

Zhejiang Tianzheng Electric Co., Ltd.

Announcement on the accrual of asset impairment reserves in 2021

The board of directors and all directors of the company guarantee that the content of this announcement does not contain any false records or misleading statements or major omissions, and bear individual and joint responsibility for the authenticity, accuracy and completeness of its contents.

Zhejiang Tianzheng Electric Co., Ltd. (hereinafter referred to as "the company") was held on April 28, 2022

The 16th meeting of the 8th Board of Directors and the 12th meeting of the 8th Board of Supervisors reviewed and approved the "About 2021

Proposal for the Annual Provision for Asset Impairment Provisions. The relevant information is hereby announced as follows:

I. Overview of the provision for asset impairment this time

According to the "Accounting Standards for Business Enterprises" and the relevant accounting policies of the company, it is an objective and fair representation of the company.

financial condition, asset value and results of operations, and based on the principle of prudence, the company-to-company consolidated statement

All assets within the range as of December 31, 2021 have been fully assessed and tested for impairment.

Provision for asset impairment is made for relevant assets with asset impairment losses. In 2021, the company accrues various impairment losses

The total amount is RMB 78,094,000. The details are as follows:

Unit: ten thousand yuan

| category | project | Amount accrued in 2021 |
|------------------------|---|------------------------|
| credit impairment loss | Bad debt loss on notes receivable | 810.69 |
| | Bad debt loss of accounts receivable | 3,096.63 |
| | Receivables financing bad debt losses | 98.31 |
| | Bad debt losses of other receivables | 1,054.03 |
| | Debt investment impairment loss | 1,500.00 |
| | Subtotal | 6,559.65 |
| Asset impairment loss | Inventory depreciation loss and contract performance cost impairment loss | 1,190.28 |
| | Impairment loss on contract assets | 5.64 |
| | Impairment loss of other non-current assets | 53.82 |
| | Subtotal | 1,249.74 |
| total | | 7,809.40 |

2. The specific situation of the provision for asset impairment this time

(1) Impairment of individual major assets

The company estimates the expected credit loss of each financial asset individually or in combination, considering the

Reasonable and evidence-based information on past events, current conditions, and forecasts of future economic conditions to inform

The risk of default is the weight, and the difference between the cash flow receivable from the contract and the cash flow expected to be received is calculated.

The probability-weighted amount of the present value of the amount to confirm the expected credit loss.

In 2021, the company's provision for bad debts for a single major asset is RMB 64.2156 million, which will affect the company's return.

The total loss of profits belonging to shareholders of the listed company was RMB 64.2156 million, all of which were attributed to Evergrande Group and its holding subsidiaries.

The company's various receivables are accrued. The company has business contacts with Evergrande Group and its holding subsidiaries, 2021

Evergrande Group and its holding subsidiaries encountered difficulties in capital turnover and tight cash flow, resulting in their bills receivable

There is a risk of default on debts receivable related to debt securities, accounts receivable, other receivables, and debt investment. company interception

As of December 31, 2021, the recoverability of various assets receivable from Evergrande Group and its holding subsidiaries has been carried out.

After analysis and evaluation, it is believed that there are obvious signs of impairment, so 50% of the bad debt provision is made for it. The details are as follows:

Unit: ten thousand yuan

| | project | December 31, 2021 | | | 2021 annual plan |
|-----------------------|---------------------|--|-----------------|-----------------|-------------------|
| | | Provision for impairment of book balance | | Book value | Withdrawal amount |
| Evergrande Collection | Notes receivable | 2,017.07 | 1,008.54 | 1,008.54 | 698.90 |
| regiment and its | Accounts receivable | 6,636.65 | 3,318.32 | 3,318.32 | 3,222.66 |
| holding child | Other receivables | 2,000.00 | 1,000.00 | 1,000.00 | 1,000.00 |
| company | Debt investment | 3,000.00 | 1,500.00 | 1,500.00 | 1,500.00 |
| | total | 13,653.72 | 6,826.86 | 6,826.86 | 6,421.56 |

(2) Explanation on the provision for inventory depreciation reserves

According to the measurement principle of cost and net realizable value, whichever is lower, the company shall

Inventories within the scope of consolidation are fully assessed and tested for impairment.

In 2021, the price of raw materials required by the low-voltage electrical appliance industry will increase significantly, and at the same time, the market competition will intensify.

After the inventory is assessed, it is considered that there is an indication of impairment. In 2021, the amount of bad debt provision made by the company for inventories is:

11,902,800 yuan, affecting the company's total profit loss attributable to shareholders of the listed company of 11,902,800 yuan.

3. The impact of this provision for asset impairment on the company

In 2021, the company accrued a total of 78.0940 million yuan for asset impairment.

The total profit attributable to shareholders of the listed company in 2021 will be a loss of RMB 78.0940 million.

IV. Opinions of the Board of Directors on the provision for impairment of assets

The provision for asset impairment this time is in line with the company's actual situation and relevant accounting policies, and can fairly reflect

The company's financial condition, asset value and results of operations as of December 31, 2021.

V. Independent opinions of independent directors on the provision for impairment of assets in 2021

The company's provision for asset impairment this time is in line with the relevant provisions of the "Accounting Standards for Business Enterprises" and the company's assets.

The actual situation of the assets can objectively and fairly reflect the asset value and financial status of the company. Assets accrued this time

The decision-making procedure for impairment provision is legal and effective, and there is no situation that damages the interests of the company and shareholders. we agree

It is important to make provision for asset impairment this time.

VI. Audit opinion of the Supervisory Committee on the provision for asset impairment in 2021

The company's provision for asset impairment and credit impairment losses this time is in line with the "Accounting Standards for Business Enterprises" and the company's related

The provisions on accounting policies are based on sufficient basis and the deliberation procedures are legal. After the provision for asset impairment this time, it can be more fair

It reflects the company's financial status and operating results, and agrees to the company's provision for asset impairment this time.

Special announcement.

Zhejiang Tianzheng Electric Co., Ltd. Board of Directors

April 29, 2022