

Company code: 605066

Company abbreviation: Tianzheng Electric

Zhejiang Tianzheng Electric Co., Ltd.

2020 Annual Report

important hint

1. The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management of the Company guarantee the truthfulness, accuracy and completeness of the contents of the annual report,

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. Zhongxinghua Certified Public Accountants (Special General Partnership) issued a standard unqualified audit report for the Company.

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 annual report.

V. The profit distribution plan for the reporting period or the plan to convert the capital reserve into share capital reviewed by the board of directors

The company plans to distribute equity dividends based on the total share capital on the equity registration date, and distribute cash dividends of 3.0 yuan (tax included) for every 10 shares, and will not be converted into share capital.

, do not send bonus shares. If the total share capital of the company changes before the equity registration date for the implementation of equity distribution, the company intends to maintain the distribution per share.

The amount of the gold bonus remains unchanged, and the total distribution is adjusted accordingly.

VI. RISK STATEMENT OF FORWARD-LOOKING STATEMENTS

ŸApplicable ŸNot applicable

Forward-looking descriptions such as future plans and development strategies involved in this report do not constitute a substantial commitment of the company to investors. 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. Whether there is 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 annual report disclosed by the company

no

X. Significant Risk Warning

The company has described the possible relevant risk factors and their possible impacts in this report in detail. Investors are kindly requested to refer to "III. The company's discussion and

analysis on the company's future development" in Section IV "Business Discussion and Analysis". "Medium" (4) Possible surface

right risk".

Eleven, other

ŸApplicable ŸNot applicable

content

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Section 1 Interpretation

1. Interpretation

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

Definition of common words		
Tianzheng Electric, Tianzheng, Ben Gong Company, company	refer to	Zhejiang Tianzheng Electric Co., Ltd.
Tianzheng Group, controlling shareholder		refers to Tianzheng Group Co., Ltd.
Tianzheng Intelligent		refers to Zhejiang Tianzheng Intelligent Electric Appliance Co., Ltd.
Tianzheng Electromechanical		refers to Shanghai Tianzheng Electromechanical (Group) Co., Ltd.
Shanghai Investment		refers to Tianzheng Group Shanghai Investment Co., Ltd.
Rongguangda Group		refers to Nanjing Tianzheng Rongguangda Electronics (Group) Co., Ltd.
Nanjing Real Estate		Refers to Tianzheng Group Nanjing Real Estate Co., Ltd.
Knight Electromechanical		refers to Nanjing Tianzheng Knight Electromechanical Group Co., Ltd.
Rongguangda Special		refers to Nanjing Rongguangda Special Capacitor Co., Ltd.
Hangzhou Honglonglong		refers to Hangzhou Honglonglong Network Technology Co., Ltd.
Fuding Phase I		refers to Shanghai Fuding Phase I Equity Investment Fund Partnership (Limited Partnership)
Ningbo Yongjia		refers to Ningbo Yongjia Investment Management Partnership (Limited Partnership)
China Securities Regulatory Commission		refers to the China Securities Regulatory Commission
Shanghai Stock Exchange, Stock Exchange		refers to the Shanghai Stock Exchange
Low voltage electrical appliances	refer to	According to external signals and requirements, manually or automatically turn on and off the circuit to realize the Electrical energy distribution, circuit connection, circuit switching, circuits to circuits or non-electrical objects Various electrical components and assemblies for protection, control and display.
5G		Refers to the fifth-generation mobile phone mobile communication standard, also known as the fifth-generation mobile communication technology.
Power distribution appliances	refer to	Mainly used in power distribution circuits, except for terminal appliances and power appliances, for power grid transmission The low-voltage side of the power distribution is used for making and breaking the current, and can be used in the line or electrical equipment. When short circuit, overload, undervoltage and other faults occur in the equipment, the circuit is cut off, so as to protect the line circuits for protection of circuits and equipment.
Control appliances	refer to	Mainly used in switchgear and control equipment for control, signal, interlocking and other purposes Electrical appliances, which are often used in motors widely used in various industries to start, adjust Various controls such as speed, forward and reverse, braking, etc.
Terminal appliances	refer to	Installed at the end of the circuit, it is used for power distribution, protection, Switching electrical appliances such as control, regulation and alarm.
Power appliances	refer to	Mainly used in power distribution circuits, responsible for converting and sensing the state of multiple currents. Switching between backup power or emergency power, in some cases where a continuous supply of power is required In the higher power-consuming units or devices, ensure that the power consumption of these power-consuming units or devices Stability or specificity.
Instrumentation appliances		Refers to the instrumentation equipment used to detect, measure, observe and calculate various parameters of the circuit.
Power distribution cabinet, switchboard	refer to	It is a device for concentrating, switching and distributing electric energy, generally composed of cabinets, switches (circuit breakers), Protection device, monitoring device, electric energy meter, and other secondary components. Installed in power stations, substations and power customers with large power consumption.
pan factory		Refers to the manufacturer of high and low voltage distribution cabinets (distribution panels)
Molded case circuit breaker	refer to	All components are housed in moulded insulating housings, mainly for power line branching Low-voltage electrical appliances for distribution and protection of mains or electric motors.
frame breaker	refer to	Install all components on an insulating base frame or frame with insulating pads, mainly Low-voltage electrical appliances for distribution and protection of main lines of power lines.
Miniature Circuit Breaker		Refers to low-voltage electrical appliances that are mainly used at the end of the line and have short-circuit instantaneous and overload delay protection functions.
ERP		Refers to Enterprise Resource Planning, enterprise resource planning, is a manufacturing

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		Resource planning management information software used, including production resource planning management, manufacturing management management, financial management, sales management, procurement management, quality management, business process management management, product data management, inventory management, distribution and transportation management, human resources management Management and periodic reporting system and other functional modules.
EAP	refer to	Enterprise Application Platform, enterprise management software platform, is a A highly open, integrated several enterprise management software modules, EAP can choose Select the management modules that the enterprise needs to install and use, without installing unnecessary functions. can. Ordinary business personnel can develop enterprises on this platform after simple training. business application software.
Intelligent power distribution system	refer to	According to the needs of users, a set of equipment developed in accordance with the standard specifications of the power distribution system It has the characteristics of strong professionalism, high degree of automation, easy to use, high performance, high reliability, etc. The power management system suitable for low-voltage power distribution systems.

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	Tianzheng Electric
company The foreign name of the	ZHEJIANG TENGGEN ELECTRICS CO.,LTD.
company The foreign abbreviation of the	TENGGEN
company 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 basic situation

Company Registered	Sulu Industrial Zone, Liushi Town, Yueqing City, Zhejiang Province
Address Postal Code of Company Registered	325604
Address Company Office Address Postal Code of	Sulu Industrial Zone, Liushi Town, Yueqing City, Zhejiang Province
Company Office Address Company Website Email	325604
	www.tengen.com
	zhengquan@tengen.com.cn

4. Information disclosure and storage location Name

of information disclosure media selected by the company	"Securities Times", "Securities Daily", "China Securities Journal", "Shanghai Securities News"
The website designated by the China Securities Regulatory Commission to publish the annual report URL	www.sse.com.cn
Location of the company's annual report	Sulu Industrial Zone, Liushi Town, Yueqing City, Zhejiang Province

V. Company stock profile

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

6. Other relevant information

Accounting firm hired by the company Office (in the territory)	Name	Zhongxinghua Certified Public Accountants (Special General Partnership)
	Office Address	15th Floor, East Tower, No. 1 Fuwai Street, Xicheng District, Beijing
	Signature Accountant	Gao Minjian, Pang Yuwen
Perform continuous supervision during the reporting period Responsibilities of the Sponsor	Name Office Address	Guotai Junan Securities Co., Ltd.
	Signature Sponsor	No. 618, Shangcheng Road, China (Shanghai) Pilot Free Trade Zone
	Representative Name Hong Huazhong, Liu Jinhua	
	Period of continuous supervision	August 7, 2020 - December 31, 2022

7. Major accounting data and financial indicators in the past three years

(1) Major accounting data

Unit: Currency: RMB

key accounting data	2020	2019	Compared with this period Same as last year Period increase or decrease (%)	2018
Operating income	2,473,233,541.84	2,200,775,191.79	12.38	2,103,098,768.64
attributable to shareholders of listed companies Net profit	246,828,267.77	215,822,997.72	14.37	138,467,049.06
attributable to shareholders of listed companies net of non-recurring gains and losses net profit	224,188,361.28	174,893,813.63	28.19	130,761,487.49
cash generated from operating activities net traffic	175,800,114.17	283,595,893.16	-38.01	86,111,377.26
	Late 2020	Late 2019	end of the period than last year end of the same period increase or decrease (%)	Late 2018
Attributable to shareholders of listed companies total net	1,734,347,142.56	827,165,855.91	109.67	611,342,858.19
assets of	3,164,794,070.63	2,061,362,314.60	53.53	1,861,500,816.22

(2) Main financial indicators

Key Financial Indicators	2020	2019	This period increased over the same period of last year reduce(%)	2018
Basic earnings per share (RMB/share)	0.70	0.65	7.69	0.42
Diluted earnings per share (RMB/share)	0.70	0.65	7.69	0.42

After deducting non-recurring gains and losses, the basic Income from shares (RMB/	0.63	0.53	18.87	0.40
share) Weighted average return on equity (%)	21.08	30.01 decreased by 8.93 percentage points		25.54
Weighted average return after deducting non-recurring gains and losses	19.15	24.32 decreased by 5.17 percentage points		24.12
Average return on equity (%)				

Explanation of the company's main accounting data and financial indicators for the first three years at the end of the reporting period

ÿApplicable ÿNot applicable

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

(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
difference in net worth of

ÿApplicable ÿNot applicable

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

ÿApplicable ÿNot applicable

(3) Explanation of the differences between domestic and foreign accounting standards:

ÿApplicable ÿNot applicable

9. Main financial data by quarter in 2020

Unit: Currency: RMB

	the first season (January-March)	Q2 (April-June)	the third quater (July-September)	fourth quarter (October-December)
Operating income	342,742,617.17	713,749,876.13	726,863,665.51	689,877,383.03
attributable to listed company shares				
Dong's net profit is	28,587,141.06	63,273,562.50	88,238,886.08	66,728,678.13
attributable to listed company shares				
East's deduction non-recurring	33,711,014.95	61,528,804.35	67,518,343.26	61,430,198.72
net profit after profit and loss				
cash generated from business activities	-90,795,991.77	24,449,432.51	48,126,961.54	194,019,711.89
net cash flow				

Explanation of the difference between quarterly data and disclosed periodic report data

ÿApplicable ÿNot applicable

X. Non-recurring profit and loss items and amounts

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Non-recurring profit and loss items	2020 Amount	Notes (Such as suitable use)	2019 Amount	2018 Amount
Unauthorized approval of gains and losses on	-948,558.19		-2,654,265.40	-1,572,191.09
disposal of non-current assets, or without formal approval documents, or occasional tax rebates and government subsidies that	2,302,008.75		3,161,373.19	2,625,409.58
are included in the current profit and loss, but are not related to the The normal operation of the company is closely related to the	31,150,023.55		36,524,796.52	5,741,857.54

In line with national policies and regulations, in accordance with certain standards Fixed or quantitative continuous enjoyment of government subsidies except				
Income from non-financial enterprises included in current profit and loss Except for those related to	1,392,880.66		11,442,130.78	369,752.34
the company's normal business operations, In addition to the effective hedging business, holding transactional Financial Assets, Derivative Financial Assets, Transactions financial liabilities and derivative financial liabilities Gains and losses from changes in fair value, and disposals Held-for-trading financial assets, derivative financing assets, trading financial liabilities, derivative finance Investments acquired from liabilities and other debt investments income			-1,208,320.00	487,680.00
Receivables that are individually tested for impairment, Reversal of provision for impairment of contract assets				
Profits and losses from external entrusted loans				
Subsequent measurement using the fair value model change in fair value of investment real estate profit and loss				
According to tax, accounting and other laws and regulations A one-time adjustment to current profit and loss is required Impact on current profit and loss				
Custody fee income from entrusted operations				
Other operating income other than the above Other income and	-7,287,207.04		974,093.69	1,467,214.05
expenses that meet the definition of non-recurring profit and loss benefit project				
Amount of influence of minority shareholders' equity				
Total income tax impact	-3,969,241.24		-7,310,624.69 -1,414,160.85	
	22,639,906.49		40,929,184.09 7,705,561.57	

11. Items measured at fair value

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

project name	Opening Balance	Ending balance	Current period changes	Impact on current profits Amount
Receivables financing 213,103	435.03 324,714,776.99 111,611,341.96	Total 213,103,435.03 324,714,776.99 111,611,341.96		0
				0

12. Others

☐Applicable
 ☐Not applicable

Section 3 Business Overview of the Company

I. Description of the main business, business model and industry situation of the company 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:

Category	Main corresponding products	Product icon	Performance and use
Power distribution appliances	Molded case circuit breaker		<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>
	Universal circuit breaker		<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>
Control appliances	contactor		<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>

Terminal appliances	Miniature Circuit Breaker		<p>For AC 50/60Hz, rated voltage up to 400V, rated</p> <p>In the circuit of constant current 1~125A, it is used for office buildings and residences</p> <p>It is used for overload and short-circuit protection of lighting, distribution lines and equipment in similar buildings, and can also be used as a circuit breaker.</p> <p>It is used for frequent on-off operation and conversion, and is mainly used in various places such as industrial, commercial, high-rise and residential buildings.</p>
	Small earth leakage circuit breaker		<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>
Power appliances	Small three boxes complete set of notes		<p>The small three-box complete set of equipment supplies all low-voltage electrical components 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>
	Transformer		<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>

other	Instrumentation appliances	Electricity meter		Meters for energy metering. The product has the functions of forward, reverse and combined active energy metering, and the combined active energy can be configured on demand 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.
		Inverter		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.
		high voltage circuit breaker		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

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 classifies customers according to industries.

And set up a professional sales team and technical support team for key industries, with the "iron" of "customer manager" + "solution manager"

The "Triangle" model has achieved coverage of large and medium-sized enterprises in key industries. At present, the company has established a number of

10 industry sales channels including intelligent power distribution, rail transit, OEM (equipment matching), construction, distribution, and disk factories. In terms of distribution,

The company mainly achieves regional coverage nationwide through more than 400 major dealers and marketing outlets throughout counties and towns.

To face small and medium-sized users 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 Jiaxing and 11 sub-logistics nationwide, the end-users are guaranteed

Fast delivery.

From the perspective of the entire low-voltage electrical appliance industry in which the company is located, although affected by the epidemic, the entire national economy in the first quarter of 2020 has

The demand for low-voltage electrical appliances has decreased, but starting from the second quarter of 2020, as the national economy gradually returns to normal, the demand for low-voltage electrical appliances has decreased.

Demand for appliances recovered quickly and increased compared to 2019. On the one hand, after the epidemic has stabilized, various types of

Investment projects recovered rapidly; on the other hand, new energy, communications and other industries related to new infrastructure developed rapidly and effectively brought

mobilized the demand for low-voltage electrical appliances. Third, the integration of the low-voltage electrical appliance industry has intensified, and the market share has become more and more competitive with leading companies

concentrated.

II. Explanation on major changes in the company's main assets during the reporting period

☐Applicable ☐Not applicable

For details, please refer to "(3) Analysis of Assets and Liabilities" in Section IV "II. Main Operating Conditions during the Reporting Period".

Among them: overseas assets 0 (unit: yuan currency: RMB), the proportion of total assets is 0%.

III. 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 December 31, 2020, the company has 570 patents, including

81 of them are invention patents. In 2020, the company applied for 192 patents, including 40 invention patents; newly obtained patent authorization

122 items.

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 operates in most prefecture-level

The city has first-level dealers 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 customers

area coverage. At the same time, the company targets at the power, communication, new energy, construction and other markets with large capacity and strong growth potential.

The industry has set up a professional industry direct sales team, focusing on leading enterprises in various industries. Distributors bring the company's experience in developing large end-users into

It can be copied, and the development of small and medium-sized enterprises in the industry is completed in its authorized area, forming a "company leading the way, and dealers quickly copying".

mode, which can complete industry coverage more quickly. In the electric power industry, the company has accumulatively implemented in the State Grid and dozens of provincial electric power companies across the country.

Bid now. In the communications industry, the company has been successful in large telecom operators such as China Mobile, China Telecom and China Tower for several consecutive years.

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

Large-scale photovoltaic power generation investors such as Yuanyuan Group, State Power Investment Group, Huaneng Group, and Datang Group were shortlisted. In the construction industry, the

The former company has been shortlisted in more than 30 top 100 real estate companies, including Country Garden, Sunac, Poly, Evergrande, Greenland,

R&F, CIFI 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.

Section 4 Discussion and Analysis of Business Situation

1. Discussion and analysis of operating conditions

In 2020, in the face of the impact of the new crown epidemic, under the correct leadership of the board of directors, the company decisively initiated management changes,

Radical changes and upgrades have been made in market expansion, technology and product R&D, intelligent manufacturing, and human resource management.

Got good results. During the reporting period, when the production and operation in the first quarter were severely affected by the epidemic, the company achieved annual

Sales revenue increased by 12.38% year-on-year, net profit attributable to shareholders of the parent company increased by 14.37% year-on-year, and net profit after deduction increased year-on-year

A good performance of 28.19%.

(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" marketing

The model establishes an "organizational customer relationship" with this part of "long-term value customers". In the power industry, the company is again in the country after a lapse of four years

The centralized procurement of grid meters won the bid, and won the bidding of more than ten provincial power companies. The sales revenue of the power industry increased by more than

70%. In the communication industry, the company has been shortlisted for China Telecom -48V DC power supply cabinet (2020) centralized procurement project, China Telecom

Telecom Headquarters Information Park (Inner Mongolia) Power Supply Cabinet (2020) Procurement Project, successively won the bid for "China Mobile 2020

Centralized Procurement Project for AC Distribution Box Products for Base Stations by 2021", "China Mobile's Production of AC and DC Headboard Cabinets from 2020 to 2021

"Centralized Procurement Project", the annual sales revenue of customers in the communication industry increased by more than 45% year-on-year. In the new energy industry, the company has

Energy Group Zhongke Jiaye Haiyuan Gaoya 200MWp Photovoltaic Power Generation Project, State Power Investment Group Qinghai Yellow River Company Project,

Tang Group's Wafangdian Zhenhai Wind Farm Energy Storage Station Project has achieved sales in more than ten new energy power generation projects. Construction industry, companies in Bi

Guiyuan, Poly, R&F and other well-known real estate companies have been shortlisted for centralized procurement, and the total number of top 100 real estate companies shortlisted for centralized procurement exceeds 30

Home, construction industry sales revenue increased by more than 50%. In terms of distribution network, during the reporting period, the company continued to vigorously develop a new level of distribution

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.

(2) Technology and product development

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During the reporting period, the company continued to increase investment in technology and product research and development, and the annual research and development expenditure exceeded 94 million yuan.

an increase of about 14%. During the reporting period, the company applied for 192 patents, including 40 invention patents; 122 new patents were granted.

As of December 31, 2020, the company has 570 patents, of which 81 are invention patents. During the reporting period, the company hosted and

Participated in the revision of 11 national, industry and group standards.

During the reporting period, the company made major adjustments to the organizational structure of the research and development system, and established two major product lines of power distribution and industrial control as products.

Competitiveness bears the ultimate responsibility, and establishes corresponding job responsibilities and process systems in accordance with the requirements of IPD to ensure that new product research and development are effective for the market.

Fast and accurate response to field needs.

In 2020, the R&D system mainly focuses on the research of cutting-edge technology and the development of industrial products, and has completed DC1500V,

Technical research on the breaking capacity of AC1140V, AC800V and other high voltage levels; it can meet the needs of special industries such as wind power and photovoltaic new energy.

Meet the new needs of industrial applications, help the high-end intelligent power distribution field, and provide strong support for the energy management and control system that realizes intelligent power distribution.

According to the new requirements of the State Grid, the application technology of power line carrier, high-precision metering, topology identification, communication gateway, etc. has been implemented.

Now we have made breakthroughs and completed the development of products such as TeM5R series fusion circuit breakers and TeM5RC series fusion reclosers, and participated in 3 projects of the State Grid

Electric Power Research Institute standard revision work. According to the standard of "Standardized Design Scheme of Low-voltage Switchgear" of the State Grid, the State Grid Standardized Cabinet has been carried out.

The research and development of solution-related products, and successfully passed the test. "Characteristics of DC fault arcs under the condition of multi-source-charge coupling interference and

The postdoctoral project of "Research on Detection Methods" was included in the "2020 China Postdoctoral Science Fund Project Plan".

The development of a set of digital solutions for equipment, the technical innovation team was selected as a high-level innovation team in Wenzhou;

The technical research of the company was selected into the Wenzhou City Card Neck Project Plan.

(3) Manufacturing

In terms of production and manufacturing, the company continued to increase the automation and informatization transformation of the main product production lines. Company Utilization in 2020

Funds raised from the listing started the second phase construction of Yanpan Smart Park, and promoted the further upgrading of the industrial scale; the construction of terminal smart factory achieved success

It has successfully passed the certification of intelligent factory in Zhejiang Province; the investment in automation equipment has increased year by year, the level of automation has been continuously improved, and production

Efficiency and product quality are guaranteed; 6 company-level lean improvement projects have been completed, through process optimization, new equipment introduction and process improvement

To achieve cost reduction and efficiency increase through advanced and other means; establish an efficient warehousing and delivery management system of "lean + informatization + automation".

Management, post consolidation, reorganization, and order grabbing distribution mode are promoted, and the number of stock SKUs, inventory health, and per capita shipping efficiency have been improved.

Significant improvement; continue to promote management improvement, relying on the improvement week, drive grass-roots employees to participate in management, optimize the construction of star factory system

Design, improve the overall production and manufacturing management level.

(4) Informatization construction

In 2020, the company's informatization construction has achieved the following results: 1) Focusing on customer service: the DMC channel cloud has been upgraded, which is convenient

Customer order placement and support for customer expansion; 2) The CRM sales cloud has been built and launched, which unifies the customer management interface and improves the operational efficiency.

3) Build and launch FSC service cloud, realize self-service repair report by scanning code, and dispatch orders in a unified manner at the headquarters to improve

Improve the per capita efficiency of service engineers and improve customer experience; 4) Upgrade the WMS system to improve logistics efficiency and management accuracy;

5) Cover all core suppliers through SRM business online, through API data exchange platform, and 3 large platforms in the industry

6) The company and its subsidiary Tianzheng Intelligent have passed the evaluation of the integration management system of industrialization and industrialization and obtained the certificate Book.

(5) Management

In terms of management, the company continues to promote management reforms to achieve the goal of "the direction is generally correct and the organization is full of vitality".

In terms of strategic management, the company has established a relatively complete strategic management process with the help of external high-level consultants.

At the beginning of analysis, through in-depth market insight, potential market space is discovered, and targeted business design is carried out according to the market insight results,

This determines the company's strategic objectives, strategic initiatives and strategic control points. According to this, the company's annual business plan is formulated, and the strategy is adopted

Decoding decomposes the company's strategic goals and key work into various business departments and functional departments to achieve horizontal and vertical strategic coordination.

same.

In terms of human resources management, the company hired Aon Hewitt, an international top human resources consulting company, to assist in the implementation of coverage qualifications.

system, rank system, and salary system for human resources projects, and established a job qualification system centered on job competency and based on

Based on this, a new rank system and salary system have been built, which provides clear guidelines for employee ability evaluation and development, and provides employees with

The realization of professional and management dual-channel development provides a solid institutional guarantee, and also opens up the company's talent introduction, talent evaluation, and talent

The underlying foundation for selection and talent development. In terms of performance appraisal, the company has established a new performance appraisal system around strategic goals,

Emphasize team assessment and timely incentives, and closely combine assessment with the company's key strategic issues to achieve "excellent people do difficult but

is an important, long-term goal".

In 2020, the company optimized the management mechanism for the evaluation, selection, trial and supervision of cadres, and strengthened the management of new cadres at all levels.

The evaluation of the degree of matching between people and positions, and supporting the new cadre turnaround training plan to help cadres turn around. Tianzheng University, a subsidiary of the company

The School of Management has launched training and development projects for reserve cadres at different levels, such as "Tianying Class", "Tianpeng Class", "Tianhong Class", etc.

The leadership quality and management skills of reserve cadres are comprehensively improved by means of training, seminars, mentoring system, and benchmarking company visits, so as to achieve the goal of

The ability of the department team has been systematically improved.

2. Main operating conditions during the reporting period

During the reporting period, the company realized operating income of 2,473,233,500 yuan, an increase of 12.38% over the same period of the previous year;

The net profit of shareholders of listed companies was 246.8283 million yuan, an increase of 14.37% over the same period of the previous year; the deduction attributable to shareholders of listed companies was realized

Non-net profit was RMB 224,188,400, an increase of 28.19% over the same period of last year.

(1) Analysis of main business

1. Analysis of changes in related items in the income statement and cash flow statement

Unit: Currency: RMB

subject	Number of this period	Proportion of changes in the same period last year (%)	
Operating Income	2,473,233,541.84 2,200,775,191.79	1,785,823,505.29 1,538,090,657.14	12.38
Operating Costs	198,786,624.72 224,465,074.39	112,900,256.41 112,065,325.22	16.11
Sales Expenses	94,209,521.83 82,726,084.86		-11.44
Administrative			0.75
Expenses R&D Expenses			13.88

Financial expenses -3,734,934.77	8,774,426.07	Net cash flow from operating activities	175,800,114.17	283,595,893.16	not applicable
Net cash flow from investing activities	-421,133,960.99	-43,4186,524.89	Net cash flow from	570,469,763.75	-38.01
					not applicable
					not applicable

2. Revenue and Cost Analysis

Applicable Not applicable

During the reporting period, the company's main business income increased by 12.79% year-on-year, the main business cost increased by 16.07%, and the main business gross profit

The rate decreased by 2.04 percentage points year-on-year.

(1). Main business by industry, product and region

Unit: 10,000 Yuan Currency: RMB

Main business by industry						
Operating income and operating cost by industry			gross profit margin (%)	Operating income year-on-year increase reduce(%)	Operating cost year-on-year increase reduce(%)	gross margin ratio increase or decrease in the previous year (%)
Low-voltage electrical appliances	246,490.32	178,346.37	27.65	12.79	16.07	Decrease 2.04 percentage points
Main business by product						
Operating income by product	Operating cost		gross profit margin (%)	Operating income year-on-year increase reduce(%)	Operating cost year-on-year increase reduce(%)	gross margin ratio increase or decrease in the previous year (%)
Power Distribution Appliances	106,812.14	75,731.03	29.10	11.86	15.05	Decrease 3.53 percentage points
Terminal electrical appliances	67,122.31	48,519.75	27.71	13.97	11.03	Add 1.01 percentage points
Control appliances	29,979.05	23,618.84	21.22	4.37	11.47	Decrease 5.98 percentage points
Power Appliances	21,305.04	15,814.24	25.77	26.08	18.58	Add 1.96 percentage points
Instrumentation	7,324.18	4,651.12	36.50	30.18	26.42	Decrease 2.67 percentage points
other	13,947.60	10,011.39	28.22	8.04	10.70	Decrease 2.53 percentage points
Main business by region						
Operating income and operating costs by region			gross profit margin (%)	Operating income year-on-year increase reduce(%)	Operating cost year-on-year increase reduce(%)	gross margin ratio increase or decrease in the previous year (%)
northeast	15,981.61	11,237.95	29.68	13.08	16.82	Decrease 4.18 percentage points
North China	21,798.34	15,503.30	28.88	-12.84	-8.63	Decrease 3.78 percentage points
East China	112,750.39	82,791.58	26.57	16.74	15.72	Decrease 1.18 percentage points
South China	45,807.90	33,380.08	27.13	30.55	26.38	Decrease 2.83 percentage points

Central China	20,533.50	15,042.07	26.74	-3.52	-0.49	Decrease 2.23 percentage points
northwest	9,362.56	6,684.73	28.60	2.23	2.18	0
southwest	20,256.02	13,706.66	32.33	17.27	16.51	decrease by 1.42 percentage points

Description of main business by industry, product and region

none

(2). Analysis table of production and sales

Applicable Not applicable

Main Product Unit	Production	Sales Volume	Inventory		production volume ratio increase or decrease in the previous year (%)	sales volume ratio increase or decrease in the previous year (%)	inventory ratio increase or decrease in the previous year (%)
10,000 distribution appliances	1,808.06	1,666.27	10,000 terminal	207.59	23.22	21.55	90.14
appliances 6,659.60	6,282.03	10,000 control appliances	1,993.41	978.76	12.42	14.03	36.77
1,948.76	10,000 power appliances	10,000 instruments and meters		336.82	10.83	9.21	64.44
		412.50	386.03	41.84	36.95	21.84	92.68
		196.67	183.20	117.23	31.82	17.03	801.18
		90.44	288.66	87.85	-23.61	-2.34	-19.76

Description of production and sales

none

(3). Cost analysis table

unit: yuan

By industry							
sector	cost composition into the project	Current Amount	This period accounts for total cost Proportion (%)	Amount in the same period of last year	last year same period total cost Proportion (%)	This period amount above same year period change ratio example(%)	Condition illustrate
Raw materials for low-voltage electrical appliances		1,607,737,331.56	90.15	1,373,060,863.25	89.36 0.79		
Low-voltage electrical labor	116,830,190.54	Low-voltage	6.55	98,715,197.62	6.42 0.13		
electrical expenses	58,896,195.48		3.30	64,740,072.63	4.21-0.91		
Product Status							
By product	cost composition into the project	Current Amount	This period accounts for total cost Proportion (%)	Amount in the same period of last year	last year same period total cost Proportion (%)	This period amount above same year period change ratio example(%)	Condition illustrate
Distribution electrical appliances		raw materials 703,290,304.76	92.87	594,506,844.16	92.41 29,831,272.07	0.46	
Distribution electrical appliances		labor 35,737,894.99	4.72		4.64 0.08		

18,282	126.03	2.41	417,760,206.05	86.10	19,013,301.58	2.96	-0.55	
50,226,233	3.01	10.35	17,211,071.51	3.55	368,767,459.55	85.43	0.67	
217,902,804	35	92.26	10,645,226.86		43,875,989.59	10.16	0.19	
7,640,418.08			136,751,602.18	86.47	19,032,471.01	4.41	-0.86	
15,780,326.46	9.98		5,610,443.29	3.55	189,521,182.52	90.63	1.63	
raw materials	40,580,642	20	87.25	Instrument labor	4.51	10,193,335.04	4.87	-0.36
4,244,005.56	Instrument expenses	160,514,911	5.63	2.96	9,392,910.54	4.49	-1.26	
91.35	Other labor	196,503	3.66	Other expenses	8,465,622.46	112,308,043.64	87.23	-0.76
					10,249,653.02	7.96	2.02	
					6,197,340.03	4.81	-1.26	
					28,366,690.65	82.89	4.36	
				9.12	3,728,028.15	10.89	-1.77	
					2,129,417.60	6.22	-2.59	
					79,590,642.75	89.03	2.32	
				0.20	836,919.75	0.94	-0.74	
				8.46	8,974,631.87	10.04	-1.58	

Cost analysis and other information

none

(4). Major sales customers and major suppliers

Applicable Not applicable

The sales of the top five customers amounted to RMB 458,329,500, accounting for 18.59% of the total annual sales; among which, the sales of the top five customers were related to related parties

The sales amount is 00,000 yuan, accounting for 0% of the total annual sales.

