

**Shenzhen Honor Electronic
Co., Ltd.**

2022 Annual Report

April 7, 2023

2022 Annual Report

Section 1 Important Tips, Contents and Interpretation

The company's board of directors, board of supervisors, directors, supervisors and senior management personnel guarantee that the contents of the annual report are true, accurate and complete, and there are no false records, misleading statements or major omissions, and bear individual and joint legal liabilities.

Wang Heqiu, the person in charge of the company, Zhang Shuyuan, the person in charge of accounting work, and Tan Qun, the person in charge of the accounting department (accounting officer), hereby confirm that the financial report in this annual report is true, accurate and complete.

All directors attended the board meeting at which the report was considered.

The future business plans and business objectives mentioned in this report do not represent the company's profit forecast, nor do they constitute the company's substantial commitment to investors. Whether it can be realized depends on various factors such as changes in market conditions, and there are uncertainties. Investors are advised to pay attention to investment risks.

In the section "11. Prospects for the future development of the company" in "Section 3 Management Discussion and Analysis" of this report, the company describes the company's development strategy, business objectives and possible risks in future operations. Investors are kindly requested to refer to it.

The company's profit distribution plan approved by the board of directors this time is: based on 100,096,700, a cash dividend of RMB 0.91 (including tax) will be distributed to all shareholders for every 10 shares, no bonus shares will be distributed, and no capital reserve will be converted into share capital.

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Reference file directory

1. Financial statements signed and sealed by the legal representative of the company, the person in charge of accounting work, and the person in charge of the accounting organization (accounting supervisor);
2. The original audit report with the seal of the accounting firm and the signature and seal of the certified public accountant;
3. The originals of all company documents and announcements that were publicly disclosed on www.cninfo.com during the reporting period;
4. Other relevant information.

The place where the above reference documents are prepared: the office of the company's board of directors.

Paraphrase

Paraphrase	Depend on	Paraphrase content
The company, the company, Honor Electron, Shenzhen Honor Electron	Depend on	Shenzhen Honor Electronic Co., Ltd.
Ganzhou Honor Electron	Depend on	Honor Electron (Ganzhou) Electronics Co., Ltd., a wholly-owned subsidiary of the company
Hong Kong Honor Electron	Depend on	Hong Kong Honor Electron Technology Co., Ltd., a wholly-owned subsidiary of the company
Vietnam Honor Electron	Depend on	Vietnam Honor Electron Technology Co., Ltd., a wholly-owned subsidiary of Hong Kong Honor Electron
Taiwan Honor Electron	Depend on	Hong Kong Business Hong Kong Honor Electron Technology Co., Ltd. Taiwan Branch, Hong Kong Honor Electron Branch
Dongguan Honor Electron	Depend on	Dongguan Honor Electron Electronics Co., Ltd., a wholly-owned subsidiary of the company
American Honor Electron	Depend on	(U.S.) Honor Electron Technology Co., Ltd., a wholly-owned subsidiary of the Company
Hangzhou Yundian	Depend on	Hangzhou Yundian Technology Energy Co., Ltd., a holding subsidiary of the company
Shenzhen Zhilian	Depend on	Shenzhen Honor Electron Zhilian Technology Co., Ltd., a wholly-owned subsidiary of the company
Shanghai Anshibo	Depend on	Shanghai Anshibo Energy Technology Co., Ltd., a wholly-owned subsidiary of the company
Bodian Cloud Branch	Depend on	Suzhou Bodian Yunke Energy Technology Co., Ltd., a wholly-owned subsidiary of the company
Suzhou Anshibo	Depend on	Suzhou Anshibo Energy Technology Co., Ltd., a wholly-owned subsidiary of the company
Shenzhen Gnoli	Depend on	Shenzhen Genoli Information Consulting Co., Ltd., formerly known as "Shenzhen Genoli Electronics Co., Ltd.", is one of the controlling shareholders of the company
Shenzhen Wang Yue Wang	Depend on	Shenzhen Wangyuewang Investment Partnership (Limited Partnership), one of the controlling shareholders of the company
Shenzhen Tongju	Depend on	Shenzhen Tongju Information Technology Consulting Partnership (Limited Partnership), one of the shareholders of the company
Articles of Association	Depend on	Articles of Association of Shenzhen Honor Electronic Co., Ltd.
General Meeting of Shareholders	Depend on	Shareholders' meeting of Shenzhen Honor Electronic Co., Ltd.
Board of directors	Depend on	Board of Directors of Shenzhen Honor Electronic Co., Ltd.
Supervisory Board	Depend on	Board of Supervisors of Shenzhen Honor Electronic Co., Ltd.

China Securities Regulatory Commission	Depend on	China Securities Regulatory Commission
Shenzhen Stock Exchange	Depend on	Shenzhen Stock Exchange
Company law	Depend on	Company Law of the People's Republic of China
Securities law	Depend on	Securities Law of the People's Republic of China
Accounting firm	Depend on	Tianzhi International Accounting Firm (Special General Partnership)
Yuan, ten thousand yuan, one hundred million yuan	Depend on	RMB yuan, RMB 10,000 yuan, RMB 100 million yuan
Reporting period	Depend on	January 1, 2022 to December 31, 2022
Same period last year, last period	Depend on	January 1, 2021 to December 31, 2021

Section 2 Company Profile and Main Financial Indicators

I. Company information

Stock abbreviation	Honor Electron	Stock code	300870
Chinese name of the company	Shenzhen Honor Electronic Co., Ltd.		
Chinese abbreviation of the company	Shenzhen Honor Electronic Co., Ltd.		
Foreign name of the company (if any)	Honor Electron		
Legal representative of the company	Wang Heqiu		
Registered address	Workshop 1, 2, 3 of Xinghui Industrial Factory, Gushu 2 Road, Xixiang Street, Bao'an District, Shenzhen (Buildings A, B, C, Xinghui Science and Technology Park)		
Postal code of registered address	518000		
Historical changes of the company's registered address	Since the company went public on August 24, 2020, there has been no change of registered address		
Office address	Workshop 1, 2, 3 of Xinghui Industrial Factory, Gushu 2 Road, Xixiang Street, Bao'an District, Shenzhen (Buildings A, B, C, Xinghui Science and Technology Park)		
Postal code of office address	518000		
Company internet website	http://www.honor-cn.com/		
E-mail	ir1@honor-cn.com		

II. Contact person and contact information

	Board secretary	Securities Affairs Representative
Name	Shang Yunsi	Wang Xiaodan
Contact address	Building A, Xinghui Science and Technology Park, Gushu 2nd Road, Xixiang Street, Bao'an District, Shenzhen	Building A, Xinghui Science and Technology Park, Gushu 2nd Road, Xixiang Street, Bao'an District, Shenzhen
Telephone	0755-81453432	0755-81453432
Fax	0755-81453115	0755-81453115
E-mail	ir1@honor-cn.com	ir1@honor-cn.com

