current share capital change is the first grant to 155 incentive objects including Wang Yong according to the 2020 Restricted Stock Incentive Plan

Restricted shares, the company issued restricted A shares to incentive objects and increased the share capital by RMB 3,115,500.00.

#### 54. Other equity instruments (1) Basic

information on other financial instruments such as preference shares and perpetual bonds issued at the end of the

period ☐Applicable ☐Not applicable

(2) Statement of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the

period ☐Applicable ☐Not applicable

Changes in the increase or decrease of other equity instruments in the current period, explanations for the reasons for the changes, and the basis for relevant accounting treatment:

☐Applicable ☐Not applicable

other instructions:

☐Applicable ☐Not applicable

#### 55. Capital reserve

☐Applicable ☐Not applicable

Unit: Currency: RMB

Project	Opening Balance	Increase in this period	Decrease the closing balance of the current period
capital premium (equity premium)	655,626,535.70	19,222,635.00	674,849,170.70

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Total other capital reserves		2,778,300.00	22,000,935.00	2,778,300.00
	655,626,535.70			677,627,470.70

Other notes: The change in this period is the first grant of restricted shares to 155 incentive objects including Wang Yong according to the 2020 Restricted Stock Incentive Plan

The company issued restricted A shares to the incentive objects to increase the share capital of RMB 3,115,500.00 and increase the capital reserve

19,222,635.00 yuan; in addition, according to the fair value of the restricted shares on the grant date, the restricted shares granted in the current period should be confirmed

The cost is \$2,778,300.

## 56. Treasury stock

☐Applicable ☐Not applicable

Unit: Currency: RMB

Project	Opening Balance	Increase in this period	Decrease the closing balance of the current period	
Restricted Share Repurchase obligation		22,338,135.00	934,650.00	21,403,485.00
total		22,338,135.00	934,650.00	21,403,485.00

Other explanations: The changes in this period are due to the restricted shares granted to the incentive objects on January 18, 2021 according to the 2020 Restricted Stock Incentive Plan.

3,115,500 Restricted A Shares, with a par value of RMB 1.00 per share, and the price of restricted shares granted to incentive objects is RMB 1.00 per share.

RMB 7.17, a total of RMB 22,338,135.00, and a repurchase obligation of RMB 22,338,135.00 was confirmed according to regulations; at the same time, in 2021

Cash dividends were distributed on June 1, including restricted stock dividends of RMB 934,650.00, correspondingly reduced restricted stock repurchases.

service.

## 57. Other comprehensive income

☐Applicable ☐Not applicable

Unit: Currency: RMB

project	beginning of the period balance	Amount incurred in the current period						end of period balance
		Current income tax previous balance	reduce: Early stage included other comprehensive income current period transfer in profit and loss	reduce: Early stage included other comprehensive income current period transfer in keep income	minus: income tax	attributable to after-tax parent company	return after tax belong to less several shareholders	
One, cannot be re-divided other types of profit and loss his comprehensive income								
Of which: recalculation defined benefit plan Transfer amount								
Not under the equity method which can turn profit and loss his comprehensive income								
Other equity workers investment fair value value change								

company's own letter fair value at risk value change								
2. Reclassify Other into profit and loss Comprehensive income								
Of which: Equity method Turnover profit and loss Other comprehensive income								
other debt investment change in fair value move		627,391.47			94,108.72	533,282.75		-533,282.75
heavy financial assets classified as other comprehensive income Forehead								
other debt investment credit impairment standard prepare		627,391.47			94,108.72	533,282.75		533,282.75
cash flow set reserve								
Foreign Currency Financial Statements table translation difference								
Other comprehensive income total								

Other notes, including the adjustment of the effective portion of the cash flow hedging gain or loss to the initially recognised amount of the hedged item:

none

#### 58. Special reserve

ÿApplicable ÿNot applicable

#### 59. Surplus reserve

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Statutory surplus	reserve at the	Increase in this period	Decrease the closing balance of the current period	
beginning of the project period	104,713,483.92 Total			104,713,483.92
104,713,483.92	Explanation of surplus			104,713,483.92

reserve, including changes in the current period and reasons for the changes:

none

#### 60. Undistributed profits

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Total		aged
undistributed profits at the end of the	573,007,122.94 in this issue	349,113,580.31
previous period before adjustment		
+, decrease -)		

Undistributed profit at the beginning of the adjustment	573,007,122.94	349,113,580.31
period plus: net attributable to owners of the parent company in the current period	145,024,582.02	246,828,267.77
Profit		
minus: withdraw statutory surplus reserve		22,934,725.14
and withdraw discretionary surplus reserve		
Extract general risk provision		
Ordinary stock dividends payable	121,234,650.00	
ordinary stock dividends converted into share capital		
Adjustment of undistributed profits at the end of	596,797,054.96	573,007,122.94

the period and the details of the undistributed profits at the beginning of the period:

- Due to the retrospective adjustment of "Accounting Standards for Business Enterprises" and related new regulations, the undistributed profit at the beginning of the period is affected by 0 yuan.
- Due to the change of accounting policy, the undistributed profit at the beginning of the period is affected by 0 yuan.
- Due to the correction of major accounting errors, the undistributed profit at the beginning of the period is affected by 0 yuan.
- The change in the scope of consolidation due to the same control will affect the undistributed profit at the beginning of the period of 0 yuan.
- Other adjustments will affect the undistributed profit of RMB 0 at the beginning of the period in total.

#### 61. Operating income and operating costs

##### (1). Operating income and operating costs

Applicable Not applicable

Unit: Currency: RMB

project	Amount for this period		Amount in the previous period	
		cost	income	cost
Revenue Main business	1,660,980,170.34	1,267,173,927.79	1,053,072,333.52	742,690,975.89
Other business	3,770,732.03	679,198.15	3,420,159.78	2,376,979.76
Total	1,664,750,902.37	1,267,853,125.94	1,056,492,493.30	745,067,955.65

##### (2) Income from contracts

Applicable Not applicable

##### (3). Explanation of performance

obligations Applicable Not applicable

##### (4) Explanation of apportionment to remaining performance obligations

Applicable Not applicable

other instructions:

none

#### 62. Taxes and surcharges

Applicable Not applicable

Unit: Yuan Currency: RMB Amount incurred

Project	The current period	in the previous period
city maintenance and construction tax	amounted to 3,069,648.6	2,291,460.75