The purchase amount of the top five suppliers was 259.2413 million yuan, accounting for 15.82% of the total annual purchase;

The purchase amount of the joint party is 00,000 yuan, accounting for 0% of the total annual purchase amount.

other instructions

none

3. Fees

Applicable Not applicable

unit: yuan

Project	Current	Year-on-year	Change ratio (%)
Sales Expenses	period	number	-11.44
Management Expenses	198,786,624.72	224,465,074.39	0.75
R&D Expenses Financial	112,900,256.41	112,065,325.22	13.88
Expenses	94,209,521.83	-3,734,934.77	82,726,084.86
		8,774,426.07	not applicable

4. R&D investment

(1). R&D investment table

Applicable Not applicable

unit: yuan

Expenditure R&D investment in the current period	94,209,521.83
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Capitalized R&D investment in the current	0
period The ratio of total R&D investment in	94,209,521.83
total R&D investment to operating income (%) The number of R&D	3.81
personnel in the company The ratio of the number of R&D personnel in	3,903,909
the company's total number of employees (%) The proportion of capitalized	10.50
R&D investment (%)	0

(2). Situation Description

ÿApplicable ÿNot Applicable

The company has long adhered to independent innovation and continuously improved its technology research and development system. In 2020, the company's R&D investment reached 94 million yuan. deadline

At the end of 2020, 570 valid patents were authorized, 192 patent applications, 122 patent authorizations, and 14 software copyright registrations; leading and participating 11 revisions to national, industry or group standards. For details, please refer to the R&D department in Section 4 "Discussion and Analysis of Business Situation" point.

5. Cash flow

ÿApplicable ÿNot applicable

unit: yuan

Net	Current	Proportion of changes in the same period last year (%)
cash flow from project operating activities Net cash	period 175,800,114.17 283,595,893.16 -421,133,960.99	-38.01
flow from investing activities Net cash flow from	-43,486,524.89 570,462,004.73 -141,122,759.71	not applicable
raising activities		not applicable

(2) Explanation on major changes in profit caused by non-main business

ÿApplicable ÿNot applicable

(3) Analysis of assets and liabilities

ÿApplicable ÿNot applicable

1. Assets and Liabilities

unit: yuan

Project name Closing	amount of the current period	end of the current period total capital percentage of production (%)	End of last period	end of last period total capital percentage of production (%)	end of the current period The amount is higher end-of-period change dynamic ratio (%)	Fact Sheet
Money funds	1,060,284,566.99	33.50	381,789,745.44	18.52	177.71	The main company is the first to issue Raising funds through stock
bill receivable	88,700,864.73	2.80	60,909,631.05	2.95	45.63	Mainly the customer's business commitment Increase in bill of exchange settlement
Receivables financing	324,714,776.99	10.26	213,103,435.03	10.34	52.37	Mainly customer bank Increase in bill of exchange settlement
Prepayments	6,282,284.68	0.20	3,330,499.19	0.16	88.63	Mainly for the procurement of materials for the annual meeting prepayment
stock	306,697,349.77	9.69	217,148,615.27	10.53	41.24	Mainly for improving delivery Timeliness is appropriately increased Finished goods inventory
Other current assets	64,814,829.82	2.05	39,215,486.02	1.90	65.28	Mainly due to the value-added tax to be offset Tax deductions increased from the beginning of the year

Construction in progress	22,877,604.22	0.72	6,939,147.50	0.34	229.69	Mainly for the construction of fundraising projects set investment
Long-term prepaid expenses	8,361,163.00	0.26	4,994,209.45	0.24	67.42	Mainly in Jiaxing Park University renovation costs increase
short-term loan	40,051,160.70	1.27	130,000,000.00	6.31	-69.19	Mainly bank liquidity Gold loan reduction
accounts payable	1,059,927,293.83	33.49	810,267,113.21	39.31	30.81	Mainly for material procurement Payment increases
bills payable	12,131,938.43	0.38			not applicable	Main Department Material Purchase Invoice According to the increase in
advance payment			2,947,052.46	0.14	not applicable	payments under the new revenue guidelines, businesses Customer Pairs received or receivable transfer to the customer Obligatory Reclassification of Goods to contract liabilities, with a corresponding increase Value tax transferred to tax payable Amount of output tax to be transferred
contract liabilities	3,927,195.35	0.12			not applicable	Under the new revenue guidelines, companies Customer Pairs received or receivable transfer to the customer Obligatory Reclassification of Goods to contract liabilities
Deferred income	2,809,449.07	0.09	99,332.62	0.005	2,728.32	Mainly related to assets increase in government grants
capital reserve	655,626,535.70	20.72	66,273,516.82	3.22	889.27	initial public offering of stock Premium

other instructions
none

2. Restriction of major assets by the end of the reporting
period ỹApplicable ỹNot applicable

Total	Ending book value	Restricted Reason
project cash	5,507,939.56 Margin	
and receivables	13,926,723.82 Pledge of bills payable	
financing	19,434,663.38	

3. Other instructions
ỹApplicable ỹNot applicable

(IV) Analysis of industry operating information
ỹApplicable ỹNot applicable

For details on the analysis of industry operating information, please refer to "Main business activities undertaken by the company during the reporting period" in the first part of "Summary of the Company's Business" in Section III of this report.

Description of key business, business model and industry situation", "Industry pattern and industry structure and
Trends" section.

(5) Analysis of investment status

1. Overall analysis of foreign equity investment

̐Applicable ̐Not applicable

(1) Significant equity investment

̐Applicable ̐Not applicable

(2) Significant non-equity investment

̐Applicable ̐Not applicable

On September 6, 2020, the company held the second meeting of the eighth board of directors and the first meeting of the eighth board of supervisors, which reviewed and approved the

approved the "Proposal on Using Part of Idle Raised Funds for Cash Management", agreeing that the company will use no more than RMB 350,000,000 for temporary

When the funds raised are idle for cash management, the chairman of the board of directors of the company is authorized on the date of deliberation and approval at the second meeting of the eighth session of the board of directors 12

exercise the investment decision-making power and sign relevant documents within one month and within the above-mentioned fund quota. As of the end of the reporting period, the company used the

The balance of funds collected for cash management is RMB 350 million.

(3) Financial assets measured at fair value

̐Applicable ̐Not applicable

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

(VI) Sale of major assets and equity

̐Applicable ̐Not applicable

(VII) Analysis of major holding companies

̐Applicable ̐Not applicable

Zhejiang Tianzheng Intelligent Electric Appliance Co., Ltd., a wholly-owned subsidiary of the company, achieved a revenue of RMB 391.781 million, a year-on-year increase of 11.65%;

Net profit was RMB 17.4705 million, a year-on-year increase of 50.35%

(VIII) Situation of structured entities controlled by the company

̐Applicable ̐Not applicable

3. The company's discussion and analysis on the company's future development

(1) Industry pattern and trend ̐Applicable ̐Not

applicable

With the changes in the political and economic situation at home and abroad and the development of the industry, we believe that in the next 5-10 years, China's low-voltage electrical appliances

The industry will show the following trends:

1. The National 14th Five-Year Plan (2021-2025) and the outline of the 2035 long-term goals were officially released, which clearly stated that "the

Self-reliance and self-improvement as the strategic support for national development", "Accelerating the construction of a domestic cycle as the main body, domestic and international dual cycles to promote each other

The new development pattern of progress", "Improve the market-oriented mechanism of technological innovation, strengthen the main position of enterprise innovation", the plan and outline are for each

The development of all industries has pointed out the direction, and the low-voltage component industry will also usher in a new stage of development.

2. With the continuous development of China's economy in the future, the demand for electricity will show a steady growth trend, and the national power generation and electricity consumption will remain unchanged.

At a high level, this will drive the steady growth in demand for low-voltage components, and it is expected that China's low-voltage components market will reach 2025 in 2025.

To about 130 billion yuan, of which power distribution and terminal products account for two-thirds of the product market, and power and construction are the two largest industries.

Industry market, the total amount exceeds 60% of the whole industry market.

3. New infrastructure industries represented by 5G, charging piles, data centers, and industrial Internet, focusing on the infrastructure of the digital economy

Construction has put forward higher requirements for the technological advancement, reliability and stability of low-voltage component products and solutions.

For component manufacturers, this is an important transformation opportunity and a major challenge at the same time.

4. Intelligence, interconnection, and energy saving are the main features of low-voltage components in the future. Represented by solid-state circuit breakers and variable frequency drives

Power electronics technology, as well as technologies such as communication, IT and cloud computing, will greatly affect the product form of low-voltage components

with the upgrading process.

5. The needs of customers range from single components, component solutions, complete sets (panels), solutions (including components,

enclosures), and began to gradually turn to comprehensive intelligent solutions based on industry and scenario applications (including components, enclosures, IoT technology

technology, software, services, etc.), the extension of the traditional market continues to extend, and the market space increases, and it also puts forward more requirements on the capabilities of manufacturers.

High requirements, such as Internet of Things technology, software development capabilities, full life cycle service capabilities centered on system integration services, etc.

At the same time, the pricing, sales and delivery of software and service products will also have an impact on the existing business model.

6. The diversity of channels and the differences in the industry make the needs of customers show great differences. In the 14th Five-Year Plan "Industrial Base High

Under the influence of the policy traction of "classification, the level of industrial chain modernization is significantly improved" and the trend of domestic substitution in all walks of life, domestic brands will

Continue to move towards the mid-to-high-end market. With technological innovation and product upgrading, strong technical strength, great brand influence, and certain

Domestic enterprises with advantages of scale may stand out, the number of low-end and mid-end market enterprises and their market shares will decrease accordingly, and the industry will be concentrated.

degree will increase.

(2) The company's development strategy

Applicable Not applicable

The company is committed to becoming the world's leading provider of intelligent low-voltage electrical solutions, accelerating the implementation of the transformation to a product market-oriented enterprise.

type.

In terms of R&D, the company will use the raised funds to speed up the completion of the R&D center construction project, and continue to increase basic technology research and R&D.

Center capacity building, accelerate the introduction and cultivation of high-level R&D talents, and build a first-class R&D center in the industry.

In the field of products, the company will continue to improve the competitiveness of products and solutions with the construction of the IPD system as the driving force. The company will

With Tiane products as the core, we will continue to improve the intelligence level of products and solutions, and build product competitiveness in the mid-to-high-end market.

With the "Xiangyun" series of products as the core, we will continue to improve the cost-effectiveness of products and consolidate the competitive advantage in the general product market. future company

It will continue to expand and deepen core product lines such as power distribution, terminal and industrial control, and rapidly expand power supply, instrumentation and other businesses.

In terms of market development, the company will continue to implement the dual-brand, dual-track marketing strategy.

1. Based on the dual-brand marketing strategy, the "Tian e" brand will mainly target new energy, data centers, high-end buildings, etc.

By industry, we aim to achieve the goal of localized substitution by benchmarking international first-class brands. On the other hand, it will continue to enhance the "Tianzheng" brand in general-purpose

Product market visibility and influence.

2. Based on the dual-track marketing strategy, on the one hand, the company will focus on the long-term development of key industries such as electric power, new infrastructure, OEM, and construction.

Value customers, gain in-depth insight into customers' pain points and needs, provide targeted industry products and solutions, and cooperate with partners

Close cooperation, relying on the joint research of the "iron triangle", establish an organizational customer relationship with long-term value customers, and form a strong customer relationship.

Increase customer stickiness and achieve sustained and rapid growth of the company's performance. On the other hand, the company will continue to deepen its distribution channels and accelerate the flattening of channels.

Through the strategy of "100 cities, 1000 counties and 10000 stores", the regional coverage of marketing outlets has been continuously improved.

In terms of human resource management, the company will continue to establish an efficient talent reserve, selection, evaluation and incentive mechanism to meet the needs of high

The requirements of rapid growth on the quantity and quality of talents; cultivate a corporate culture that continues to grow bigger and stronger, and fully implement high performance

The assessment mechanism of target traction and acquisition sharing system.

The company will also continue to accelerate the construction of production parks and the automation upgrade and transformation of production lines with the help of the construction of raised funds.

Improve the automation, informatization and lean level of core product production lines, and build an industry-leading intelligent manufacturing base for low-voltage electrical appliances.

(3) Business plan Applicable Not

applicable

1. Technology and product development

In 2021, on the basis of focusing on cutting-edge technology and product development, the company will strengthen the research on basic technology and experimental technology. cutting edge

Technical aspects: In response to the new needs of the national grid and the development of the industry, AC and DC measurement technology with high precision, topology, carrier and other functions is required.

Conduct in-depth research on technology, solid-state and hybrid circuit breaker related technologies, intelligent DC power supply systems, and power management related technologies;

Product development: focus on promoting the development of a series of products such as measurement switches, fusion circuit breakers, intelligent reclosing and power management; completed

AC1140V/800V frame circuit breaker, molded case circuit breaker, DC1500V molded case circuit breaker, miniature circuit breaker product research and development, complete and complete

Smart micro-breaks, DC fuses, surge protectors, self-resetting overvoltage protectors and other product lines provide industry customers with system,

Reliable and professional solutions; basic technology and experimental technology: it is planned to cooperate with Xi'an Jiaotong University, Xi'an University of Technology and other countries

Well-known universities in China, vigorously introduce doctors, masters, and outstanding experts in the industry, and have a good understanding of low-voltage electrical DC arc extinguishing technology, electromagnetic and institutional

In-depth research on simulation, manufacturing engineering, electrical reliability technology, etc.;

Promote the capacity building of R&D laboratories and test technologies, and empower product development through research on basic technologies and cutting-edge technologies.

Rapidly improve the efficiency and quality of R&D.

2. Marketing

In 2021, the company will focus on the market and brand, and combine 10 major channels to further implement brand building and market promotion.

wide range of activities. Efforts will be made to promote joint innovation in products in the field of electric power, and continue to improve the recruitment of State Grid, China Southern Power Grid and its affiliated provincial power companies.

The winning bid amount. In the field of communications, increase the shortlist of telecom operators' core power distribution projects to improve the company's brand awareness. at OEM

In the field, focus on 11 sub-sectors such as water pumps, elevators, and air conditioners to increase the coverage of the industry. In the rail transit industry, improve the railway professional design

It will lay a solid foundation for further industrial application expansion. On the Tiane brand, we will make every effort to develop new energy solutions

Solutions and intelligent system solutions, and strive to speed up the replacement of imported brands in sub-sectors such as new energy, data centers, and high-end buildings.

Continue to be shortlisted in the top 100 real estate enterprises in the construction channel and increase the purchase share of the leading real estate enterprises, further enhancing the company's influence in the construction industry.

In the disk factory channel, focus on regional leading enterprises, and realize the pulling effect of driving the whole from the point to the surface. target in the distribution channel

Thousands of new outlets were added to increase market share and regional coverage. At the same time, the Marketing Department works hand in hand with the Brand Department and the Information Department to comprehensively upgrade

Advanced sales tools, upgrade the information management platform, and carry out integrated marketing in the new media and digital fields.

In terms of regional coverage, the company will continue to add sales liaison offices in key cities to achieve intensive cultivation in key regions and industries

Make detailed work to complete all-round, multi-field and in-depth regional and industry coverage. To meet business requirements, will continue to increase front-line sales

The number of personnel, and cooperate with Tianzheng University to establish a high-quality sales team to better create value for customers.

3. Manufacturing

The company will complete the infrastructure construction of Yanpan Intelligent Park and build an industry-leading intelligent manufacturing base for low-voltage electrical appliances; start the construction of three-dimensional warehouses to construct

Build a modern logistics system, realize the synchronization of information flow and logistics, improve the efficiency of warehousing and storage and the accuracy of supply and distribution; continue to promote lean reform

improve the company's production and management capabilities, and help enterprises achieve the goal of reducing costs and increasing efficiency; increase

Investment in equipment technical transformation and automation to improve the automation rate of leading product lines; continue to promote TPM to enhance employees' equipment maintenance intentions

ensure the efficient operation of factory equipment, comprehensively collect equipment data, speed up equipment interconnection, realize intelligent management of production equipment, improve

Raise equipment OEE level.

4. In terms of information construction

It will comprehensively sort out the process and structure of the marketing information system, deepen the application of the CRM sales cloud, and further enhance the marketing collaboration ability.

Support business expansion; promote digital factory construction, plan and implement MOM manufacturing operation system, integrate PLM, ERP, APS, WMS

and other systems, import CAE, CAM and other applications to meet the construction requirements of future smart factories; improve data utilization capabilities,

The construction of an intelligence center, the implementation of master data governance, the construction of data warehouses, the establishment of topic analysis models, and the improvement of digital decision-making capabilities;

Construction of information security management system, strengthen information system operation guarantee and data security protection capabilities, and effectively implement data backup plans and

Restoration plans and planning for review of the information security management system.

5. Human resource management

The company will continue to focus on the goal of "the direction is generally correct and the organization is full of vitality", with the succession of key positions as the core and key

Based on the job competency standard, we will focus on promoting the sustainable development of the talent team. The company will focus on strategic goals and increase talent recruitment

Gradually expand various talent introduction channels, and accelerate the introduction of R&D personnel and industry sales talents with competitive salaries. will also pass

Through regular talent inventory selection and identification of reserve talents, through the combination of training and warfare, establish a systematic and standardized key position personnel

Talent selection and training mechanism, consolidate the thickness of talents, and provide a continuous high-performance and combat-effective talent team for the company's business development.

(4) Possible risks

☐Applicable ☐Not 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.

(5) Others

̐Applicable ̐Not applicable

4. Explanation of the situation and reasons for the company's failure to disclose in accordance with the standards due to the inapplicability of the standards or special reasons such as state secrets and business secrets

̐Applicable ̐Not applicable

Section 5 Important Matters

1. Preplan for profit distribution of common shares or capital reserve conversion

(1) Formulation, implementation or adjustment of cash dividend policy

̐Applicable ̐Not applicable

According to the Articles of Association, when formulating profit distribution policies and specific plans, the company shall pay attention to the reasonable investment of investors.

Return on capital, take into account the long-term interests and sustainable development of the company, and maintain the continuity and stability of the profit distribution policy.

(1) Principles of profit distribution

From the perspective of sustainable development, the company comprehensively considers the actual situation of the company's business development, social capital costs and financing environment

and other factors, establish a sustainable, stable, scientific and predictable return plan and mechanism for investors, and make positive and

Clear institutional arrangements to ensure the continuity and stability of the company's profit distribution policy.

(2) Form of profit distribution

The company may distribute dividends in cash, stock, a combination of cash and stock and other legal methods, and cash distribution is preferred.

The form of profit distribution of bonus, but the profit distribution shall not exceed the range of accumulated distributable profits. Before meeting the company's cash expenditure plan

In addition, the company may distribute interim cash dividends based on current operating profit and cash flow.

(3) The profit distribution interval shall in principle carry out profit distribution once a year, but the board of directors may, according to the company's capital,

The situation of gold demand suggests that the company conducts interim profit distribution.

(4) Sequence of profit distribution If the company has the conditions for cash dividends, it shall give priority to cash dividends for profit distribution.

(5) Conditions and proportions of cash dividends A company may distribute cash dividends when the following conditions are met:

1. The distributable profit realized by the company in the year (that is, the after-tax profit remaining after the company makes up the losses and withdraws the provident fund) is positive;

2. The audit institution issues a standard unqualified audit report on the company's annual financial report.

The company should maintain the continuity and stability of the profit distribution policy, and the accumulated profits distributed in cash in the past three years should not be less than the maximum.

Thirty percent of the annual average distributable profits realized in the past three years. The board of directors of the company shall comprehensively consider the characteristics of the industry, development stage,

Factors such as its own business model, profit level, and whether there are major capital expenditure arrangements, distinguish the following situations, and follow the company's articles of association

The prescribed procedure to propose a differentiated cash dividend policy:

(1) If the company's development stage is mature and there is no major capital expenditure arrangement, when profit distribution is carried out, cash dividends will be distributed in this profit.

The proportion of profit distribution should be at least 80%;

(2) If the company's development stage is mature and there are major capital expenditure arrangements, when profit distribution is carried out, cash dividends will be distributed in this profit.

The proportion of profit distribution should be at least 40%;

(3) If the company's development stage is in the growth stage and there are major capital expenditure arrangements, when profit distribution is carried out, cash dividends will be distributed in this profit.

The proportion of profit distribution should be at least 20%;

(4) If the development stage of the company is difficult to distinguish but there are major capital expenditure arrangements, it can be handled in accordance with the provisions of the preceding paragraph.

"Major capital expenditures" as mentioned in this item refer to y the company's external investment, acquisition of assets or purchase of equipment within the next twelve months

The accumulative expenditure reaches or exceeds 30% of the company's latest audited net assets, or exceeds 50 million yuan; or y the company's future ten years

The accumulative expenditure on the planned external investment, acquisition of assets or purchase of equipment within two months reaches or exceeds the latest audited total assets of the company

10%.

(5) In any of the following situations, the company may not distribute cash dividends: y Consolidated statements or parent company statements for the current year's operating performance

The net cash flow or the net cash flow is negative; or y the company's financial report has been issued a non-standard unqualified opinion by the audited institution.

(6) The conditions and proportions of stock dividend distribution are in good condition of the company's operation, and the board of directors considers that the distribution of stock dividends is beneficial

In the interest of all shareholders of the company as a whole, a stock dividend distribution plan may be proposed on the premise of ensuring full cash dividend distribution.

The use of stock dividends for profit distribution shall have real and reasonable factors such as the company's growth potential and the dilution of net assets per share.

(VII) Protection of Public Investors If there is a situation where a shareholder illegally occupies the company's funds, the company shall deduct the share of the shareholder.

cash dividends to repay the funds it occupied.

(8) Decision-making procedures and mechanisms for profit distribution

1. Review procedures for the company's profit distribution plan

(1) The board of directors of the company shall plan according to the different stages of development of the company, the current operating conditions and the capital demand for project investment.

On the basis of fully considering the interests of shareholders, correctly handle the relationship between the company's short-term interests and long-term development, and determine a reasonable profit distribution

match plan.

(2) The profit distribution plan shall be formulated by the company's board of directors. The company's board of directors shall propose feasible plans based on the

Profit distribution proposal.

(3) Before convening the profit distribution board of directors, independent directors shall put forward clear opinions on the profit distribution proposal and agree to the profit distribution proposal.

The distribution proposal shall be approved by more than half of all independent directors; if they do not agree, the independent directors shall present the facts and reasons for disagreement.

Request the board of directors to reformulate the profit distribution proposal; if necessary, a general meeting of shareholders may be requested. Independent directors can collect minority shareholders

opinions, put forward a proposal for dividend distribution, and submit it directly to the board of directors for deliberation.

(4) The board of supervisors shall put forward clear opinions on the profit distribution proposal, and if it agrees with the profit distribution proposal, it shall form a resolution;

If yes, the board of supervisors shall present the facts and reasons for disagreement, and recommend that the board of directors reformulate the profit distribution proposal;

Please convene a general meeting of shareholders.

(5) If the profit distribution plan is approved by the above procedures, the board of directors shall submit it to the general meeting of shareholders for deliberation. Shareholders' meeting to review profit distribution

When the policy adjusts the plan, the company shall, in accordance with the relevant regulations of the stock exchange, provide a network or other means for public investors to participate in shareholders

facilitated by the General Assembly.

2. The decision-making procedure for the adjustment of profit distribution policy is required due to major changes in the company's external operating environment or its own operating conditions.

If the profit distribution policy is adjusted, the company may adjust the profit distribution policy, and the adjusted profit distribution policy shall not violate the China Securities Regulatory Commission.

Regulations of the Supervisory Board and the stock exchange.

(1) The strategy committee of the company's board of directors shall formulate the profit distribution policy adjustment plan, and fully demonstrate the necessity of adjusting the profit distribution policy.

essential and describe the purpose of the retained earnings.

(2) The company's independent directors express clear opinions on the profit distribution policy adjustment plan, which shall be approved by more than half of all independent directors;

If they do not agree, the independent directors shall present the facts and reasons for disagreement, and request the board of directors to formulate a new adjustment plan for the profit distribution policy.

When necessary, a general meeting of shareholders may be called for.

(3) The board of supervisors shall put forward clear opinions on the adjustment plan of profit distribution policy. If it agrees with the adjustment plan of profit distribution policy, it shall

Form a resolution; if it does not agree, the Supervisory Committee shall present the facts and reasons for disagreement, and recommend the Board of Directors to re-formulate the adjustment of profit distribution

If necessary, a general meeting of shareholders may be proposed.

The profit distribution policy adjustment plan shall be approved by more than 2/3 of the voting rights held by shareholders (including proxies) attending the general meeting.

passed on. The opinions of the independent directors and the supervisory committee shall be announced when the notice of convening the general meeting of shareholders is issued. Shareholders' meeting to review profit distribution

When the policy adjusts the plan, the company shall, in accordance with the relevant regulations of the stock exchange, provide a network or other means for public investors to participate in shareholders

facilitated by the General Assembly.

(2) The company's ordinary stock dividend distribution plan or plan, capital reserve conversion plan or plan for the past three years (including the reporting period)

Unit: Yuan Currency: The ratio of RMB to the						
Dividend year	Number of bonus shares for every 10 shares (shares)	Dividends per 10 shares (RMB) (tax included)	Number of shares transferred per 10 shares (shares)	Amount of cash dividends (tax included)	Net profit attributable to ordinary shareholders of the listed company in the annual consolidated statement of dividends	net profit attributable to ordinary shareholders of the listed company in the consolidated statements (%)
2020 2019	0	3.00	0 12	1,234,650 246,828,267.77 0	215,822,997.72 0 138,467,049.06	49.12
2018	0	0	0			0.00
	0	0	0			0.00

(3) The repurchase of shares in cash is included in cash dividends

ÿApplicable ÿNot applicable

(IV) Profitable during the reporting period and the parent company's profit available for distribution to ordinary shareholders is positive, but there is no pre-planned cash profit distribution plan for ordinary shares.

In the case of an undistributed profit, the company shall disclose in detail the reasons and the use and use plan of the undistributed profits

ÿApplicable ÿNot applicable

2. Fulfillment of commitments

(1) The company's actual controller, shareholders, related parties, acquirers, and the company and other relevant parties have promised that relevant parties will continue to report within the reporting period or until the reporting period.

Commitments during the period

ÿApplicable ÿNot applicable

Commitment Background	Commitment Type	Commitment party	Commitment	Commitment time and deadline	Is there a deadline for performance	In case of failure to perform in time, the specific reasons for the failure to perform shall be stated	If it is not fulfilled in time, the next step should be explained
	Share Restriction Tianzheng Group		Note 1 Thirty-six	months from the date of listing	Whether the timely and strict performance	is not applicable	Not applicable

Commitments Related to Initial Public Offerings	Restriction on the sale of shares in Gao Tianle	Note 2 Thirty-six months from the date of listing Note 3	yes	yes	not applicable	not applicable	le
	Restriction on the sale of shares Gao Guoxuan, Gao Xiao, Gao Jue	Thirty-six months from the date of listing Note 4 Twelve	yes	yes	not applicable	not applicable	le
	Restrictions on the sale of shares Wang Yong, Zhu Xingbing, Zhou Guanghui, Huang Yuechi, Huang Hongbin, Fang Chufu, Ge Shiwei, and Zhao Tianwei	months from the date of listing	yes	yes	not applicable	not applicable	le
	Restrictions on the sale of shares of Du Nan	Note 5 Twelve months from the date of listing	yes	yes	not applicable	not applicable	le
	Solve the competition in the industry Solve the competition	Tianzheng Group	Note 6 Whether it is valid for a long time or not	Not applicable	Not applicable	Not applicable	
	in the industry	Gao Tianle and his concerted actors Gao Guoxuan, Gao Xiao and Gao Jue Tianzheng Group	Note 7 Whether the long-term validity is not applicable	Not applicable	Not applicable	Not applicable	
	Resolving affiliated transactions Resolving		Note 8 Whether it is valid for a long time or not	Not applicable	Not applicable	Not applicable	
	affiliated transactions	Gao Tianle and its persons acting in concert, Gao Guoxuan, Gao Xiao, Gao Jue Company,	Note 9 Whether it is valid for a long time or not	Not applicable	Not applicable	Not applicable	
	other	controlling shareholders, actual controllers and persons acting in concert, directors (excluding independent directors of the company) and senior executives Company Tianzheng Group Gao	Note 10 Thirty-six months from the date of listing	yes	yes	not applicable	not applicable
	other	Tianle, Gao Guoxuan, Gao Xiao,	Note 11 Whether long-term validity is not applicable	Not applicable	Not applicable	Note 12 Long-term validity is not	
	other	Gao Jue All Directors, Supervisors,	term validity is not applicable	Not applicable	Note 13 Long-term validity is not		
		Senior Management Company Company	applicable Not applicable				
Commitments Related to Equity Incentives	other		Note 14 Whether it is valid for a long time or not	Not applicable	Not applicable	Not applicable	
			Note 15 Whether long-term validity is not applicable	Not applicable		Note 16 Whether	

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 company directly or indirectly.

The shares held by the issuer that have been issued before the initial public offering are not repurchased by the issuer.

(2) Within 6 months after the issuer's listing, if the closing price of the issuer's shares is lower than the initial public offering price for 20 consecutive trading days (during the period, if the issuer's stock price is lower than the IPO price during the period)

If there are ex-rights and ex-dividend events such as dividends, dividends, bonus shares, conversion of capital reserves to share capital, and allotment of shares, they will be treated as ex-rights and ex-dividends, the same below), or 6 after listing.

If the closing price at the end of the month period (if the day is not a trading day, it is the first trading day after that day) is lower than the initial public offering price, the issuer held by the company

The lock-up period of the stock 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 the issuer has

For ex-rights and ex-dividend events such as dividends, dividends, bonus shares, conversion of capital reserves to share capital, and allotment of shares, the company's shareholding reduction price should not be lower than the issuer's initial public offering

The issue price at the time of listing the shares is adjusted accordingly.

(4) The company will reduce the issuer's shares in accordance with the "Company Law", "Securities Law", "Shareholders, directors, supervisors and senior management of listed companies to reduce the shareholding of certain regulations.

Regulations", "Detailed Implementation Rules for Share Reduction of Shareholders, Directors, Supervisors and Senior Managers of Listed Companies on the Shanghai Stock Exchange" and other relevant laws and regulations

reason."

Note 2:

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

(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 my direct or indirect holdings;

The issuer has issued shares before the IPO, and the issuer will not repurchase such shares.

(2) Within 6 months after the issuer's listing, if the closing price of the issuer's shares is lower than the initial public offering price for 20 consecutive trading days (during the period, if the issuer's stock price is lower than the IPO price during the period)

If there are ex-rights and ex-dividend events such as dividend distribution, dividend distribution, bonus shares, capital reserve conversion to share capital, and allotment of shares, it will be treated as ex-right and ex-dividend. On the first

trading day) the closing price is lower than the initial public offering price, the issuer I hold

The lock-up period of shares 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 manager of the issuer, the shares of the issuer that I directly or indirectly hold each year shall not exceed this amount.

Twenty-five percent of the total number of shares of the issuer held directly or indirectly by the person. Within six months after my resignation, I shall not transfer the directly or indirectly held

issuer shares.

(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

In the event of ex-rights and ex-dividend events such as dividends, dividends, bonus shares, conversion of capital reserves to share capital, allotment of shares, etc., the price of my shareholding reduction should not be lower than the issuer's initial public offering

The price at which the shares were issued when the issue price was adjusted accordingly.

(5) I will reduce the issuer's shares in accordance with the "Company Law", "Securities Law", "Several Regulations on Shareholders of Listed Companies, Directors, Supervisors and Senior Management on Reducing Shares",

The "Detailed Implementation Rules for Share Reduction of Shareholders, Directors, Supervisors and Senior Management of Listed Companies on the Shanghai Stock Exchange" 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 my direct or indirect holdings;

The issuer has issued shares before the IPO, and the issuer will not repurchase such shares.

(2) Within 6 months after the issuer's listing, if the closing price of the issuer's shares is lower than the initial public offering price for 20 consecutive trading days (during the period, if the issuer's stock price is lower than the IPO price during the period)

If there are ex-rights and ex-dividend events such as dividends, dividends, bonus shares, conversion of capital reserves to share capital, and allotment of shares, they will be treated as ex-rights and ex-dividends, the same below), or 6 after listing.

If the closing price at the end of the month period (if the day is not a trading day, the first trading day after that day) is lower than the initial public offering price, the issuer I hold

The lock-up period of shares 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

In the event of ex-rights and ex-dividend events such as dividends, dividends, bonus shares, conversion of capital reserves to share capital, allotment of shares, etc., the price of my shareholding reduction should not be lower than the issue

price at the time of the issuer's initial public offering of shares after corresponding adjustments.