III. Information Disclosure and Preparation Location

The stock exchange website where the company discloses its annual report	Shenzhen Stock Exchange: http://www.szse.cn
The name and website of the media where the company discloses its annual report	"Securities Times", "China Securities Journal", "Shanghai Securities News", "Securities Daily", Juchao Information Network (http://www.cninfo.com.cn/)
Where the company's annual report is prepared	Office of the Company's Board of Directors

IV. Other relevant information

Accounting firm hired by the company

Accounting firm name	Tianzhi International Accounting Firm (Special General Partnership)
Office address of accounting firm	Areas A-1 and A-5, Building 68, No. 19, Chegongzhuang West Road, Haidian District, Beijing
Name of Signing Accountant	Zhang Lei, Fan Kelei

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

Applicable ☒ Not applicable

Sponsor name	Sponsor's office address	Sponsor representative name	During continuous supervision
Sinolink Securities Co., Ltd.	Floor 23, Zizhu International Building, No. 1088 Fangdian Road, Pudong New Area, Shanghai	Lin Haifeng, Tang Jun	August 24, 2020 to December 31, 2023

Financial consultants hired by the company to perform continuous supervision duties during the reporting period

☒ Applicable Not Applicable

V. Main accounting data and financial indicators

Whether the company needs to retrospectively adjust or restate the accounting data of previous years

☒ whether

	2022	2021	Increase or decrease this year over the previous year	2020
Operating income (yuan)	2,703,124,681.08	2,571,948,034.70	5.10%	2,083,473,150.73
Net profit attributable to shareholders of listed companies (yuan)	90,164,755.84	111,089,551.62	-18.84%	193,954,383.54
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (yuan)	72,121,634.86	82,350,728.00	-12.42%	179,478,660.65
Net cash flow from operating activities (yuan)	137,332,797.04	161,952,333.15	-15.20%	195,685,848.89
Basic earnings per share (yuan/share)	0.86	1.10	-21.82%	2.30
Diluted earnings per share (yuan/share)	0.86	1.10	-21.82%	2.30
Weighted average return on equity	5.54%	7.25%	-1.71%	23.02%
	End of 2022	End of 2021	Increase or decrease at the end of this year compared to the end of the previous year	End of 2020
Total assets (yuan)	3,338,609,904.93	3,674,255,685.07	-9.14%	2,458,425,731.97
Net assets attributable to shareholders of listed companies (yuan)	1,627,266,445.12	1,573,898,616.46	3.39%	1,499,029,712.61

The lower of the company's net profit before and after deducting non-recurring gains and losses in the last three fiscal years is negative, and the audit report of the most recent year shows that the company's ability to continue operations is uncertain ☒ Whether

The lower of the net profit before and after deduction of non-recurring gains and losses is negative

☒ whether

From the end of the reporting period to the disclosure date of the annual report, whether the share capital of the company has changed due to the issuance of new shares, additional issuance, allotment, equity incentive exercise, repurchase, etc., and affects the amount of owner's equity

Yes ☒ No

Preferred stock dividends paid	0.00
Perpetual bond interest paid (yuan)	0.00
Fully diluted earnings per share calculated with the latest share capital (yuan/share)	0.8861

VI. Main Financial Indicators by Quarter

Unit:
Yuan

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	620,559,908.78	740,829,359.22	616,043,843.21	725,691,569.87
Net profit attributable to shareholders of listed companies	-29,411,535.28	34,708,280.84	35,548,803.08	49,319,207.20
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-32,977,017.01	29,289,458.06	30,785,247.41	45,023,946.40
Net cash flow from operating activities	-123,882,792.91	46,470,460.77	152,271,250.14	62,473,879.04

Whether the above financial indicators or their total numbers are materially different from the relevant financial indicators of the company's disclosed quarterly reports and semi-annual reports

☒ whether

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

1. Differences in net profit and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards at the same time

☒ Applicable Not Applicable

During the reporting period, there was no difference in net profit and net assets in the financial reports disclosed in accordance with international accounting standards and in accordance with Chinese accounting standards.

2. At the same time, the difference between net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards

☒ Applicable Not Applicable

During the reporting period, there was no difference in net profit and net assets in the financial reports disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards.

VIII. Items and amounts of non-recurring gains and losses

Applicable ☒ Not applicable

Unit:
Yuan

Projects	2022 Amount	2021 Amount	2020 Amount	Description
Non-current asset disposal gains and losses (including the write-off portion of the provision for asset impairment)	-1,582,562.59	-251,534.64	-383,537.04	
Government subsidies included in the current profit and loss (except for government subsidies that are closely related to the company's normal business operations, comply with national policies and regulations, and are continuously enjoyed according to a certain standard fixed or quantitative basis)	15,581,971.16	22,703,585.96	13,323,546.60	Mainly government subsidy income.
The investment cost of the enterprise to obtain subsidiaries, associates and joint ventures is less than the income from the fair value of the investee's identifiable net assets when the investment is obtained	-39,358.81			
Profit and loss of entrusting others to invest or manage assets	3,992,129.99	11,147,083.33	447,596.69	It is the income from wealth management products actually received in the current period.
Except for the normal business of the same company	117,200.00	457,470.14	3,884,095.89	It is mainly to accrue the income of wealth management products in the current period.
In addition to the effective hedging business related to the transaction, the fair value change gains and losses arising from holding transactional financial assets and transactional financial liabilities, as well as the investment income obtained from the disposal of transactional financial assets, transactional financial liabilities and available-for-sale financial assets				

Other non-operating revenue and expenditure other than the above-mentioned items	2,850,747.94	-504,862.11	-240,247.00	
Less: Income tax impact amount	2,877,006.71	4,812,919.06	2,555,732.25	
Total	18,043,120.98	28,738,823.62	14,475,722.89	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

■ Applicable Not Applicable

The company does not have other specific circumstances of profit and loss items that meet the definition of non-recurring profit and loss.

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

■ Applicable Not Applicable

There is no situation in which the company defines the non-recurring gains and losses listed in the "Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public-Non-recurring Gains and Losses" as recurring gains and losses.

Section 3 Management Discussion and Analysis

I. The industry in which the company operates during the reporting period

(1) The basic situation of the industry in which the company is located

The company is deeply involved in the switching power supply industry and has a broad industry space. China's power supply industry has maintained steady growth in recent years. According to the China Power Supply Industry Yearbook, the output value of China's power supply industry reached 391 billion yuan in 2021, a year-on-year increase of 18.92%, and the compound annual growth rate from 2015 to 2021 was 10.6%. With the continuous rapid development of China's economy, as well as the continuous investment of the government and market participants in the downstream application industries of power sources such as data center infrastructure, 5G communications, and new energy vehicles, the industry is expected to continue to maintain rapid growth as a necessary equipment for various power consumption facilities.