Education surcharge,	1,635,366.42	1,307,955.85
property tax, land	1,529,491.39	1,538,053.83
use tax, vehicle and	1,171,716.00	90,132.00
vessel use tax,	13,436.64	19,262.16
stamp duty, local	389,312.57	261,863.01
education surcharge, total	1,090,244.28	871,970.57
	8,899,215.91	6,380,698.17

other instructions:

none

### 63. Sales expenses

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	ÿÿÿÿÿ	Amount in the previous period
Employee	61,416,586.66	42,158,916.05
compensation,	2,876,110.97	14,215,012.97
transportation,	11,041,624.53	6,584,427.56
advertising, travel,	7,208,531.63	4,724,557.13
sales, service, after-	11,468,935.07	4,324,685.85
sale loss, business	9,186,276.83	5,950,488.46
entertainment, office	6,937,541.16	3,081,657.04
expenses, leasing,	3,827,817.90	2,975,124.42
depreciation,	1,888,116.38	2,832,201.25
conference fees,	3,480,692.57	962,886.24
consulting fees, etc.	1,533,189.11	1,075,223.23
	828,146.21	130,900.00
	1,774,285.14	1,170,342.05
<b>total</b>	<b>123,467,854.16</b>	<b>90,186,422.25</b>

other instructions:

none

### 64. Management fees

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	The current period	Amount in the previous period
Employee compensation,	amounted to 33,683,464.96	26,574,219.82
depreciation, decoration	6,110,327.81	5,902,156.33
and maintenance expenses, office	3,052,762.48	2,713,108.32
expenses, inspection and inspection	1,822,007.58	2,166,184.12
expenses, intermediary agency service	1,159,782.63	956,862.25
expenses, scrapping losses, travel expenses,	1,297,852.80	1,243,442.44
amortization of intangible assets, business	308,038.02	141,494.44
expenses, entertainment expenses, water and	1,053,329.36	781,094.93
electricity expenses, lease expenses	2,538,852.21	2,293,523.05
	939,881.72	784,718.87
	806,785.24	700,119.05
	1,074,085.79	1,106,958.94

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Share payment	2,778,300.00	
other	1,335,341.16	535,834.39
total	57,960,811.76	45,899,716.95

other instructions:

none

## 65. Research and development

expenses Applicable Not applicable

Unit: Currency: RMB

project	Amount incurred	Amount in the previous period
Labor costs	in the current period	25,486,364.08
are directly	35,589,987.09 11,690,436.77	9,072,735.51
invested in other costs	7,216,143.09	5,368,702.48
total	54,496,566.95	39,927,802.07

other instructions:

none

## 66. Financial expenses

Applicable Not applicable

Unit: Currency: RMB

project	The current period	Amount in the previous period
Interest expense	amounted to 1,619,020.20	2,352,964.44
minus: interest income	-9,939,370.88 -4,730.90	-979,850.27
foreign exchange gains and	117,345.45	1,222.91
losses bank charges	-8,207,736.13	350,420.34
total		1,724,757.42

other instructions:

none

## 67. Other income

Applicable Not applicable

Unit: Currency: RMB

project	The current period	Amount in the previous period
Government grants related to the day-to-day activities of the enterprise	amounted to 31,080,955.48	4,092,526.51
total	31,080,955.48	4,092,526.51

other instructions:

none

## 68. Investment income

Applicable Not applicable

Unit: Yuan Currency: RMB Amount incurred

Long-	Amount for this period	in the previous period
term equity investment income accounted for by project equity method		
Investment income from disposal of long-term equity investment		
Investment in held-for-trading financial assets income		

Other equity instrument investments are acquired during the holding period dividend income		
Interest income from debt investments during the holding period enter	1,249,999.99	
Profits obtained from other debt investments during the holding period interest income		
Investment income from disposal of financial assets held for trading beneficial		
Investments obtained from disposal of investments in other equity instruments income		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investments		
other	-171,442.61	
total	1,078,557.38	

other instructions:

none

69. Net exposure hedging income

ÿApplicable ÿNot applicable

70. Income from changes in fair value

ÿApplicable ÿNot applicable

71. Credit impairment loss

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Project	Amount for this period	Amount in the previous period
notes receivable bad debt loss	61,652.77	1,340,493.15
Bad debt loss of accounts receivable	-24,636,126.89	-17,524,426.49
Bad debt losses of other receivables	-1,786,663.96	-781,578.65
Impairment losses on other debt investments	-627,391.47	
Impairment loss on contract assets	-1,283,556.51	
total	-28,272,086.06	-16,965,511.99

other instructions:

none

72. Asset impairment loss

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Item 1.	Amount for this period	Amount in the previous period
Bad debt losses		
2. Inventory depreciation losses and contract performance costs This impairment loss	-4,890,425.97	-1,780,499.62

3. Impairment losses on long-term equity investments		
4. Impairment loss of investment real estate		
V. Impairment loss of fixed assets		
6. Impairment loss of engineering materials		
7. Impairment losses of construction in progress		
8. Impairment loss of productive biological assets		
9. Impairment losses of oil and gas properties		
X. Impairment loss of intangible assets		
11. Goodwill impairment loss		
12. Others		
<b>total</b>	<b>-4,890,425.97</b>	<b>-1,780,499.62</b>

other instructions:

none

#### 73. Income from asset disposal

☑Applicable ☐Not applicable

Unit: Currency: RMB

Gains	Amount for this period	Amount in the previous period
or losses on disposal of fixed assets of the project		-3,158.63
<b>total</b>		<b>-3,158.63</b>

other instructions:

☑Applicable ☐Not applicable

#### 74. Non-operating income

☑Applicable ☐Not applicable

Unit: Currency: RMB

project	Amount for this period	Amount in the previous period	Include current non-recurring losses amount of benefit
Profit on disposal of non-current assets	33,682.56	12,110.96	33,682.56
Including:			
Fixed assets			
Disposal	33,682.56	12,110.96	33,682.56
of Intangible Assets			
buy profit			
Debt restructuring gains			
non-monetary asset exchange gain			
accept donations			
government subsidy	454,161.50	111,978.04	454,161.50
Contract liquidated damages income	504,253.34	41,605.54	504,253.34
other	167,517.12	10,779.86	167,517.12
<b>total</b>	<b>1,159,614.52</b>	<b>176,474.40</b>	<b>1,159,614.52</b>

Government subsidies included in current profit and loss

☑Applicable ☐Not applicable

Unit: Currency: RMB

Subsidy Program	Amount incurred in the current period	Amount incurred in the previous period	asset-related/income-related close
Other and daily business activities unrelated small grants	454,161.50	111,978.04	related to earnings

other instructions:

☑Applicable ☐Not applicable

#### 75. Non-operating expenses

☑Applicable ☐Not applicable

Unit: Currency: RMB

project	Amount for this period	Amount in the previous period	Include current non-recurring losses amount of benefit
Loss on disposal of non-current assets Including:	524,393.01	269,669.66	524,393.01
Fixed assets	524,393.01	269,669.66	524,393.01
Disposal of			
lost intangible assets			
set loss			
Losses from debt restructuring			
non-monetary asset exchange loss			
Public Welfare Donation Expenditures		10,000.00	
Confiscated Sponsorship Sponsorship	8,536.37	7,142.00	8,536.37
Expenses		20,300.00	
Loss of late		1,502.48	
fees and downtime		7,393,344.28	
other	6,434.77	104,744.47	6,434.77
total	539,364.15	7,806,702.89	539,364.15

other instructions:

none

#### 76. Income tax expense

(1) Income tax expense table

☑Applicable ☐Not applicable

Unit: Currency: RMB

Current	Amount for this period	Amount in the previous period
income tax expense of the project	21,005,841.67	19,502,230.54
Deferred tax expense	-6,132,108.71	-6,344,665.53
total	14,873,732.96	13,157,565.01

(2) Adjustment process of accounting profits and income tax

expenses Applicable Not applicable

Unit: Currency: RMB

project	Amount for this period
Income tax	159,898,314.98
expense on total profit calculated at statutory/applicable tax rate	23,984,747.25
Effect of applying different tax rates to subsidiaries Adjustment	-1,162,392.49
effect of income tax in previous periods	
The impact of non-taxable income	
Impact of non-deductible costs, expenses and losses Use of	867,879.01
deductible losses for deferred tax assets not recognised in prior periods impact of damage	
Deductible temporary deferred tax assets not recognized in the current period	
Effect of differences or deductible losses	
Adjusting the effect of prior period income tax	70,338.98
Effect of other super-deductions income tax	-94,108.72
expense	-8,792,731.07
	14,873,732.96

other instructions:

Applicable Not applicable

77. Other comprehensive income

Applicable Not applicable

For the after-tax net amount of other comprehensive income, please refer to the description in Section XVII.57 of this report.

78. Cash flow statement items

(1). Other cash received related to operating activities

Applicable Not applicable

Unit: Currency: RMB

project	Amount incurred	Amount in the previous period
Non-operating	in the current	52,385.40
income, financial	period 681,299.42	3,485,427.45
subsidy, bank	29,832,375.95	1,010,424.36
deposit interest,	4,221,818.86	23,468,561.03
company's current	18,386,782.38	419,006.63
account recovery	365,522.38	9,286,083.22
reserve fund	31,451,155.73	14,680,575.60
	1,082,971.72 86,021,926.44	52,402,463.69

Description of other cash received related to operating activities:

none

(2). Other cash paid related to operating activities

Applicable Not applicable

Unit: Currency: RMB

project	Amount for this period	Amount in the previous period
---------	------------------------	-------------------------------

Payment of sales expenses	56,438,979.57	42,370,521.26
Payment of management	13,637,998.21	12,455,334.33
fees Payment of R&D	10,373,267.24	12,362,026.63
expenses Payment of bank fees	155,568.14	220,538.84
Non-operating expenses Payment	10,287.88	4,668,447.49
of company current accounts	19,340,439.12	4,420,378.14
Payment of reserve funds Payment	14,658,596.74	4,671,374.28
of security deposits Payment of	62,371,733.44	18,703,266.86
restricted security deposits	4,994,938.08	15,978,437.35
	181,981,808.42	115,850,325.18

Description of other cash paid related to operating activities:

none

(3). Other cash received related to investment activities

ÿApplicable ÿNot applicable

(4). Other cash paid related to investment activities ÿApplicable

ÿNot applicable

Unit: Currency: RMB

project	Amount for this period	Amount in the previous period
current investment		255,945.00
Other		255,945.00

cash descriptions related to investing activities paid in aggregate:

none

(5). Other cash received related to financing activities ÿApplicable

ÿNot applicable

(6) Other cash paid related to financing activities ÿApplicable ÿNot

applicable

Unit: Currency: RMB

IPO	Amount for this period	Amount in the previous period
issuance intermediary fees paid by the		676,801.00
project to pay lease liabilities	5,723,366.80	
total	5,723,366.80	676,801.00

Other cash descriptions related to fundraising activities paid:

none

79. Supplementary information on cash flow statement

(1) Supplementary information on cash flow statement

ÿApplicable ÿNot applicable

Unit: Currency: RMB

additional materials	Current Amount	Amount of the previous period

1. Reconciling net profit to cash from operating activities		
Flow: Net		
profit plus:	145,024,582.02	91,860,703.56
Asset impairment provision Credit	1,277,698.16	-887,521.43
impairment loss Depreciation of	27,378,813.37	16,668,364.08
fixed assets, depletion of oil and gas properties, production	18,962,245.23	17,810,036.10
Depreciation of productive biological assets		
Amortization of right-of-use assets	3,419,173.99	
Amortization of intangible assets	2,788,309.11	2,516,222.59
Amortization of long-term deferred expenses	1,943,103.69	2,710,639.31
Amortization of disposal of fixed assets, intangible assets and other long-term assets		
Losses of assets in the period (incomes are filled in with "-" List)		3,158.63
Loss on retirement of fixed assets (income with "-" number)	490,710.45	257,558.70
Losses from changes in fair value (incomes are marked with "-" number)		
Financial expenses (incomes are listed with "-")	-2,281,328.98	2,352,964.44
Investment losses (incomes are listed with "-")	-1,249,999.99	
Deferred income tax assets decrease (increase with Fill in with "-")	-6,132,108.71	-6,344,665.53
Increase in deferred tax liabilities (decrease by Fill in with "-")		
Decrease in inventory (increase with "-")	-35,647,759.96	40,418,820.21
column) decrease in operating receivables (increase by Fill in with "-")	-531,305,901.62	-260,111,514.65
Increase in operating payable items (decrease by Fill in with "-")	370,509,001.43	26,398,674.73
Others		
Net cash flow from operating activities 2. Significant	-4,823,461.81	-66,346,559.26
investments that do not involve cash receipts and payments and Funding		
Activities: Debt to Capital		
Convertible corporate bonds due within one year		
Financing leased fixed assets		
3. Net change in cash and cash equivalents		
Condition: Closing balance	558,389,440.63	263,564,316.52
of cash minus: Opening balance	701,632,252.43	376,504,094.52
of cash plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-143,242,811.80	-112,939,778.00