(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",

The "Detailed Implementation Rules for Share Reduction of Shareholders, Directors, Supervisors and Senior Management of Listed Companies on the Shanghai Stock Exchange" and other relevant laws and regulations. "

Note 4:

"Wang Yong, Zhu Xingbing, Zhou Guanghui, Huang Yuechi, Huang Hongbin, Fang Chufu, Ge Shiwei, Zhao Tianweicheng, shareholders who are directors and senior managers of the company

promise:

(1) Within 12 months from the date of the issuer's initial public offering and listing, I shall not transfer or entrust others to manage my direct or indirect holdings;

The shares issued by the issuer before the initial public offering of shares shall not be repurchased by the issuer.

(2) Within 6 months after the issuer's listing, if the closing price of the issuer's shares is lower than the initial public offering price for 20 consecutive trading days (during the period, if the issuer's stock price is lower than the IPO price during the period)

If there are ex-rights and ex-dividend events such as dividends, dividends, bonus shares, conversion of capital reserves to share capital, and allotment of shares, they will be treated as ex-rights and ex-dividends, the same below), or 6 after listing.

If the closing price at the end of the month period (if the day is not a trading day, the first trading day after that day) is lower than the initial public offering price, the issuer I hold

The lock-up period of shares 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 manager of the issuer, the shares of the issuer that I directly or indirectly hold each year shall not exceed this amount.

Twenty-five percent of the total number of shares of the issuer held directly or indirectly by the person. Within six months after my resignation, I shall not transfer the directly or indirectly held

issuer shares.

(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

In the event of ex-rights and ex-dividend events such as dividends, dividends, bonus shares, conversion of capital reserves to share capital, allotment of shares, etc., the price of my shareholding reduction should not be lower than the issuer's initial public offering

The price at which the shares were issued when the issue price was adjusted accordingly.

(5) I will reduce the issuer's shares in accordance with the "Company Law", "Securities Law", "Several Regulations on Shareholders of Listed Companies, Directors, Supervisors and Senior Management on Reducing Shares",

The "Detailed Implementation Rules for Share Reduction of Shareholders, Directors, Supervisors and Senior Management of Listed Companies on the Shanghai Stock Exchange" and other relevant laws and regulations. "

Note 5:

"Shareholder Du Nan, 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/she shall not transfer or entrust others to manage the issuance of shares directly or indirectly held by the issuer;

The shares that have been issued before the initial public offering of shares are not repurchased by the issuer.

(2) During my tenure in office, the shares of the issuer that I transfer directly or indirectly each year shall not exceed the shares of the issuer that I directly or indirectly hold.

twenty-five percent of the total. 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",

The "Detailed Implementation Rules for Share Reduction of Shareholders, Directors, Supervisors and Senior Management of Listed Companies on the Shanghai Stock Exchange" and other relevant laws and regulations. "

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 to the company the

Letter of Commitment to Competition", the main contents are as follows:

1. As of the date of the issuance of this letter of commitment, the company and other enterprises directly or indirectly controlled by the company have not directly or indirectly held the same business relationship with the issuer.

the interests or other arrangements of enterprises that compete in the same industry, and do 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 receive from the company in the form of holding shares or participating in shares but having substantial control rights.

business that competes or may compete substantially with the issuer's business.

3. If the issuer engages in new business fields in the future, the company and other enterprises directly or indirectly controlled by the company will not hold shares or participate in shares but

Having substantial control is directly or indirectly engaged in a business or activity that directly competes with the issuer's new business area.

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

Take the following actions:

(1) Reasonably influence other enterprises directly or indirectly controlled by the company through corporate governance bodies such as the board of directors or shareholders (general) meeting and legal decision-making procedures.

The industry will not directly or indirectly engage in business or activities that compete with the issuer in order to avoid horizontal competition;

(2) If the company and other enterprises directly or indirectly controlled by the company have the same or similar business opportunities as the issuer, and the business opportunities may directly or indirectly

directly or indirectly lead to the horizontal competition between the company and other enterprises directly or indirectly controlled by the company and the issuer, the company shall, after discovering such business opportunities,

Immediately notify the issuer and use its best endeavours to procure that the business opportunity is offered to the issuer on a condition no less favourable than that offered 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 the company directly or indirectly

Other enterprises that are indirectly controlled will withdraw from competition with the issuer by including but not limited to the following: 1) Stop production that constitutes competition or may constitute competition

2) Stop operating the business that constitutes competition or may constitute competition; 3) Prioritize the transfer of competing assets or businesses on the basis of 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.

In the event that the rights and interests of the issuer and other shareholders are damaged due to the violation of the above commitments, the company will bear the corresponding legal responsibilities according to the law and undertake

All economic losses caused to the issuer due to the breach 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 company's actual controller Gao Tianle and its concerted actors Gao Guoxuan and Gao Xiao

Gao Jue and Gao Jue respectively issued a Letter of Commitment on Avoiding Horizontal Competition to the Company, the main contents of which 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 business competition with the issuer.

The issuer does not engage in any business or activity that competes with the issuer.

2. I and other enterprises directly or indirectly controlled by me will not directly or indirectly engage in any related matters in the form of holding shares or by participating in shares but having substantial control.

The issuer's business constitutes competing business or may constitute substantially competing business.

3. If the issuer engages in new business fields in the future, I and other enterprises directly or indirectly controlled by myself will not hold shares or participate in shares but own

Engaging in a business or activity that directly or indirectly competes with the issuer's new business area by means of substantial control.

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.

The following measures:

(1) Reasonably influence other companies directly or indirectly controlled by the board of directors or shareholders (general) meeting and other corporate governance bodies and legal decision-making procedures

not directly or indirectly engage in business or activities that compete with the issuer in order to avoid horizontal competition;

(2) If I and other enterprises directly or indirectly controlled by me have the same or similar business opportunities as the issuer, and the business opportunities may directly or indirectly

Indirectly causing 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.

Pedestrians, and do their best to procure that the business opportunity is offered on a condition that is no less favourable than that offered to me and other enterprises directly or indirectly controlled by me.

pedestrian;

(3) If I and other enterprises directly or indirectly controlled by me have businesses that may compete with the issuer, I and I directly or indirectly control

The other enterprises of the company will withdraw from 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 the business that constitutes competition or may constitute competition; 3) Prioritize the transfer of competing assets or businesses to the issuer on the basis of fair market conditions

Or as a capital contribution to the issuer; 4) Transfer the competing business to an unrelated third party; 5) Take other actions that are beneficial to safeguarding the issuer's rights and interests

to eliminate competition in the industry.

If there is any damage to the rights and interests of the issuer and other shareholders due to the violation of the above commitments, I will bear the corresponding legal responsibilities in accordance with the law and bear the

All economic losses caused to the issuer due to breach of the above commitments. "

Note 8:

The controlling shareholder of the company, Tianzheng Group, 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 when the company is the controlling shareholder of the issuer, the company and other enterprises controlled by the company will not illegally occupy the issuer for any reason or method.

Pedestrian's funds and any other assets and will minimize or avoid related party transactions with the issuer.

2. For connected transactions that are unavoidable or have reasonable reasons, the company and other enterprises controlled by the company will follow a fair and reasonable price.

According to the principle of "allowance", the issuer will sign an agreement according to law, perform legal procedures, and will comply with the "Company Law", "Securities Law", "Shanghai Stock Exchange Stock Exchange"

Listing Rules and other laws, regulations, and normative documents, as well as relevant regulations such as the Articles of Association of Zhejiang Tianzheng Electric Co., Ltd. and the Articles of Association of Zhejiang Tianzheng Electric

Co., Ltd. (Draft), to fulfill the obligation of information disclosure and handle relevant approval matters, the company guarantees that Do not harm the issuer and its

the legitimate rights and interests of its shareholders.

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 will continue to be valid and cannot be changed or withdrawn during the period when the Company is the controlling shareholder of the issuer.

pin.

5. The content described in this letter of commitment is true, accurate and complete, and there is no false record, misleading statement, omission or concealment. The company is willing to undertake this.

bear the corresponding legal responsibility. "

Note 9:

The actual controller Gao Tianle and its concerted actors Gao Guoxuan, Gao Xiao and Gao Jue issued the "Commitment Letter on Regulating Related Party Transactions" to the company, the main contents are as follows

Down:

*1. During the period when I am the actual controller of the issuer or the person acting in concert, I and other enterprises controlled by me will not, for any reason or method,

illegal occupation of the issuer's funds and any other assets, and will minimize or avoid affiliated transactions with the issuer.

2. For connected transactions that are unavoidable or have reasonable reasons, I and other enterprises controlled by me will follow a fair and reasonable price.

principle, sign an agreement with the issuer in accordance with the law, perform legal procedures, and will be listed on the Shanghai Stock Exchange in accordance with the "Company Law", "Securities Law", "Shanghai Stock Exchange"

Rules" and other laws, regulations, normative documents, as well as "Articles of Association of Zhejiang Tianzheng Electric Co., Ltd.", "Articles of Association of Zhejiang Tianzheng Electric Co., Ltd."

(Draft)" and other relevant regulations to perform information disclosure obligations and handle relevant approval matters, I promise not to harm the issuer and other shareholders through related transactions

legitimate interests.

3. If I violate the above commitments, I am willing to bear all the losses caused to the issuer.

4. This Letter of Commitment will take effect from the date of my signature. This letter of commitment will continue to be valid during the period when I am the actual controller of the issuer or the person acting in concert with it and

It cannot be changed or revoked.

5. The contents described in this letter of commitment are true, accurate and complete, and there are no false records, misleading statements, omissions or concealments, and I am willing to take responsibility for this.

corresponding legal responsibilities. "

Note 10:

(1) Conditions for initiating stock price stabilization measures

Within 36 months after the initial public offering and listing, if the closing price of the company's stock is lower than the most recent stock price for 20 consecutive trading days, not due to force majeure

The audited net assets per share for the first period (if the equity distribution, the conversion of the reserve fund to the share capital, the allotment of shares, etc. occurs after the audit base date, the ex-rights and ex-dividends shall be treated

management) (hereinafter referred to as "startup conditions"), the company, controlling shareholders, actual controllers and persons acting in concert, directors (excluding independent directors of the company, the following

The same) and senior management personnel shall take legal measures to fulfill the obligation to stabilize the company's stock price (hereinafter referred to as "the obligation to stabilize the stock price") in accordance with this plan, but the

relevant responsible entities shall comply with the relevant laws and regulations when performing the obligation to stabilize the stock price.

(2) Specific measures to stabilize the company's stock price

1. Share repurchase 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 general meeting of shareholders for approval and fulfill the

conduct information disclosure procedures.

(2) The company will follow the "Administrative Measures for the Repurchase of Public Shares by Listed Companies (for Trial Implementation)" and "Regarding the Repurchase of Listed Companies by Centralized Bidding Transactions".

Supplementary Provisions on Shares" and other relevant laws and regulations to repurchase part of the company's shares from the public shareholders, and at the same time ensure that the repurchase results will not lead to the company's

The shareholding distribution does not 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, such repurchase matters are discussed in the general meeting of shareholders

Vote yes.

(4) After the share repurchase plan is reviewed and approved by the general meeting of shareholders, go through the filing procedures for the share repurchase with the securities supervision and administration department according to the law, and report to the competent department for industry and commerce.

Door to cancel registration.

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 shall not exceed the total amount of funds raised by the company's initial public offering of new shares;

3) If the stock price of the company 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 shall not exceed the company's share price.

2% of the total number of shares, and the company's equity distribution after the repurchase shall meet the listing conditions.

2. Increase in holdings of controlling shareholders, actual controllers 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 within 10 days a proposal to increase their holdings of the company's stock.

plan and disclosed by the company.

(2) The controlling shareholder, actual controller and persons acting in concert of the company shall comply with the Measures for the Administration of Acquisition of Listed Companies and the Shareholders of Listed Companies and their

Under the premise of the conditions and requirements stipulated in laws, regulations and normative documents such as the Guidelines for Actions to Increase Shareholdings by Action Persons, the Company's stock holdings shall be increased and the shares shall be increased.

The method of holding shares is centralized bidding transaction, block transaction or other methods approved by the securities regulatory authority.

(3) The controlling shareholder, actual controller and 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 multiple times in a fiscal year, the number of additional shares held in a single fiscal year does not exceed the total number of shares of the company.

2%, the equity distribution of the company after the increase shall meet the listing conditions, and the increase in shareholding and information disclosure shall comply with relevant laws and regulations.

3. Increase in holdings of directors and senior management

(1) When the start-up conditions are fulfilled, the directors and senior managers of the company shall submit to the company a plan to increase their holdings of the company's stock within 10 days and the company shall disclose it.

(2) The directors and senior managers of the company who work in the company and receive remuneration shall meet the requirements of the Administrative Measures for the Acquisition of Listed Companies and the Director of Listed Companies.

Under the premise of the conditions and requirements stipulated by laws and regulations such as the Management Rules for the Shares of the Company Held by Directors, Supervisors and Senior Management and Their Changes, the Company shall Stocks are 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 holdings of the company's shares will not exceed the amount they are serving as directors or senior managers.

50% of the total remuneration received from the company in the previous fiscal year during the term of office of the executive.

4. Other laws, regulations and measures permitted by the regulations of the China Securities Regulatory Commission and the stock exchange

5. Sequence of implementation of stock price stabilization measures

If the company's stock price stabilization measures also involve the company's repurchase of shares and the increase of shares held by specific entities, they will be implemented in the following order:

(1) The company repurchases shares

(2) Increase in holdings of controlling shareholders, actual controllers and persons acting in concert

(3) Directors and senior executives increased their shareholdings

(3) Termination of the stock price stabilization plan

Within 90 natural days from the date of the announcement of the stock price stabilization plan, if any of the following circumstances occurs, it will be deemed that the implementation of the stock price stabilization measures has been completed and the commitment has been made

After the performance is completed, the announced plan for stabilizing the stock price will be

terminated: 1. The closing price of the company's stock for 10 consecutive trading days reaches or exceeds the latest audited net assets per share (equity distribution occurs after the audit base date,

Ex-rights and ex-dividends shall be handled in the case of conversion of provident fund to share capital, allotment of shares, etc.);

2. The company and relevant responsible entities have fully implemented the specific measures to stabilize the stock price;

3. Continuing to repurchase or increase the company's shares will result in the company's equity distribution not meeting the listing conditions or will force the controlling shareholder and actual controller to perform the tender offer obligation.

Before the company appoints new directors and senior managers in the future, it will require them to sign a letter of commitment to ensure that they will perform the director,

Corresponding commitments made by senior management.

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 undertakes that the prospectus does not contain false records, misleading statements or major omissions, and assumes individual responsibility for its authenticity, accuracy and completeness.

and joint legal liability.

2. If there are false records, misleading statements or major omissions in the prospectus, it will seriously affect the judgment of whether the company complies with the issuance conditions stipulated by law.

If there is a significant and substantial impact, the company will repurchase all the IPO funds within 30 trading days after the fact is confirmed by the competent authority in the effective legal document.

For new shares, the repurchase price will be determined based on the secondary market price, and shall not be lower than the issue price plus the bank deposit interest in the same period (if the company's stock has dividends,

In the event of ex-rights or ex-dividend matters such as dividends, bonus shares, and conversion of capital reserves to share capital, the issue price will be adjusted ex-rights and ex-dividends accordingly).

3. If there are false records, misleading statements or major omissions in the prospectus, investors suffer losses in the securities transactions of the company's stocks

If yes, the company will compensate investors for losses in accordance with the law. "

Note 12:

As the controlling shareholder of the issuer, Tianzheng Group issues the following undertakings regarding the authenticity, accuracy and completeness of the prospectus for this initial public offering:

promise:

"1. The company promises that the prospectus does not contain false records, misleading statements or major omissions, and assumes full responsibility for its authenticity, accuracy and completeness.

separate and joint legal liability.

2. If there are false records, misleading statements or major omissions in the prospectus, it will seriously affect the judgment of whether the issuer complies with the issuance conditions stipulated by law.

If there is a significant and substantial impact, within 30 trading days after the fact is confirmed by the effective legal documents of the competent authority, the company will repurchase the company's public offering

The issuer's original restricted shares and the transferred original restricted shares, the repurchase price will be determined based on the secondary market price, and shall 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 reserves are converted into share capital, the issue price will be corresponding

Ex-rights and ex-dividend adjustments).

3. If there are false records, misleading statements or major omissions in the prospectus, the company, as the controlling shareholder of the issuer, will urge the issuer to comply with the law.

Repurchase all new shares in the initial public offering.

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

If the loss is lost, the company will compensate the investor for the loss according to law. "

Note thirteen:

Gao Tianle, as the actual controller of the issuer, and Gao Guoxuan, Gao Xiao, and Gao Jue, as the issuer's actual controllers, act in concert on this initial public offering.

The authenticity, accuracy and completeness of the prospectus of the shares are as follows:

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

and joint legal liability.

2. If there are false records, misleading statements or major omissions in the prospectus, it will seriously affect the judgment of whether the issuer complies with the issuance conditions stipulated by law.

If it has a major 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 previously

transferred original restricted shares that I have offered to the public, and repurchase The price will then be determined based on the secondary market price, and shall not be lower than the issue price plus the bank in the same period

Deposit interest (if the issuer's shares have ex-rights and ex-dividend events such as dividends, dividends, bonus shares, and capital reserves are converted into share capital, the issue price will be adjusted accordingly.

ex-rights, ex-dividend adjustments).

3. If there are false records, misleading statements or major omissions in the prospectus, I, as the actual controller of the issuer or a person acting in concert, will

Urge the issuer to repurchase all new shares in the initial public offering 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

If it is lost, I will compensate the investor for the loss in accordance with the law. "

Note 14:

All directors, supervisors and senior management personnel issued the following statements regarding the authenticity, accuracy and completeness of the prospectus for the issuer's initial public offering of shares.

Under the promise:

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

and joint legal liability.

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

If it is lost, I will compensate the investor for the loss 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 resources for the incentive objects of this restricted stock incentive plan to obtain restricted stocks through this plan.

assistance, including guarantees for their loans.

Note 16:

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

Note seventeen:

If the company fails to comply with the arrangement for granting rights or exercising rights due to false records, misleading statements or major omissions in the information disclosure documents, incentive

The object shall, after the relevant information disclosure documents are confirmed to contain false records, misleading statements or major omissions, will receive all the funds obtained by this incentive plan.

The benefit is returned to the company.

(2) There is a profit forecast for the company's assets or projects, and the reporting period is still in the profit forecast period, the company shall explain whether

the assets or projects have reached the original profit forecast and the reasons. ÿHave reached ÿNot reached ÿNot applicable

(3) Completion of performance commitment and its impact on goodwill impairment test

☐Applicable ☐Not applicable

3. Occupation of funds and progress of settlement during the reporting period

☐Applicable ☐Not applicable

IV. Explanation of the company on the "non-standard opinion audit report" of the accounting firm

☐Applicable ☐Not applicable

V. The company's analysis and explanation on the reasons and effects of changes in accounting policies, accounting estimates or correction of major accounting errors

(1) The company's analysis and explanation on the reasons and impact of changes in accounting policies and accounting estimates

☐Applicable ☐Not applicable

On July 5, 2017, the Ministry of Finance issued "Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017)" (Accounting

[2017] No. 22) (hereinafter referred to as the "New Revenue Standards"). At the sixteenth meeting of the seventh board of directors of the company in February 2020

The resolution was passed on the 24th, and the company will begin to implement the aforementioned new revenue standards from January 1, 2020.

The new revenue standard establishes a new revenue recognition model for regulating revenue from contracts with customers. To implement the new revenue standard

If not, the Company re-evaluates the recognition and measurement, accounting and presentation of major contract revenue. According to the new income standard,

Select to only adjust the cumulative impact number for contracts that were not completed as of January 1, 2020. Cumulative Impact Amount of First Execution

Adjust the amount of retained earnings and other related items in the financial statements at the beginning of the current period of initial implementation (i.e. January 1, 2020), and compare the

Period information will not be adjusted.

For details, please refer to Section 11 "V. 44. Changes in Significant Accounting Policies and Accounting Estimates".

(2) The company's analysis and explanation on the reasons and impact of the correction of major accounting errors

☐Applicable ☐Not applicable

(3) Communication with the former accounting firm

☐Applicable ☐Not applicable

(4) Other instructions

☐Applicable ☐Not applicable

VI. Appointment and dismissal of accounting firms

Unit: 10,000 Yuan Currency: RMB Currently employed

	by Zhongxinghua Certified Public Accountants (special
Name of domestic accounting firm	general partnership)
Remuneration of domestic accounting firm	60.00

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Audit period of domestic accounting firm	5 years
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	Name	remuneration
Internal Control Audit Accounting Firm Zhongxinghua Certified Public Accountants (Special General Partnership) Guotai Junan Securities		15.00
Sponsor	Co., Ltd.	4,050.00

Explanation on the appointment and dismissal of accounting firms

✓Applicable ✓Not applicable

Explanation on the change of accounting firm during the audit ✓Applicable

✓Not applicable

7. Facing the risk of listing suspension

(1) Reasons for the suspension of listing

✓Applicable ✓Not applicable

(2) Measures to be taken by the company

✓Applicable ✓Not applicable

8. Situations and reasons for facing termination of listing

✓Applicable ✓Not applicable

9. Matters related to bankruptcy and reorganization

✓Applicable ✓Not applicable

X. Major Litigation and Arbitration Matters

✓The company has major lawsuits and arbitrations this year ✓The company has no major lawsuits and arbitrations this year

11. Punishment and rectification of listed companies and their directors, supervisors, senior managers, controlling shareholders, actual controllers, and acquirers

condition

✓Applicable ✓Not applicable

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

✓Applicable ✓Not applicable

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

(1) Relevant incentive matters have been disclosed in the temporary announcement and there is no progress or change in the subsequent implementation.

✓Applicable ✓Not applicable

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Company 2020 Restricted Stock Incentive Plan (Draft)	For details, please refer to the "Zhejiang Tianzheng Electric Co., Ltd. 2020 Restricted Stock Incentive Plan (Draft)" and its summary disclosed in the statutory media on December 26, 2020. For details, please refer to the company's announcement on January 16, 2021 in the statutory For announcements such as "Zhejiang Tianzheng Electric Co., Ltd.
Company 2020 Restricted Stock Incentive Plan	2020 Restricted Stock Incentive Plan" and "Announcement on Resolutions of the First Extraordinary General Meeting of Shareholders in 2021" (Announcement No.: 2021-002) disclosed by the media, please refer to the company's announcement on January 19, 2021. The Announcement on Adjusting the List and Quantity of the Restricted Stock Incentives Granted for
2020 Restricted Stock Incentive Plan Grants First Restricted Stock to Incentive Objects	the First Time under the 2020 Restricted Stock Incentive Plan (Announcement No.: 2021-006) and the Announcement on the First Grant of Restricted Stocks to Incentive Objects (Announcement No.: 2021-006) Announcement No.: 2021-007) For details, please refer to the Announcement on the Results of the First Grant of the 2020 Restricted Stock Incentive Plan (Announcement No.: 2021-
Announcement on the Results of the First Grant of the 2020 Restricted Stock Incentive Plan	009)

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

Equity incentives

☐Applicable ☐Not applicable

Other instructions

☐Applicable ☐Not applicable

Employee stock ownership plan

☐Applicable ☐Not applicable

Other incentive measures

☐Applicable ☐Not applicable

14. Significant related transactions

(1) Related party transactions related to daily operations

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

implementation ☐Applicable ☐Not applicable

2. Matters that have been disclosed in the interim announcement but have progress or changes in subsequent implementation

☐Applicable ☐Not applicable

3. Matters not disclosed in the interim announcement

☐Applicable ☐Not applicable

(2) Affiliated transactions arising from the acquisition and sale of assets or equity

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

implementation ☐Applicable ☐Not applicable

2. Matters that have been disclosed in the interim announcement but have progress or changes in subsequent implementation

☐Applicable ☐Not applicable

3. Matters not disclosed in the interim announcement

☐Applicable ☐Not applicable

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

☐Applicable ☐Not applicable

(3) Significant related-party transactions of joint foreign investment

1. Matters that have been disclosed in the interim announcement and have no progress or change in subsequent implementation

☐Applicable ☐Not applicable

2. Matters that have been disclosed in the interim announcement but have progress or changes in subsequent implementation

☐Applicable ☐Not applicable

3. Matters not disclosed in the interim announcement

☐Applicable ☐Not 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 ☐Applicable ☐Not applicable

2. Matters that have been disclosed in the interim announcement but have progress or changes in subsequent implementation

☐Applicable ☐Not applicable

3. Matters not disclosed in the interim announcement

☐Applicable ☐Not applicable

(5) Others

☐Applicable ☐Not applicable

XV. Significant contracts and their performance

(1) Entrustment, contracting and leasing matters

1. Custody situation

☐Applicable ☐Not applicable

2. Contracting situation

☐Applicable ☐Not applicable

3. Leasing

Applicable Not applicable

Unit: 10,000 Yuan Currency: Impact of

lessor name	Lessor's name	Leasing assets	Amount involved in leased assets	Lease start date	Lease termination date	rental income	Basis for determining	Renminbi company rental income	Whether connected transaction	on the connection relation
Shanghai Tianzheng	Our company	Housing	209.28	2020-01- 01	2020-12- 31	200.84	Rental agreement	house is		Subsidiaries of shareholders

Electromechanical

(Group) Co., Ltd. leasing information None

(2) Guarantee situation

Applicable Not applicable

(3) Entrusting others to manage cash assets

1. Entrusted financial management

(1) Overall situation of entrusted wealth management

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

type	Sources of funds	Amount	Unexpired Balance Overdue	Uncollected Amount
Total funds raised by bank wealth management		35,000.00	35,000.00	0
products		35,000.00	35,000.00	0

Other situations

Applicable Not applicable

During the reporting period, the company held the second meeting of the eighth board of directors and the first meeting of the eighth board of supervisors on September 6, 2020

At the meeting, the "Proposal on Using Part of Idle Raised Funds for Cash Management" was reviewed and approved, and it was agreed that the company should use no more than

RMB 350,000,000 was temporarily idled for cash management, and the chairman of the company was authorized to pass the second meeting of the eighth board of directors

Exercising the right to make the investment decision and signing relevant documents within 12 months from the date of deliberation and approval and within the scope of the above-mentioned capital quota, the company's financial

The Ministry is responsible for the organization and implementation.

The bank entrusted wealth management products purchased by the company and its subsidiaries are all deposit-type products within 12 months (inclusive).

High-risk entrusted wealth management with large amount or low security, poor liquidity, and no capital protection, there is no entrusted wealth management that cannot recover the principal

There may be circumstances that could lead to impairment. Among the above-mentioned wealth management amount, the amount incurred by the company is 320 million yuan, and the others are subordinates of the company.

Subsidiary balances.

(2) Individual entrusted wealth management

̳Applicable ̳Not applicable

Other situations

̳Applicable ̳Not applicable

(3) Provision for impairment of entrusted wealth management

̳Applicable ̳Not applicable

2. Entrusted loans

(1) Overall situation of entrusted loans

̳Applicable ̳Not applicable to

other situations ̳Applicable ̳Not

applicable

(2) Individual entrusted loans

̳Applicable ̳Not applicable to

other situations ̳Applicable ̳Not

applicable

(3) Provision for impairment of entrusted loans

̳Applicable ̳Not applicable

3. Other situations

̳Applicable ̳Not applicable

(IV) Other major contracts

̳Applicable ̳Not applicable

16. Explanation of other important matters

̳Applicable ̳Not applicable

17. Actively fulfilling social responsibilities

(1) Poverty alleviation work of listed companies

☐Applicable ☐Not applicable

1. Targeted poverty alleviation planning

☐Applicable ☐Not applicable

2. Summary of Annual Targeted Poverty Alleviation

☐Applicable ☐Not applicable

In 2020, the company donated 50,000 yuan to the Charity Federation of Xiuzhou District, Jiaxing City, for poverty alleviation activities.

3. Effectiveness of Targeted Poverty Alleviation

☐Applicable ☐Not applicable

4. Follow-up targeted poverty alleviation plan

☐Applicable ☐Not applicable

(2) Social responsibility work

☐Applicable ☐Not applicable

(3) Environmental information

1. Explanation on the environmental protection of the company and its important subsidiaries that are key pollutant discharge units announced by the environmental protection

department ☐Applicable ☐Not Applicable

2. Explanation of the environmental protection situation of companies other than key pollutant discharge units

☐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 of the reasons why companies other than key polluters did not disclose environmental information

☐Applicable ☐Not applicable

4. Explanation on the subsequent progress or changes in the disclosure of environmental information during the reporting period

☐Applicable ☐Not applicable

(4) Other instructions

☐Applicable ☐Not applicable

18. Convertible corporate bonds

☐Applicable
 ☐Not applicable

Section 6 Changes in Ordinary Shares and Shareholders

I. Changes in the share capital of

ordinary shares (I) Changes in ordinary shares

1. Changes in ordinary shares

Unit: share

	Before this change		Increase or decrease in this change (+,-) Share					After this change	
	quantity	Proportion(%)	issue new shares	Bonus	conversion of provident fund	other	Subtotal	quantity	Proportion(%)
1. Shares subject to sales restrictions 1.	330,000,000 100.0	0						330,000,000	82.29
State-owned shares 2.									
State-owned legal person shares 3. Other									
domestic-funded shares of which:	330,000,000 100.0	0						330,000,000	82.29
domestic non-state-owned legal persons	114,986,960 34.84							114,986,960	28.67
hold shares domestic natural persons 4. Foreign	215,013,040 65.16							215,013,040	53.62
shares of which: foreign legal persons hold									
shares 2. Unrestricted tradable									
shares 1. RMB ordinary shares			71,000,000				71,000,000	71,000,000 17.71	
			71,000,000				71,000,000	71,000,000 17.71	
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									

4. Other 3.									
Total number of ordinary shares	330,000,000 100.0	0	71,000,000				71,000,000	401,000,000	100.00

2. Explanation of changes in ordinary shares

☐Applicable ☐Not applicable

The "Approval for the Approval of Zhejiang Tianzheng Electric Co., Ltd.'s Initial Public Offering of Shares" issued by the China Securities Regulatory Commission

Reply" (Zheng Jian Xu Ke [2020] No. 1482) approved the company's public offering of RMB ordinary shares (A shares) to the public

71 million shares. With the approval of the Shanghai Stock Exchange, the company's shares were listed on the Shanghai Stock Exchange on August 7, 2020. company head

After the completion of the IPO, the registered capital of the company was changed from RMB 330 million to RMB 401 million, and the total number of shares of the company was

Changed from 330 million shares to 401 million shares (RMB 1 per share).

3. The impact of changes in ordinary shares on financial indicators such as earnings per share and net assets per share in the most recent year and the most recent period (if any)

☐Applicable ☐Not applicable

During the reporting period, the company issued 71 million RMB ordinary shares (A shares) to the public. The company's total share capital is

330 million shares increased to 401 million shares. Based on the shares before the issuance, the earnings per share in 2020 will be 0.75 yuan.

After the share capital, the earnings per share was 0.62 yuan, a decrease of 17.71%, and the shares before the issuance were calculated attributable to the company's shareholders in 2020.

The net asset per share was 5.26 yuan per share before the issuance, and the net asset per share calculated by the post-issuance share capital was 4.33 yuan per share, a decrease of

17.71%.