As a fast-growing switching power supply company, the company is committed to providing customers with reliable, efficient and intelligent switching power supply products. The company adheres to the global production capacity layout and continuously improves the research and development level. With its excellent product quality and rapid response service capabilities, it has been recognized by many well-known customers at home and abroad, and its brand influence has continued to expand.

(2) The development of the industry in which the company is located

1. Switching power supply field

In the output value scale of the power supply industry, switching power supply products account for a relatively high proportion. Switching power supply products are the rigid demand for many power electronic electrical equipment. The market will gradually increase with the improvement of the informatization of economic growth, and the overall demand is expected to continue to grow steadily.

In the field of switching power supplies, upstream raw materials mainly include PCBs, semiconductors, resistors and capacitors, magnetic materials, wires, etc. Among them, metal raw materials such as copper and aluminum are used more. In 2022, copper prices will fluctuate greatly. Affected by the global macro economy, the market demand for chips has weakened, the tight supply situation has eased quarter by quarter, and the cost pressure of the downstream switching power supply manufacturing industry has been eased.

The downstream application fields of switching power supply products are extensive. According to the China Power Supply Industry Yearbook, the demand for switching power supply in the domestic market in 2020 is concentrated in the industrial field, accounting for 53.94%; the second largest application field is the consumer electronics field, accounting for 33.05%. The rapid growth of new infrastructure industries such as 5G, industrial Internet, data centers, and new energy vehicle charging piles has opened up a wider range of application scenarios for switching power supply products, and has spawned the demand for high-power switching power supplies.

(1) Power adapter field

The demand for power adapters in the fields of office electronics and smart home has increased with the increase in product categories in recent years, and the overall demand has been enlarged.

Office electronics is an important downstream market for power adapters. In the display field, according to International Data Corporation (IDC), global PC display shipments will be about 135 million units in 2022, down 5.9% year-on-year. However, with the digestion of inventory and the recovery of the economy, the PC display market is expected to return to the growth track in 2024 and maintain a small year-on-year growth until 2027. In the notebook computer field, market research firm Canalys reported that global notebook computer shipments in 2022 were 224 million units, a year-on-year decline of 19%, despite the market shrinking, but still 7% higher than the total shipments in 2019 due to major geopolitical influences and weak consumer demand.

Smart home has become an emerging downstream application market for power adapters. According to International Data Corporation (IDC) data, China's smart home equipment market shipments will reach 220 million units in 2022, a slight increase from the same period last year.

(2) Data center infrastructure

Data center infrastructure is one of the important application scenarios of switching power supply products in the industrial field. With the continuous growth of emerging information technology industries such as 5G, cloud computing, artificial intelligence, and the Internet of Things, the demand for large-scale construction of data centers is increasing. According to the International Data Corporation (IDC) forecast, the total global data scale will exceed 101 ZB in 2023, and the growth rate of my country's data traffic will lead the global growth rate. According to the data of the data center white paper of China Academy of Information and Communications Technology, the global data center market will reach 67.930 billion US dollars in 2021, a year-on-year increase of 9.79%, and the compound growth rate from 2016 to 2021 is 8.82%; In the Chinese market, the data center market will reach 150.02 billion yuan in 2021, a year-on-year increase of 28.50%, and its share of the global market has increased from 15.54% in 2016 to 34.64% in 2021.

The infrastructure of the data center includes servers, storage, network security equipment and communication equipment. Among them, the server is the core of the computing power hardware. In recent years, the new scale of global data centers has been relatively stable. According to the statistics of the annual increase in global servers, International Data Corporation (IDC) data shows that in 2021, the global server market sales amounted to US \$99.22 billion, a year-on-year increase of 6.4%, and the Chinese server market sales amounted to US \$25.09 billion, a year-on-year increase of 12.7%, and the Chinese market accounted for 25.3%, a year-on-year increase of 1.4%. From the perspective of shipments, the global server market shipped 13.539 million units in 2021, a year-on-year increase of 6.9%, and the market share of Chinese server manufacturers is relatively high; the Chinese server market shipped 3.911 million units, a year-on-year increase of 8.4%, the growth rate is higher than the overall global level; and the market share of Chinese server manufacturers continues to increase.

(3) Charging facilities

High-power switching power supply products are also widely used in new energy fields such as new energy vehicles, photovoltaics, and energy storage. Among them, the charging module in the DC charging pile can convert the input AC power into DC power to realize rapid replenishment of electric vehicle batteries.

The development of the charging module market is closely related to the new energy vehicle industry. In recent years, my country's new energy vehicle industry and the construction of charging and swapping infrastructure have achieved rapid development. According to data from the China Charging Alliance, the number of charging piles nationwide has increased from 450,000 units in 2017 to 5.21 million units in 2022, with an average annual compound growth rate of 63.20%. After years of development, the vehicle to pile ratio of China's new energy vehicles has dropped from 3.43 in 2017 to 2.51 in 2022. In terms of DC charging piles, the number of DC charging piles in 2022 will reach 761,000 units, an increase of more than 10 times compared with only 61,000 units in 2017. The proportion of public charging piles will also increase rapidly from 28.5% in 2017 to 42.35% in 2022.

In the European and American markets, according to IEA data, as of 2021, the ratio of public vehicles to piles in European and American countries (the ratio of public vehicles to piles = the number of new energy vehicles in the year/the number of public charging piles in the year) has remained at about 17:1.

(3) Competitive position of the industry in which the company is located

The company has been deeply involved in the field of switching power supply for many years, and has continuously accumulated technological innovation. With excellent product quality and technological innovation, the company has a good reputation in the power adapter industry and has become one of the leading enterprises in the industry. The company has established business partnerships with many well-known companies such as LG, HP, Honeywell, Roku, Technicolor, Sagemcom, Google, Walmart, Foxconn, Hikvision, Dahua Technology, etc.

In the field of data center infrastructure, the company's data center power supply products are in a leading position in China in terms of technical level, product quality, and response speed. It has become a supplier to many leading companies including Foxconn, Star-Net, and Xinhua 3.

In the field of power tools and home appliance chargers, the company's power battery charger products have become a supplier to industry-leading customers, including TTi, LG, etc.

II. Main business of the company during the reporting period

(1) Main business

The company focuses on the field of power supply, mainly engaged in the research and development, production and sales of switching power supply products. As a fast-growing switching power supply company, the company is committed to providing customers with reliable, efficient and intelligent switching power supply products.

At present, the company's main products include power adapters, data center power supplies, communication power supplies and power battery chargers, etc. The products are widely used in office electronics, network communications, security monitoring, smart home, new consumer electronic equipment, data centers, power battery equipment, pure electric vehicles and many other fields.

(2) Business model

1. Sales model

The company's sales model is divided into direct sales and trader sales. The company does not have an authorized distribution business model. The company's current products have a wide range of downstream applications, and most orders have differentiated customization requirements. Therefore, the company's sales are mainly direct sales, supplemented by trader sales. The company's direct sales refer to direct sales to terminal brands and direct sales to electronic manufacturing service companies; trader sales refer to the company signing a sales contract with a trader, and the trader customer directly places a purchase order with the company when there is a purchase demand, and takes a buyout method to trade with the company.