(2) Net cash paid for acquisition of subsidiaries in the current period

ÿApplicable ÿNot applicable

(3) Net cash received from disposal of subsidiaries in the current

period Applicable Not applicable

(4) Composition of cash and cash equivalents

Applicable Not applicable

Unit: Yuan Currency: RMB Beginning

project	Ending balance	Balance
1. Cash	558,389,440.63	701,632,252.43
Of which: Cash on hand	22,752.42	22,149.87
Bank deposits readily available for payment in	558,316,138.36	701,595,712.35
other currencies readily available for payment Deposit	50,549.85	14,390.21
of funds available for payment at the central bank payment		
Deposits with other banks		
Loans from other banks		
2. Cash Equivalents		
Of which: Bond investments due within three months		
3. The balance of cash and cash equivalents at the end of the period Including: the parent company or the subsidiaries within the group	558,389,440.63	701,632,252.43
With restricted cash and cash equivalents		

other instructions:

Applicable Not applicable

80. Notes to items in the Statement of Changes in

Owner's Equity Explain the "other" item names and adjusted amounts for adjusting the closing balance of the previous year:

Applicable Not applicable81. Assets with restricted ownership or right to use ApplicableNot applicable

Unit: Currency: RMB

project	Ending book value	Restricted Reason
Money funds	9,419,894.86 Margin	
total	9,419,894.86	/

other instructions:

none

82. Foreign currency monetary items

(1). Foreign currency monetary items

Applicable Not applicable

unit: yuan

project	Closing foreign currency balance	Converted exchange rate	Converted to RMB at the end of the period balance

Monetary			299,260.39
funds of which:	46,324.42	6.4601	299,260.39
USD			
EUR			
<small>Hong Kong dollar</small>			
Accounts			
receivable of which: USD			
EUR			
<small>Hong Kong dollar</small>			
Long-term			
borrowings of which: USD			
EUR			
<small>Hong Kong dollar</small>			

other instructions:

none

(2) Description of overseas business entities, including for important overseas business entities, their main overseas business locations, accounting books should be disclosed

The base currency and the basis for selection, and the reasons for the change of the bookkeeping base currency should also be

disclosed Applicable Not Applicable

### 83. Hedging

Applicable Not applicable

### 84. Government subsidies

1. Basic information on government subsidies

Applicable Not applicable

Unit: Currency: RMB

Special	The amount of the item	listed in the amount included	in the current profit and loss
funds for listing incentives for various types	3,000,000.00	Other income	3,000,000.00
of enterprises High-tech enterprises post-R&D subsidy	1,069,600.00	Other income	1,069,600.00
funds Three-year financial support policy incentives for	24,730,000.00	Other income	24,730,000.00
the 69th batch of funding for China Postdoctoral Fund Industrial	80,000.00	Other income	80,000.00
new product awards Digital economy demonstration pilot	60,000.00	Other income	60,000.00
enterprises incentive funds	50,000.00	Other income	50,000.00
Individual tax	274,364.27	Other income	274,364.27
rebates are levied and value-	959,653.25	Other income	959,653.25
added tax refunds are added, adding 10 million smart low-voltage electrical products and 30	1,814,200.00	Other income	110,566.74
10,000 intelligent instrument product technical transformation project			
Workshop IoT Transformation Project	983,800.00	Other income	106,911.12
Subsidizes College Graduates Employment	327,200.00	Other income	327,200.00
Traineeship (Practice) Subsidizes Out-of-Home Recruitment Subsidies	197,400.00	Other income	197,400.00
Industrial Enterprises Responding to the Epidemic and Promotes High-	7,260.00	Other income	7,260.00
Quality Development Award	100,000.00	Other income	100,000.00
incentive funds			
Subtotal	33,653,477.52		31,072,955.38
subsidies for skills training for stabilizing jobs and promoting production	354,161.50	Non-operating income	354,161.50

		enter	
Subsidy for private enterprises to stay in temperature	100,000.00	Non-operating income	100,000.00
		enter	
Subtotal	454,161.50		454,161.50
total	34,107,639.02		31,527,116.88

## 2. Refund of government subsidy

Applicable Not applicable

other instructions

none

## 85. Other

Applicable Not applicable

## VIII. Changes in the scope of

consolidation 1. Business combination not under the

same control Applicable Not applicable

## 2. Business combination under the same

control Applicable Not applicable

## 3. Reverse purchase

Applicable Not applicable

4. Whether there is a situation in

which a single disposal of a subsidiary will result in the loss of control over the investment in the subsidiary

ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

5. Changes in the scope of consolidation due to other reasons

Explain the changes in the scope of consolidation due to other reasons (such as newly established subsidiaries, liquidated subsidiaries, etc.) and related circumstances:

ÿApplicable ÿNot applicable

6. Other ÿApplicable

ÿNot applicable

## IX. Equity in other entities 1. Equity in subsidiaries

(1). Composition of enterprise group ApplicableNot applicable

Subsidiary name	Main business	The business nature of	the place of registration	Shareholding ratio (%)		get Way
				Direct and indirect		
Zhejiang Tianzheng smart appliances limited company	Zhejiang Jiaxing Zhejiang Jiaxing	Jiaxing	Low voltage electrical system make	100		set up

Explanation of the shareholding ratio in the subsidiary being different from the voting rights ratio:

none

Those who hold half or less of the voting rights but still control the investee, and those who hold more than half of the voting rights but do not control the investee.

according to:

none

For important structured entities included in the scope of consolidation, the basis for control:

none

Basis for determining whether a company is an agent or a principal:

none

other instructions:

none

(2). Important non-wholly owned subsidiaries ApplicableNot applicable(3). Main financial information of important non-wholly-owned subsidiaries ApplicableNot applicable

## (4). Significant restrictions on using the assets of the enterprise group and paying off the debts of the enterprise group:

Applicable Not applicable(5). Financial support or other support provided to structured entities included in the scope of consolidated financial statements: Applicable Not applicable

other instructions:

Applicable Not applicable2. Transactions in which the share of the owner's equity in the subsidiary has changed and the subsidiary is still controlled ApplicableNot Applicable3. Equity in joint ventures or associates Applicable Not applicable

## 4. Important joint operation yApplicable

yNot applicable

## 5. Interests in structured entities not included in the scope of consolidated financial statements Relevant

explanations for structured entities not included in the scope of consolidated financial statements:

yApplicable yNot applicable

## 6. Other

yApplicable yNot applicable

## X. Risks related to financial instruments yApplicable yNot

applicable

The Company has a variety of other financial assets and liabilities directly arising from operations, such as accounts receivable and accounts payable. various

For details of financial instruments, please refer to "VII. Notes to Items of Consolidated Financial Statements" in this section. The company faces various financial risks in the course of operation

Risks: credit risk, market risk and liquidity risk.