4. Other contents deemed necessary by the company or required by securities regulators to disclose

☐Applicable ☐Not applicable

(2) Changes in restricted shares

☐Applicable ☐Not applicable

II. Securities Issuance and Listing

(I) Securities issuance as of the reporting period

☐Applicable ☐Not applicable

Unit: Share Currency: RMB

Types of stocks and their derivatives	issue date	Issue price (or interest rate)	Number of Issues	Listing Date	Number of approved listing transactions	Deal end date
Ordinary shares RMB						
ordinary shares	2020-07-29	10.02	71 million	2020-08-07	71 million	—

Explanation on securities issuance as of the reporting period (for bonds with different interest rates during the duration, please explain

separately): ☐Applicable ☐Not applicable

(2) Changes in the company's total number of ordinary shares and shareholder structure and changes in the company's asset and liability structure

☐Applicable ☐Not applicable

For details of the changes in the total number of ordinary shares and shareholder structure of the Company, please refer to "Section VI Changes in Ordinary Shares and Shareholders-

1. Changes in the share capital of ordinary shares - (1) "Table of Changes in Common Shares" section.

For details of the changes in the company's assets and liabilities structure, please refer to "Section IV Discussion and Analysis of Operational Conditions - II.

Operation - (3) Analysis of Assets and Liabilities" section.

(3) Existing internal employee shares

☐Applicable ☐Not applicable

3. Shareholders and actual controllers (1) Total

number of shareholders

Total number of ordinary shareholders as at the end of the reporting period (account)	26,113
Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report (account)	24,645
Total number of preferred shareholders with restoration of voting rights at the end of the reporting period (account) Preferred	—
shares with restoration of voting rights at the end of the previous month before the disclosure date of the annual report Total number of shareholders (households)	—

(2) As of the end of the reporting period, the top ten shareholders and top ten tradable shareholders (or shareholders not subject to selling restrictions) shareholdings table

Unit: share

Shareholdings of the top ten shareholders							
Shareholder name (full name)	Increase or decrease during the reporting period	Number of shares held at the end of the period	Proportion(%)	Number of shares held with selling restrictions	Pledge or freeze situation		nature of shareholders
					Share	status	
Tianzheng Group Co., Ltd.		99,146,960 24.72	99,146,960 None				Domestic non-state-owned legal person Domestic
Gao Tianle		66,730,620 16.64	66,730,620 None				natural person Others
Shanghai Fuding Investment Management Partnership (Limited Partnership) - Shanghai Fuding Phase I Equity Investment Fund Partnership (Limited Partnership)		10,560,000 2.63	10,560,000 None				
Yang Hong		7,920,000 1.98	7,920,000			1,750,000	Domestic natural person
Kou Guangzhi		Pledge 7,920,000 1.98	7,920,000 No	6,600,000 1.65	6,600,000 No		Domestic natural person
Chen Ping		5,983,340 1.49	5,983,340 No				Domestic natural person
Chen Caiwei							Domestic natural person

Jiaxing Feijun Yongping Equity Investment Management Partnership (Limited Partnership) - Ning Bo Yongjia Investment Management Co., Ltd. Partnership (Limited Partnership)		5,280,000 1.32 5,280,000 None				other
Gao Xiao		4,950,440 1.23 4,950,440 No 4,879,160 1.22 4,879,160 No				Domestic natural person
Hu Zhongsheng		shareholdings of the top ten shareholders not subject to selling				Domestic natural person
restrictions						
Shareholder name	Hold Unlimited Conditional Streams number of shares	Type and quantity of shares				
		number of species				
Yue Weihua	755,513 RMB ordinary shares	274,800 RMB	755,513			
Min Zhongli	ordinary shares	268,100 RMB ordinary	274,800			
Xie Shu Li	shares 259,400	RMB ordinary shares	268,100			
Minghui	235,400 RMB ordinary shares	210,000 RMB	259,400			
Qian Leyang	ordinary shares	200,352 RMB ordinary	235,400			
Zhao	shares 200,000	RMB ordinary shares	210,000			
Yuepeng	193,076 RMB ordinary shares	188,900 RMB	200,352			
Chu Deming	ordinary shares		200,000			
Zhao Gang			193,076			
He Xiyi			188,900			
Liu Tianman						
Notes to Action						
Preferred shares with restored voting rights	not applicable					
Explanation of East and Number of Shares						

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

√Applicable √Not applicable

Unit: share

No	Name of Shareholders with Sales Restrictions	Limited sale held Conditional number of shares	Restricted shares can be listed		Restrictions
			Market transactions		
			Can be listed and traded time	new available city traffic stock exchange number of copies quantity	
1	Tianzheng Group Co., Ltd.	99,146,960 2023-08-07	— the date of listing of the company's stock		Limited sale within 36 months
2	Gao Tianle	66,730,620 2023-08-07	— the date of listing of the company's stock		Limited sale within 36 months

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3	Shanghai Fuding Investment Management Partnership (Limited Partnership) - Shanghai Fuding Phase I Equity Investment Fund Partnership (Limited Partnership) 4 Yang Hong	10,560,000 2021-08-07	— Restriction on the sale of the company's shares within 12 months from the date of listing
		7,920,000 2021-08-07	— Restriction on sales within 12 months of the company's shares 5,983,340 restricted within 12
5	Kou Guangzhi	months 2021-08-07	— 5,280,000 restricted within 12 months from the date of listing of the company's stock 2021-08-07
6	Chen Ping	— restricted within	12 months from the date of listing of the company's stock
7	Chen Caiwei		
8	Jiaxing Feijun Yongping Equity Investment Management Partnership (Limited Partnership) - Ningbo Yongjia Investment Management Partnership (Limited Partnership) 9 Gao Xiao		
		4,950,440 2023-08-07	— Restricted from selling within 36 months from the date of listing of the company's stock 4,879,160
10	Hu Zhongsheng	2021-08-07	— Restricted from sale within 12 months from the date of listing of the company's stock
Explanation of the related relationship or concerted action of the above shareholders		<p>Gao Tianle and Gao Xiao are father and son A person acting in concert; Gao Tianle holds 63.05% of the equity of Tianzheng Group Co., Ltd. and serves as the chairman of Tianzheng Group, and is the actual controller of Tianzheng Group; Kou Guangzhi is the brother of Yang Hong's spouse; Chen Caiwei holds 2.19% of the equity of Tianzheng Group and serves as the Director and Deputy General Manager of Tianzheng Group; 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 10 shareholders due to placement of new shares

Applicable Not applicable

IV. Controlling shareholders and actual controllers

(I) Controlling shareholders 1

Legal person

Applicable Not applicable

name	Tianzheng Group Co., Ltd.
------	---------------------------

Gao Tianle, person in charge of the unit or legal representative	
Date of establishment July 7, 1997	
Main business investment management	
During the reporting period, the shareholdings of other domestic and overseas listed companies that controlled and participated in were not	
No other information	

2 natural persons

√Applicable √Not applicable

3 The company does not have a special explanation for controlling shareholders

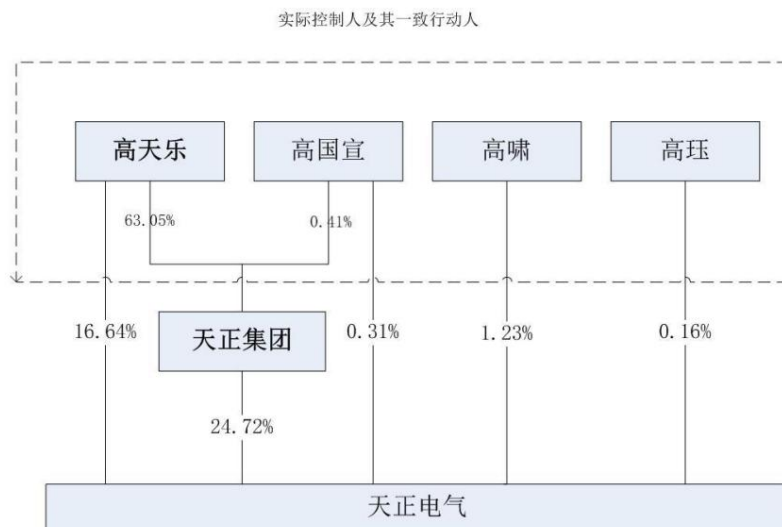
√Applicable √Not applicable

4 Index and date of changes in controlling shareholders during the reporting period

√Applicable √Not applicable

5 Block diagram of the property rights and control relationship between the company and the controlling shareholder

√Applicable √Not applicable



(2) The actual controller

1 legal person

√Applicable √Not applicable

2 natural persons

√Applicable √Not applicable

Gao Tianle	
Nationality: Chinese	
Whether to obtain the right of abode in other countries or regions is	
Main occupation and position	Currently Chairman of Tianzheng Group, Chairman of Tianzheng Electromechanical, Chairman and President of the Company manager

Domestic and overseas listed companies held in the past 10 years	none
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3 Special instructions for the fact that the company does not have an actual controller

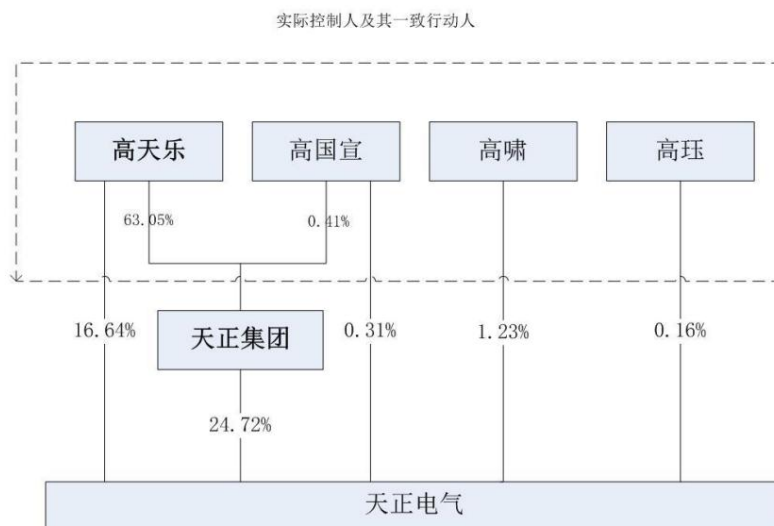
ŸApplicable ŸNot applicable

4 Index and date of change of actual controller during the reporting period

ŸApplicable ŸNot applicable

5 Block diagram of the property rights and control relationship between the company and the actual controller

ŸApplicable ŸNot applicable



6 The actual controller controls the company through trust or other asset management methods

ŸApplicable ŸNot applicable

(3) Other information on controlling shareholders and actual controllers

ŸApplicable ŸNot applicable

V. Other legal person shareholders holding more than 10% of the shares

ŸApplicable ŸNot applicable

6. Explanation on share restriction and reduction

ŸApplicable ŸNot applicable

Section 7 Preference Shares

ŸApplicable ŸNot applicable

Section VIII Directors, Supervisors, Senior Management and Employees

I. Changes in shareholding and remuneration

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

√Applicable √Not applicable

Unit: share

Name	Position (Note)	sex do not	year age	term start date Expect	term end date Expect	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Annual Shares increase or decrease momentum	change moving cause	During the reporting period obtained from the company pre-tax total remuneration (10,000 yuan)	Are you in Company close joint party get paid
Gao Tianle	Chairman and General Manager	Male	58	2020-06-29	2023-06-28	66,730,620	66,730,620	0	not applicable	128.95	No
Yong Director	Deputy General Manager, Financial Officer	Male	50	2020-06-29	2023-06-28	936,540	936,540	0	not applicable	145.91	No
Director Zhou	Guanghui and Secretary of the Board	Male	43	2020-06-29	2023-06-28	880,000	880,000	0	Not applicable	109.95	No
Director Huang Yuechi	Director	Male	60	2020-06-29	2023-06-28	3,229,380	3,229,380	0	Not applicable	-	Yes
Zhu Xingbing	and Deputy General Manager	Male	50	2020-06-29	2023-06-28	550,000	550,000	0	Not applicable	-	no
49 2020-06-29	Li Changbao Independent Director	Male	49	2020-06-29	2021-03-01	1,408,000 0	1,408,000 0	0	Not applicable	97.85	No
Zheng Jingjing	Independent Director	Female	45	2020-06-29	2023-06-28			0	Not applicable	11.43	No
48 2020-06-29	Du Nan Supervisor	Female	38	2020-06-29	2023-06-28	0	0	0	Not applicable	11.43	No
Supervisor Female	34 2020-12-11 Yan Cong	Female	34	2020-12-11	2023-06-28	0	0	0	Not applicable	11.43	No
48 2020-06-29	Zhao Tianwei Deputy General Manager	Male	50	2020-06-29	2023-06-28	0	0	0	Not applicable	-	Yes
Ge Shiwei	Deputy General Manager	Male	37	2020-06-29	2021-05-13	127,600	127,600	0	Not applicable	72.01	No
2020-06-29	Total / / /				2023-06-28	0	0	0	Not applicable	7.17	No
					2020-12-11	0	0	0	Not applicable	58.80	No
					2023-06-28	805,200	805,200	0	Not applicable	113.17	No
					2023-06-28	110,000	110,000	0	Not applicable	102.78	No
					2023-06-28 /	506,000	506,000	0	Not applicable/	102.36	No
						75,283,340	75,283,340	0		973.24	/

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Name	Main work experience Gao
Tianle started to work in 1982 and	served as a teacher at Baixiang Middle School in Yueqing City; a teacher at Liushi Middle School in Yueqing City; Managing Director of Hong Kong Honghui International Trading Company; Chairman and General Manager of Wenzhou Great Wall Electric Industrial Co., Ltd.; Zhejiang Great Wall Electric Industrial Co., Ltd. Chairman and general manager of the company; chairman of Zhejiang Tianzheng Group Corporation; member of the 9th, 10th and 11th National Committee of the Chinese People's Political Consultative Conference; member of the 8th and 9th Central Standing Committee of the Democratic National Construction Association. He has won honorary titles such as "National Outstanding Entrepreneur", "China's Top Ten Private Entrepreneurs", "Top Ten Chinese Economic Talents", "The Sixth Zhejiang Province Outstanding Entrepreneurs" and "The First Zhejiang Charity Award". He is currently the chairman of Tianzheng Group, the chairman of Tianzheng Electromechanical, the chairman and general manager of the company. He started to work in 1993 and served as the Deputy General Manager of Finance, Deputy General Manager of Marketing and Executive Deputy General Manager of Nanjing Real Estate. He is currently the director,
manager of Rong Guangda Group.	Deputy General Manager of the company. Wang Yong and Zhou Guanghui began to work in 1999 and served as manager of Shanghai Investment and Investment Department; secretary of the company's board of directors, strategic director and deputy general manager of marketing; general
	Supervisor, Director and Secretary of the Board of the Company. Huang
Yuechi started to work in 1983 and	served as a director of the company. He is currently a director and assistant to the general manager of Tianzheng Group, an executive director of Tianzheng Intelligent, and a director of the company. Huang Hongbin began to work in 1994 and served as the
manager of the audit headquarters	of Shanghai Wanguo Securities Company; the deputy director of the market supervision department of the Shanghai Stock Exchange, the deputy director of the company management department, and the deputy director of the issuance and listing department (director level); Jinpu Industrial Investment Fund Management Co., Ltd. Managing Director; General Manager of Jingtong Zhihui Asset Management Co., Ltd.; General Manager of Jinyuan International Co., Ltd. He is currently the founding partner of Shanghai Feijun Investment Management Center (Limited Partnership), an independent director of Trina Solar Co., Ltd., and a director of the company.
Zhu Xingbing started to work in	1993 and served as the manager of the quality department of Tianzheng Group; the deputy general manager of Huatong Electromechanical Group Co., Ltd.; and the director and deputy general manager of the company. Resigned in March 2021 After his resignation, he no longer holds any positions in the company. He started to work in 1994 and served as the project manager of Xiamen
Wang Hua	University Accounting Firm; the department manager of Xiamen Tianjian Accounting Firm; the lecturer and associate professor of the Department of Business Management of Xiamen University; and the associate professor of Xiamen National Accounting Institute. He is currently an associate professor of the Accounting Department of Beijing Institute of Petrochemical Technology and an independent director of the company. Li Changbao began to work in 1994 and served as lawyer of Shanghai Patent and Trademark Office Co., Ltd.; manager of Rouse International (Shanghai) Co., Ltd.; director of Shanghai Tang
Weilian Law Firm; Shanghai	Director of Zhige Law Firm. He is currently the deputy director of Shanghai Zhige Law Firm, a director of Shanghai Fujie Environmental Protection Technology Co., Ltd., and an independent director of the company.
Zheng Jingjing started to work in	1999 and served as a partner of Ernst & Young Hua Ming Certified Public Accountants (special general partnership) and the financial director of Shanghai Yuhong Classic Equity Fund Management Co., Ltd. Incumbent Han Kaide Investment Consulting (Shanghai) Co., Ltd. executive director and general manager, independent director of the company. He started to work in 1997 and
Hu Jun	served as the internal audit manager and deputy general manager of the financial center of Tianzheng Group. He is currently the general manager of the financial center of Tianzheng Group, the director of Knight Electromechanical, and the chairman of the supervisory committee of the company. He started to work in 2005 and served as the executive director of the company, deputy director of the President's Office, deputy recruitment manager, senior recruitment manager, securities affairs representative; Shanghai Investment Human Resources Manager; Shanghai Langxiang Decoration Design Engineering Co., Ltd. Administrative
Du Nan	Director. He is currently the Supervisor of the Company and the Deputy Director of Human Resources Department. Yan Congqiang started to work in 1997 and served as the general manager of the power distribution business department, the general manager of the terminal business department, the general manager of the power supply business department, and the employee supervisor of Tianzheng Electric. Current Power Division
	General manager.
Fang Chufu started to work in 1996	and served as the director of the production planning department of Delixi Group Co., Ltd.; the manager of the manufacturing department and assistant to the general manager of Zhejiang Delixi Electric Co., Ltd.; Delixi Electric Co., Ltd. Production Director of the Production Department of Gas Co., Ltd. He is currently the Deputy General Manager of the Company.
Ge Shiwei started to work in 2007	and served as R&D engineer, deputy chief engineer of power distribution and deputy director of R&D of the company. He is currently the Deputy General Manager of the Company. Zhao Tianwei started to work in 1992 and served as office clerk
and deputy manager of the business	department of Heilongjiang Provincial Commercial and Industrial Enterprise Group; salesman of the company's Heilongjiang office, assistant and manager of the company's marketing department manager, deputy general manager and general manager of the frequency conversion business department, Director of Distribution Department and General Manager of Northeast Region, Director of Industry and New Energy Department. He is currently the Deputy General Manager of the Company.

Other situation description

✓Applicable ✓Not applicable

(2) Shareholding incentives granted to directors and senior executives during the reporting period

✓Applicable ✓Not applicable

II. Positions of current and outgoing directors, supervisors and senior management during the reporting period

(1) Positions in shareholder units

✓Applicable ✓Not applicable

Name of the person in office	Shareholder name	Positions held in shareholder units Chairman of the board, director, assistant to the general manager, general manager of the financial center	Term Start Date	term end date
			July 1997 September	—
			2010 December 2014	—
				—

(2) Serving in other units

✓Applicable ✓Not applicable

Name of the person in office	Other unit names	Positions held in other units Chairman	term start date	term end date
	Shanghai Tianzheng Electromechanical (Group) Co., Ltd.	of the Board, Director, Supervisor, Supervisor	1999-09-07	—
	Ltd. Hangzhou Honglonglong Network Technology	Executive Director, Executive Partner, Director	2015-06-10	—
	Co., Ltd. Beijing Qitian Dasheng Network Technology	Director, Director	2016-08-29	—
	Co., Ltd. Shanghai Kuan Krypton Shengchu Investment		2015-10-26	—
	Management Co., Ltd. Kesel Medical Technology (Suzhou)		2013-11-25	—
	Co., Ltd. Shanghai Lizhi Underwear Manufacturing Co., Ltd.		2013-09-17	—
	Ltd. Shanghai Ouyue Investment Partnership (Limited Partnership)		2015-11-25	—
	Partnership) Zhejiang Wanluo Investment Management Co., Ltd.		2016-09-14	2020-06-30
	Ltd. Shanghai Kangda Medical Equipment Group Co., Ltd.		2015-08-28	—
	Zhejiang Damon Technology Co., Ltd. Hefei Shengtek		2017-02-10	—
	Automotive Electronics Co., Ltd.		2017-06-08	—

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Huang Hongbin	Zibolan Network Technology (Beijing) Co., Ltd. Shanghai Feiyu	Director	2015-04-03	—
Huang Hongbin	Investment Management Co., Ltd. Shanghai Jingzhi Industrial	Executive Director and General	2015-03-02	—
Huang Hongbin	Co., Ltd. Trina Solar Co., Ltd. Shanghai Weston Information	Manager Director Independent Director	2017-09-04	2020-12-02
Huang Hongbin	Technology Co., Ltd. Shanghai Yuhuan Real Estate Co., Ltd.	Director Executive Director Executive	2020-12-24	—
Huang Hongbin	Hankide Investment Consulting (Shanghai) Co., Ltd. Hankade	Director and General Manager	2019-05-08	—
Zheng Jingjing	Investment Consulting (Beijing) Co., Ltd. Shanghai Zhonghande	Executive Director and General	2016-09-05	—
Zheng Jingjing	Enterprise Management Consulting Co., Ltd. Shanghai Junyu	Manager Executive Director and	2015-03-09	—
Zheng Jingjing	Construction Engineering Management Co., Ltd. Ouzhixing	General Manager Executive Director	2016-01-22	—
Zheng Jingjing	(Suzhou) Medical Equipment Co., Ltd. Shanghai Yuhong	and General Manager	2017-09-11	2021-01-19
Zheng Jingjing	Classic Equity Investment Fund Partnership (Limited		2018-01-25	2021-02-26
Zheng Jingjing	Partnership) Executive Partner (Appointed Representative)		2018-10-15	—
Zheng Jingjing	2014-05-16 Accounting Department of Beijing Institute of Petrochemical Technology	Huicai Yongxin Consulting (Xiamen) Co., Ltd. Holitech Technology Co., Ltd.	2016-11-24	—
Wang Hua	Shanghai Fujie Environmental Protection Technology Co., Ltd. Company Shanghai Zhigong	Zhigong Law Firm Nanjing Tianzheng Knight Electromechanical Group Co., Ltd.	2016-11-24	—
Wang Hua	None	Professor	2017-06-23	2020-08-04
Wang Hua Li		Supervisor Independent	2018-12-29	2020-05-18
Changbao Li		Director Independent	2019-05-13	—
Changbao		Director Deputy	2011-04-02	—
Hujun in other		Director Director	2018-04-01	—
units				
job description				

III. Remuneration of Directors, Supervisors and Senior Management

Applicable Not applicable

Decision-making procedure for remuneration of directors, supervisors and senior executives	The company shall provide allowances or remunerations for independent directors and directors, supervisors and senior executives serving in the company. Independent director allowance payment standard and The procedures are implemented in accordance with the methods approved by the general meeting of shareholders, and the remuneration of employees in the company is determined in accordance with the relevant regulations of the company's remuneration management system.
The remuneration of directors, supervisors and senior management personnel is determined	Based on the remuneration and appraisal committee based on job responsibilities, work performance, corporate economic benefits and the remuneration level of other companies in the same industry. According to the company's salary distribution system and economic responsibility system assessment method, the company's salary plan is proposed.
Actual Payment of Remuneration of Directors, Supervisors and Senior Management Condition	During the reporting period, the remunerations paid by the company to directors, supervisors and senior management were in line with the company's salary and performance assessment regulations, and were paid in accordance with the regulations.
At the end of the reporting period, all directors, supervisors and senior management staff realized	a total of RMB 9,732,400

total remuneration received	
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IV. Changes in Directors, Supervisors and Senior Management of the Company

√Applicable √Not applicable

Name	Positions Employee	Changes	Reason for change
Yan Congqiang	Representative Supervisor Employee Representative	leave	resignation for personal reasons
Zhao Yindan	Supervisor Director and Deputy General Manager	appointment	Former employee representative supervisor resigns
Zhu Xingbing		leave appointment	resignation for personal reasons

V. Explanation on Punishments by Securities Regulatory Authorities in the Past Three Years

√Applicable √Not applicable

6. Employees of the parent company and major subsidiaries

(1) Staff situation

Number of on-the-job employees of the	3,013
parent company Number of on-the-job employees	700
of major subsidiaries Total number of active	3,713
employees	34
Professional Composition	Professional composition
Category Production	2,280
Personnel Sales Personnel	654
Technical Personnel	390
Financial Personnel	68
Administrative Personnel	321
Total	3,713
education level	
Educational level category	Quantity (person)
PhD, master's,	0
undergraduate,	
college and	533
below total	3,159
	3,713

(2) Remuneration policy

Applicable Not applicable

In order to protect the legitimate rights and interests of both parties in the labor relationship, the company fully mobilizes the enthusiasm and creativity of employees, and strengthens the internal management of the company.

management, promote the development of the company in all aspects, and continuously improve the company's compensation policy. The company's remuneration policy adheres to the priority of efficiency, fairness and ease of use.

According to the principle of easy salary, according to different positions, the salary of employees is composed of basic salary, senior salary, allowances, subsidies and performance rewards.

become. The salary level of employees is linked to the local economic and social development, the company's economic benefits and individual performance assessment to ensure work efficiency

and benefits to achieve the company's overall goals. During the reporting period, the salary and welfare level of the Company's employees remained stable.

(3) Training plan

Applicable Not applicable

For the purpose of attracting talents, cultivating talents, improving employee performance and organizational performance, for employees of different positions and ranks

Use the company's internal and external resources to carry out all-round training on job responsibilities, job skills, and job culture within the company, so as not to

Continuously improve the professional ability and comprehensive quality of employees, and continuously improve the engagement and competence of employees.

(4) Outsourcing of labor services

Applicable Not applicable

Total labor hours for labor outsourcing	523,761.37 hours
Total remuneration paid for labor outsourcing	15,280,449.67 yuan

7. Other yApplicable

yNot applicable

Section IX Corporate Governance

I. Explanation on corporate governance yApplicable yNot applicable

The company strictly follows relevant laws and regulations such as the "Company Law", "Securities Law", "Administrative Measures for Information Disclosure of Listed Companies", combined with

The actual situation of the company, further improve the company's standardized operation and management system, strengthen the construction of internal control system, and constantly standardize the company's operation and management system.

to improve corporate governance.

1. Shareholders and General Meeting of Shareholders

Shareholders of the company enjoy equal status in accordance with the provisions of the Articles of Association and the Rules for the General Meeting of Shareholders of Listed Companies.

and undertake corresponding obligations. The corporate governance structure can ensure that all shareholders, especially small and medium shareholders, enjoy equal status,

By exercising their rights and interests in accordance with the law, the shareholders' right to know, participate and vote on the company's major issues is guaranteed.

2. The company and its controlling shareholder

The company has independent business operation capabilities and a complete operating system, and is independent in business, personnel, assets, institutions and finance.

Standing on the controlling shareholder, the company's board of directors, supervisory board and internal organizations operate independently according to their rules of procedure or company system. company holding

Shareholders can strictly regulate their own behavior, exercise their rights and undertake obligations according to the law through the general meeting of shareholders.

3. Directors and Board of Directors

The company elects directors in strict accordance with the selection procedures stipulated in the "Company Law" and "Articles of Association".

into compliance with the requirements of laws and regulations. All directors of the company strictly abide by the provisions and requirements of the "Company Law" and "Securities Law".

Code of conduct, improve the standard operation level, give full play to their professional expertise, and actively perform their duties. All directors strictly follow the company

The relevant deliberation provisions of the "Rules of Procedure for the Board of Directors", prudent decision-making, and practical protection of the interests of the company and shareholders. Independent directors of the company are serious

Perform duties, strictly follow the provisions of the "Working System for Independent Directors", carefully review various proposals, and objectively express their opinions.

Laws and opinions, and earnestly play the role of independent directors.

There are four special members of the Audit Committee, the Strategy Committee, the Remuneration and Appraisal Committee, and the Nomination Committee under the company's board of directors

meeting, conscientiously implement the company's "Audit Committee Working Rules", "Nomination Committee Working Rules" and "Remuneration and Appraisal Committee Working Rules"

The Rules and the Working Rules of the Strategy Committee provide scientific and professional opinions for the decision-making of the Board of Directors.

4. Supervisors and the Supervisory Committee

The company elects supervisors in strict accordance with the selection and appointment procedures stipulated in the "Company Law" and "Articles of Association".

into compliance with the requirements of laws and regulations. All supervisors can earnestly study relevant laws and regulations, actively participate in relevant business training, and earnestly

Perform duties, in the spirit of being responsible to all shareholders, and be responsible for the company's major events, related transactions, financial status, directors and other

The senior executives shall supervise and express their opinions on the legality and compliance of their duties to safeguard the legitimate rights and interests of the company and shareholders.

5. Performance evaluation and incentive and restraint mechanism

The company has established a complete performance evaluation standard and incentive and restraint mechanism for directors, supervisors and senior management;

The appointment is in compliance with the relevant laws and regulations.

6. About stakeholders

The company can fully respect and safeguard the legitimate rights and interests of relevant stakeholders, actively cooperate with relevant stakeholders, and strengthen communication with all parties.

Communication and communication, realize the coordination and balance of the interests of the society, shareholders, company, employees and other parties, and promote the sustainable, stable and healthy development of the company exhibition.

7. Company information disclosure and transparency

In strict accordance with the relevant laws and regulations and the "Administrative Measures for Information Disclosure of Listed Companies", the company strengthens the management of information disclosure affairs.

management, perform information disclosure obligations, and strictly implement the company's Information Disclosure Management System, Investor Relations Management System, and Insider Letters Information Insider Registration System" and other systems. True, accurate, timely and complete disclosure of information to ensure fair access to all investors

company information.

Whether there is a material difference between the corporate governance and the requirements of the relevant regulations of the CSRC; if there is a material difference, the reasons shall be explained

Applicable Not applicable

2. Brief introduction to the general meeting of shareholders

session	Date	of the designated website on which the resolution is published query index	Disclosure date of publication of resolution
2019 Annual General Meeting June 29,	2020 -		

Explanation of the General Meeting of Shareholders

Applicable Not applicable

3. Directors' performance of duties

(1) Directors' participation in the board of directors and shareholders' general meetings

director Name	whether independent director	Participation in the Board of Directors						participating shareholders General Assembly
		This year should plus board frequency	personally Attend frequency	to communicate way parameter add times	entrust number of seats	absent frequency	Is it continuous never kissed twice self-attendance discussion	shareholders present times of the assembly number
Gao Tianle or Wang		9	9	9	0	0	.....	1
Yong or Zhu Xingbing or		9	9	9	0	0	.....	1
not Zhou Guanghui or		9	9	9	0	0	.....	1
Huang Yuechi or Huang		9	9	9	0	0	.....	1
Hongbin or not Wang		9	9	9	0	0	.....	1
Hua or Li Changbao or		9	9	9	0	0	.....	1
Zheng Jingjing?		9	9	9	0	0	.....	1
		9	9	9	0	0	.....	1
		9	9	9	0	0	.....	1

Instructions for not attending two consecutive board meetings in person

Applicable Not applicable

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The number of board meetings held during the year	9
Including: the number of on-site meetings The number of	0
meetings held by means of communication The number of	9
meetings held on-site combined with the means of communication	0

(2) Situations where independent directors raise objections to relevant matters of the company

✓Applicable ✓Not applicable

(3) Others

✓Applicable ✓Not applicable

IV. The important opinions and suggestions put forward by the special committees under the board of directors when performing their duties during the reporting period, and if there are objections, the specific circumstances should be disclosed ✓Applicable ✓Not applicable

V. Explanation on the risk found by the Supervisory Committee ✓Applicable ✓Not

Applicable

6. The company cannot guarantee independence and cannot guarantee the existence of business, personnel, assets, organization, finance, etc. between itself and the controlling shareholder.

Explanation on maintaining the ability to operate independently

✓Applicable ✓Not applicable

If there is horizontal competition, the company's corresponding solutions, work progress and follow-up work plan ✓Applicable ✓Not applicable

VII. The evaluation mechanism for senior management personnel and the establishment and implementation of the incentive mechanism during the reporting period

✓Applicable ✓Not applicable

The senior management personnel of the company are appointed by the board of directors, are directly responsible to the board of directors, and accept the assessment, rewards and punishments of the board of directors. Company senior management

The personnel operate and manage the company according to the development strategies and investment decisions formulated by the board of directors and the business objectives issued by the board of directors.