2. R&D; model

Through years of R&D; accumulation, the company has established a relatively complete R&D; system and series of product R&D; standards. On this basis, it is guided by customer needs and faces different market segments to provide customers with customized products. Through the hierarchical R&D; model of standard series - customized products - regional safety certification, taking into account R&D; efficiency and continuous enrichment of related product categories, it can obtain new profit growth points while meeting the individual needs of customers, improve customer satisfaction and stickiness, and improve the company's comprehensive competitiveness. The company's R&D; process mainly includes project application (RFI), project review, engineering verification test (EVT), design verification test (DVT), small batch trial production verification test (PVT) and other stages.

3. Production mode

The company's production model is mainly customized production, that is, production is arranged according to orders. The company's production planning department conducts overall control and management of production, and timely handles related problems in the execution of orders to ensure that the production plan can be successfully completed. According to the production plan, the production department of the company organizes, controls and coordinates various specific activities and resources in the production process to meet the requirements for quality, output, cost control, etc., and complete the production plan. The company's production model specifically includes independent production and outsourcing processing.

4. Procurement mode

The company adopts a "centralized procurement" model. The raw materials purchased by the company mainly include semiconductors, resistors and capacitors, magnetic materials, wires, housings, etc. The company comprehensively predicts the procurement needs for a period of time in the future based on factors such as existing orders, market expectations and inventory materials, and conducts centralized procurement. It has formulated management systems such as "Contract Management Regulations", "Supplier Payment Management System", "Procurement Control Procedures", "Raw Materials, Outsourcing Suppliers Management Control Procedures", "Incoming Materials Test and Inspection Control Procedures" and other management systems.

III. Analysis of core competitiveness

1. Rich resources and high stickiness of major customers, building brand awareness

The company's business focuses on global layout, actively explores the global market, and participates in international market competition. During the reporting period, the company's overseas sales customers include LG, HP, Walmart, Google, Roku, Honeywell, Technicolor, Sagemcom, TTI, etc.; well-known domestic customers include Dahua, Hikvision, Pegatron, Star-Net, Foxconn, BYD, etc.

Well-known customers have high requirements for supplier inspection. The company's performance in quality control, technological innovation, cost control, delivery and after-sales service has been fully recognized by customers. After a long and strict certification and testing process, the company has reached a stable cooperative relationship with well-known customers, and the customer stickiness is high.

With the increase in the concentration of the downstream market, the market gradually tends to have power supply manufacturers with advantages in quality management, production scale and high R&D capabilities. The company will continue to consolidate its original advantages, improve the level of R&D; technical capabilities, quality management, expand production scale, and enhance internal management.

2. Firmly control the quality control, and the products have obtained multiple certifications from many countries

The company always puts product quality in the first place. The quality of power supply products is related to the stability of electronic equipment and the safety of users. At the same time, most of the company's downstream customers are world-renowned electronic product manufacturers and have strict requirements on power supply quality. Therefore, the company is committed to improving its own quality management system, emphasizing total quality (TQM) quality management thinking, and setting up a quality center specially. Strict quality control measures have been established in R & D, procurement, production, outsourcing, after-sales and other links.

With the excellent quality of its products, the company has been recognized by well-known downstream customers and has established a long-term and stable cooperative relationship with each other. In addition, the company has successively won honorary titles such as the second "Shenzhen Top 100 Quality Enterprises", "Shenzhen Strong Quality City Backbone Enterprise", and "Shenzhen 2017 Quality Career Contribution Award".

Under the long-term adherence to the quality of power products, the company's business covers many countries and regions around the world, and its products have been approved to enter the international market. It has passed product safety and electromagnetic compatibility certification in many countries and regions such as China CCC, Singapore PSB, South Korea KC, Japan PSE, Mexico NOM, South Africa NRCS, U.S. UL, U.S. FCC, Germany GS, EU CE, India BIS, Russia EAC and so on.

3. The R&D; team and system are gradually improved, and the technological innovation strength is continuously enhanced

The company has been deeply involved in the field of power supply for many years, has in-depth research and development capabilities in multiple disciplines, and is good at integrating technologies in multiple fields for comprehensive research and development innovation. The company is equipped with a full-featured, all-round R&D; and product comprehensive laboratory, and product technical parameters can be independently designed, tested and experimented, ensuring the speed of R&D; and quality standards.

The company has R&D; centers in Shenzhen, Hangzhou, Shanghai, the United States and other places, which can cooperate with customers more efficiently and improve the company's overall R&D; service level. Relying on a high-level professional technical research and development team, the company's technological innovation strength has been continuously enhanced. As of December 31, 2022, the company has obtained 10 invention patents, 132 utility model patents, 34 design patents, and 61 software copyrights.

According to the market characteristics and technical characteristics of power products, the company builds multiple R&D; teams to accurately serve customers, establishes R&D; strategies from platform-based standard products to precise customization, and establishes R&D; projects based on customers' precise needs. The R&D; department implements dual-axis management of "technical indicators-market returns", technical solutions are managed by the R&D; leader, and market returns are managed by the business leader. Under the coordination of the business team, the company's R&D; team is directly responsible to the customer. To achieve a balance between technological innovation and market mechanisms.

In order to better serve customers and enhance the company's brand influence, the company further improved the internal R&D; system and set up project R&D; and pre-research teams. In the process of tracking customer needs, the project R&D; team continuously improves the performance of existing products, enhances customers' cooperation intentions, and timely captures customer project needs and feeds them back to the pre-research team. The pre-research team is responsible for tracking the latest technological trends in the industry, and carrying out forward-looking technical research and technical reserves based on the new needs put forward by customers. It will help the company to analyze and adjust plans in conjunction with upstream and downstream changes in the industry, so that the company can keep leading in R&D; technology, and can apply innovative technologies to practical and effective products, accelerate the project R&D; team to win customers, drive sales growth, and obtain market returns. The two teams cooperate with each other to form a good technology and information cycle and enhance the company's comprehensive strength in research and development.