## 1. Various risk management objectives and policies

The company's management management is fully responsible for the determination of risk management objectives and policies, and bears the ultimate responsibility for risk management objectives and policies.

appoint. The overall objective of corporate risk management is to formulate policies that reduce risks as much as possible without unduly affecting the competitiveness and resilience of the company.

risk management policy.

## 2. Risk management

## (1) Credit risk

Credit risk refers to the risk that one party of a financial instrument fails to perform its obligations, resulting in financial losses to the other party.

Risks are managed by portfolio classification,

Credit risk mainly arises from bank deposits, accounts receivable and other receivables.

The Company's working capital is deposited in banks with higher credit rating, so the credit risk of working capital is low.

For accounts receivable, the company has adopted the necessary policies to ensure that all sales customers have a good credit history. The company's foundation

In assessing the client's financial situation, possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions, etc.

Evaluate the customer's credit qualification and set the corresponding credit period. The company's other receivables are mainly security deposits, deposits and reserve funds, etc.

It is expected to be recovered, which provides a reasonable guarantee for preventing the risk of bad debts in other receivables.

Waiting for historical information, there is no bad debt situation.

At the same time, the company conducts a separate impairment test on the receivables with a significant single amount

Accounts receivable that are large but have not been impaired after separate testing, take the age of accounts as similar credit risk characteristics, and determine the category based on the current situation.

The combination of similar credit risk characteristics adopts aging analysis to make provision for bad debts. Therefore, the management of the company believes that the credit risk assumed by the company

Risk has been greatly reduced.

## (2) Liquidity risk

Liquidity risk refers to the risk that the company will not be able to meet its financial obligations on the due date. It is the Company's policy to ensure that sufficient cash to repay debts due. Liquidity risk is centrally controlled by the Company's financial department. The finance department monitors cash balances by As well as rolling forecasts of cash flows for the next 12 months, ensuring that the company has sufficient funds to repay under all reasonable forecasts.

Pay off debt.

(3) Market risk

The market risk of financial instruments refers to fluctuations in the fair value or future cash flows of financial instruments due to changes in market prices risks, including interest rate risk, foreign exchange risk and other price risks.

• Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market interest rates. Book The company's bank loans are all fixed interest rate, there is no interest rate risk.

• Forex risk

Foreign exchange risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in foreign exchange rates. Book The Company's foreign currency financial assets and liabilities account for a very small proportion of total assets. XI. Disclosure of fair value 1. Closing fair value of assets and liabilities measured at fair value •Applicable •Not applicable

Unit: Currency: RMB

project	End-of-period fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	total
I. Continuous fair value measurement				
(1) Held-for-trading financial assets 1.				
Financial assets measured at fair value with changes included in current profit and loss (1) Debt instrument investment (2) Equity instrument investment (3) Derivative financial assets				
Financial assets at fair value through profit or loss (1) Debt instrument investment (2) Equity instrument investment (2) Other debt investment (3) Other equity instrument investment (4) Investment real estate				
1. Rental Land use rights 2. Buildings leased 3. Land use rights held and ready to be transferred after appreciation (5) Biological assets				

1. Consumable biological assets				
2. Productive biological assets				
(VI) Receivable financing that is			227,746,704.26	227,746,704.26
continuously measured at fair value			227,746,704.26	227,746,704.26
Total assets (VI)				
Financial liabilities held for trading				
1. Measured at fair value and changed				
Financials that are automatically included in the current profit and loss				
debt				
Of which: issued trading bonds				
coupon				
Derivative financial liabilities				
other				
2. Designated at fair value				
The amount and changes are included in the current profit and loss				
financial liabilities				
continuously measured at fair value				
Total liabilities 2.				
Non-continuous fair value				
Measurement (1) Assets held for sale				
Discontinuous measurement at fair value				
of total assets				
measured at fair value on a non-continuous basis				
total liabilities				

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

Applicable Not applicable

## 3. For continuous and non-continuous second-level fair value measurement items, valuation techniques used and qualitative and quantitative information on important parameters

Applicable Not applicable

## 4. For continuous and non-continuous third-level fair value measurement items, the valuation techniques used and qualitative and quantitative information on important parameters

Applicable Not applicable

For the receivable financing held, the par value is used to determine its fair value.

## 5. For the continuous third-level fair value measurement items, the adjustment information between the book value at the beginning and the end of the period and the unobservable parameters are sensitive

Sexuality

Analysis Applicable Not Applicable

## 6. Continued fair value measurement items, if there is a transfer between different levels in the current period, the reason for the transfer and the policy for determining the time of the transfer.

Policy Applicable Not applicable

## 7. Changes in valuation techniques during the current period and the reasons for the changes

Applicable Not applicable

8. Fair value of financial assets and financial liabilities not measured at fair value Applicable Not applicable

9. Other

Applicable Not applicable

XII. Related parties and related transactions 1. The

parent company of the company Applicable Not

applicable

Unit: 100 million yuan Currency: RMB

The nature of the business where the parent company name is registered	registered capital Book	parent company to the company shareholding in the industry (%)	parent company to the company percentage of voting rights (%)
Tianzheng Group Co., Ltd. Zhejiang Weizhou Investment Management 4.00 Description of the parent company		24.53	24.53

of this enterprise

Tianzheng Group Co., Ltd. (hereinafter referred to as "the company" or "the company") was established on July 7, 1997, through the Yueqing City Industry and Commerce

The administrative bureau approved the registration and issued the business license of enterprise legal person with registration number 330382000049073. Legal representative: Gao Tian

Le, with a registered capital of 400 million yuan, belongs to the machinery equipment and electronic product wholesale industry. The company's approved business scope: investment

asset management, asset management, property management, investment consulting, economic information consulting (excluding financial, securities, and futures business),

Enterprise management consulting; information technology consulting, self-owned house rental, investment in industry; building materials, clothing, chemical raw materials (not

(including hazardous chemicals and precursor chemicals) sales; import and export of goods and technology. (For projects subject to approval according to law,

Business activities can only be carried out after the approval of the relevant departments)

The ultimate controller of this enterprise is Gao Tianle

Other instructions: none

2. Subsidiaries of the Company For details of the

subsidiaries of the Company, please refer to the notes

Applicable Not applicable

For details of the Company's subsidiaries, please refer to the description in Section IX.