The Remuneration and Appraisal Committee is responsible for the performance appraisal of the senior executives according to the specific operation and management of the company, and takes this as the basis

Based on rewards and punishments.

During the reporting period, the company's senior management personnel were able to strictly comply with the "Company Law", "Articles of Association" and relevant national laws and regulations.

Requirements, conscientiously perform duties, and continuously strengthen internal management under the guidance of the board of directors, laying the foundation for the company's future development.

VIII. Whether to disclose the internal control self-evaluation report ✓Applicable

✓Not applicable For details, please refer to the "2020 Internal Control Evaluation

Report" disclosed by the Company on April 23, 2021.

Explanation of major defects in internal control during the reporting period ✓Applicable ✓Not

applicable

IX. Relevant information on the internal control audit report

ýApplicable ýNot applicable

For details, please refer to the "2020 Internal Control Audit Report" disclosed by the Company on April 23, 2021.

Whether to disclose the internal control audit report: yes

Type of opinion on internal control audit report: standard unqualified opinion

X. Other

ýApplicable ýNot applicable

Section 10 Corporate Bonds Related Information

ýApplicable ýNot applicable

Section 11 Financial Report

1. Audit report

√Applicable √Not applicable

Zhongxing Huashenzi (2021) No. 510005

All shareholders of Zhejiang Tianzheng Electric Co., Ltd.:

I. Audit opinion

We audited the financial statements of Zhejiang Tianzheng Electric Co., Ltd. (hereinafter referred to as "Tianzheng Electric Company"), including Consolidated and parent company balance sheets as at 31 December 2020, 2020 consolidated and parent company income statement, consolidated and parent company The company's cash flow statement, consolidated and parent company's statement of changes in shareholders' equity, and related notes to the financial statements.

We believe that the attached financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises in all material respects and fairly reflect Tianzheng Consolidated and Parent Company Financials of Electric Company December 31, 2020 and Operating Results of Consolidated and Parent Company 2020 and cash flow.

2. Forming the basis for the audit opinion

We performed the audit work in accordance with the Chinese Certified Public Accountants Auditing Standards. Auditor's Report "Certified Accountant's Our responsibilities under these standards are further explained in the "Responsibility for Auditing Financial Statements" section. In accordance with the professional ethics of Chinese certified public accountants Code, we are independent of Tianzheng Electric Company and fulfill other responsibilities in professional ethics. We believe that the review we have obtained The audit evidence is sufficient and appropriate to provide a basis for an audit opinion.

3. Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These things The response to these items is based on the background of auditing the financial statements as a whole and forming an audit opinion, and we do not express an independent opinion on these matters.

We have identified the following matters as the key audit matters that need to be communicated in the audit report.

(1) Revenue recognition

1. Item description

The operating income of Tianzheng Electric Company is mainly the sales income of low-voltage electrical products. Tianzheng Electric Company's 2020 annual financial statements The amount of operating income items shown is RMB 2,473,233,500. Please refer to Note IV. 23 to the financial statements for the accounting policies for revenue recognition.

Since revenue is one of Tianzheng Electric's key performance indicators, we identify Tianzheng Electric's revenue recognition as a key key audit matters.

2. Audit response

The main procedures we performed in response to the above key audit matters related to revenue recognition include:

(1) Understand and evaluate the design and operational effectiveness of management's key internal controls related to revenue recognition;

(2) Select samples to check sales contracts and product distribution agreements, and identify those related to individual performance obligations and the transfer of control over goods

the contract terms, and evaluate whether Tianzheng Electric Company's revenue recognition time point meets the requirements of the Accounting Standards for Business Enterprises;

(3) Select a sample of the revenue confirmed during the reporting period, check the sales contract (order), invoice, delivery note, and domestic sales receipt

Bill of lading, export declaration form, bill of lading and other supporting documents, and evaluate whether the relevant revenue recognition is in line with the revenue recognition of Tianzheng Electric Co., Ltd.

Accounting Policies;

(4) Analyze the revenue and gross profit margin in combination with the product type to determine whether there is any abnormal fluctuation in the amount of revenue during the reporting period

Case;

(5) For the income transactions recorded before and after each balance sheet date in the reporting period, select samples and check the delivery documents and other supporting documents.

Documentation to assess whether revenue was recorded in the appropriate accounting period;

(6) Select samples to confirm the important end customers and distributors during the reporting period to verify the authenticity and accuracy of revenue recognition.

accuracy and completeness.

(7) Review the accuracy of the accrual of sales rebate amount through procedures such as confirmation, analysis and recalculation.

(2) Impairment of notes receivable and accounts receivable

1. Item description

The total amounts of notes receivable and accounts receivable (including receivables financing) of Tianzheng Electric Company on December 31, 2020 are respectively

It was RMB 1,187,903,900, accounting for 37.53% of the total assets at the end of the period, and the amount of notes receivable and accounts receivable accounted for a relatively high proportion. bad debt provision

The provision of bad debts has a significant impact on the financial position and operating results during the reporting period, and the provision for bad debts largely depends on the management

Therefore, we have identified the impairment of bills and accounts receivable as a key audit matter.

2. Audit response

The main procedures we performed in relation to the above key audit matters related to the impairment of bills receivable and accounts receivable include:

(1) Review the approval process for the provision for bad debts of bills receivable and accounts receivable, and check the accounting for the provision for bad debts.

the reasonableness of the policy;

(2) Analyze and compare the rationality and consistency of bad debt provision for bills receivable and accounts receivable during the reporting period;

(3) Analyze the transactions of major customers during the reporting period, and implement the account receivable impairment test procedures, combined with the management's

Payback evaluation of bills and accounts receivable in the current period and after the period

The rationality of the provision for bad debts of accounts receivable;

(4) Obtain the bad debt provision accrual table, analyze and check the rationality of key assumptions and data, and the amount of bad debt accrued by the management.

accuracy.

4. Other information

The management of Tianzheng Electric Company is responsible for other information. Additional information includes information covered in the 2020 Annual Report but does not include

including financial statements and our audit report.

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

in conclusion.

In conjunction with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information

There is a material inconsistency or a material misstatement that appears to exist in the financial statements or what we learned during the audit.

Based on the work we have performed, if we determine that other information is materially misstatement, we should report that fact. At this

On the other hand, we have nothing to report.

V. Responsibilities of management and those charged with governance for the financial statements

The management of Tianzheng Electric Company (hereinafter referred to as the management) is responsible for the preparation of financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises, so that the

Achieving a fair presentation and designing, implementing and maintaining the necessary internal controls so that the financial statements are free from fraud or error

material misstatement.

When preparing the financial statements, the management is responsible for evaluating Tianzheng Electric's ability to continue as a going concern, and for disclosing information related to going concern.

matters (if applicable), and apply the going concern assumption unless management plans to liquidate Tianzheng Electric Company, cease operations, or otherwise

His realistic choice.

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

6. The CPA's Responsibilities for the Audit of Financial Statements

Our objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement due to fraud or error, and

Issue an audit report containing an audit opinion. Reasonable assurance is a high level of assurance, but does not

A material misstatement is always detected when a material misstatement exists. Misstatement may result from fraud or error, if the misstatement is reasonably expected to be either alone or

Misstatements are generally considered to be material if, in aggregate, they may affect the economic decisions that users of the financial statements make based on the financial statements.

We exercise professional judgment and maintain professional scepticism in conducting our audit in accordance with auditing standards. At the same time, we

Also do the following:

(1) Identify and assess the risk of material misstatement of the financial statements due to fraud or error, and design and implement audit procedures to respond to

These risks, and obtain sufficient and appropriate audit evidence as a basis for expressing an audit opinion. Since fraud may involve string

failure to detect risk of material misstatement due to fraud

The risk is higher than the risk of failing to detect a material misstatement due to an error.

(2) To understand the internal control related to auditing so as to design appropriate auditing procedures.

(3) Evaluate the appropriateness of the management's selection of accounting policies and the rationality of accounting estimates and related disclosures.

(4) draw conclusions on the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, it may be possible to

Whether there are significant uncertainties in matters or circumstances that give rise to significant doubts about Tianzheng Electric's ability to continue as a going concern.

Auditing standards require us to bring to the attention of users of the statement in our audit report if we conclude that a material uncertainty exists

Relevant disclosures in the financial statements; if the disclosures are insufficient, we should express an unqualified opinion. Our conclusions are based on the

information available on the reporting date. However, future events or circumstances may result in Tianzheng Electric Company being unable to continue as a going concern.

(5) Evaluate the overall presentation (including disclosure), structure and content of the financial statements, and evaluate whether the financial statements reflect fairness

related transactions and matters.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities in

Comment on the report. We are responsible for directing, supervising and performing group audits. We accept full responsibility for our audit opinion.

We communicate with those charged with governance on matters such as the planned scope, timing and significant audit findings of the audit, including communicating our
Notable internal control deficiencies identified during the audit.

We also provide a statement to those charged with governance that we have complied with ethical requirements related to independence and communicate with those charged with
All relationships and other matters reasonably believed to affect our independence, and related precautions, if applicable.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore relevant
key audit matters. We describe these matters in our audit report unless laws and regulations prohibit public disclosure of these matters, or in the rare
In many cases, if the adverse consequences of communicating a matter in the audit report would reasonably be expected to outweigh the benefits in the public interest
, we determined that the matter should not be communicated in the audit report.

Zhongxinghua Certified Public Accountants (Special General Partnership)

Chinese Certified Public Accountant: Gao Minjian
(project partner)

Beijing China

Chinese Certified Public Accountant: Pang Yuwen

April 22, 2021

2. Financial Statements

Consolidated Balance Sheet

December 31, 2020 Prepared

by: Zhejiang Tianzheng Electric Co., Ltd.

Unit: Currency: RMB

project	Note 31 December 2020	December 31, 2019
Current assets:		
Monetary funds	1,060,284,566.99	381,789,745.44
settlement reserve		
Loan funds		
Tradable financial assets		
Derivative financial assets		
Notes Receivable	88,700,864.73	60,909,631.05
Accounts	774,488,234.68	637,507,356.64
Receivable Financing	324,714,776.99	213,103,435.03
Advance Payments	6,282,284.68	3,330,499.19
Premium Receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	8,099,155.12	6,524,828.80
Including: Interest receivable		
Dividends receivable		
Repurchase of resale financial assets		
Inventory	306,697,349.77	217,148,615.27
contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	64,814,829.82	39,215,486.02
Total non-current	2,634,082,062.78	1,559,529,597.44
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	325,754,303.34
Construction in	22,877,604.22	6,939,147.50
progress productive biological assets		
oil and gas asset		
right-of-use asset		
Intangible asset	116,341,192.82	108,413,916.77
development expenditure		
goodwill		
Deferred tax assets for	8,361,163.00	4,994,209.45
long-term deferred expenses	38,204,813.75	34,292,868.13

Other non-current assets		19,621,199.10	21,438,271.97
Total non-current assets		530,712,007.85	501,832,717.16
Total assets Current		3,164,794,070.63	2,061,362,314.60
liabilities:			
short-term		40,051,160.70	130,000,000.00
borrowing from the central bank			
borrowed funds			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills Payable		12,131,938.43	
Accounts Payable		1,059,927,293.83	810,267,113.21
Advance Receipts			2,947,052.46
Contract		3,927,195.35	
Liabilities Sales Repurchase Financial Assets			
Deposits and deposits			
Agent for buying and selling securities			
Agent underwriting securities			
Payable Employee		77,611,747.48	81,305,231.55
Salary Payable Taxes		25,625,498.31	20,466,840.97
Other Payables		20,216,343.05	22,307,653.18
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	152,397,125.33
Total current liabilities		1,411,180,436.73	1,219,691,016.70
Non-current liabilities:			
Insurance contract reserve			
Long term loan			
Bonds payable			
Of which: preferred stock			
perpetual bond			
lease liability			
Long-term payables			
Long-term employee compensation payable			
Estimated		16,457,042.27	14,406,109.37
liabilities		2,809,449.07	99,332.62
Deferred income Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		19,266,491.34	14,505,441.99
Total liabilities Total		1,430,446,928.07	1,234,196,458.69
owners' equity (or shareholders' equity beneficial):			
Paid-in capital (or share capital)		401,000,000.00	330,000,000.00
Other equity instruments			
Of which: preferred stock			

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perpetual bond			
Less capital		655,626,535.70	66,273,516.82
reserve: treasury shares			
Other comprehensive income			
Special reserves			
Surplus		104,713,483.92	81,778,758.78
reserve general risk reserve			
Undistributed profits		573,007,122.94	349,113,580.31
are attributable to owners' equity of the parent company (or shareholders' equity) total		1,734,347,142.56	827,165,855.91
minority interests			
Owner's Equity (or Shareholders' Equity profit) total		1,734,347,142.56	827,165,855.91
liabilities and owners' equity (or shareholders' equity) total		3,164,794,070.63	2,061,362,314.60

Legal representative: Gao Tianle

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

Parent Company Balance Sheet

December 31, 2020

Prepared by: Zhejiang Tianzheng Electric Co., Ltd.

Unit: Currency: RMB

project	Note 31 December 2020	December 31, 2019
Current assets:		
monetary	957,050,679.62	366,302,988.98
capital trading financial assets		
Derivative financial assets		
Notes Receivable	88,700,864.73	60,909,631.05
Accounts	767,876,920.67	621,972,458.59
Receivable Accounts	324,714,776.99	213,103,435.03
Receivable Financing	6,281,376.40	3,330,499.19
Advances Other	58,029,357.19	91,496,913.66
Receivables Including: Interest Receivable		
Dividends receivable		
Inventory	240,229,650.66	160,741,292.10
contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	58,599,583.99	35,999,558.78
Total non-current	2,501,483,210.25	1,553,856,777.38
assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	180,000,000.00	80,000,000.00
Other equity instrument investment		
Other non-current financial assets		

investment real estate			
Fixed assets		164,998,489.81	159,839,495.23
Construction in		21,765,991.90	995,964.20
progress productive biological assets			
oil and gas asset			
right-of-use asset			
Intangible asset		81,829,777.23	72,989,180.41
development expenditure			
goodwill			
Long-term deferred		1,630,379.90	3,476,454.51
expenses Deferred tax		37,698,197.95	33,613,830.31
assets Other non-current assets		18,342,829.10	18,961,341.97
Total non-current assets		506,265,665.89	369,876,266.63
Total assets Current		3,007,748,876.14	1,923,733,044.01
liabilities:			
Held-for-trading		40,051,160.70	120,000,000.00
financial liabilities for short-term borrowings			
Derivative financial liabilities			
Notes		12,131,938.43	
payable		948,618,469.94	709,207,653.91
Accounts			2,947,052.46
payable		3,927,195.35	
Accounts payable		68,837,193.82	72,950,875.48
in advance Contract		21,896,615.28	17,765,991.24
liabilities		18,111,027.99	20,439,650.13
dividends payable			
held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities		171,689,259.58	152,397,125.33
Total current liabilities		1,285,262,861.09	1,095,708,348.55
Non-current liabilities:			
Long term loan			
Bonds payable			
Of which: preferred stock			
perpetual bond			
lease liability			
Long-term payables			
Long-term employee compensation payable			
Estimated		16,457,042.27	14,406,109.37
liabilities		2,809,449.07	99,332.62
Deferred income Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		19,266,491.34	14,505,441.99
Total liabilities Total		1,304,529,352.43	1,110,213,790.54
owners' equity (or shareholders' equity beneficial):			
Paid-up capital (or share capital)		401,000,000.00	330,000,000.00

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Other equity instruments			
Of which: preferred stock			
perpetual bond			
Less capital		669,358,125.42	80,005,106.54
reserve: treasury shares			
Other comprehensive income			
Special reserves			
Surplus reserve		115,567,930.60	92,633,205.46
undistributed profit		517,293,467.69	310,880,941.47
owner's equity (or shareholders' equity profit) total		1,703,219,523.71	813,519,253.47
liabilities and owners' equity (or shareholders' equity) total		3,007,748,876.14	1,923,733,044.01

legal representative: Gao Tianle

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

Consolidated Income Statement

January-December 2020

Unit: Currency: RMB

Item 1.	Notes	2020 2019 2,473,233,541.84 2,200,775,191.79	
Total operating income Including:			
operating income and interest		2,473,233,541.84 2,200,775,191.79	
income			
Premium earned			
Fee and commission income			
2. Total operating costs		2,203,238,121.93 1,981,377,334.19	
Including: operating costs		1,785,823,505.29 1,538,090,657.14	
and interest expenses			
Fees and Commissions Expenses			
Surrender			
Net payout			
Net withdrawal of insurance liability reserves			
dividend payment policy			
Reinsurance costs			
Taxes and Additional		15,253,148.45	15,255,766.51
Sales Expenses		198,786,624.72	224,465,074.39
Administrative		112,900,256.41	112,065,325.22
Expenses R&D		94,209,521.83	82,726,084.86
Expenses Financial		-3,734,934.77	8,774,426.07
Expenses Including: Interest		4,044,822.88	11,706,605.78
Expenses Interest		8,141,057.85	2,619,662.73
Income Plus: Other Income		34,123,374.97	34,861,060.72
Investment income (losses are marked with "-" Fill in)			-720,640.00
Of which: For associates and joint ventures investment income			
Gold measured at amortized cost Financial assets derecognition income			

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			-487,680.00
impairment losses (losses are Fill in with "-") Asset		-9,952,783.78	-4,135,823.26
impairment losses (losses are denominated in Fill in with "-")		-4,583,819.16	-2,914,090.21
Income from disposal of assets (losses are Fill in with "-") 3.		-216,215.74	39,586.61
Operating profit (for losses, fill in with "-"		289,365,976.20	246,040,271.46
column) plus: non-operating income		624,830.63	3,513,427.08
minus: non-operating expenses		8,500,662.08	2,911,386.11
4. Total profits (total losses are marked with "-" number)		281,490,144.75	246,642,312.43
Less: Income tax expense		34,661,876.98	30,819,314.71
V. Net profit (net loss is filled with "-" number (1)		246,828,267.77	215,822,997.72
Classification by business continuity			
1. Net profit from continuing operations (net loss equal to Fill in with "-") 2. Net		246,828,267.77	215,822,997.72
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		246,828,267.77	215,822,997.72
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. Others that cannot be reclassified into profit or loss Comprehensive income			
(1) Re-measure the change of defined benefit plan Momentum			
(2) Others that cannot be transferred to profit or loss under the equity method his comprehensive income			
(3) Fair value of other equity instrument investments value change			
(4) Fair value of the company's own credit risk value change			
2. Other comprehensive items to be reclassified to profit or loss combined income			
(1) Others that can be transferred to profit or loss under the equity method Comprehensive income			

(2) Changes in fair value of other debt investments move			
(3) Financial assets are reclassified and included in other Amount of comprehensive income			
(4) Credit impairment standards for other debt investments prepare			
(5) Cash flow hedging reserve			
(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)		246,828,267.77	215,822,997.72
Comprehensive income attributable to owners of the parent company Total combined income		246,828,267.77	215,822,997.72
(2) Comprehensive income attributable to minority shareholders total profit			
8. Earnings per share:			
(1) Basic earnings per share (yuan/share)		0.70	0.65
(2) Diluted earnings per share (yuan/share)		0.70	0.65

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. Legal

representative: Gao Tianle

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

Parent company income statement

January-December 2020

Unit: Yuan Currency: RMB 2020

project	Notes	2019 2,374,886,804.73	2020 1,79,856,661.30
I. Operating income minus:			
operating costs, taxes and		1,751,892,290.57	1,572,098,226.52
additional sales		11,519,042.11	11,627,983.65
expenses, management		194,767,104.46	219,147,373.85
expenses, research		87,121,920.98	87,442,545.76
and development		85,633,574.47	80,595,190.26
expenses, financial		-3,186,963.19	7,307,281.60
expenses, including: interest		4,028,052.05	10,230,489.09
expenses, interest		7,544,064.03	2,574,100.04
income plus: other income investment		32,789,370.39	34,625,806.32
income (losses are marked with "-") Fill in) Of			-720,640.00
which: For associates and joint ventures investment income			
Gold measured at amortized cost Financial assets derecognition income			
Net exposure hedging gains (losses in Fill in with "-")			
Gains from changes in fair value (losses in Fill in with "-")			-487,680.00

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credit impairment losses (losses in Fill in with "-") Asset		-10,239,479.23	-2,837,831.91
impairment losses (losses are denominated in Fill in with "-") Income		-3,141,035.42	-2,063,679.88
from disposal of assets (losses are Fill in with "-") 2.		-216,215.74	39,586.61
Operating profit (for losses, fill in with "-")		266,332,475.33	230,193,620.80
column) plus: non-operating income		604,399.41	3,417,928.81
minus: non-operating expenses		6,625,806.51	2,615,436.62
3. Total profits (total losses are marked with "-" number)		260,311,068.23	230,996,112.99
Less: Income tax expenses		30,963,816.87	26,862,639.08
IV. Net profit (net loss is filled with "-") number (1)		229,347,251.36	204,133,473.91
Net profit from continuing operations (net loss Fill in with "-") (2) Net profit		229,347,251.36	204,133,473.91
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			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserve			
6. Differences in translation of foreign currency financial statements			
7. Others			
6. Total comprehensive		229,347,251.36	204,133,473.91
income 7. Earnings per share:			
(1) Basic earnings per share (yuan/share)		0.65	0.62
(2) Diluted earnings per share (yuan/share)		0.65	0.62

Legal representative: Gao Tianle

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

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Consolidated Statement of Cash

Flows January-December 2020

Unit: Currency: RMB

Item	Notes	2020	2019
1. Cash flow from operating activities			
quantity:			
Received from the sale of goods and the provision of labor services		1,767,227,145.59	1,733,067,426.27
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		2,247,285.83	427,966.08
received and other related business activities		121,509,823.37	191,075,112.17
Subtotal			
of cash inflows from operating activities for		1,890,984,254.79	1,924,570,504.52
purchasing goods and accepting payment for labor services			
Net		897,731,403.93	810,772,688.22
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		429,140,038.81	345,633,922.95
Various			
taxes and fees paid in		153,488,521.98	148,832,153.11
cash to pay other related business activities		234,824,175.90	335,735,847.08
Subtotal			
of cash outflows from operating activities		1,715,184,140.62	1,640,974,611.36
cash flow from operating activities		175,800,114.17	283,595,893.16
2. Cash			
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		354,300.41	723,651.17
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		354,300.41	723,651.17
purchase and construction of fixed assets, intangible assets and Cash paid for investments in other long-term		71,488,261.40	43,489,536.06
assets Cash paid for investments			
Net increase in mortgage loans			
Acquisition of subsidiaries and other business units Net cash paid			
Payment of other related investment activities Subtotal		350,000,000.00	720,640.00
of cash outflows from cash investing activities		421,488,261.40	44,210,176.06
cash flow from investing activities		-421,133,960.99	-43,486,524.89
3. Cash			
flow from financing activities			
quantity:			
Cash received from absorbing investments		660,353,018.88	
Including: Subsidiaries absorbing minority shareholders Cash received from investments			
Cash received from borrowings		60,000,000.00	179,000,000.00
received from other financing activities Subtotal		12,859,433.95	
of cash inflows from cash financing		733,212,452.83	179,000,000.00
activities Cash paid to repay debts to		150,000,000.00	304,210,065.21
distribute dividends, profits or repay interest Cash paid of		3,928,749.98	11,874,958.67
which: Subsidiary paid to minority shares dividends and profits			
Pay for other fundraising activities Subtotal		8,821,698.12	4,037,735.83
of cash outflows from cash financing activities		162,750,448.10	320,122,759.71
cash flow from financing activities		570,462,004.73	-141,122,759.71
4.			
Changes in exchange rates to cash and cash, etc. price impact			
V. NET INCREASE IN CASH AND CASH EQUIVALENTS Forehead		325,128,157.91	98,986,608.56
Add: Beginning cash and cash equivalents Balance		376,504,094.52	277,517,485.96
VI. Balance of cash and cash equivalents at the end of the period Forehead		701,632,252.43	376,504,094.52

Legal representative: Gao Tianle

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

Parent company cash flow statement
from January to December 2020

Unit: Currency: RMB

Item	Notes	2020	2019
1. Cash flow from operating activities			
quantity:			
Received from the sale of goods and the provision of labor services		1,665,055,870.06	1,793,602,971.04
Cash			
received tax refund		1,642,626.12	298,176.82
received other related to operating activities		242,677,732.80	447,936,771.41
Subtotal		1,909,376,228.98	2,241,837,919.27
of cash inflows from operating activities for			
purchasing goods and accepting payment for labor services		924,854,001.96	961,456,289.92
Cash			
paid to and for employees		368,397,717.30	305,205,526.08
Various			
taxes and fees paid in		133,035,986.48	128,883,500.58
cash to pay other related business activities		316,836,461.74	571,528,674.91
Cash			
outflows from operating activities		1,743,124,167.48	1,967,073,991.49
Subtotal Net cash flows from operating activities		166,252,061.50	274,763,927.78
Forehead			
2. Cash flow from investing activities			
quantity:			
Cash back on investment			
Cash received from investment income			
Disposal of fixed assets, intangible assets and		375,084.64	2,867,056.27
Net cash recovered from other long-term assets on			
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		375,084.64	2,867,056.27
purchase and construction of fixed assets, intangible assets and		59,464,519.70	32,364,081.97
Cash paid for investment in other long-			
term assets Cash paid for acquisition		100,000,000.00	
of subsidiaries and other business units			
Net cash paid			
Payment of other related investment activities		320,000,000.00	720,640.00
Subtotal		479,464,519.70	33,084,721.97
of cash outflows from cash investing activities			
cash flow from investing activities		-479,089,435.06	-30,217,665.70
3. Cash			
flow from financing activities			
quantity:			
Absorb cash received from investments		660,353,018.88	
to obtain cash received from borrowings		60,000,000.00	139,000,000.00

Receive other funding related		12,859,433.95	
Subtotal			
of cash inflows from cash financing		733,212,452.83	139,000,000.00
activities Cash paid to repay debts to		140,000,000.00	274,210,065.21
distribute dividends, profits or repay interest			
Cash paid for		3,887,979.15	10,422,841.98
other fundraising activities			
Subtotal		8,821,698.12	4,037,735.83
of cash outflows from cash financing activities		152,709,677.27	288,670,643.02
cash flow from financing activities			
4.		580,502,775.56	-149,670,643.02
Changes in exchange rates to cash and cash, etc. price impact			
V. NET INCREASE IN CASH AND CASH EQUIVALENTS		267,665,402.00	94,875,619.06
Forehead			
Add: Beginning cash and cash equivalents			
Balance		361,017,338.06	266,141,719.00
VI. Balance of cash and cash equivalents at the end of the period		628,682,740.06	361,017,338.06
Forehead			

Legal representative: 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-December 2020

Unit: Currency: RMB

project	2020														
	Equity attributable to equity holders													few number share East right beneficial	Total owner's equity
	Paid-up capital (or shares Book)	Other equity workers			capital reserve	reduce: in stock share	That he combine receive beneficial	item store prepare	one like wind risk allow prepare	undistributed profit	That he	Subtotal			
		priority share	forever/ continued debt	That he											
1. On year-end balance	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: yes accounting policy change															
forward period error correct															
same one control under the enterprise merge															
That he															
Second, this beginning of the year balance	330,000,000.00				66,273,516.82				81,778,758.78		349,113,580.31		827,165,855.91		827,165,855.91
Three, this Period increase or decrease Change money Amount (minus less than	71,000,000.00				589,353,018.88				22,934,725.14		223,893,542.63		907,181,286.65		907,181,286.65

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fill in List)														
(one) <small>Comprehensive income</small> total profit										246,828,267.77		246,828,267.77		246,828,267.77
(two) owner input and reduce capital	71,000,000.00				589,353,018.88							660,353,018.88		660,353,018.88
1. all input of common stock	71,000,000.00				589,353,018.88							660,353,018.88		660,353,018.88
2. other Equity worker Possess input														
capital 3. shares payment meter into all owner's rights The														
amount of														
4. Other (3) Profit Distribution								22,934,725.14		-22,934,725.14				
1. extract surplus reserve								22,934,725.14		-22,934,725.14				
2. extract normal wind Risk														
preparation 3. to all have														

(or shareholders)															
Assign 4. other															
(IV) Internal transfer of owner's															
equity 1. Capital reserves are converted into capital (or shares															
this) 2. surplus Converting public reserves to increase capital (or shares															
this) 3. surplus Reserves make up for															
losses 4. Changes in defined benefit plans carried forward to retained earnings															
5. other Comprehensive income carried forward and retained															
Benefit 6. other															
(5) Special Reserve															

1. This period extract														
2. This period use														
(six) other														
Fourth, this end of period 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

project	2019															
	Equity attributable to equity holders													few number share East right beneficial	Total owner's equity	
	Paid-up capital (or shares Book)	Other equity workers Tool			capital reserve	reduce: in stock share	That he combine receive beneficial	liquidate item store prepare	surplus reserve	one like wind risk allow prepare	undistributed profit	That he	Subtotal			
		priority share	forever continued debt	That he												
One, last year Ending	330,000,000.00				66,273,516.82					61,365,411.39		153,703,929.98		611,342,858.19		611,342,858.19
balance plus: accounting policy change																
Early stage difference error correction																
same control under the control of the enterprise and																
other																
2. The current year Initial balance 3.	330,000,000.00				66,273,516.82					61,365,411.39		153,703,929.98		611,342,858.19		611,342,858.19
Increase in the current period Less changes (reduced by										20,413,347.39		195,409,650.33		215,822,997.72		215,822,997.72

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- " to fill in List)															
(1) Comprehensive Total Income										215,822,997.72		215,822,997.72		215,822,997.72	
(2) All investment and reduction Less															
capital 1. owner vote 2ÿ other rights															
tool holder Invest capital 3.															
share-based payment credit owner Amount of equity															
4. Other (3)															
Profits Allocate								20,413,347.39		-20,413,347.39					
1. Withdrawal of surplus								20,413,347.39		-20,413,347.39					
Accumulation 2. Extract general Risk															
preparation 3. to the owner (or shareholders) 4ÿ Other															
(four) all															
Insider's rights															
Carry forward 1. capital reserve capital increase (or share capital)															
2. surplus reserve capital increase (or share capital)															
3. surplus reserve breakeven															

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4. defined benefit Plan changes Carry forward retained earnings <small>beneficial</small>															
5. Other comprehensive Earnings carry forward Deposit income															
6. other															
(5) Special reserve															
1. Extraction in this issue															
2. Use in this issue															
(6) Others															
Fourth, the current period Legal	330,000,000.00				66,273,516.82				81,778,758.78		349,113,580.31		827,165,855.91		827,165,855.91

representative of the final balance : Gao Tianle

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

Statement of Changes in Owner's Equity of Parent

Company from January to December 2020

Unit: Currency: RMB

project	2020									
	Paid-up capital (or shares Book)	Other equity instruments			capital reserve	reduce: in stock share	other comprehensive combined income	special storage prepare	surplus reserve	Total undistributed profit owner's equity
		preferred stock	Perpetual Bonds	Others						
1. The end of the previous year <small>Forward</small>	330,000,000.00				80,005,106.54				92,633,205.46 310,880,941.47	813,519,253.47
Plus: Changes in accounting policies Even										
earlier error just										
other										
2. Balance at the beginning of the year <small>Forward</small>	330,000,000.00				80,005,106.54				92,633,205.46 310,880,941.47	813,519,253.47

3. Changes in this period Amount (reduced and filled in with "-")	71,000,000.00				589,353,018.88				22,934,725.14 206,412,526.22		889,700,270.24
(1) Comprehensive income Total										229,347,251.36	229,347,251.36
(2) Owner's Investment Incoming and Reducing	71,000,000.00				589,353,018.88						660,353,018.88
Capital 1. Owner invested Common	71,000,000.00				589,353,018.88						660,353,018.88
stock 2. Other equity instruments Holder invests capital											
3. share-based payment owner's equity											
4. other											
(3) Profit distribution									22,934,725.14 -22,934,725.14		
1. Withdrawal of surplus reserve									22,934,725.14 -22,934,725.14		
2. to the owner (or shareholders)											
distribution 3. Other											
(4) Ownership Internal profit carry-											
over 1. capital reserve transfer Capital (or share capital)											
2. Increase in surplus reserve Capital (or share capital)											
3. Surplus reserve make up											
Loss 4. defined benefit plan Changes carried forward and retained											
income 5. Other comprehensive income Carry forward retained											
earnings 6. other											
(5) Special Reserve											

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1. Extract in this issue											
2. Use in the current											
period (VI) Others IV.											
Closing balance of the current period	401,000,000.00				669,358,125.42				115,567,930.60 517,293,467.69	1,703,219,523.71	

project	2019										
	Paid-up capital (or share capital)	Other equity instruments			capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	surplus reserve	Total undistributed profit	owner's equity
		preferred stock	Perpetual Bonds	Others							
I. Addition of the balance at the end of the previous year: changes in accounting policies	330,000,000.00				80,005,106.54				72,219,858.07 127,160,814.95	609,385,779.56	
earlier error just											
Others											
2. Balance at the beginning of the current year 3. The amount	330,000,000.00				80,005,106.54				72,219,858.07 127,160,814.95	609,385,779.56	
of increase or decrease in the current period (decreases are listed with "-") (1) Total									20,413,347.39 183,720,126.52	204,133,473.91	
comprehensive income (2) Owner's investment										204,133,473.91 204,133,473.91	
Incoming and Reducing											
Capital 1. Common stock invested by the owner 2.											
Other equity instrument holders invest capital 3. Amount of share-based											
payment included in owner's equity											

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4. Others											
(III) Profit distribution									20,413,347.39 -20,413,347.39		
1. Withdrawal of surplus reserve 2 . Distribution to owners (or shareholders)									20,413,347.39 -20,413,347.39		
3. Others (IV) Internal transfer of owner's equity 1.											
Converting capital reserve into capital (or share capital) 2. 3. Turn surplus reserve into capital (or share capital) 3. Surplus reserves make up for losses											
4. Changes in the defined benefit plan are carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings 6. Others (V) Special Reserve 1. Extract in this issue 2. Use in this period (VI) Others IV. Balance at the end of this period Legal representative:											
Gao Tianle											
	330,000,000.00				80,005,106.54				92,633,205.46 310,880,941.47 813,519,253.47		

Person in charge of accounting work: Wang Yong

Person in charge of accounting department: Huang Yuan

3. Basic information of the company 1.

Company profile ýApplicable ýNot

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, which was 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 Zheng Jian Fa Xing Zi [2020] No. 1482, and approved by the Shanghai Stock Exchange,

The company's initial public offering of 71 million RMB ordinary shares (A shares) at an issue price of RMB 10.02 per share, after deducting the issuance fee

The actual net amount of raised funds after use was RMB 660.3530 million. The availability of the above-mentioned raised funds has been confirmed by Zhongxinghua Certified Public Accountants (special

General partnership) and issue the capital verification report of Zhongxing Huayanzi [2020] No. 510003. Company stock has been sold on August 7, 2020

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

As of December 31, 2020, the registered capital was RMB 401,000,000, and the total number of shares was 4,010,000 (each

face value of 1 yuan).