4. Some honors

Serial number	Honors/Awards	Issuing unit	Year
1	2022 Guangdong Top 500 Enterprises	Guangdong Enterprise Confederation	2022
2	2022 Shenzhen Top 500 Enterprises	Shenzhen Enterprise Confederation	2022
3	Intelligent manufacturing capability maturity level 3	Shanghai Computer Software Technology Development Center	2022
4	2021 Bao'an District Excellent Performance Management Standard Implementation Project Award-winning Unit	People's Government of Bao'an District, Shenzhen	2022
5	In 2022, Bao'an District Top 100 Industry, Top 100 Value Added, Top 100 Foreign Trade, Top 100 Innovation	Shenzhen Bao'an District Bureau of Industry and Information Technology	2022
6	2021 Guangdong-Hong Kong-Macao Greater Bay Area Innovation List-Innovation Achievement List	Shenzhen Federation of Industry	2022

7	The 20th Shenzhen Enterprise Innovation Record in 2021 1. 6KV lightning protection high-power 1.6KW PoE power supply; 2. High-efficiency and high-density all-digital CRPS power supply	Shenzhen Federation of Industry	2022
9	Excellent Enterprise for Fulfilling Social Responsibility in 2021	Shenzhen Federation of Industry	2022
10	The 9th Greater China Electronic Transformer Inductance Power Adapter Industry Annual Selection 2020-2021 Top Ten Excellent Suppliers in the Greater China Power Adapter Industry	Big Bit Information	2022
11	2022 Shenzhen Top 100 Industry Leaders	Shenzhen Industry Leader Development Promotion Association	2022
12	2022 Guangdong-Hong Kong-Macao Greater Bay Area Strategic Emerging Industry "Pilot Enterprise"	Shenzhen Strategic Emerging Industry Development Promotion Association	2022
13	China Charging Pile Industry Innovation Technology Award	China Charging Pile Network	2022
14	China Charging Pile Industry Excellent Quality Award	China Charging Pile Network	2022
15	Best Investor Relations Program	Excellent IR	2022
16	Capital Power 2022 Industry Influence Awards	Securities Star	2022
17	2022 Excellent Supplier	Shenzhen DJI Technology Co., Ltd	2022

IV. Main business analysis

1. Overview

1. Overview of operations

In 2022, the global economy will face multiple challenges. Geopolitical conflicts, energy crisis and continued global inflation will be affected together, and economic development at home and abroad will be challenged and affected. In 2022, the global central bank raised interest rates at the fastest pace in decades, the US dollar index was volatile, crude oil and commodity prices pulled back after reaching new highs, and prices were volatile; global consumer demand was weak, and export data fell. The company overcomes many pressures, works together to expand and strengthen traditional industries, continues to invest in new industries and new technologies, deeply cultivates the main business of power supply, adheres to the original intention of high-quality development, and maintains a steady development trend as a whole.

(1) In terms of revenue, the company achieved operating revenue of 2.703 billion yuan for the year, a year-on-year increase of 5.10%. The overall customer order volume maintained a slight increase, and the revenue scale brought by the improvement of the company's comprehensive competitiveness continued to grow. In the second half of the year, the operating income was 1.342 billion yuan, a slight drop of 1.27% year-on-year. The main reason is that the server power supply business has entered a period of rapid development, and the sales revenue has increased significantly year-on-year; the other power supply business is affected by the global consumption market, and the sales revenue has decreased year-on-year, which is a comprehensive result. Since the first quarter, with the orderly recovery of the company's operations, the production capacity and delivery capacity have been continuously improved, and the operating quality and efficiency have continued to improve in the second half of the year. The company's annual domestic sales were 1.275 billion yuan, accounting for 47.19%; overseas sales were 1.428 billion yuan, accounting for 52.81%, and domestic and overseas income was balanced.

(2) In terms of gross profit, the company's annual gross profit reached 491 million yuan, a year-on-year increase of 22.22%; gross profit margin was 18.16%, a year-on-year increase of 2.55 percentage points; gross profit in the second half was 289 million yuan, a year-on-year increase of 42.95%; gross profit margin was 21.52%, a year-on-year increase of 6.66 percentage points and a month-on-month increase of 6.67 percentage points. In the first quarter of 2022, the company was affected by the external environment and the cost pressure was relatively high. From the second quarter to the fourth quarter, the comprehensive gross profit margin gradually recovered, mainly due to the gradual adjustment of the company's product structure, the decline of raw material prices, the return of production efficiency in various factories, and the gradual rise of the US dollar exchange rate. With the increase in the proportion of sales revenue of the server power business, it has become the company's second largest revenue segment. The company's product structure has gradually improved, and its scale expansion has led to an increase in gross profit margin. Therefore, the company's gross profit margin for the whole year of 2022 will increase year-on-year.

(3) In terms of expenses, the company's annual expenses amounted to 368 million yuan, an increase of 29.94% year-on-year; the expense ratio was 13.61%, an increase of 2.60 percentage points year-on-year, mainly due to the increase in new equity incentive expenses and R&D; expenses in management expenses. The annual administrative expenses were 137 million yuan, a year-on-year increase of 65.12%; the administrative expense ratio was 5.05%, a year-on-year increase of 1.84 percentage points; the increase in administrative expenses was mainly due to equity-based incentive expenses. R & D expenses reached 198 million yuan, a year-on-year increase of 50.26%; R&D; expense ratio was 7.32%, a year-on-year increase of 2.20 percentage points. The company continued to invest in R&D; to provide impetus for business development. Financial expenses were -29.6337 million yuan, mainly due to the higher exchange rate of the US dollar and the realization of gains from foreign exchange.

(4) The company's annual EBITDA was 259 million yuan, a year-on-year increase of 19.20%. The main content is that the fixed assets invested in the company's headquarters upgrade strategy and capacity expansion are gradually reflected, including the construction of new factories and production lines, resulting in relatively high depreciation and amortization expenses year-on-year.

(5) In terms of net profit, the company's net income attributable to parent for the year was RMB 90,164,800, a year-on-year decrease of 18.84%, and the net profit attributable to the parent was 3.34%. After excluding the impact of equity-based incentive expenses, the operating net profit was 115 million yuan, a year-on-year increase of 3.66%, and the operating net profit margin was 4.26%.

2. The main business of the company

During the reporting period, the company's main business includes power adapters, server power supplies and other power supplies.

1. Power adapter: improve internal power, reduce costs and increase efficiency, and the basic disk business develops steadily

The company started the power adapter business in 2004, with a layout covering 3-400 watts and a wide range of applications, including office electronics, network communications, security monitoring, smart home, new consumer electronic equipment and other fields. The company's power adapter business has developed for many years and has now become the company's most mature and stable basic business.

During the reporting period, affected by factors such as weak global consumption market demand, the operating income of the power adapter business was 1.761 billion yuan, a slight decrease of 2.41% year-on-year; during the reporting period, the gross profit of the power adapter business reached 282 million yuan, a year-on-year increase of 9.01%; the gross profit margin was 15.99%, a year-on-year increase of 1.68 percentage points. Mainly due to the improvement of the company's product structure, the gradual recovery of operating efficiency and the influence of factors such as the rising US dollar exchange rate, the gross profit margin improved quarter by quarter.

In 2022, the company will continue to cultivate existing customers in various downstream fields of the power adapter segment, continuously increase the proportion of supply, optimize the product structure, and increase the proportion of high-unit-price products. At the same time, relying on the accumulation of technology and experience, it will continue to break through and expand new customer resources, actively use its own advantages to expand market share, take multiple measures to enhance market competitiveness and operational risk resistance, and actively resist market weakness. Among them, in the office electronics segment, the revenue of notebook computer power adapters increased by 16.42% year-on-year; the revenue of network communication power adapters increased by 5.21% year-on-year; and the revenue of security monitoring power adapters increased by 11.30% year-on-year.