3. Information on joint ventures and associates

Applicable Not applicable

Other joint ventures or associates that have related party transactions with the company in the current period, or related party transactions with the company in the previous period and formed a balance

details as following

Applicable Not applicable

4. Other related parties Applicable Not

applicable

Names of other related parties Relationship between other related parties and the company	
A holding subsidiary of the parent company of Shanghai Tianzheng Electromechanical (Group) Co., Ltd.	
Tianzheng Group Panzhihua Sales Co., Ltd. Others	
Trina Solar Co., Ltd. Others	
Jiangsu Tianhe Smart Distributed Energy Co., Ltd. Others	

other instructions

Huang Hongbin, director of the company, has served as an independent director of Trina Solar Co., Ltd. since December 24, 2020. Jiangsu Trina Smart Branch

Brilliant Energy Co., Ltd. is a holding subsidiary of Trina Solar Co., Ltd.

## 5. Related party transactions

(1) Affiliated transactions of purchasing and selling commodities, providing and receiving labor services

Procurement of goods/acceptance of labor services

ÿApplicable ÿNot applicable

Sales of goods / provision of labor services

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Related	Related party transaction content	Amount for this period	Amount in the previous period
party Tianzheng Group Panzhihua Sales Co., Ltd. Company Jiangsu Tianhe Smart Distributed Energy	Sales Product		235,045.97
Ltd	Sales Products	14,178,497.88	2,045,785.71

Description of related transactions for purchasing and selling commodities, providing and receiving labor services

ÿApplicable ÿNot applicable

Note: The amount is excluding tax

(2). Related entrusted management/contracting and entrusted management/outsourcing

The company's entrusted management/contracting situation table:

ÿApplicable ÿNot applicable

Description of related hosting/contracting

ÿApplicable ÿNot applicable

The company's entrusted management / outsourcing situation table:

ÿApplicable ÿNot applicable

Description of Association Management/Outsourcing

ÿApplicable ÿNot applicable

(3). Related leases

The company as lessor:

ÿApplicable ÿNot applicable

The company as a lessee:

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Name of the lessor	Types of leased assets	Lease fees confirmed in the current period	Lease fees confirmed in the previous period
Shanghai Tianzheng Electromechanical (Group) Co., Ltd. Housing		1,111,414.28	996,551.46

Description of related leases

ÿApplicable ÿNot applicable

(4). Related-party guarantees

The company as the guarantor

ÿApplicable ÿNot applicable

The company as the guaranteed party

ÿApplicable ÿNot applicable

Description of related guarantees

ÿApplicable ÿNot applicable

(5). Fund borrowing from related parties

ÿApplicable ÿNot applicable

(6). Asset transfer and debt restructuring of related parties

ÿApplicable ÿNot applicable

(7). Remuneration of key management

personnel ÿApplicable ÿNot applicable

Unit: Currency: RMB

	The current period	Amount in the previous period
Remuneration of key project management personnel	amounted to 5,829,647.24	5,297,870.36

(8). Other related transactions

ÿApplicable ÿNot applicable

Related party related transaction contents		Amount of the previous period
		71,031.09

6. Accounts receivable and payable from

related parties (1). Receivable items

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Project name Affiliate		closing balance opening balance		
		Book Balance Bad Debt Reserve	Book Balance Bad Debt Reserve	
accounts receivable	Tianzheng Group Panzhi flower sales co., ltd. manager			49,383.08 2,469.15
accounts receivable	Jiangsu Tianhe Wisdom limited company	8,473,540.44 423,677.02	4,059,680.21	Distributed energy has 202,984.01
total		8,473,540.44 423,677.02	4,109,063.29	205,453.16

(2). Items payable

ÿApplicable ÿNot applicable

7. Related party commitment

ÿApplicable ÿNot applicable

8. Others

ÿApplicable ÿNot applicable

XIII. Share-based payment 1.

General situation of share-based payment

ÿApplicable ÿNot applicable

Unit: Share Currency: RMB

The total amount of various equity instruments granted by the company in the current period	
The total amount of various equity instruments exercised by the company in the current period	

The total amount of the company's equity instruments expired in the current	
period The range of the exercise price of the company's outstanding stock options at the end of the period and the remaining contract period	
The range of the exercise price of other equity instruments issued by the company at the end of the period and the remaining contract period	1. The exercise price of restricted stocks is RMB 7.17. 2. 40% will be unlocked from the first trading day after 12 months from the grant date of the first grant of partially restricted stocks to the last trading day within 24 months from the grant date of the first grant of partial restricted stocks; Unlock 30% from the first trading day after 24 months from the grant date of the partial restricted stock to the last trading day within 36 months from the grant date of the first grant of the partial restricted stock; 30% will be unlocked from the first trading day after 36 months from the date of first grant to the last trading day within 48 months from the grant date of the first grant of partial restricted shares.

No other

explanation 2.

Equity-settled share-based payment

Applicable Not applicable

Unit: Currency: RMB

Determination method of fair value of equity instruments on grant date Basis for	
determination of the number of exercisable equity instruments Reasons for the	
significant difference between the current period's estimate and the previous period's	
estimate Accumulated amount of equity-settled share-based payment included in capital reserve	None 2,778,300.00
Current equity-settled share-based payment The total amount of confirmed expenses and other	
explanations In the current period, the company confirmed the management expenses of RMB	2,778,300.00

2,778,300.00 according to the relevant requirements of share-based payment, and confirmed the capital reserve accordingly.

(Other capital reserve) RMB 2,778,300.00. As of June 30, 2021, the company has cumulatively confirmed management expenses

2,778,300.00 yuan, and the corresponding accumulated capital reserve (other capital reserve) is 2,778,300.00 yuan.