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".

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 "transmission, distribution and control equipment" under the category of C38 "electrical machinery and equipment manufacturing".

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

3) Approval and issue of financial reports

These financial statements have been approved for publication by the eighth meeting of the eighth session of the board of directors of the company on April 22, 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

ýApplicable ýNot applicable

The Company included its subsidiary Zhejiang Tianzheng Intelligent Electric Co., Ltd. into the scope of the consolidated financial statements for the current period. For details, please refer to Note "IX.

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

4. Basis for 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,

The financial statements are based on historical cost. Non-current assets held for sale, at fair value less estimated expenses

amount, and the original book value when it meets the conditions of holding for sale, whichever is lower. If an asset is impaired, it is

It is required to make corresponding provision for impairment.

2. Going concern ÿApplicable

ÿNot 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:

ÿApplicable ÿNot 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, 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 are in line with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the company's financial status, economic

operating results, changes in shareholders' equity and cash flows.

2. Accounting period

The accounting period of the Company is divided into annual and interim period, and interim accounting period refers to the reporting period shorter than a complete accounting year. Ben Gong

The company's fiscal year adopts the Gregorian calendar year, that is, from January 1 to December 31 each year.

3. Operating cycle ÿApplicable

ÿNot 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. Bookkeeping currency

The company uses RMB as the standard currency for bookkeeping.

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 (the assets do not constitute business, the same below) as a joint venture, or from the joint operation

When the company purchases assets, before the assets are sold to a third party, the company only confirms that the profits and losses arising from the transaction are attributable to the common

Parts of operating other parties. The occurrence of these assets meets the requirements of "Accounting Standards for Business Enterprises No. 8 - Asset Impairment" and other requirements

In case of impairment loss, the company shall 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

The Company's cash and cash equivalents include cash on hand, deposits readily available for payment and short-term maturity held by the Company

(usually due within three months from the date of purchase), highly liquid, easy to convert into known amount of cash, and the risk of value changes is small

investment.

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:

• 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.

• 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.

• 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 their pre-deducted impairment provisions,

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

Interest income is calculated from the amortized cost and the effective interest rate after the impairment provision.

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 exceeded 30 days, but credit risk has not increased significantly since initial recognition.

γ 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.

γ 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 by the weighted average method, except that Tianzheng Import and Export is calculated by the individual identification 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 contract asset accounting policy applies to 2020 and beyond.

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. 10 Financial Instruments (5) Impairment of Financial Instruments" in this section.

17. Assets held for sale ÿApplicable

ÿNot 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 "Held 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. Debt investment (1).

Determination method and accounting treatment method of expected credit loss of debt investment ÿApplicable ÿNot

applicable

19. Other debt investments (1).

Determination and accounting methods for expected credit losses of other debt investments ÿApplicable ÿNot applicable

20. Long-term receivables

(1) 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.

γ 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.

γ 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 results in the loss of control over the subsidiary, the company shall be prepared in accordance with Note IV.5.(2) "Preparation of Consolidated Financial Statements".

The relevant accounting policies described in the Act.

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

not applicable

23. Fixed assets

(1). Confirmation

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	Average age of transportation equipment	20	5	4.75
Average age of machinery and equipment	Office equipment and other average age	5	5	19
		4	5	23.75
		5-10	5	19.00-9.50
		3-5	5	31.67-19.00

Estimated net residual value refers to the expected state when the estimated service life of the fixed asset has expired and is at the end of the service life.

The amount currently obtained from the disposal of the asset after deducting estimated disposal costs.

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

☒Applicable ☐Not applicable

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. Fixed assets leased in by means of finance leases shall be accrued with the same policy as self-owned fixed assets.

Production depreciation. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, depreciation shall be accrued within the useful life of the leased asset;

If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, the shorter of the lease term and the useful life of the leased asset is.

Depreciation is accrued during the period.

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 the current

period profit and loss.

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

¥Applicable ¥Not applicable

27. Oil and gas properties

¥Applicable ¥Not applicable

28. Right-of-use assets ☐Applicable

☐Not applicable

29. Intangible assets (1).

Valuation method, service life, impairment test ☐Applicable ☐Not 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. Contract liabilities (1).

Recognition method of contract liabilities ☐Applicable

☐Not applicable

The accounting policy for contract liabilities applies to 2020 and beyond.

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 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 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

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

The following revenue accounting policies apply to 2020 and beyond:

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.

The following revenue accounting policies are applicable to 2019: (1) Revenue from

sales of goods

The principal risks and rewards of title to the goods have been transferred to the buyer, neither retaining the continuation of title normally associated with title

management rights, nor effective control over the goods sold, the amount of revenue can be measured reliably, and the associated economic benefits are probable

When the related costs incurred or to be incurred can be measured reliably, the realization of sales revenue of goods is recognized.

Recognition of revenue from sales of goods is as follows:

Recognition of revenue from domestic products must meet the following conditions: the company has delivered the product to the buyer according to the contract and obtained the receipt

order, and the amount of product sales revenue has been determined, the payment for the goods has been recovered or the receipt certificate has been obtained, and the relevant economic benefits are likely to flow.

The cost associated with the product can be measured reliably.

Recognition of revenue from export products must meet the following conditions: declare products to customs according to the contract, obtain a bill of lading, and obtain product sales revenue

The amount has been determined, the payment for the goods has been recovered or the receipt certificate has been obtained, and the relevant economic benefits are likely to flow in, and the product-related costs can be

reliable enough to measure.

Under the distribution model, for the rebate amount expected to be granted to customers according to the sales policy, the current sales revenue is offset, and the corresponding amount is recognized.

due liabilities.

(2) Income from providing labor services

Provided that the result of the provision of labor service transactions can be reliably estimated, the provision of labor services shall be confirmed on the balance sheet date according to the percentage of completion method.

labor income. The completion progress of labor transaction is determined by the measurement of completed work.

The results of the provision of labor services can be estimated reliably means that: ̳ the amount of income can be measured reliably; ̳ the relevant

Economic benefits are likely to flow into the enterprise; ̳ the degree of completion of the transaction can be reliably determined; ̳ the costs incurred and to be incurred in the transaction

Can be metered reliably.

If the result of the transaction of providing labor services cannot be estimated reliably, the cost of labor services that has occurred and is expected to be compensated

The amount of labor service income provided is recognized, and the labor service cost incurred is regarded as the current expense. If the labor cost that has been incurred is not expected to be

If compensation is obtained, no income will be recognized.

The contracts or agreements signed by the company with other enterprises include the sale of goods and the provision of labor services, such as the sale of goods and the provision of labor.

If the service part can be distinguished and measured separately, the sales of goods and the provision of labor services shall be dealt with separately; for example, the sales of goods and the provision of

If the part of labor service cannot be distinguished, or if it can be distinguished but cannot be measured separately, the whole contract shall be treated as a sales commodity.

(3) Revenue from royalties

Revenue is recognized on an accrual basis according to relevant contracts or agreements.

(4) Interest income

It is calculated and determined according to the time when others use the company's monetary funds and the actual interest rate.

(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

The contract cost accounting policy applies to 2020 and beyond.

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. Leases (1).

Accounting treatment of operating leases ̢Applicable ̢Not

applicable

(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.

(2). Accounting treatment method of financial lease ̢Applicable

̢Not applicable

(1) 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.

(2) 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.

(3) Determination method and accounting treatment method of lease under the new lease standard ☐Applicable

☐Not applicable

43. Other important accounting policies and accounting estimates ☐Applicable ☐Not

applicable

44. Changes in important 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 Accounting Standards for Business Enterprises No. 14 - Revenue (Cai Kuai (2017) No. 22) revised by the Ministry of Finance from January 1, 2020 (hereinafter collectively referred to as the "New Revenue 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.	The Sixteenth Meeting of the Seventh Board of Directors	

other instructions

On July 5, 2017, the Ministry of Finance issued "Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017)" (Accounting

[2017] No. 22) (hereinafter referred to as the "New Revenue Standards"). At the sixteenth meeting of the seventh board of directors of the company in February 2020

The resolution was passed on the 24th, and the company will begin to implement the aforementioned new revenue standards from January 1, 2020.

The new revenue standard establishes a new revenue recognition model for regulating revenue from contracts with customers. To implement the new revenue standard

If not, the Company re-evaluates the recognition and measurement, accounting and presentation of major contract revenue. According to the new income standard,

Select to only adjust the cumulative impact number for contracts that were not completed as of January 1, 2020. Cumulative Impact Amount of First Execution

Adjust the amount of retained earnings and other related items in the financial statements at the beginning of the current period of initial implementation (i.e. January 1, 2020), and compare the

Period information will not be adjusted.

The main changes and impacts of the implementation of the new revenue standard are as follows:

—The company has changed the contract consideration received from customers in advance due to the transfer of goods from the item "accounts received in advance" to "contract liabilities"

Project presentation.

—The company will recognize the sales and service fees directly incurred for obtaining the contract as the cost of obtaining the contract, and the "prepayment" item will be recognized as the cost of obtaining the contract.

The item is changed to "Other current assets" item presentation.

—The company recognizes the transportation expenses directly incurred from the sale of goods as the contract performance cost, which is determined by the item "Sales Expenses".

Changed to "Operating Cost" item presentation.

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Impact on the financial statements as at January 1, 2020

report item	December 31, 2019 (before change) Amount January 1, 2020 (after change)			
	Consolidated Statement	Parent company statement	Consolidated Statement	Parent company statement
Prepayments	3,330,499.19	3,330,499.19	2,203,213.30	2,203,213.30
other liquidity	39,215,486.02	35,999,558.78	40,342,771.91	37,126,844.67
advance payment	2,947,052.46	2,947,052.46		
contract liabilities			2,608,011.03	2,608,011.03
other negative	152,397,125.33	152,397,125.33	152,736,166.76	152,736,166.76
debt				

Impact on December 31, 2020/FY2020

December 31, 2020 consolidated and company balance sheet items, 2020 consolidated

and each item of the company's income statement, compared with these statement items prepared under the assumption that the accounting policy before the change was adopted, the comparison of the affected items

details as following:

A. Impact on the balance sheet as at 31 December 2020

report item	December 31, 2020		December 31, 2020	
	Amount under the new income standard		Amount under the old income guidelines	
	Consolidated Statement	Parent company statement	Consolidated Statement	Parent company statement
Prepayments	6,282,284.68	6,281,376.40	13,292,140.04	13,291,231.76
other liquidity	63,903,463.18	58,599,583.99	56,893,607.82	51,589,728.63
advance payment			4,437,730.75	4,437,730.75
contract liabilities	3,927,195.35	3,927,195.35		
other negative	171,689,259.58	171,689,259.58	171,178,724.18	171,178,724.18
debt				

B. Impact on the 2020 income statement

report item	2020		2020	
	Amount under the new income standard		Amount under the old income guidelines	
	Consolidated Statement	Parent company statement	Consolidated Statement	Parent company statement
Operating costs	1,785,823,505.29	1,751,892,290.57	1,755,820,253.90	1,723,410,989.03
Selling expenses	198,786,624.72	194,767,104.46	228,789,876.11	223,248,406.00

(2). Changes in significant accounting

estimates Applicable Not applicable

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(3). The first implementation of the new revenue standard and the adjustment of the new lease standard from 2020 on the financial statements at the beginning of the year for the first

implementation yApplicable yNot applicable

Consolidated Balance Sheet

Unit: Currency: RMB

project	December 31, 2019 Adjusted	January 1, 2020	
Current assets:			
Monetary funds	381,789,745.44	381,789,745.44	
settlement reserve			
Loan funds			
Tradable financial assets			
Derivative financial assets			
Notes Receivable	60,909,631.05	60,909,631.05	
Accounts	637,507,356.64	637,507,356.64	
Receivable Financing	213,103,435.03	213,103,435.03	
Advance Payments	3,330,499.19	2,203,213.30	-1,127,285.89
Premium Receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	6,524,828.80	6,524,828.80	
Including: Interest receivable			
Dividends receivable			
Repurchase of resale financial assets			
Inventory	217,148,615.27	217,148,615.27	
contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	39,215,486.02	40,342,771.91	1,559,529,597.44
Total non-current	1,559,529,597.44		
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	325,754,303.34	325,754,303.34	
Construction in	6,939,147.50	6,939,147.50	
progress productive biological assets			
oil and gas asset			
right-of-use asset			
Intangible asset	108,413,916.77	108,413,916.77	
development expenditure			
goodwill			
Deferred tax assets for	4,994,209.45	4,994,209.45	
long-term deferred expenses	34,292,868.13	34,292,868.13	

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Other non-current assets	21,438,271.97	21,438,271.97	
Total non-current assets	501,832,717.16	501,832,717.16	
Total assets Current	2,061,362,314.60	2,061,362,314.60	
liabilities:			
short-term	130,000,000.00	130,000,000.00	
borrowing from the central bank			
borrowed funds			
Held-for-trading financial liabilities			
Derivative financial liabilities			
bills payable			
Accounts payable in	810,267,113.21	810,267,113.21	
advance Contract	2,947,052.46		-2,947,052.46
liabilities Financial assets sold under repurchase		2,608,011.03	2,608,011.03
Deposits and deposits			
Agent for buying and selling securities			
Agent underwriting securities			
Payable Employee	81,305,231.55	81,305,231.55	
Salary Payable Taxes	20,466,840.97	20,466,840.97	
Other Payables	22,307,653.18	22,307,653.18	
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	152,397,125.33	152,736,166.76	339,041.43
Total current liabilities	1,219,691,016.70		
Non-current liabilities:			
Insurance contract reserve			
Long term loan			
Bonds payable			
Of which: preferred stock			
perpetual bond			
lease liability			
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities	14,406,109.37	14,406,109.37	
Deferred income Deferred tax liabilities		99,332.62	
Other non-current liabilities			
Total non-current liabilities	14,505,441.99	14,505,441.99	
Total liabilities	1,234,196,458.69	1,234,196,458.69	
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)	330,000,000.00	330,000,000.00	
Other equity instruments			
Of which: preferred stock			
perpetual bond			
capital reserve	66,273,516.82	66,273,516.82	

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Less: treasury stocks			
Other comprehensive income			
Special reserves			
Surplus	81,778,758.78	81,778,758.78	
reserve general risk reserve			
Undistributed profits	349,113,580.31	349,113,580.31	
are attributable to owners' equity of the parent company (or shareholders' equity) total	827,165,855.91	827,165,855.91	
minority interests			
Owner's Equity (or Shareholders' Equity profit) total	827,165,855.91	827,165,855.91	
liabilities and owners' equity (or shareholders' equity) total	2,061,362,314.60	2,061,362,314.60	

Description of the adjustment of each item:

̐Applicable ̐Not applicable

The Ministry of Finance revised and promulgated Accounting Standards for Business Enterprises No. 14 - Revenue in 2017 (Cai Kuai [2017] 22

No.), the Company will implement the above new revenue standards from January 1, 2020. Under the new revenue guidelines, 2019 will be

2,608,011.03 yuan excluding tax from customers' advance receipts received by the product is included in "contract liabilities", and the tax

The amount of RMB 339,041.43 is included in "other current liabilities"; the sales and service fees directly incurred in order to obtain the contract are recognized as the contract

To obtain the cost, the prepayment of RMB 1,127,285.89 is listed in "other current assets".

Parent Company Balance Sheet

Unit: Currency: RMB

project	December 31, 2019	January 1, 2020 Adjustments	
Current Assets:			
Monetary funds	366,302,988.98	366,302,988.98	
for trading financial assets			
Derivative financial assets			
Notes Receivable	60,909,631.05	60,909,631.05	
Accounts	621,972,458.59	621,972,458.59	
Receivable Accounts	213,103,435.03	213,103,435.03	
Receivable Financing	3,330,499.19	2,203,213.30	-1,127,285.89
Advances Other	91,496,913.66	91,496,913.66	
Receivables Including: Interest Receivable			
Dividends receivable			
Inventory	160,741,292.10	160,741,292.10	
contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	35,999,558.78	37,126,844.67	1,127,285.89
Total non-current	1,553,856,777.38		
assets:			
Debt investment			
Other debt investments			
Long-term receivables			

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Long-term equity investment	80,000,000.00	80,000,000.00	
Other equity instrument investment			
Other non-current financial assets			
investment real estate			
Fixed assets	159,839,495.23	159,839,495.23	
Construction in	995,964.20	995,964.20	
progress productive biological assets			
oil and gas asset			
right-of-use asset			
Intangible asset	72,989,180.41	72,989,180.41	
development expenditure			
goodwill			
Long-term deferred	3,476,454.51	3,476,454.51	
expenses Deferred tax	33,613,830.31	33,613,830.31	
assets Other non-current assets	18,961,341.97	18,961,341.97	
Total non-current assets	369,876,266.63	369,876,266.63	
Total assets Current	1,923,733,044.01	1,923,733,044.01	
liabilities:			
Held-for-trading	120,000,000.00	120,000,000.00	
financial liabilities for short-term borrowings			
Derivative financial liabilities			
bills payable			
Accounts	709,207,653.91	709,207,653.91	
payable in	2,947,052.46		-2,947,052.46
advance		2,608,011.03	2,608,011.03
Contract liabilities	72,950,875.48	72,950,875.48	
	17,765,991.24	17,765,991.24	
	20,439,650.13	20,439,650.13	
dividends payable			
held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities	152,397,125.33	152,736,166.76	1,095,708,348.55
Total current liabilities	1,095,708,348.55		
Non-current liabilities:			
Long term loan			
Bonds payable			
Of which: preferred stock			
perpetual bond			
lease liability			
Long-term payables			
Long-term employee compensation payable			
Estimated	14,406,109.37	14,406,109.37	
liabilities	99,332.62	99,332.62	
Deferred income Deferred tax liabilities			
Other non-current liabilities			
Total non-current	14,505,441.99	14,505,441.99	
liabilities Total	1,110,213,790.54	1,110,213,790.54	
liabilities Owner's equity (or shareholders' equity):			

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Paid-in capital (or share capital)	330,000,000.00	330,000,000.00	
Other equity instruments			
Of which: preferred stock			
perpetual bond			
Less capital	80,005,106.54	80,005,106.54	
reserve: treasury shares			
Other comprehensive income			
Special reserves			
Surplus reserve	92,633,205.46	92,633,205.46	
undistributed profit	310,880,941.47	310,880,941.47	
owner's equity (or shareholders' equity profit) total	813,519,253.47	813,519,253.47	
liabilities and owners' equity (or shareholders' equity) total	1,923,733,044.01	1,923,733,044.01	

Description of the adjustment of each item:

ŸApplicable ŸNot applicable

The Ministry of Finance revised and promulgated Accounting Standards for Business Enterprises No. 14 - Revenue in 2017 (Cai Kuai [2017] 22

No.), the Company will implement the above new revenue standards from January 1, 2020. Under the new revenue guidelines, 2019 will be

2,947,052.46 yuan of advance receipts received from customers for products, and the tax-excluded part of 2,608,011.03 yuan is included in "contract liabilities", and the tax amount

Part of 339,041.43 yuan is included in "other current liabilities"; sales and service fees directly incurred in order to obtain the contract are recognized as contract acquisition.

The prepayment of RMB 1,127,285.89 was included in "other current assets".

(4) Explanation on retrospective adjustment of previous comparative data for the first implementation of the new revenue standards and new lease

standards from 2020 ŸApplicable ŸNot applicable

45. Others

ŸApplicable ŸNot applicable

6. Taxes 1.

Main taxes and tax rates

Main taxes and tax rates

ŸApplicable ŸNot applicable

tax	Tax calculation	tax rate
VAT	basis Product sales taxable income is 13%, interest and service income is 6% The output tax is calculated at the tax rate, and the deductible input is deducted for the current period. The difference after the tax amount is calculated as VAT.	6%, 13%
sale tax		
business tax		
Urban maintenance and construction tax	is based on the actual paid turnover tax	5%, 7%
Enterprise income tax	According to taxable income	15%, 25%

If there are taxpayers with different corporate income tax rates, an explanation of the disclosure

ŸApplicable ŸNot applicable

Name of taxpayer	Income tax rate (%)
Zhejiang Tianzheng Electric Co., Ltd.	15

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Zhejiang Tianzheng Intelligent Electric Appliance Co., Ltd.	25
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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 Consolidated Financial Statements

1. Monetary funds

☐Applicable ☐Not applicable

Unit: Currency: RMB

Total	Ending balance	Opening Balance
interest on time	22,149.87	5,285.60
deposits of other	1,051,595,712.35 5,522,329.77	376,491,857.95
monetary funds in	3,144,375.00	5,292,601.89
project cash bank		
deposits Including:	1,060,284,566.99	381,789,745.44
Deposited overseas		
total payment		

other instructions

As of December 31, 2020, other monetary funds were guarantee deposit of RMB 5,507,402.70, and draft deposit

536.86 yuan, and the third-party payment platform account balance is 14,390.21 yuan; of which the restricted monetary funds are 5,507,939.56 yuan.

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	88,700,864.73 88,700,864.73	60,909,631.05
Acceptance Notes		60,909,631.05

(2). Notes receivable pledged by the company at the end of the

☐Applicable ☐Not applicable

(3). Notes receivable that have been endorsed or discounted by the company at the end of the period and are not yet due on the balance

☐Applicable ☐Not applicable

Unit: Currency: RMB

Project	End-of-period derecognition amount	Amount not terminated at the end of the period
Bank Acceptance Notes		
Total Commercial	1,000,000.00	
Acceptance Notes	1,000,000.00	

(4). At the end of the period, the company transferred the bills to accounts receivable due to the drawer's failure to perform the

☐Applicable ☐Not applicable

Unit: Currency: RMB

project	The amount of accounts receivable transferred at the end of the period
Commercial Acceptance Notes	135,000.00
total	135,000.00

(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	Compared example (%)	amount	count carry example (%)		amount	Compared example (%)	amount	count carry example (%)	
Withdrawal by single item bad debt provision										
in:										
Withdrawal by combination bad debt provision	94,727,859.5 ₄	100	6,026,994.8 ₁	6.36 88	700,864.73 65,990,376.34	100	5,080,745.2 ₉	7.7		60,909,631.05
in:										

using the expected letter loss rate meter Provision for bad debts of business receivables promissory note	94,727,859.5 4	100	6,026,994.8 1	6.36 88,700,864.73 65,990,376.34		100	5,080,745.2 9	7. 7	60,909,631.05
total	94,727,859.5 4	/	6,026,994.8 1	/	88,700,864.73 65,990,376.34	/	5,080,745.2 9	/	60,909,631.05

Provision for bad debts is made on a single item basis:

ÿApplicable ÿNot applicable

Provision for bad debts by combination:

ÿApplicable ÿNot 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 receivable	Bad debt	Provision ratio (%)
Within 1 year	81,877,204.88	provision 4,093,860.24	5
1 to 2 years 2 to	12,834,836.46 15,818.20	1,925,225.47 7,909.10	15
3 years Total	94,727,859.54	6,026,994.81	50

Recognition standard and description of bad debt provision by combination

ÿApplicable ÿNot 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:

ÿApplicable ÿNot applicable

(6). Provisions for bad debts

ÿApplicable ÿNot 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 Prepare	5,080,745.29	946,249.52			6,026,994.81
a total of 5,080,745.29		946,249.52			6,026,994.81

Among them, the amount of bad debt provision recovered or reversed in the current period is important:

ÿApplicable ÿNot applicable

(7) Notes receivable actually written off in the current period

ÿApplicable ÿNot applicable

other instructions

ÿApplicable ÿNot applicable

5. Accounts receivable

(1). Disclosed by age

ÿApplicable ÿNot applicable

Unit: Currency: RMB

aging	Closing book balance
Within 1 year Subtotal	804,023,732.10
1 to 2 years 2 to 3	8,356,359.31
years Over 3 years	7,461,611.66
	23,939,557.54
total	843,781,260.61

(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	example (%)	amount	count		amount	example (%)	amount	count	
				carry					carry	
By item										
bad provision										
Account preparation										
in:										
By combination	843,781,260.61	100.00	69,293,025.93	8.21	774,488,234.68	698,502,909.02	100.00	60,995,552.38	8.73	637,507,356.64
bad provision										
Account preparation										
in:										
by aging	828,762,658.10	98.22	56,350,066.44	6.80	772,412,591.66	680,183,235.15	97.38	48,958,215.23	7.2	631,225,019.92
for credit										
risk feature										
sign up										
receive money										
involving a lawsuit	15,018,602.51	1.78	12,942,959.49	86.18	2,075,643.02	18,319,673.87	2.62	12,037,337.15	65.71	6,282,336.72
litigation										
receive money										
total	843,781,260.61	/	69,293,025.93	/	774,488,234.68	698,502,909.02	/	60,995,552.38	/	637,507,356.64

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	Provision for	Provision ratio (%)
Recognition	receivable 802,452,490.01	bad debts 40,122,624.50	5.00
standards and	7,934,344.66	1,190,151.70	15.00
explanations for	6,677,066.39	3,338,533.20	50.00
bad debts	11,698,757.04	11,698,757.04	100.00
accrued by	828,762,658.10	56,350,066.44	

combination within 1 year, 1 to 2 years, 2 to 3 years, and more than 3 years:

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✓Applicable ✓Not applicable

Portfolio Items: Receivables Involving Litigation

Unit: Currency: RMB

name	Ending balance		
	Accounts	Bad debt	Provision ratio (%)
Total Receivables Involving Litigation	receivable 15,018,602.51	provision 12,942,959.49	86.18
	15,018,602.51	12,942,959.49	

Recognition standards and explanations for bad debt provision by combination:

✓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

(2) Provisions for bad debts

✓Applicable ✓Not applicable

Unit: Currency: RMB

Category	Beginning Balance	Amount of change in the current period				Ending balance
		accrual	retract or turn back	write off or write off	That he Change move	
accounts receivable						
bad debt	60,995,552.38	9,304,347.56	47,356.79	1,054,230.80		69,293,025.93
Prepare						
Total	60,995,552.38	9,304,347.56	47,356.79	1,054,230.80		69,293,025.93

Among them, the amount of bad debt provision recovered or reversed in the current period is important:

✓Applicable ✓Not applicable

(3) Accounts receivable actually written off in the current

period ✓Applicable ✓Not applicable

Unit: Currency: RMB

Accounts	Write-off amount
receivable actually written off by project	1,054,230.80

Among them, the important accounts receivable write-off situation

✓Applicable ✓Not applicable

Accounts receivable write-off instructions:

✓Applicable ✓Not applicable

(4) The accounts receivable of the top five ending balances collected by debtors ✓Applicable

✓Not applicable

The aggregate amount of the top five accounts receivable at the end of the year collected by the debtor in the current period is 193,246,448.63 yuan, accounting for 193,246,448.63 yuan

The proportion of the total balance at the end of the year is 22.90%, and the total amount of the year-end balance of the corresponding provision for bad debts is 9,662,322.44

Yuan.

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

ÿApplicable ÿNot applicable

(6) 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
bill receivable	324,714,776.99	213,103,435.03
total	324,714,776.99	213,103,435.03

Increase/decrease changes and fair value changes of receivables financing in the current period:

ÿApplicable ÿNot applicable

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.