In addition, the company is actively exploring more products in other fields, and has successfully developed, produced and delivered power adapters for smart home related and new electronic fields such as drones. This part of the order has achieved rapid growth and increased shipments.

With years of accumulation, the company's power adapter research and development technology has taken the lead in the industry, and has a good brand effect and customer reputation in the market. The company will continue to expand more categories horizontally and deepen vertically to gain more customer shares, while continuing to improve operating efficiency and achieve steady development of the power adapter business.

2. Server power supply: accelerate the expansion of market share, and the scale effect is prominent

Server power supply is one of the company's long-term development strategies. The company has continuously invested in research and development over the years, fully understands customer needs, increases product types, and vigorously reserves technology platforms. The company's server power supply covers a range of 60w to 30kw. Its products include two categories of power supply products and solutions, including air-cooled and immersed liquid-cooled. It can be applied to edge computing servers and artificial intelligence servers in data centers, storage, switches, and 5G-micro base stations. It has become a power supply supplier for many leading enterprises. The company's technical level, product quality, and response speed are in a leading position in China, which can fully meet the customized needs of customers.

During the reporting period, the server power supply customer and product structure continued to be optimized, and the revenue scale continued to increase significantly. The operating income of the server power supply business reached 597 million yuan, a year-on-year increase of 106.94%, continuing the rapid growth trend and becoming the company's second largest business segment.

During the reporting period, the gross profit of the server power supply business reached 132 million yuan, a year-on-year increase of 159.89%; the gross profit margin was 22.14%, a year-on-year increase of 4.51 percentage points. Mainly due to the company's insistence on improving the technical level and increasing the added value of products, the proportion of mid-to-high-end server power supply products shipped during the reporting period increased, and the product structure continued to improve. At the same time, the increase in shipments highlighted the scale effect, which led to the improvement of gross profit margin and continuous optimization of profitability.

At present, the company has gradually become an important supplier among many server customers. Most of the customers served by the company are at the forefront of the industry, and the gross profit margin of key customers' products has increased quarter by quarter, showing that the company's product quality, service level, and R&D capabilities can meet customer needs and rank in the forefront of the industry. In the future, the company's products will continue to be deployed in the direction of high power density and high conversion efficiency, develop products suitable for multiple devices and multiple terminal needs, expand multiple power platforms and unique power software and hardware designs, and further explore cutting-edge technologies in the industry.

3. Other power supplies: Deeply cultivate power supply technology and steadily promote new fields

The company adheres to the power supply industry and continuously develops new application areas around power supply technology, including lithium battery power tools and home appliance chargers, pure electric vehicle chargers, charging modules for charging and swapping facilities, charging modules for portable energy storage devices, and chargers for large-wattage power battery devices.

During the reporting period, the company's other power supply business revenue was 331 million yuan, a year-on-year decrease of 29.82%. Mainly due to the impact of comprehensive factors such as the macroeconomic downturn, the global market demand for power tools has declined, which has greatly disrupted the company's power tool business.

During the reporting period, the gross profit of other power supply business reached 67,069,400 yuan, a year-on-year decrease of 23.06%; the gross profit margin was 20.27%, a year-on-year increase of 1.78 percentage points. Mainly due to the impact on the operating efficiency of the Vietnam factory in the first quarter and the rising raw material prices, which brought certain cost pressures. However, the company actively adjusted its business strategy, actively reduced costs and increased efficiency, optimized product structure, opened up new customers and projects in the field of power tools and household appliances, and achieved a steady increase in gross profit margin.

In the field of lithium battery power tools and home appliance chargers, in addition to maintaining the original supply ratio among customers, the company has continuously expanded new projects and new markets for existing customers through project experience, product quality, production capacity coordination, and delivery capabilities, and achieved stable business development. In the field of new energy and energy storage, the company has achieved initial results in customer development. At present, it has successfully expanded the power battery charger business in the fields of portable energy storage equipment, electric two-wheelers and tricycles, and launched charging module products that can be applied to charging and swapping facilities. The company will continue to adhere to technology leadership, rely on its own R&D and innovation advantages, seize new opportunities brought by the accelerating update and iteration of new technologies in the industry, and actively explore and research new products and new technologies. Facilitate business diversification.

2. Revenue and Cost

(1) Composition of operating income

Overall operating income

Unit: Yuan

	2022		2021		Year-on-year increase or decrease
	Amount	Proportion of operating income	Amount	Proportion of operating income	
Total operating income	2,703,124,681.08	100%	2,571,948,034.70	100%	5.10%
By industry					
Computer, communications and other electronic equipment manufacturing	2,688,322,267.95	99.45%	2,564,169,743.22	99.70%	4.84%
Other business	14,802,413.13	0.55%	7,778,291.48	0.30%	90.30%
Sub-product					
Power adapter	1,760,971,665.24	65.15%	1,804,541,102.01	70.16%	-2.41%
Server power	596,529,041.40	22.07%	288,258,422.11	11.21%	106.94%
Other power	330,821,561.31	12.23%	471,370,219.10	18.33%	-29.82%
Other business	14,802,413.13	0.55%	7,778,291.48	0.30%	90.30%
By regions					
Domestic sales	1,275,496,846.27	47.19%	1,015,569,000.69	39.49%	25.59%
Overseas sales	1,427,627,834.81	52.81%	1,556,379,034.01	60.51%	-8.27%
Sub-sales model					
Direct selling	2,703,124,681.08	100.00%	2,571,948,034.70	100.00%	5.10%

(2) The situation of industries, products, regions and sales models that account for more than 10% of the company's operating income or operating profit

Applicable ■ Not applicable

Unit:
Yuan

	Operating income	Operating cost	Gross margin	Increase or decrease in operating income over the same period of the previous year	Operating costs increased or decreased compared to the same period last year	Gross profit margin increased or decreased compared with the same period last year
By industry						
Computer, communications and other electronic equipment manufacturing	2,688,322,267.95	2,207,490,579.38	17.89%	4.84%	1.83%	2.43%
Sub-product						
Power adapter	1,760,971,665.24	1,479,306,980.45	15.99%	-2.41%	-4.32%	1.67%
Server power	596,529,041.40	464,431,456.92	22.14%	106.94%	95.61%	4.51%
Other power	330,821,561.31	263,752,142.01	20.27%	-29.82%	-31.35%	1.78%
By regions						
Domestic sales	1,275,496,846.27	1,069,815,611.21	16.13%	25.59%	23.71%	1.28%
Overseas sales	1,427,627,834.81	1,142,484,453.22	19.97%	-8.27%	-12.49%	3.86%
Sub-sales model						

Direct selling	2,703,124,681.08	2,212,300,064.43	18.16%	5.10%	1.93%	2.55%
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If the statistical caliber of the company's main business data is adjusted during the reporting period, the company's main business data adjusted according to the caliber at the end of the reporting period in the most recent year