3. Cash-settled share-based payment Applicable Not

applicable

4. Modification and termination of share-based payment

Applicable Not applicable

5. Other

Applicable Not applicable

XIV. Commitments and Contingencies 1.

Important Commitments Applicable Not

Applicable

2. Contingencies (1).

Important contingencies existing on the balance sheet date Applicable

Not applicable

(2). The company has no important contingencies that need to be disclosed, which should also be

explained: Applicable Not applicable

3. Other

Applicable Not applicable

XV. Events after the balance sheet date 1. Important

non-adjusting events Applicable Not applicable

2. Profit distribution Applicable

Not applicable

3. Sales return Applicable

Not applicable

4. Other events after the balance sheet date Applicable Not

applicable

XVI. Other important events 1. Correction

of previous accounting errors (1).

Retrospective restatement Applicable

Not applicable

(2). Future applicable law

Applicable Not applicable

2. Debt restructuring

Applicable Not applicable

3. Asset replacement (1).

Non-monetary asset exchange Applicable

Not applicable

(2). Other asset replacement

Applicable Not applicable

4. Annuity plan Applicable

Not applicable

## 5. Termination of

operation Applicable Not applicable

## 6. Segment information

## (1). Determination basis and accounting policies of reportable segments

Applicable Not applicable

## (2). Financial information of reportable segments

Applicable Not applicable

## (3). If the company has no reporting segment, or cannot disclose the total assets and liabilities of each reporting segment, the reasons shall be explained

Applicable Not Applicable

## (4). Other instructions

Applicable Not applicable

## 7. Other important transactions and events that have an impact on investor decision-

making Applicable Not applicable

## 8. Other

Applicable Not applicable

## 17. Notes to main items in the parent company's financial

statements 1. Accounts receivable (1). Disclosure by age

Applicable Not applicable

Unit: Currency: RMB

aging	Closing book balance
Within 1 Year	1,309,318,139.48
Subtotal 1 to 2 Years	8,273,592.17
2 to 3 Years 3 Years	4,605,687.07
Above 3 to 4 Years	23,548,134.41
4 to 5 years	
5+ years	
total	1,345,745,553.13

## (2). Disclosure by bad debt provision method

Applicable Not applicable

Unit: Currency: RMB

category	Ending balance				book value	Opening Balance			
	Book balance		bad debt provision			Book balance		bad debt provision	
	amount	Proportion (%)	amount	accrual Proportion (%)		amount	Proportion (%)	amount	accrual Proportion (%)



Among them, the amount of bad debt provision recovered or reversed in the current period is important:

ÿApplicable ÿNot applicable

(4) Accounts receivable actually written off in the current period

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Accounts	Write-off amount
receivable actually written off by project	254,827.74

Among them, the important accounts receivable write-off situation

ÿApplicable ÿNot applicable

Accounts receivable write-off instructions:

ÿApplicable ÿNot applicable

(5) Top five accounts receivable by closing balance collected by debtor ÿApplicable ÿNot applicable

The aggregated amount of the top five accounts receivable at the end of the year collected by the debtor is 262,319,084.30 yuan, accounting for the year-end accounts receivable

The proportion of the total balance is 19.49%, and the year-end balance of the corresponding provision for bad debts is 13,774,786.66 yuan.

(6). Accounts receivable derecognized due to transfer of financial assets ÿApplicable

ÿNot applicable

(7) Amount of assets and liabilities formed by transferring accounts receivable and continuing

involvement ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

2. List of other receivables

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Interest receivable		
Dividends receivable		
Other receivables	82,154,721.47 82,154,721.47	58,029,357.19
total		58,029,357.19

other instructions:

ÿApplicable ÿNot applicable

## Interest receivable

(1). Classification of interest

receivable Applicable Not applicable

(2). Important overdue interest

Applicable Not applicable

(3). Provision for bad debts

Applicable Not applicable

other instructions:

Applicable Not applicable

## Dividends

receivable (4). Dividends

receivable Applicable Not applicable

(5). Important dividends receivable aged over 1 year

Applicable Not applicable

(6) Provision for bad debts

Applicable Not applicable

other instructions:

Applicable Not applicable

## Other receivables

(7). Disclosure by age

Applicable Not applicable

Unit: Currency: RMB

aging	Closing book balance
Within 1 Year	82,167,323.61
Subtotal 1 to 2 Years	2,188,429.93
2 to 3 Years 3 Years	438,656.92
Above 3 to 4 Years	877,546.00
4 to 5 years	
5+ years	
total	85,671,956.46

(8) Classification by nature of

payment Applicable Not applicable

Unit: Currency: RMB

nature of payment	Ending book balance	Opening book balance
The deposit	37,712,021.60	7,620,234.70
reserve fund will	3,372,629.02	331,496.98
be refunded immediately after the	249,803.86	623,813.24
collection and refund of the related parties	40,075,599.01	50,000,000.00

other	4,261,902.97	1,216,770.83
total	85,671,956.46	59,792,315.75

## (9) Provision for bad debts

Applicable Not applicable

Unit: Currency: RMB

bad debt provision	The first stage	second stage	The third phase	total
	Expected credit losses over the next 12 months	Lifetime Expectation Letter With loss (not occurred letter use impairment)	Lifetime Expectation Letter With loss (occurred letter use impairment)	
More than January 1, 2021	1,209,678.39	533,280.17	20,000.00	1,762,958.56
More than January 1, 2021 Amount in this	1,209,678.39	533,280.17	20,000.00	1,762,958.56
period -- transfer to the second stage - 50,000.00 --		50,000.00		
transfer to the third stage				
-- go back to the second stage				
-- go back to the first stage				
This period's accrual is	1,835,391.20	-29,114.77	-20,000.00	1,786,276.43
reversed in this period				
Resale in this period				
Write-off of other	32,000.00			32,000.00
changes in the current period				
June 30, 2021 balance	2,963,069.59	554,165.40		3,517,234.99

Explanation on the significant changes in the book balance of other receivables with changes in loss provision in the current period:

Applicable Not applicable

The amount of provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable Not applicable

## (10). Provision for bad debts Applicable

Not applicable

Unit: Currency: RMB

Category	Beginning Balance	Amount of change in the current period				Ending balance
		accrual	withdraw or turn back	resell or nuclear pin	other changes move	
other receivables	1,762,958.56	1,786,276.43		32,000.00		3,517,234.99
Bad debt standard				32,000.00		
Total	1,762,958.56	1,786,276.43		32,000.00		3,517,234.99

Among them, the amount of bad debt provision reversed or recovered in the current period is important:

Applicable Not applicable

(11). Other receivables actually written off in the current period

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Other	Write-off amount
receivables actually written off by the project	32,000.00

Among them, the write-off of other important receivables:

ÿApplicable ÿNot applicable

Notes on write-off of other receivables:

ÿApplicable ÿNot applicable

(12) Other receivables with the top five ending balances collected by debtors ÿApplicable ÿNot

applicable

Unit: Currency: RMB

Name of the unit	The nature of the payment	Closing balance	Aging	account for other receivables total closing balance Proportion(%)	bad debt provision Ending balance
1st place	Security deposit 20,000,000.00	20,000,000.00	Security deposit within 1 year	23.34	1,000,000.00
2nd place	10,000,000.00 Security deposit within 1 year	10,000,000.00	1-2	11.67	500,000.00
3rd place	year security deposit 300,000.00	300,000.00	Security deposit within 1 year	1.76	226,500.00
4th place	Security deposit within 1 year // 32,930,000.00	32,930,000.00		0.93	40,000.00
5th place				0.72	31,000.00
total				38.42	1,797,500.00

(13). Accounts receivable involving government subsidies

ÿApplicable ÿNot applicable

(14). Other receivables derecognized due to transfer of financial assets

ÿApplicable ÿNot applicable

(15). Amount of assets and liabilities formed by transferring other receivables and continuing to be

involved ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

3. Long-term equity investment

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	Closing balance			Opening Balance		
	Book balance	impairment Prepare	book value	book balance	impairment Prepare	Book value
to invest 180,000,000.00 in subsidiaries			180,000,000.00	180,000,000.00		180,000,000.00
industry investment						

Total 180,000,000.00		180,000,000.00	180,000,000.00		180,000,000.00
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## (1) Investment in subsidiaries

Applicable Not applicable

Unit: Currency: RMB

Beginning balance of investee		Increase in this issue add	Less in this period few	Ending balance	this period Impairment Prepare	Impairment criteria end of preparation period balance
Zhejiang Tianzheng Intelligent Electric Co., Ltd	180,000,000.00			180,000,000.00		
Total 180,000,000.00				180,000,000.00		

## (2) Investment in associates and joint ventures

Applicable Not applicable

other instructions:

Applicable Not applicable

## 4. Operating income and operating costs

## (1). Operating income and operating costs

Applicable Not applicable

Unit: Currency: RMB

project	Amount for this period		Amount in the previous period	
	income	cost	income	cost
Main business	1,596,789,222.52	1,218,062,055.07	1,004,931,549.80	727,105,651.72
Other business	4,692,876.20	425,409.64	3,160,468.16	1,882,951.62
Total	1,601,482,098.72	1,218,487,464.71	1,008,092,017.96	728,988,603.34

## (2). Income from contracts

Applicable Not applicable

## (3). Description of performance

obligations Applicable Not applicable

## (4). Explanation of apportionment to remaining performance

obligations Applicable Not applicable

## 5. Investment income

Applicable Not applicable

Unit: Currency: RMB

Long-	Amount for this period	Amount in the previous period
term equity investment income accounted for by the project cost method		

Long-term equity investment income accounted for		
by equity method Investment income from disposal of		
long-term equity investment Investment income from		
trading financial assets during the holding period		
Dividend income from other equity instrument		
investments during the holding period Interest income		
from debt investment during the holding period	1,249,999.99	
Investment income from disposal of trading financial		
assets Investment income from disposal of other equity		
instruments Investment income from disposal of debt		
investment Investment income from disposal of other		
debt investment Others		
	-171,442.61	
total	1,078,557.38	

Other instructions:

none

## 6. Other

Applicable Not applicable

## 18. Supplementary information 1.

Details of non-recurring profit and loss for the current period

Applicable Not applicable

Unit: Yuan Currency: RMB

Project		Description
non-current assets disposal gains and losses	Amount - 490,710.45	
with unauthorized approval or tax return without formal approval documents, reduction or exemption of government subsidies included in the current	1,151,004.38	
profit and loss (closely related to the business of the enterprise, except for government subsidies enjoyed in a fixed or quantitative manner according to the unified national standards) included in the current profit and loss The capital	30,575,463.73	
occupation fee charged to non-financial enterprises The investment cost of acquiring subsidiaries, associates and joint ventures by the enterprise is less	1,028,097.60	
than the income from the fair value of the identifiable net assets of the investee when the investment is obtained. Non-monetary asset exchange gains and losses entrust others to invest or Profits and losses of managed assets Due to force majeure factors, such as various asset impairment provisions accrued due		
to natural disasters Debt restructuring gains and losses Enterprise restructuring		
expenses, such as expenses for relocation of employees, integration costs, etc.		

Profits and losses in excess of fair value arising from transactions where the transaction price is significantly unreasonable Net profit		
or loss for the current period resulting from a business combination under common control In addition to the effective hedging business		
related to the business, holding financial assets for trading, derivative financial assets, financial liabilities for trading, gains and losses from		
changes in fair value arising from derivative financial liabilities, and disposal of financial assets for trading, derivative financial assets, trading financial assets Debt, derivative financial liabilities and investment income obtained from other debt investments Receivables that are individually tested for impairment, contract asset impairment reserves are reversed Gains and losses obtained from external entrusted loans Fair value of investment properties that are	1,249,999.99	
subsequently measured using the fair value model Profits and losses arising from changes are subject to a one-time adjustment to current		
profits and losses according to the requirements of tax, accounting		
and other laws and regulations. Impact on current profits and losses Custody fee income obtained from entrusted operations Other non-		
operating income and expenses other than the above Income tax impact amount of profit and loss items defined by the definition of profit and loss Total amount of impact amount of minority		
shareholders' equity		
	656,799.32	
	-5,220,866.84	
	28,949,787.73	

For the company's non-recurring profit and loss items defined in accordance with the definition of "Interpretative Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profits and Losses", and the "Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public" - Non-recurring profit and loss items listed in "Non-recurring profit and loss" are defined as recurring profit and loss items, and the reasons shall be explained. Applicable Not applicable

## 2. Return on Equity and Earnings per Share

Applicable Not applicable

Profit during the reporting period	Weighted average return on equity (%)	EPS Basic	
		EPS Diluted EPS	
Net profit attributable to ordinary shareholders of the company after deducting non-recurring gains and losses	8.11	0.36	0.36
Net profit attributable to ordinary shareholders of the company	6.49	0.29	0.09

## 3. Differences in accounting data under domestic and foreign accounting

standards Applicable Not applicable

4. Other

ÿApplicable ÿNot applicable

Chairman: Gao Tianle

Board approval filing date: July 26, 2021

Revision information

ÿApplicable ÿNot applicable