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

other instructions:

ÿApplicable ÿNot applicable

Notes receivable pledged by the company at the end of the period

project	Amount pledged at the end of the period
Bank Acceptance	13,926,723.82
Subtotal	13,926,723.82

Notes receivable endorsed or discounted at the end of the period and not yet due on the balance sheet date

Project	End-of-period derecognition amount
Bank Acceptance	335,723,841.30
Subtotal	335,723,841.30

7. Advance payment

(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	6,282,284.68	100	3,330,499.19	100
1 to 2 years				
2 to 3 years				
over 3 years				
total	6,282,284.68	100	3,330,499.19	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 (%)
Evergrande Grain and Oil (Shenzhen) Co.,	1,000,025.00	15.92
Ltd. Shanghai Beikang Advertising Media Co.,	967,216.95	15.40
Ltd. Yueqing Wangxin Plastic Chemical Co.,	610,000.00	9.71
Ltd. Zhejiang Aide Intelligent Technology Co., Ltd. Xi'an	500,000.00	7.96
Jiaotong University Subtotal	485,436.89	7.73
	3,562,678.84	56.71

other instructions

☐Applicable ☐Not applicable

8. Other receivables

List of items

☐Applicable ☐Not applicable

Unit: Currency: RMB		
project	Ending balance	Opening Balance
Interest receivable		
Dividends receivable		
Total other	8,099,155.12	6,524,828.80
receivables	8,099,155.12	6,524,828.80

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

ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

Other receivables

(1). Disclosed by age

ÿApplicable ÿNot applicable

Unit: Currency: RMB

aging	Closing book balance
Within 1 Year	6,779,614.03
Subtotal 1 to 2 Years	1,536,438.92
2 to 3 Years 3 Years	636,000.00
Above 3 to 4 Years	915,673.20
4 to 5 years	
5+ years	
total	9,867,726.15

(2). Classification by nature of payment

ÿApplicable ÿNot applicable

Unit: Currency: RMB

nature of payment	Closing book balance	Opening book balance
Guaranteed	7,626,234.70	8,098,962.81
reserve fund	331,496.98	50,221.52
Immediately levied value-added tax	690,974.15	86,390.52
refund Others	1,219,020.32	355,638.28
total	9,867,726.15	8,591,213.13

(3). Provision for bad debts

ÿApplicable ÿNot 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, 2020 <small>Forwarded</small>	1,527,794.40	506,589.93	32,000.00	2,066,384.33
More than January 1, 2020 amount in this issue				
--Transfer to the second stage	-59,114.77 --Transfer	59,114.77		
to the third stage				
-- go back to the second stage				
-- go back to the first stage				
This period's accrual is	-253,388.77	-32,424.53	-12,000.00	-297,813.30
reversed in this period				

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Resale in this period				
Write-off in this period				
other changes				
December 31, 2020 balance	1,215,290.86	533,280.17	20,000.00	1,768,571.03

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

(4). Provision 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 write off	other changes move	
Other receivables	2,066,384.33					1,768,571.03
Total bad debt		297,813.30				
provision	2,066,384.33	297,813.30				1,768,571.03

Among them, the amount of bad debt provision reversed or recovered in the current period is important:

ÿApplicable ÿNot applicable

(5) Other receivables actually written off in the current period

ÿApplicable ÿNot applicable

(6) Other receivables with top five closing balances collected by debtors ÿApplicable

ÿNot applicable

Unit: Currency: RMB

company name	money nature	Closing balance aging	account for other receivables Closing balance ratio of total example(%)	bad debt provision Ending balance
Yueqing Economic Development Zone Management Committee	Margin 1,510,000.00	Within 1 year	15.30	75,500.00
State Grid Chongqing Electric Power Company Measurement Center	Deposit 870,000.00	Within 1 year	8.82	43,500.00
State treasury Yueqing City Branch library	sign up Return value taxi	690,974.15 Within 1 year	7.00	0
Lianhong (Guangzhou) Construction building materials co., ltd.	Deposit 50,000.00	Within 1 year	0.51	2,500.00
	Security deposit	450,000.00 1 to 2 years	4.56	67,500.00
State Grid Shanxi bidding has limited company	Deposit 400,000.00	Within 1 year	4.05	20,000.00

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total	/	3,970,974.15	/	40.24	209,000.00
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(7). Receivables involving government subsidies

ÿApplicable ÿNot applicable

Unit: Currency: RMB

company name	Government subsidy project name say	Closing balance	Closing aging	estimated time of receipt Room, amount and basis
State treasury Yueqing branch library	VAT refund immediately upon collection	690,974.15	Within 1 year	Complete application documents Pay in general for the whole month receive
total		690,974.15		

(8). Other receivables derecognized due to transfer of financial assets

ÿApplicable ÿNot applicable

(9) Amount of assets and liabilities formed by transferring other receivables and continuing to be

involved ÿApplicable ÿNot applicable

other instructions:

ÿApplicable ÿNot applicable

9. Inventory

(1). Inventory

classification ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	Closing balance			Opening Balance		
	Book balance	inventory depreciation standard preparation/contract performance Impairment of approximate cost Prepare	book value book balance		Inventory impairment /Contract fulfillment This impairment provision	Book value
Raw materials	72,727,245. 51	1,895,272. 46	70,831,973.0 5	55,657,439.59 1,480,141.79	54,177,297.	80
Semi-finished products	19,350,712. 43	416,744.95 18,933,967.4		12,930,268.67	256,092.64 12,674,176.	03
Items in stock	210,535,004 .07	1,741,387. 42	208,793,616. 65	151,327,521.0 8	1,637,302.07 149,690,219	.01
Low-value consumables	739,720.44 66,659.33	673,061.11	Goods issued	98,277.80		98,277.80
	7,494,866.6	30,135.13 7,464,731.48	1	529,295.34	20,650.71 508,644.63	
Total	310,847,549 .06	4,150,199. 29	306,697,349. 77	220,542,802.4 8	3,394,187.21 217,148,615	.27

(2) Provision for depreciation of inventories and provision for impairment of contract performance costs

ÿApplicable ÿNot applicable

Unit: Currency: RMB

project	Opening Balance	Increase in this period	The ending balance of the reduction amount in the current period
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		Provision for other reversal or write-off	That he	
Raw materials 1,480	141.79 2,255,982.82	Semi-finished products		1,840,852.15
256,092.64 468,642.69	Goodwill 637,806.75	Intangible assets 780,395.19		307,990.38
3,394,187.21 4,5863				1,658,313.84
				66,659.33
	20,650.71			20,650.71
				3,827,807.08
				4,150,199.29

(3) Explanation that the ending 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 raw transportation cost of RMB 30,003,251.39 is amortized as the contract performance cost.

other instructions

☐Applicable ☐Not applicable

10. Contract assets

(1).Contract assets ☐Applicable

☐Not applicable

(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

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

Significant debt investments and other debt investments at the end of the period:

☐Applicable ☐Not applicable

13. Other current assets

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

Project	Ending balance	Opening Balance
contract acquisition cost to be	7,009,855.36	1,127,285.89
deducted Input tax prepaid	32,700,309.84	18,103,749.04
expenses Sales rebate is expected	4,546,846.24	3,579,364.84
to deduct output tax Prepaid income tax	19,646,451.74	17,532,372.14
total	64,814,829.82	40,342,771.91

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

The amount of provision for impairment in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

☐Applicable ☐Not applicable

other instructions

☐Applicable ☐Not applicable

15. Other debt investments

(1) Other debt investment ☐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

The amount of provision for impairment in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

☐Applicable ☐Not applicable

other instructions:

☐Applicable ☐Not applicable

16. Long-term receivables

(1). Long-term receivables

☐Applicable ☐Not applicable

(2) Provision for bad debts ☐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

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

involvement 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

other instructions:

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	325,015,796.62 290,238.34	325,413,493.94
assets liquidation of	325,306,034.96	340,809.40
fixed assets		325,754,303.34

other instructions:

ÿApplicable ÿNot applicable

Fixed assets

(1). Fixed assets ÿApplicable

ÿNot 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 balance <small>Forehead</small>	313,850,941.07	29,148,240.18	11,283,950.46	141,588,005.64	38,614,311.16	534,485,448.51
2. This issue increases <small>Add amount</small>		4,233,650.44	1,289,186.42	29,390,980.82	4,894,919.21	39,808,736.89
(1) Purchase (2)		4,138,482.45	1,289,186.42	23,198,840.59	4,635,892.66	33,261,902.12
Construction in progress <small>Cheng Zhuanjin</small>		95,167.99		6,192,640.23	259,026.55	6,546,834.77
(3) Enterprise Cooperation and increase						
3. Reduction in the current period <small>Forehead</small>		1,453,176.88	741,180.71	8,101,130.23	945,178.44	11,240,666.26
(1) Dispose of or scrapped		1,453,176.88	741,180.71	8,101,130.23	945,178.44	11,240,666.26
4. Closing balance 313,850,941.07	31,928,713.74	11,831,956.17	162,877,856.23	42,564,051.93	563,653,519.14	
2. Accumulated depreciation						
1. Opening balance 93,989,817.59	17,777,419.35	9,581,198.25	60,238,670.64	27,484,848.74	209,071,954.57	
2. This period increases the amount of money <small>Forehead</small>	13,315,528.05	4,089,696.92	783,780.24	12,963,733.13	4,818,428.22	35,971,166.56
(1) Provision	13,315,528.05	4,089,696.92	783,780.24	12,963,733.13	4,818,428.22	35,971,166.56
3. Reduction in the current period <small>Forehead</small>		1,376,516.70	704,121.68	4,036,152.22	888,608.01	7,005,398.61
(1) Dispose of or scrapped		1,376,516.70	704,121.68	4,036,152.22	888,608.01	7,005,398.61
4. Closing 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	
3. Provision for impairment						
1. Opening balance						
2. This period increases the amount of money <small>Forehead</small>						
(1) Provision						
3. Reduction in the current period <small>Forehead</small>						
(1) Dispose of or scrapped						

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4. Closing balance						
4. Book value						
1. Book price at the end of the period 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. Book price at the beginning of the period value	219,861,123.48	11,370,820.83	1,702,752.21	81,349,335.00	11,129,462.42	325,413,493.94

(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 18,188.03 17,709.41		
Special equipment 489,846.75 334,793.80 155,052.95		
Subtotal 525,744.19 352,981.83 172,762.36		

(3) Fixed assets leased through finance 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	25,832.89	14,283.63
cleaning, mechanical	257,066.48	316,638.24
equipment cleaning, office and other	7,338.97	9,887.53
equipment cleaning total	290,238.34	340,809.40

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 balance	Opening Balance
Construction	22,877,604.22	6,939,147.50
materials in progress		
total	22,877,604.22	6,939,147.50

other instructions:
 yApplicable yNot applicable

Construction in
 progress (1). Status of construction
 in progress yApplicable yNot applicable

Unit: Currency: RMB

project	Closing balance			Opening Balance		
	Book balance	impairment Prepare	book value book balance		impairment Prepare	Book value
Low-voltage electrical assembly equipment	2,863,688.26		2,863,688.26	2,093,995.31		2,093,995.31
Salt pan project	515,849.06		515,849.06			
Tianzheng University Project				4,687,387.33		4,687,387.33
Sporadic Engineering				157,764.86		157,764.86
Intelligent low voltage electricity device product expansion set project	162,184.92		162,184.92			
Made in China 2025 direction low Piezoelectric production capacity expansion build project	19,335,881.98		19,335,881.98			
total	22,877,604.22		22,877,604.22 6,939,147.50			6,939,147.50

(2). Changes of important projects under construction in the current
 period yApplicable yNot applicable

Unit: Currency: RMB

Project Name	Budget Number	Beginning of the period balance	This period Increase amount	This period transfer in fixed assets amount	Book Expect That he reduce few gold Forehead	end of period balance	project Grand total put in occupy Calculate the ratio example (%)	project schedule	profit interest capital Book change tired count gold Forehead	That : Book Expect profit interest capital Book change gold Forehead	This period Interest capital conversion rate (%)	Sources of funds

Low voltage electrical equipment Equipped with equipment		2,093,99 5.31	7,057,5 01.17	6,287,8 08.22		2,863,68 8.26						private capital
Salt pan project			515,849 .06			515,849. 06						private capital
Tianzheng University Program report		4,687,38 7.33	2,044,7 09.28	259,026 .55	6,473, 070.06	0						private capital
Sporadic Engineering		157,764. 86	237,058 .67		394,82 3.53	0						private capital
Intelligent low voltage Electrical product expansion Production and construction projects	152,890, 000.00		162,184 .92			162,184. 92	4.64	4.64				Fund raising
Made in China Make 2025 Orientation of low-voltage electrical appliances capacity expansion project report	424,183, 018.88		19,335, 881.98			19,335,8 81.98	13.64	13.64				Fund raising
total	577,073, 018.88	6,939,14 7.50	29,353, 185.08	6,546,8 34.77	6,867, 893.59	22,877.6 04.22	/	/			/	/

(3) Provision for impairment of construction in progress in the current

period Applicable Not applicable

other instructions

Applicable Not applicable

Engineer material

(4).Condition of engineering

materials Applicable Not applicable

23. Productive biological assets

(1). Productive biological assets using the cost measurement

model Applicable Not applicable

(2).Productive biological assets using the fair value measurement model

Applicable Not applicable

other instructions

Applicable Not applicable

24. Oil and gas properties

Applicable Not applicable

25. Right-of-use assets

Applicable Not applicable

26. Intangible assets

(1). Intangible assets

Applicable Not applicable

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Unit: Currency: RMB

project	land use right patent		non-patent technology technique	software	total
1. Original book value					
1. Opening balance	107,160,699.76	2. Increase in		26,369,255.57	133,529,955.33
the current period amount	10,578,100.00			2,567,227.86	13,145,327.86
(1) Purchase	10,578,100.00	(2) Internal		2,567,227.86	13,145,327.86
research and development					
(3) Enterprises Merge increase					
3. Decrease in this period amount					
(1) Disposal					
4. Closing balance of	117,738,799.76	2. Accumulated		28,936,483.43	146,675,283.19
amortization					
1. Opening balance of	17,279,156.87	2. Increase		7,836,881.69	25,116,038.56
in the current period amount	2,529,683.66			2,688,368.15	5,218,051.81
(1) Meter carry	2,529,683.66			2,688,368.15	5,218,051.81
3. Decrease in this period amount					
(1) Disposal					
4. Ending balance	19,808,840.53			10,525,249.84	30,334,090.37
3. Provision for impairment					
1. Opening balance					
2. Increase in this period amount					
(1) Meter carry					
3. Decrease in this period amount					
(1) Disposal					

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4. Closing balance					
4. Book value					
1. Period-end book Value	97,929,959.23			18,411,233.59	116,341,192.82
2. Opening book value	89,881,542.89			18,532,373.88	108,413,916.77

At the end of the period, the intangible assets formed through the company's internal research and development accounted for 0% of the balance of intangible assets

(2) Situation of land use right for which the property right certificate has not been

obtained ☐Applicable ☐Not applicable

other instructions:

☐Applicable ☐Not applicable

27. Development

expenditure ☐Applicable ☐Not applicable

28. Goodwill (1).

Original book value of goodwill

☐Applicable ☐Not applicable

(2) Provision for impairment of

goodwill ☐Applicable ☐Not applicable

(3) Relevant 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, the stable period

Growth rate, profit rate, discount rate, forecast period, etc., if applicable) and recognition method for impairment loss of goodwill

☐Applicable ☐Not applicable

(5) Impact of goodwill impairment test

☐Applicable ☐Not applicable

other instructions

☐Applicable ☐Not applicable

29. Long-term deferred expenses

☐Applicable ☐Not applicable

Unit: Currency: RMB

project	Opening balance	Increase in current period	Amortization amount in current period	Other reductions	Ending balance
				Forfeiture	
Decoration costs	4,812,329.37	7,957,062.71	4,918,937.55	Others 181,880.08	526,607.52
Total	4,994,209.45	8,483,670.23	5,116,716.68		510,708.47
					8,361,163.00

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30. Deferred tax assets/deferred tax liabilities

(1). Deferred income tax assets that have not been

offset ☐Applicable ☐Not 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	81,238,791.06	12,376,346.81	71,536,869.21	10,987,272.25
provision Unrealized profit from	148,712.33	30,295.41	166,100.24	37,183.14
internal transactions To be paid Sales	4,045,171.36	606,775.70	5,851,929.50	877,789.43
service fee To be paid Discount rebate	151,485,596.62	22,722,839.49	134,864,712.68	20,229,706.90
Total product quality deposit	16,457,042.27	2,468,556.34	14,406,109.37	2,160,916.41
	253,375,313.64	38,204,813.75	226,825,721.00	34,292,868.13

(2) Deferred income tax liabilities that have not been

offset ☐Applicable ☐Not applicable

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

☐Applicable ☐Not applicable

(4) Details of unrecognized deferred tax assets

☐Applicable ☐Not applicable

(5). Deductible losses of unrecognized deferred tax assets will expire in the following years

☐Applicable ☐Not applicable

other instructions:

☐Applicable ☐Not applicable

31. Other non-current assets

☐Applicable ☐Not applicable

Unit: Currency: RMB

project	Closing			Opening Balance		
	balance Book balance minus	value allow prepare	Book value	Book balance minus	value allow prepare	Book value
IPO listing intermediary service charge				4,037,735.83		4,037,735.83
Advance payment for construction	245,500.00		245,500.00			
Advance payment for equipment	18,035,080.00		18,035,080.00	15,700,509.70		15,700,509.70
prepaid intangible assets	1,340,619.10		1,340,619.10	1,700,026.44		1,700,026.44
Purchase money						
total	19,621,199.10		19,621,199.10	21,438,271.97		21,438,271.97

32. Short-term loans (1).

Classification of short-term

loans ☐Applicable ☐Not applicable

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Unit: Currency: RMB		
project	Ending balance	Opening Balance
pledge loan		
mortgage loan		
Guaranteed	40,000,000.00	130,000,000.00
loan credit loan		
Total short-term loan	51,160.70	
interest	40,051,160.70	130,000,000.00

Description of the classification of short-term borrowings:

Borrowing Unit	Loan Unit	Loan Start Date	Loan End Date	Annual Interest Rate %	Principal	ICBC	guarantor
Tianzheng Electric	Bank Co., Ltd. Company Yueqing Branch OK	2020-4-20	2021-4-20	4.15			Tianzheng Group has Ltd, High Tianle
Tianzheng Electric	Agricultural Bank of China Bank Co., Ltd. Company Liushi Branch OK	2020-5-11	2021-5-10	4.3935			Tianzheng Group has limited company
Tianzheng Electric	China Construction Bank Bank Co., Ltd. Company Yueqing Branch OK	2020-5-15	2021-5-14	4.05			Tianzheng Group has limited company
total							40,000,000.00

(2) Short-term borrowings that have been overdue but not

repaid Applicable Not applicable

Among them, the important overdue and outstanding short-term borrowings are as follows:

Applicable Not applicable

other instructions

Applicable Not applicable

33. Trading financial liabilities

Applicable Not applicable

34. Derivative financial liabilities

Applicable Not applicable

35. Notes payable

(1). List of bills payable

Applicable Not applicable

Unit: Currency: RMB		
Types of	Ending balance	Opening Balance
Commercial Acceptance Bills		
Total bank acceptance	12,131,938.43	
bills	12,131,938.43	

At the end of the period, the total amount of bills payable that has not been paid is 0 yuan.

36. Accounts Payable

(1). List of accounts payable

✓Applicable ✓Not applicable

Unit: Currency: RMB

project	Closing	Opening Balance
material	balance 1,059,927,293.83	810,267,113.21
total	1,059,927,293.83	810,267,113.21

(2). Important accounts payable aged over 1 year

✓Applicable ✓Not applicable

other instructions

✓Applicable ✓Not applicable

37. Advance receipts

(1). List of advance receipts

✓Applicable ✓Not applicable

(2). Important advance receipts aged over 1 year

✓Applicable ✓Not applicable

other instructions

✓Applicable ✓Not applicable

38. Contract liabilities

(1) Contract liabilities

✓Applicable ✓Not applicable

Unit: Currency: RMB

project	Closing	Opening Balance
Advance payment	balance 3,927,195.35	2,608,011.03
total	3,927,195.35	2,608,011.03

(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

Item 1.	Opening Balance	An increase of	Decrease the closing balance of the current period	
Short-term compensation	78,840,563.81	411,521,007.0 in the current period 1	413,936,034.7 5	76,425,536.07

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2. Post-employment benefits - set offer Saving	2,464,667.74 10,557,787.53 11,836,243.86			1,186,211.41
Plan III, Dismissal		3,836,430.17	3,836,430.17	
Welfare IV, Others due within one year Welfare				
total	81,305,231.55	425,915,224.7 1	429,608,708.7 8	77,611,747.48

(2). List of short-term remuneration

yApplicable yNot applicable

Unit: Currency: RMB

Item	The opening balance	increased by	Decrease the closing balance of the current period	
1. Wages, bonuses, allowances and subsidy	75,028,764.2 0	375,276,673.7 in the current period 5	377,130,775.0 0	73,174,662.95
2. Employee welfare expenses 3.		13,012,925.26 13,012,925.26		
Social insurance expenses	1,407,620.14 12,168,414.19 12,245,421.16 935,614.62 11,855,602.35			1,330,613.17
Including: medical insurance premiums,	11,483,642.65 259,237.62 245,513.30 486,800.31 212,767.90			1,307,574.32
work-related injury	67,298.54 274,978.20 281,342.20 7,222,205.20 7,200,241.20			17,950.61
insurance premiums,				5,088.24
maternity insurance premiums 4.				303,306.20
Housing provident fund 5. Trade union funds and employee education	2,122,837.27	3,840,788.61	4,346,672.13	1,616,953.75
6.				
Short-term paid absences				
7. Short-term profit sharing plan				
total	78,840,563.8 1	411,521,007.0 1	413,936,034.7 5	76,425,536.07

(3). List of defined withdrawal plans

yApplicable yNot applicable

Unit: Currency: RMB

Item 1.	Opening balance	Increase in this period	Decrease the closing balance of the current period	
Basic endowment insurance 2.		10,170,643.00 11,408,518.16 1,144,538.79		
Unemployment insurance	2,382,413.95 82,253.79 387,144.53		427,725.70	41,672.62
premiums 3. Enterprise annuity payment				
total	2,464,667.74	10,557,787.53 11,836,243.86 1,186,211.41		

other instructions:

yApplicable yNot applicable

40. Taxes payable

yApplicable yNot applicable

Unit: Currency: RMB

project	Closing	Opening Balance
VAT	balance 13,154,816.22	8,178,027.81
consumption tax		
business tax		
corporate income tax	6,502,460.83	8,385,865.29

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Individual Income	884,273.41	584,895.27
Tax, Urban Maintenance and	700,742.64	438,231.28
Construction Tax, Education	402,892.98	259,569.59
Fees, Local Education Fees,	268,595.32	173,046.39
Land Use Tax, Stamp Tax,	180,264.00	180,264.00
Real Estate Tax, and Disabled	517,059.24	400,249.31
Persons' Insurance	3,014,393.67	1,838,067.70
		28,624.33
	25,625,498.31	20,466,840.97

41. Other payables

List of items

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Interest payable		187,088.60
Dividends payable		
Total other	20,216,343.05	22,120,564.58
payables	20,216,343.05	22,307,653.18

other instructions:

☐Applicable
 ☐Not applicable

Interest payable

(1). Listed by category

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

Interest	Ending balance	Opening Balance
on long-term borrowings for repayment of principal due to installment of project interest		
corporate bond interest		
Interest payable on short-term		187,088.60
borrowings is classified into preferred stock/perpetual bond interest for financial liabilities		
total		187,088.60

Important Overdue Interest Scenarios:

☐Applicable
 ☐Not applicable

other instructions:

☐Applicable
 ☐Not applicable

Dividends

payable (2). Listed by

category
 ☐Applicable
 ☐Not 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 4,045,171.36	6,979,215.39
the equipment has not paid the freight, the	3,071,463.57	6,144,494.70
advertising fee, the guarantee deposit, the	3,893,288.69	3,000,311.73
quality guarantee gold, the construction	388,954.30	106,376.30
fee, the housing rental fee , etc.	3,163,082.68	2,160,382.70
	295,503.50	368,026.40
	512,380.00	24,560.00
	4,846,498.95	3,337,197.36
total	20,216,343.05	22,120,564.58

(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 1 year

ÿApplicable ÿNot applicable

44. Other current liabilities

Other current liabilities

ÿApplicable ÿNot applicable

Unit: Currency: RMB

The total	Closing	Opening Balance
amount of output tax that has been accrued but not	balance 171,178,724.18	152,397,125.33
paid for sales rebates to be transferred	510,535.40	339,041.43
	171,689,259.58	152,736,166.76

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:

¥Applicable ¥Not applicable

46. Bonds payable (1). Bonds

payable ¥Applicable ¥Not

applicable

(2) Increase or decrease in bonds payable: (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities) ¥Applicable ¥Not Applicable

(3) Explanation on the conversion conditions and conversion time of convertible corporate bonds

¥Applicable ¥Not applicable

(4) Other financial instruments classified as financial liabilities explain the basic

information of other financial instruments such as preferred shares and perpetual bonds issued at the end of the period

¥Applicable ¥Not applicable

Statement of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period

¥Applicable ¥Not applicable

Explanation of the basis for classifying other financial instruments as financial liabilities:

¥Applicable ¥Not applicable

other instructions:

¥Applicable ¥Not applicable

47. Lease liabilities

¥Applicable ¥Not applicable

48. List of long-term payables

¥Applicable ¥Not applicable

other instructions:

¥Applicable ¥Not applicable

Long-term payables

(1). Long-term payables are listed according to the nature of the

payment ¥Applicable ¥Not applicable

Special payables (2).

List special payables according to the nature of the payment

¥Applicable ¥Not applicable

49. Long-term employee benefits payable

¥Applicable ¥Not applicable

50. Estimated liabilities

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

Project	Opening Balance	Ending balance	Cause of formation
external guarantee			
pending litigation			
Product Quality Assurance	14,406,109.37	16,457,042.27	After- sale quality maintenance commitment
Restructuring Obligations			
Pending onerous contracts			
Payable for return			
other			
total	14,406,109.37	16,457,042.27	/

51. Deferred income

Deferred income

☐Applicable
 ☐Not 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 subsidy	99,332.62	2,798,000.00	87,883.55
			2,809,449.07
total	99,332.62	2,798,000.00	87,883.55
			2,809,449.07
			/

Projects involving government subsidies:

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

Opening balance of liability items	New subsidy for this period amount	This period included business take out deposit	Included in this period other income amount	That he Change move	Ending balance	related to assets off/with earnings related
Technological innovation species Sub-fund	99,332.62		16,000.20		83,332.42	related to assets close
project added 1000 Wantai Smart Low voltage electrical appliances product and 30 Wantai Smart Instrument products Technological transformation project	1,814,200.00		53,455.56		1,760,744.44	related to assets close
Workshop IoT Net Renovation Project target	983,800.00		18,427.79		965,372.21	related to assets close
total	99,332.62	2,798,000.00	87,883.55		2,809,449.07	

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 (+, -)					Ending balance
		issue new shares	deliver share	male product gold change share	That he	Subtotal	
shares total	330,000,000.00 71,000,000.00					71,000,000.00 401,000,000.00	

Other notes: The change in share capital in this period is the company's initial public offering of new shares. The company has been approved to publicly issue RMB ordinary

There are 71 million common shares, the issue price is RMB 10.02, and the total raised capital is RMB 711,420,000.00. net of underwriting fees

The net amount of raised funds is RMB

660,353,018.88 yuan, of which the increase in share capital is 71,000,000.00 yuan, and the increase in capital reserve is 71,000,000.00 yuan

589,353,018.88 yuan.

54. Other equity instruments

(1) Basic information on other financial instruments such as preferred 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 (shares this premium)	66,273,516.82 589,353,018.88		655,626,535.70
Other capital reserves			
total	66,273,516.82 589,353,018.88		655,626,535.70

Other explanations, including the increase or decrease in the current period, and explanation of the reasons for the changes:

Please refer to "VII. 53 Share capital" in this section for the changes in capital reserve during the current period

56. Treasury stock

•Applicable •Not applicable

57. Other comprehensive income

•Applicable •Not applicable

58. Special reserve

•Applicable •Not applicable

59. Surplus reserve

•Applicable •Not applicable

Unit: Currency: RMB

project	Opening	Increase in this period	Decrease the closing balance of the current period	
balance statutory surplus reserve	81,778,758.78	22,934,725.14	Discretionary surplus reserve	104,713,483.92
Reserve Fund				
business development fund				
other				
total	81,778,758.78	22,934,725.14		104,713,483.92

Explanation of the surplus reserve, including the increase or decrease in the current period and the reasons for the changes:

According to the "Company Law" and the company's articles of association, the Company appropriates 10% of the net profit to the statutory surplus reserve. statutory surplus

If the accumulated amount reaches more than 50% of the company's registered capital, it will not be withdrawn.

60. Undistributed profits

•Applicable •Not applicable

Unit: Currency: RMB

Total		Previous period
undistributed profits at the end of the	349,113,580.31 in this issue	153,703,929.98
previous period before adjustment +, decrease -)		
Undistributed profit at the beginning of the adjustment	349,113,580.31	153,703,929.98
period plus: net attributable to owners of the parent company in the current period Profit	246,828,267.77	215,822,997.72
minus: withdraw statutory surplus reserve	22,934,725.14	20,413,347.39
and withdraw discretionary surplus reserve		
Extract general risk provision		
Common stock dividends payable		
Common stock dividends converted to share capital		
Undistributed profit at the end of the period	573,007,122.94	349,113,580.31

Adjustment of 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.

4. 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.

5. 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 from main business	2,464,903,228.92	1,783,463,717.58	2,185,440,020.87	1,536,516,133.50
Other business	8,330,312.92	2,359,787.71	1,574,523.64	15,335,170.92
Total	2,473,233,541.84	1,785,823,505.29	2,200,775,191.79	1,538,090,657.14

(2) Income from contracts Applicable

Not applicable

Description of revenue generated by the contract:

Applicable Not applicable

(3). Explanation of performance

obligations Applicable Not applicable

(4) Explanation of apportionment to remaining performance

obligations Applicable Not applicable

62. Taxes and surcharges

Applicable Not applicable

Unit: Yuan Currency: RMB Amount incurred

project	Amount for this period	in the previous period
sale tax		
business tax		
Urban Maintenance and Construction	5,491,603.67	5,210,683.08
Tax Education Fee Additional Resource	3,140,580.76	2,979,211.92
Tax		
Property	3,076,107.96	3,076,107.70
tax, land use tax,	180,264.00	180,264.00
vehicle and vessel	29,907.32	28,307.92
use tax, stamp tax,	1,240,964.23	1,795,050.62
local education surcharge,	2,093,720.51	1,986,141.27
total	15,253,148.45	15,255,766.51

63. Sales expenses

Applicable Not applicable

Unit: Currency: RMB

project	Amount incurred	Amount in the previous period
Employee salary,	in the current period	99,797,540.61
transportation fee,	93,651,794.88	31,978,540.12
advertising and publicity fee	5,517,172.10	18,293,149.31

total

•Applicable •Not applicable

Unit: Currency: RMB

project

•Applicable •Not applicable

Unit: Currency: RMB

project

•Applicable •Not applicable

Unit: Currency: RMB

project

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total	-3,734,934.77	8,774,426.07
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67. Other income

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

Total	Amount incurred in	Amount in the previous period
government subsidies related to the project and the daily activities of	the current period	34,861,060.72
the enterprise	34,123,374.97 34,123,374.97	34,861,060.72

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		
Profits obtained from other debt investments during the holding period interest income		
Investment income from disposal of financial assets held for trading beneficial		-720,640.00
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		
total		-720,640.00

69. Net exposure hedging gains

☐Applicable
 ☐Not applicable

70. Income from changes in fair value

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

Sources of trading financial assets that generate gains	Amount for this period	Amount in the previous period
from changes in fair value Including: fair value generated		-487,680.00
from derivative financial instruments		-487,680.00
Income from changes in value		
Held-for-trading financial liabilities		
Investment real estate at fair value		
total		-487,680.00

71. Credit impairment losses

☐Applicable
 ☐Not applicable

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Unit: Currency: RMB

Project	Amount for the	Amount in the previous period
bills receivable bad debt loss	current period	5,947,571.69
accounts receivable bad debt loss	-946,249.52	-10,522,470.41
other receivables bad debt loss	-9,304,347.56 297,813.30	439,075.46
debt investment impairment loss		
Impairment losses on other debt investments		
Long-term receivables bad debt losses		
Impairment loss on contract assets		
total	-9,952,783.78	-4,135,823.26

72. Asset impairment loss

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

Item	Amount for this period	Amount in the previous period
1. Bad debt losses		
2. Inventory depreciation losses and contract performance costs	-4,583,819.16	-2,914,090.21
This impairment loss		
III. Impairment loss of long-term equity investment		
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		
total	-4,583,819.16	-2,914,090.21

73. Income from asset disposal

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

Total	Amount in the	Amount in the previous period
gains or losses on disposal of fixed assets of	current period	39,586.61
the project	-216,215.74 -216,215.74	39,586.61

74. Non-operating income

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
Total gains from disposal of non-current assets	40,549.45	26,222.33	40,549.45
Including: gains from disposal of fixed assets,	40,549.45	26,222.33	40,549.45
gains from disposal of intangible assets			
Debt restructuring gains			
Gains from exchange of non-monetary assets			

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accept donations			
Government subsidy	143,718.04	2,321,799.29	143,718.04
contract liquidated damages income	422,431.41	1,042,363.88	422,431.41
Others	18,131.73	123,041.58	18,131.73
total	624,830.63	3,513,427.08	624,830.63

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	143,718.04	2,321,799.29	related to earnings
Motion-independent small grants			

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
Total loss on disposal of non-current assets	772,891.90	2,720,074.34	772,891.90
Including: Loss on disposal of fixed assets	772,891.90	2,720,074.34	772,891.90
Loss on disposal of intangible assets			
Losses from debt restructuring			
Non-monetary asset exchange losses			
Public Welfare Donation Expenditures	60,000.00		60,000.00
Confiscated Expenditures Sponsorship	89,634.96	18,626.23	89,634.96
Expenses Late Payment Fee	41,969.36	71,433.96	41,969.36
Suspension Loss Others	16,508.24	3,594.97	16,508.24
	7,393,344.28		7,393,344.28
	126,313.34	97,656.61	126,313.34
total	8,500,662.08	2,911,386.11	8,500,662.08

other instructions:

The loss of work stoppage is the depreciation, employee compensation, rent, water and electricity expenses related to production activities incurred during the work stoppage due to the new crown epidemic.