■ Applicable Not Applicable

(3) Whether the company's physical sales income is greater than the labor income

Yes ■ No

Industry classification	Projects	Unit	2022	2021	Year-on-year increase or decrease
Computer, communications and other electronic equipment manufacturing	Sales volume		103,160,518.00	115,989,104.00	-11.06%
	Production volume		101,148,937.00	116,781,074.00	-13.39%
	Inventory		6,941,699.00	8,404,591.00	-17.41%

Explanation of the reasons why the relevant data has changed by more than 30% year-on-year

■ Applicable Not Applicable

(4) The performance of major sales contracts and major procurement contracts signed by the company as of the reporting period

■ Applicable Not Applicable

(5) Composition of operating costs

Industry classification

Unit:
Yuan

Industry classification	Projects	2022		2021		Year-on-year increase or decrease
		Amount	Proportion of operating cost	Amount	Proportion of operating cost	
Computer, communications and other electronic equipment manufacturing	Direct material	1,632,617,516.10	73.80%	1,635,915,213.24	75.38%	-0.20%
Computer, communications and other electronic equipment manufacturing	Direct labor	149,158,384.73	6.74%	156,777,245.49	7.22%	-4.86%
Computer, communications and other electronic equipment manufacturing	Manufacturing expenses	301,462,826.40	13.62%	253,191,466.43	11.66%	19.07%

Computer, communications and other electronic equipment manufacturing	other	124,251,852.15	5.62%	121,898,586.22	5.62%	1.93%
Other business expenses	Operating cost	4,809,485.05	0.22%	2,565,802.46	0.12%	87.45%
Total:		2,212,300,064.43	100.00%	2,170,348,313.84	100.00%	1.93%

Description

No

(6) Whether the scope of consolidation has changed during the reporting period

Yes ☐ No ☒

On May 13, 2022, Shenzhen Honor Electronic Co., Ltd. established Hangzhou Honor Electron Electronic Technology Co., Ltd., with a registered capital of RMB 10 million and a paid-in capital of RMB 4.0 million. The registered address is Room 106, Floor 1, Building 8, No. 998, Wenyi West Road, Wuchang Street, Yuhang District, Hangzhou City, Zhejiang Province.

Hangzhou Honor Electron Electronic Technology Co., Ltd. has been included in the scope of consolidation since its establishment.

On August 26, 2022, Shenzhen Honor Electronic Co., Ltd. established Suzhou Anshibo Energy Technology Co., Ltd., with a registered capital of RMB 10 million and a paid-in capital of RMB 50 million. The registered address is No. 129, Jishi East Road, Jiangling Street, Wujiang District, Suzhou City.

Suzhou Anshibo Energy Technology Co., Ltd. has been included in the scope of consolidation since its establishment.

(7) Significant changes or adjustments in the company's business, products or services during the reporting period

☒ Applicable Not Applicable ☐

(8) Major sales customers and major suppliers

The company's main sales customers

The total sales amount of the top five customers (yuan)	1,235,961,595.15
The proportion of the total sales amount of the top five customers to the total annual sales	45.72%
The proportion of related party sales in the top five customer sales to the total annual sales	0.00%

The company's top 5 customers

Serial number	Customer name	Sales (yuan)	% of total annual sales
1	Client 1	391,727,762.77	14.49%
2	Client 2	261,047,361.96	9.66%
3	Client 3	248,231,187.40	9.18%
4	Client 4	224,501,587.13	8.31%
5	Client 5	110,453,695.89	4.09%
Total	--	1,235,961,595.15	45.72%

Other descriptions of major customers

■ Applicable Not Applicable

The company's main suppliers

The total purchase amount of the top five suppliers (yuan)	232,871,222.93
The proportion of the total purchase amount of the top five suppliers to the total annual purchase amount	13.48%
The proportion of related party purchases in the total annual purchases of the top five suppliers	0.00%

The company's top 5 suppliers

Serial number	Supplier name	Purchase amount (yuan)	Percentage of total annual purchases
1	Supplier 1	65,690,185.56	3.80%
2	Supplier 2	55,468,753.82	3.21%
3	Supplier 3	44,778,681.78	2.59%
4	Supplier 4	35,141,113.87	2.03%
5	Supplier 5	31,792,487.90	1.84%
Total	--	232,871,222.93	13.48%

Other descriptions of major suppliers

■ Applicable Not Applicable

3. Fees

Unit:
Yuan

	2022	2021	Year-on-year increase or decrease	Description of major changes
Selling expense	63,159,779.73	57,903,797.94	9.08%	
Administration expense	136,535,288.52	82,690,195.63	65.12%	Mainly due to the new equity incentive expenses in the current period.
Finance expense	-29,633,702.03	10,883,424.12	-372.28%	Mainly due to the increase in the exchange rate of the US dollar during the current period and the increase in exchange gains.
R&D; expenses	197,887,249.04	131,694,054.53	50.26%	Mainly due to the increase in R&D; investment.

4. R&D; investment

Applicable ■ Not applicable

Main R&D; project name	Project purpose	Project progress	Goals to be achieved	Expected impact on the company's future development
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High-power topology PD power supply	To meet the customized power supply needs of consumer electronics customers	In progress	Researched and developed a power adapter that meets Energy Star's energy efficiency level 6 and European COC V 5 T2 standards; at the same time, single C port 140W high power output, PD3.1 protocol; anti-static ESD 8KV/15KV; PEAK LOAD 210W.	Assist the company to expand customers and markets in the power adapter field
30KW air-cooled charging module	To meet the customized power supply requirements of charging and battery swapping customers	In progress	Customized research and development of a high-end air-cooled module, by optimizing the design of the air duct, improving the heat dissipation efficiency of the air duct, improving the power conversion efficiency and reducing the loss	Assist the company to expand customers and markets in other power supply fields
75KW AC/DC liquid-cooled charging module	To meet the customized power supply requirements of charging and battery swapping customers	In progress	Customized research and development of a 75KW ultra-high-power monomer module, high manufacturing and application reliability, while greatly optimizing the power conversion efficiency	Assist the company to expand customers and markets in other power supply fields
Research and development of a titanium gold efficiency CRPS power supply	To meet the customized power supply requirements of data center customers	In progress	Customized research and development of a 1300W power supply for data centers with AC and HVDC input and dual output characteristics, typical efficiency points meet the requirements of titanium gold, meet the characteristics of PF value and itld, and are compatible with previous EMC and related interface connections	Assist the company to expand customers and markets in the data center power supply field