Wait.

76. Income tax expense

(1). Income tax expense

table Applicable Not applicable

Unit: Currency: RMB

Project	Amount incurred	Amount in the previous period
current income tax expense	in the current period	35,974,688.24
Deferred income tax expense	38,573,822.60 -3,911,945.62	-5,155,373.53

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total	34,661,876.98	30,819,314.71
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(2) Adjustment process of accounting profits and income tax

expenses ¥Applicable ¥Not applicable

Unit: Currency: RMB

project	Amount for this period
Income tax	281,490,144.75
expense on total profit at statutory/applicable tax rate	42,223,521.71
Effect of applying different tax rates to subsidiaries	2,116,168.86
Adjustment effect of prior period income tax Effect of non-	148,463.74
taxable income	
Effects of non-deductible costs, expenses and losses	1,178,499.80
Use of deductible losses for deferred tax assets not recognised in prior periods	
Influence	
Deductible temporary differences for unrecognized deferred tax assets in the current period	
or the effect of deductible losses	
Impact of super deductions	-11,004,777.13
on income tax expense	34,661,876.98

other instructions:

¥Applicable ¥Not applicable

77. Other comprehensive income

¥Applicable ¥Not applicable

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	1,165,405.46
income, financial	period 440,563.14	36,731,996.32
subsidy, bank	36,977,209.46	2,619,662.73
deposit interest,	4,996,682.85	56,171,169.00
company's current	26,417,303.70	35,914,244.53
account recovery	1,877,926.17	32,787,891.93
reserve fund	22,523,538.52	25,684,742.20
	28,276,599.53 121,509,823.37	191,075,112.17

(2) Other cash paid related to operating activities

¥Applicable ¥Not applicable

Unit: Currency: RMB

project	Amount incurred	Amount in the previous period
Pay sales expenses Pay	in the current period	119,883,670.17
administrative expenses	100,807,208.55 30,153,038.33	33,427,279.37

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Payment of R&D expenses	36,547,834.61	31,659,844.04
Payment of bank fees Non-	356,288.05	588,777.81
operating expenses Payment of	5,017,626.36	191,311.77
company current accounts for	9,239,279.79	61,465,168.62
reserve funds Payment of security	2,159,201.63	35,135,673.17
deposits Payment of restricted	22,044,810.41	27,491,886.67
security deposits	28,498,888.17	25,892,235.46
	234,824,175.90	335,735,847.08

(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 incurred in	Amount in the previous period
Total net loss on	the current period 350,000,000.00	
settlement of time deposit forward foreign exchange		720,640.00
contracts	350,000,000.00	720,640.00

(5) Other cash received related to financing activities

ÿApplicable ÿNot applicable

Unit: Currency: RMB

The	Amount for this period	Amount in the previous period
project receives the pending payment included in the IPO fundraising pay the distribution fee	12,859,433.95	
total	12,859,433.95	

(6) Other cash paid related to financing activities

ÿApplicable ÿNot applicable

Unit: Currency: RMB

Total	Amount for this period	Amount in the previous period
IPO intermediary fees paid by the	8,821,698.12	4,037,735.83
project	8,821,698.12	4,037,735.83

79. Supplementary information on cash flow statement

(1). Supplementary information on cash flow

statement ÿApplicable ÿNot applicable

Unit: Currency: RMB

Supplementary	Current Amount	Amount of the previous period
information 1 . Reconciling net profit to cash from operating activities Flow:		
Net Profit	246,828,267.77	215,822,997.72

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Plus: Asset impairment provision,	756,012.08	-895,827.68
credit impairment loss, depreciation	8,945,909.77	2,339,958.61
of fixed assets, depletion of oil and gas properties, production	35,971,166.56	35,646,874.07
Depreciation of productive biological		
assets Amortization of right-of-use assets		
Amortization of intangible assets	5,218,051.81	4,485,172.88
Amortization of long-term deferred	5,116,716.68	6,563,524.69
expenses Amortization of disposal of fixed assets, intangible assets and other long-term		
Losses of assets in the period (incomes are filled in with "-"	216,215.74	-39,586.61
List)		
Loss on retirement of fixed assets (income with "-"	732,342.45	2,693,852.01
number)		
Losses from changes in fair value (incomes are marked with "-"		487,680.00
Financial		
expenses (returns are represented by "-")	648,447.08	10,799,940.43
Investment losses (incomes are represented by		720,640.00
"-") Deferred income tax assets decrease (increase by	-3,911,945.62	-5,082,221.53
Fill in with "-")		
Increase in deferred tax liabilities (decrease by		-73,152.00
Fill in with "-")		
Decrease in inventory (increase with "-"	-90,304,746.58	-31,717,822.53
column) decrease in operating receivables (increase by	-315,677,107.69	-73,184,805.48
Fill in with "-")		
Increase in operating payables (decrease by	281,260,784.12	115,028,668.58
Fill in with "-")		
Others		
Net cash flow from operating activities	175,800,114.17	283,595,893.16
2. Significant 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	701,632,252.43	376,504,094.52
of cash minus: Opening balance	376,504,094.52	277,517,485.96
of cash plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	325,128,157.91	98,986,608.56

(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	Closing balance	Balance
1. Cash Among	701,632,252.43	376,504,094.52
them: cash on hand, bank	22,149.87	5,285.60
deposits that can be used for payment at any time,	701,595,712.35	376,491,857.95
and other currencies that can be used for payment at any time	14,390.21	6,950.97
Deposit		
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	701,632,252.43	376,504,094.52
period Including: the parent company or the subsidiaries within the group		
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 applicable

81. Assets with restricted ownership or right to use ☐Applicable

☐Not applicable

Unit: Currency: RMB

project	Ending book value	Restricted Reason
Monetary	5,507,939.56 Margin	
Funds Receivables	13,926,723.82 Pledge of bills payable	
Financing Total	19,434,663.38	/

82. Foreign currency monetary items

(1). Foreign currency monetary items

☐Applicable ☐Not applicable

(2) Explanation of overseas business entities, including for important overseas business entities, their main overseas business locations and functional currency of bookkeeping should be disclosed

and selection basis, and the reasons for changes in the functional currency of bookkeeping 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

Types of	amount	presentation items	Amount included in current profit and loss
two integration management system implementation	300,000.00	Other income	300,000.00
Rewards for			
companies listed on the	21,710,000.00	145,000.00	21,710,000.00
market "Machine	3,042,639.89	200,000.00	145,000.00
substitution" technical	60,000.00	385,816.00	3,042,639.89
change	19,520.00	80,000.00	200,000.00
	683,876.07	2,851,869.46	60,000.00
	2,000,000.00	265,200.00	385,816.00
	4,270.00		19,520.00
			80,000.00
			683,876.07
			2,851,869.46
			2,000,000.00
			265,200.00
			4,270.00
project funding	167,300.00	Other income	167,300.00
Complete sets of energy and power equipment and			
Integrated monitoring system development and			
Industrialization - low voltage intelligent distribution	1,120,000.00	Other income	1,120,000.00
Electric digital system technology research			
study			
and industrialization projects			
Add 10 million smart units			
Low-voltage electrical products and 30	1,814,200.00	Other income	53,455.56
Wantai			
Intelligent instrument product technical reform			
build project			
Workshop IoT Transformation Project	983,800.00	Other income	18,427.79
Full current sensor for charging equipment			
Inductive residual current protector	600,000.00	Other income	600,000.00
Key technology development and industry			
chemical project			
IU electrical device for 5G communication	400,000.00	Other income	400,000.00
Key technology research and industry			

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change			
Subtotal	36,833,491.42	75,695.04	34,107,374.77
resumption of work and production funds to	Non-operating income		75,695.04
subsidize cleaner production enterprises to create wealth Government	36,283.00 Non-operating income		36,283.00
rewards leading industrial enterprises in scale Step Rewards	2,300.00 Non-operating income		2,300.00
Water-saving Enterprises Reward Funds	19,440.00 Non-operating income		19,440.00
Outstanding Skilled Talents in Zhejiang Province Total Support	10,000.00 Non-operating income		10,000.00
Fund Subtotal	143,718.04		143,718.04
	36,977,209.46		34,251,092.81

(2) Refund of government subsidy

•Applicable •Not applicable

85. Other

•Applicable •Not applicable

8. 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 caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related circumstances:

ÿApplicable ÿNot applicable

6. Other ÿApplicable

ÿNot applicable

IX. Interests in other entities 1. Interests in subsidiaries

(1) Composition of enterprise group

ÿApplicable ÿNot applicable

Subsidiary name	Main business land	The business nature of	the place of registration	Shareholding ratio (%)		get Way
				Direct and indirect		
Zhejiang Tianzheng limited intelligence company	Zhejiang Jiaxing Zhejiang	Jiaxing	Low voltage electrical system make	100.00		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

ÿApplicable ÿNot applicable

(3). Main financial information of important non-wholly-owned subsidiaries

ÿApplicable ÿNot 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 applicable

2. Transactions in which the share of the owner's equity in the subsidiary has changed and the subsidiary is still controlled

Applicable Not applicable

(1) Explanation of changes in the share of owners' equity in subsidiaries Applicable Not

applicable

On September 14, 2020, the Company increased its investment of 1,000,000 in Zhejiang Tianzheng Intelligent Electric Appliance Co., Ltd., a wholly-owned subsidiary.

(2) The impact of the transaction on minority shareholders' equity and the owner's equity attributable to the parent

company Applicable Not applicable

3. Equity in joint ventures or associates Applicable Not applicable

4. Important joint operation Applicable

Not applicable

5. Relevant explanations of the interests in structured entities not included in the scope of consolidated

financial statements:

Applicable Not applicable

6. Other

Applicable Not applicable

9. Risks associated with financial instruments

Applicable Not 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.

X. 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
1. 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 2. Designated				
to be measured at fair value and its changes Financial assets included in current profit and loss (1) Debt				
instrument investment (2) Equity				
instrument investment (2) Other				
debt investment (3) Other equity				
instrument investment (4)				
Investment real estate 1. Land use				
right for lease 2. Lease Buildings				
3. Land use rights held and ready to be transferred after appreciation				
(V) Biological assets 1. Consumable				
biological assets 2. Productive biological assets				
Total assets continuously measured at fair value (VI) Held-for-trading				
financial liabilities 1. Financial liabilities at fair value with changes				
included in current profit and loss Among them: issued trading bonds				
Derivative financial				
liabilities Other 2.				
Designated as financial liabilities at fair value through profit or loss				
Total liabilities continuously measured at fair value II. Non-				
continuous fair value measurement (1) Receivable financing of assets				
held for sale				
			324,714,776.99	324,714,776.99

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Total assets that are not continuously measured at fair value			324,714,776.99 324,714,776.99	
Total liabilities measured at fair value discontinuously				

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

The accounts receivable financing at the end of the period are all held notes receivable. For the notes receivable, the par value is used to confirm their 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 and reasons for the changes during the current

period ✓Applicable ✓Not applicable

8. Fair value of financial assets and financial liabilities not measured at fair value ✓Applicable ✓Not applicable

9. Others

✓Applicable ✓Not applicable XI.

Related parties and related transactions 1. The

parent company of the enterprise ✓Applicable ✓Not

applicable

Unit: 10,000 Yuan Currency: RMB parent company's

Parent company name	registered place business nature	registered capital		voting rights ratio to the parent company's total holding in the	
Tianzheng Group Co., Ltd.	Zhejiang Wenzhou Investment Management		400 million yuan	24.72	24.72

Explanation of the parent company of the company

Tianzheng Group Co., Ltd. (hereinafter referred to as "the company" or "the company") was established on July 7, 1997, through the Yueqing City Industrial

Approved and registered by the Commercial Administration Bureau, and issued a business license for 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

2. Subsidiaries of the Company For details of

the subsidiaries of the Company, please refer to Note

ÿApplicable ÿNot Applicable For details of the Company's

subsidiaries, please refer to the description in Section IX.

3. Information on joint ventures and joint ventures of the company For

details of the important joint ventures or joint ventures of the company, please refer to

the Note ÿApplicable ÿNot applicable other joint ventures or other joint ventures or

other joint ventures that have related party transactions with the company in the current period, or related party transactions with the company in the previous period. The information of the associates is as follows

ÿApplicable ÿNot applicable Other explanations ÿApplicable ÿNot applicable

4. Information on other related

parties ÿApplicable ÿNot applicable

Other related parties' relationship with the company	Subsidiary
Nanjing Rongguangda Special Capacitor Co., Ltd.	Originally a holding subsidiary of Nanjing Tianzheng Rongguangda Electronics (Group) Co., Ltd., it has transferred all the equity in March 2019, and there is no associated relationship after the transfer. The controlling shareholder supervisor Zheng Songlin and his spouse Chen Acui control the company Huang
Tianzheng Group Panzhihua Sales Co., Ltd.	Hongbin, the director of the company, has served as the independent director of the company since December
Trina Solar Co., Ltd.	24, 2020
Jiangsu Trina Smart Distributed Energy Co., Ltd., a holding subsidiary	of Trina Solar Co., Ltd.

5. Related-party transactions

(1). Related-party transactions of purchasing and selling commodities,

providing and accepting labor services

Unit: Currency: RMB

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Related	Related party transaction content	Amount for this period	Amount in the previous period
Party Nanjing Rongguangda Special Capacitor limited liability company	Procurement of raw materials	56,238.30	264,158.99

Sales of goods / provision of labor services

✓Applicable ✓Not applicable

Unit: Currency: RMB

Related party	Related party transaction content	Amount for this period	Amount in the previous period
Tianzheng Group Panzihua Sales Co., Ltd. Co., Ltd.	Sales Products	450,989.09	290,345.70
Jiangsu Tianhe Smart Distributed Energy source co., ltd.	Sales Products	507,690.25	0

Description of related transactions for purchasing and selling commodities, providing and receiving labor services

✓Applicable ✓Not applicable

Note: The amount is excluding tax

(2) Affiliated entrusted management/contracting and entrusted management/outsourcing The

company's entrusted management/contracting situation table:

✓Applicable ✓Not applicable

Description of related hosting/contracting

✓Applicable ✓Not applicable

The company's entrusted management / outsourcing situation table

✓Applicable ✓Not applicable

Description of Association Management/Outsourcing

✓Applicable ✓Not applicable

(3) Related leases The company

as the lessor:

✓Applicable ✓Not applicable

The company as a lessee:

✓Applicable ✓Not applicable

Unit: Currency: RMB

The name of the lessor	The type of leased assets	The lease fee confirmed in the current period	Rental fee confirmed in the previous period
Tianzheng Electromechanical (set Mission) Co., Ltd.	houses	2,008,417.20	2,008,417.20

Description of related leases

✓Applicable ✓Not applicable

(4) Related-party guarantees The

company is the guarantor

✓Applicable ✓Not applicable

The company as the guaranteed party

✓Applicable ✓ Not applicable

Unit: Currency: RMB

guarantor	Guarantee Amount	Guarantee Start Date	Guarantee Expiry Date	Has the guarantee been fulfilled
Tianzheng Group Co., Ltd., Gao Tianle 10,000,000.00	2019-02-27	2020-02-15	Yes	
Tianzheng Group Co., Ltd., Gao Tianle 10,000,000.00	2019-02-27	2020-02-15	Yes	
Tianzheng Group Co., Ltd., Gao Tianle 30,000,000.00	2019-06-12	2020-06-10	Yes	
Tianzheng Group Co., Ltd. 30,000,000.00	2019-05-07	2020-05-06	Yes	
Tianzheng Group Co., Ltd., Gao Tianle 20,000,000.00	2019-01-29	2020-01-28	Yes	
Tianzheng Group Co., Ltd. 30,000,000.00	2019-08-08	2020-08-07	Yes	
Tianzheng Group Co., Ltd., Gao Tianle 10,000,000.00	2019-11-29	2020-11-27	Yes	
Gao Tianle 20,000,000.00	2019-03-28	2020-03-27	Yes	
Gao Tianle 20,000,000.00	2019-03-05	2020-03-01	Yes	
Tianzheng Group Co., Ltd., Gao Tianle 20,000,000.00	2020-04-20	2021-04-20	No	
Tianzheng Group Co., Ltd. 10,000,000.00	2020-05-11	2021-05-10	No	
Tianzheng Group Co., Ltd. 10,000,000.00	2020-05-15	2021-05-14	No	

Description of related guarantees

☐Applicable
 ☐Not applicable

(5). Fund borrowing from related

parties ☐Applicable
 ☐Not applicable

(6). Asset transfer and debt restructuring of related parties

☐Applicable
 ☐Not applicable

(7). Remuneration of key management

personnel ☐Applicable
 ☐Not applicable

Unit: Currency: RMB

	Amount for this period	Amount in the previous period
Remuneration of key project management personnel	10,733,658.00	10,591,873.16

(8). Other related transactions

☐Applicable
 ☐Not applicable

Related party related transaction contents		Amount of the previous period
		383,208.30

6. Accounts receivable and payable from related

parties (1). Receivable items ☐Applicable
 ☐Not applicable

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	15,918.25	795.91
accounts receivable	Jiangsu Tianhe Wisdom Distributed energy has limited company	4,059,680.21	202,984.01		

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total		4,109,063.29 205,453.16		15,918.25	795.91
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(2). Items payable

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

project name	Related party	Closing book balance	Opening book balance
accounts payable	Nanjing Rongguangda Special Electric Co., Ltd. Container LLC		146,450.83
total			146,450.83

7. Related party commitments

☐Applicable
 ☐Not applicable

8. Others

☐Applicable
 ☐Not applicable

XII. Share-based payment

1. General situation of share-based payment

☐Applicable
 ☐Not applicable

2. Equity-settled share-based payment

☐Applicable
 ☐Not applicable

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

XIII. 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

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3. Other

✓Applicable ✓Not applicable

XIV. Events after the balance sheet date 1. Important

non-adjusting events ✓Applicable ✓Not applicable

Unit: Yuan Currency: RMB's impact on financial

project	content	position and operating results	Reasons for the inability to estimate the number of impacts
Issuance of stocks and bonds			
Important foreign investment			
Important debt restructuring Natural			
disasters Important changes in			
foreign exchange rates			
Implementation of the 2020 Restricted Stock Incentive Plan	The company held the sixth meeting of the eighth session of the board of directors on January 18, 2021, at which it reviewed and approved the "Proposal on Adjusting the List and Quantity of Incentive Objects Granted for the First Time by the Company's 2020 Restricted Stock Incentive Plan" and "About the First Grant to Incentive Objects". Proposal for Restricted Stocks	22,338,135.00 Not applicable	

The company held the sixth meeting of the eighth session of the board of directors on January 18, 2021, and reviewed and approved the "Regulations on Adjusting the Company's 2020 Years

Proposal on the List and Quantity of Incentive Objects Granted for the First Time under the Restricted Stock Incentive Plan

Sexual Stocks Proposal. The first grant date of restricted shares is January 18, 2021, and the first grant amount is 3.1155 million shares.

A total of 152 incentive objects were granted, and the grant price was 7.17 yuan/share. The total amount of funds raised by the company in this additional issuance of restricted shares is

22,338,135.00 yuan. After the grant of restricted shares, the total number of shares of the company increased from 401,000,000 shares to

404,115,500 shares.

According to the "2020 Restricted Stock Incentive Plan of Zhejiang Tianzheng Electric Co., Ltd." and the company's 2021 first

Authorized by the second extraordinary general meeting, the board of directors of the company has completed the registration of the first grant of restricted shares on March 8, 2021.

2. Profit distribution ✓Applicable

✓Not applicable

Unit: Yuan Currency: RMB 121,234,650.00

Profits or dividends to be distributed	
are declared after deliberation and approval	

On April 22, 2021, the Eighth Session of the Board of Directors of the Company held the eighth meeting to approve the 2020 profit distribution plan.

Based on the company's total share capital of 404,115,500 shares, a cash dividend of RMB 3.00 (before tax) will be distributed for every 10 shares. The total distribution is

Cash dividend of RMB 121,234,650.00 (before tax). This profit distribution plan needs to be submitted to the company's 2020 annual general meeting for consideration.

3. Sales return ✓Applicable

✓Not applicable

4. Other events after the balance sheet date

ÿApplicable ÿNot applicable

15. Other important matters

1. Correction of previous accounting errors

(1). Retrospective restatement

ÿApplicable ÿNot applicable

(2). Future Applicable Law

ÿApplicable ÿNot Applicable

2. Debt restructuring

ÿApplicable ÿNot applicable

3. Asset replacement

(1). Non-monetary asset exchange

ÿApplicable ÿNot applicable

(2). Replacement of other assets

ÿApplicable ÿNot applicable

4. Annuity plan

ÿApplicable ÿNot applicable

5. Termination of

operation ÿApplicable ÿNot applicable

6. Segment information

(1). Determination basis and accounting policy of reportable segment

ÿApplicable ÿNot applicable

(2). Financial information of reportable

segments ÿApplicable ÿNot 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 ÿApplicable

ÿNot Applicable

(4). Other instructions

ÿApplicable ÿNot applicable

7. Other important transactions and matters affecting investors' decision-making

ÿApplicable ÿNot applicable

8. Other

ÿApplicable ÿNot applicable

XVI. Notes to the main items of the parent company's financial statements 1. Accounts receivable (1). Disclosure by aging ̃Applicable ̃Not applicable

Unit: Yuan Currency: RMB Ending book	
aging	balance 796,391,266.99 8,356,359.31 7,461,611.66
Within 1 Year Subtotal	23,939,557.54
1 to 2 Years 2 to 3	
Years 3 Years and	
More 3 to 4 Years 4 to	
5 Years 5 Years and	
More	
total	836,148,795.50

(2) Disclosure according to bad debt provision method ̃Applicable ̃Not applicable

Unit: Yuan Currency: RMB Beginning										
category	Ending balance					Balance Book Balance Bad Debt Provision				
	and book balance bad debt provision accrual				Book value	Proportion (%)				Book value
	amount	Proportion(%)	amount	ratio (%)		amount	Proportion(%)	amount		
Provision for										
bad debts is accrued on a single item basis	836,148,795.50	100	68,271,874.83	8.17	767,876,920.67	681,659,701.95	100	59,687,243.36	8.76	621,972,458.59
Including: Provision for bad debts is accrued by combination										
Including:										

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	808,339,636.06	96.67	55,328,915.34	6.84	753,010,720.72	654,017,054.68	95.94	47,649,906.21	7.29	606,367,148.47
	12,790,556.93	1.53			12,790,556.93	9,322,973.40	1.37			9,322,973.40
	15,018,602.51	1.80	12,942,959.49	86.18	2,075,643.02	18,319,673.87	2.69	12,037,337.15	65.71	6,282,336.72
	836,148,795.50	/	68,271,874.83	/	767,876,920.67	681,659,701.95	/	59,687,243.36	/	621,972,458.59
Receivables from related parties within the scope of consolidation of receivables with aging as credit risk characteristics Total receivables involved in litigation										

Provision for bad debts by individual

item: ☐Applicable ☐Not applicable

Provision for bad debts by

portfolio: ☐Applicable ☐Not

applicable Portfolio provision: Accounts receivable with aging as credit risk feature

Unit: Currency: RMB

name	Ending		
	Accounts	balance bad	Provision ratio (%)
Within 1 year	receivable 782,029,467.97	debt provision	5
1 to 2 years	7,934,344.66	39,101,473.40	15
2 to 3 years	6,677,066.39	1,190,151.70	50
More than 3	11,698,757.04	3,338,533.20	100
years total	808,339,636.06	11,698,757.04 55,328,915.34	

Portfolio Items: Receivables Involving Litigation

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Unit: Currency: RMB

name	Ending balance		
	Accounts	Bad debt	Provision ratio (%)
Total Receivables Involving Litigation	receivable 15,018,602.51	provision 12,942.959.49	86.18
	15,018,602.51	12,942.959.49	86.18

Recognition standards and explanations for bad debt provision by combination:

ÿApplicable ÿNot 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:

ÿApplicable ÿNot applicable

(3) Bad debt provision ÿApplicable

ÿNot applicable

Unit: Currency: RMB

Category	Beginning Balance	Amount of change in the current period				Ending balance
		accrual	retract or turn back	write off or write off	That he Change move	
accounts receivable						
bad debt	59,687,243.36 9,591,505.48	47,356.79 1,054,230.80				68,271,874.83
Prepare						
Total	59,687,243.36 9,591,505.48 47,356.79	1,054,230.80				68,271,874.83

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	1,054,230.80

Among them, the important accounts receivable write-off situation

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 192,649,436.47 yuan, accounting for the year-end accounts receivable

The proportion of the total balance is 23.04%, and the year-end balance of the corresponding provision for bad debts is 9,662,322.44 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:

☐Applicable ☐Not applicable

2. List of other receivables

☐Applicable ☐Not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Interest receivable		
Dividends receivable		
Other receivables	58,029,357.19	91,496,913.66
total	58,029,357.19	91,496,913.66

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 ☐Applicable

☐Not applicable

other instructions:

☐Applicable ☐Not applicable

Other receivables

(1). Disclosed by age

☐Applicable ☐Not applicable

Unit: Currency: RMB

aging	Closing book balance
Subtotal within 1 year	56,710,203.63

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1 to 2 years	1,536,438.92
2 to 3 years	635,000.00
3+ years	910,673.20
to 4 years	
4 to 5 years	
5+ years	
total	59,792,315.75

(2). Classification by nature of payment

☐Applicable
 ☐Not applicable

Unit: Currency: RMB

nature of payment	Closing book balance	Opening book balance
Deposit	7,620,234.70	8,098,962.81
reserve	331,496.98	50,221.52
fund Immediately levied	623,813.24	59,325.38
and refundable value-	50,000,000.00	85,000,000.00
added tax	1,216,770.83	349,638.28
total	59,792,315.75	93,558,147.99

(3). 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, 2020	1,522,644.40	506,589.93	32,000.00	2,061,234.33
More than January 1, 2020 amount in this issue				
--Transfer to the second stage	-59,114.77	--Transfer	59,114.77	
to the third stage				
-- go back to the second stage				
-- go back to the first stage				
This period's accrual is	-253,851.24	-32,424.53	-12,000.00	-298,275.77
reversed in this period				
Resale in this period				
Write-off in this period				
other changes				
December 31, 2020 balance	1,209,678.39	533,280.17	20,000.00	1,762,958.56

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

(4). 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	
Other receivables	2,061,234.33					1,762,958.56
Total bad debt		298,275.77				
provision	2,061,234.33	298,275.77				1,762,958.56

Among them, the amount of bad debt provision reversed or recovered in the current period is important:

Applicable Not applicable

(5) Other receivables actually written off in the current period

Applicable Not applicable

(6) Other receivables with top five closing balances collected by debtors

Not applicable

Unit: Currency: RMB

company name	money nature	Ending balance	aging	account for other receivables Closing balance ratio of total example(%)	bad debt provision Ending balance
Zhejiang Tianzheng Intelligent Electric Co., Ltd. Equipment Co., Ltd.	Current account	50,000,000.00 Within 1 year		83.62	
Yueqing Economic Development Zone Management Committee	Margin	1,510,000.00 Within 1 year		2.53	75,500.00
State Grid Chongqing Electric Power Company Metrology Center	Margin	870,000.00 Within 1 year		1.46	43,500.00
National Treasury Yueqing City Branch library	sign up Return value taxi	623,813.24 Within 1 year		1.04	
Lianhong (Guangzhou) Construction building materials co., ltd.	Margin	50,000.00 Within 1 year		0.08	2,500.00
	Margin	450,000.00 1 to 2 years		0.75	67,500.00
total	/	53,503,813.24	/	89.48 189	000.00

(7). Receivables involving government subsidies

Applicable Not applicable

Unit: Currency: RMB

company name	government grants name	Ending balance	Closing Aging	estimated time of receipt Room, amount and basis
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State treasury Yueqing branch library	Immediately refund value taxi	623,813.24 Within 1 year		Complete application documents Pay the full amount of the month receive
total		623,813.24		

(8). Other receivables derecognized due to transfer of financial assets ☐Applicable☐Not applicable

(9) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

☐Applicable ☐Not applicable

other instructions:

☐Applicable ☐Not applicable

3. Long-term equity investment

☐Applicable ☐Not applicable

Unit: Currency: RMB

project	Closing balance			Opening Balance		
	Book balance	minus value allow prepare	book value book balance		reduce value allow prepare	Book value
investment in subsidiaries capital	180,000,000.00		180,000,000.00 80,000,000.00			80,000,000.00
joint venture, joint venture business investment						
Total 180,000,000.00			180,000,000.00 80,000,000.00			80,000,000.00

(1). Investment in subsidiaries

☐Applicable ☐Not applicable

Unit: Currency: RMB

The opening balance of the investee increased in the current period			This period reduce	Ending balance	This period accrual impairment Prepare	impairment Prepare end of period balance
Zhejiang Tianzhengzhi Energy Electric Limited company	80,000,000.00 100,000,000.00			180,000,000.00		
Total 80,000,000.00 100,000,000.00				180,000,000.00		

(2). Investment in associates and joint ventures

☐Applicable ☐Not applicable

4. Operating income and operating costs

(1). Operating income and operating costs ☐Applicable☐Not applicable

Unit: Currency: RMB

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project	Amount for this period		Amount in the previous period	
	Income cost	Main business	income	cost
1,750,453,156.50	2,154,698,959.16	1,570,797,933.82		
Other business	7,692,586.99	1,439,134.07	1,300,292.70	15,157,702.14
Total	2,374,886,804.73	1,751,892,290.57	2,179,856,661.30	1,572,098,226.52

(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 the 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		
Profits obtained from other debt investments during the holding period		
interest income		
Investment income from disposal of financial assets held for trading		-720,640.00
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		
total		-720,640.00

6. Other

☐Applicable ☐Not applicable

XVII. Supplementary information

1. The current non-recurring profit and loss statement

☐Applicable ☐Not applicable

Unit: Currency: RMB

Gains and	Amount	illustrate
losses on disposal of non-current assets of the project	- 948,558.19	

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.

ÿApplicable ÿNot applicable

2. Return on Equity and Earnings per Share

ÿApplicable ÿNot applicable

Profit during the reporting period	weighted average net worth rate of return(%)	EPS	
		Basic EPS	Diluted EPS
Net attributable to common stockholders of the company Profits	21.08	0.70	0.70
after deducting non-recurring gains and losses are attributable to Net profit for common stockholders of the company	19.15	0.63	0.63

3. Differences in accounting data under domestic and foreign accounting

standards ÿApplicable ÿNot applicable

4. Other

ÿApplicable ÿNot applicable

Section 12 List of Documents Available for Inspection

Reference file directory	1. It contains the signatures of the legal representative, the person in charge of accounting work, and the person in charge of the accounting organization and Stamped financial statements.
Reference file directory	2. The original audit report with the seal of the accounting firm and the signature and seal of the certified public accountant pieces.
Reference file directory	III. All company documents publicly disclosed on the website designated by the China Securities Regulatory Commission during the reporting period The original and the original of the announcement.

Chairman: Gao Tianle

Board approval filing date: April 23, 2021

Revision
information Applicable Not applicable