VR device fast charging adapter	To meet the customized power supply needs of consumer electronics customers	Finished	The new device design is adopted, and the heating devices are reasonably arranged according to the heat dissipation principle, so that the normal operation of the product will not be protected or damaged due to overheating, and the intelligence of the product will be improved.	Assist the company to expand customers and markets in the power adapter field
High power density GaN series PD power supply	To meet the customized power supply needs of consumer electronics customers	Finished	The efficiency of the whole machine can reach more than 92%, which exceeds the level 6 energy efficiency standards formulated by many countries around the world	Assist the company to expand customers and markets in the power adapter field
High-efficiency power supply that meets EDPP	To meet the customized power supply requirements of data center customers	Finished	Aiming at the high peak power demand of GPU, it is suitable for high-performance power modules in data processing center, storage center and other fields, and provides safe, reliable and efficient power conversion modules for the system when the whole machine is redundant	Assist the company to expand customers and markets in the data center power supply field
Research and development of a large UAV charger for agriculture	To meet the customized power supply requirements of new equipment customers	Finished	Customized research and development of a high-power 9000 W charger that realizes wide input and output, and has a 485 online upgrade communication mode. It can support both AC and HVDC, and can also cooperate with mains and generator applications. It can be protected against water spray. With battery characteristics, it can be fully charged and quickly charged in about 10 minutes, cross-flow output mode, and compatible with customer housekeeping board configuration.	Assist the company to expand customers and markets in other power supply fields

Company R&D; personnel

	2022	2021	Change ratio
Number of R&D; personnel (person)	596	472	26.27%
Proportion of R&D; personnel	13.59%	11.65%	1.94%
R & D personnel education			
Undergraduate	166	129	28.68%
Master	47	34	38.24%
Undergraduate and below	383	309	23.95%
Age composition of R&D; personnel			
Under 30	234	141	65.96%
30 ~ 40 years old	262	235	11.49%
Over 40 years old	100	96	4.17%

The company's R&D; investment in the past three years and its proportion in operating income

	2022	2021	2020
R & D investment amount (yuan)	197,887,249.04	131,694,054.53	68,910,648.12
R & D investment as a percentage of operating income	7.32%	5.12%	3.31%
Amount of capitalized R&D; expenditure (yuan)	0.00	0.00	0.00
Capitalized R&D; expenditure as a percentage of R&D; investment	0.00%	0.00%	0.00%
The proportion of capitalized R&D; expenditure in the current net profit	0.00%	0.00%	0.00%

The reasons and impacts of major changes in the composition of the company's R&D; personnel

■ Applicable Not Applicable

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

■ Applicable Not Applicable

Reasons for the substantial change in the capitalization rate of R&D; investment and its rationality

■ Applicable Not Applicable

5. Cash flow

Unit:
Yuan

Projects	2022	2021	Year-on-year increase or decrease
Subtotal of cash inflow from operating activities	2,565,261,114.20	2,486,994,938.02	3.15%
Subtotal of cash outflows from operating activities	2,427,928,317.16	2,325,042,604.87	4.43%
Net cash flow from operating activities	137,332,797.04	161,952,333.15	-15.20%
Subtotal of cash inflows from investing activities	626,638,634.72	2,255,721,751.10	-72.22%
Subtotal of cash outflows from investing activities	1,113,883,953.11	2,350,287,415.47	-52.61%
Net cash flows from investing activities	-487,245,318.39	-94,565,664.37	-415.25%
Subtotal of cash inflows from financing activities	662,610,009.75	499,557,660.14	32.64%
Subtotal of cash outflows from financing activities	568,273,325.11	245,789,252.50	131.20%

Net cash flow from financing activities	94,336,684.64	253,768,407.64	-62.83%
Cash and cash equivalents	-235,268,277.45	316,836,858.44	-174.26%

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

Applicable ☒ Not applicable

1. The net cash flow from investing activities decreased by 415.25% compared with the same period of the previous year, mainly due to the increase in the payment of fixed assets in the current period.

2. The net cash flow from financing activities decreased by 62.83% compared with the same period of the previous year, mainly due to the increase in repayment of bank loans during the current period.

Explanation of the reasons for the significant difference between the net cash flow generated by the company's operating activities during the reporting period and the net profit of the current year

Applicable ☒ Not applicable

During the reporting period, the company's net cash flow from operating activities was RMB 137,332,800, net profit was RMB 87,845,200, and the difference was RMB 49,487,600. The reasons for the differences are as follows: Section X, VII, 55, Supplementary Information to the Cash Flow Statement.

V. Non-main business

Applicable ☒ Not applicable

Unit:
Yuan

	Amount	% of total profit	Reasons for formation	Is it sustainable
Investment income	3,952,771.18	3.60%	Mainly due to the realization of income from the maturity of wealth management products in the current period.	No
Fair value change	117,200.00	0.11%	Mainly due to the provision of income from unexpired wealth management products.	No
Asset impairment	-14,331,141.19	-13.06%	This is due to the increase in the provision for falling prices of inventories in the current period.	No
Non-operating income	3,144,855.45	2.87%	Mainly due to deduction for breach of contract.	No
Non-operating expenses	1,058,913.69	0.97%	It is caused by the loss of non-current assets and the loss of scrapping and public welfare donations.	No
Other income	15,581,971.16	14.20%	Mainly government subsidy income.	No
Credit impairment loss	-8,008,375.98	-7.30%	It is due to the provision for bad debts of accounts receivable.	No

VI. Analysis of Assets and Liabilities

1. Significant changes in asset composition

Unit:
Yuan

	End of 2022		Early 2022		Proportion increase or decrease	Description of major changes
	Amount	% of total assets	Amount	% of total assets		
Monetary fund	517,773,386.98	15.51%	773,556,651.99	21.05%	-5.54%	Mainly due to the increase in payment for fixed assets.
Accounts Receivable	816,049,257.96	24.44%	796,503,991.22	21.68%	2.76%	No major changes.
Inventory	402,689,789.83	12.06%	509,745,046.72	13.87%	-1.81%	No major changes.
Long-term equity investment	858,469.31	0.03%	897,828.12	0.02%	0.01%	No major changes.
Fixed assets	1,097,803,234.25	32.88%	830,133,136.57	22.59%	10.29%	Mainly due to the consolidation of construction in progress.
Construction in progress	138,969,427.72	4.16%	202,160,164.18	5.50%	-1.34%	Mainly due to the consolidation of construction in progress.
Right-of-use asset	53,942,722.05	1.62%	96,227,623.71	2.62%	-1.00%	Mainly due to the increase in depreciation and amortization during the current period.
Short-term loan	200,546,763.89	6.01%	328,584,729.43	8.94%	-2.93%	Mainly due to the decrease in bank borrowings during the current period.
Contract liabilities	1,186,317.12	0.04%	8,056,728.72	0.22%	-0.18%	Mainly due to the sales of orders at the end of the previous year in the current period.
Long-term loan	261,990,000.06	7.85%			7.85%	Mainly due to the increase in bank borrowings during the current period.
Lease liabilities	33,035,866.33	0.99%	61,230,151.91	1.67%	-0.68%	Mainly due to the payment of house rent in the current period.

Trading financial assets	70,117,200.00	2.10%	219,457,470.14	5.97%	-3.87%	Mainly due to the decrease in the purchase of structured wealth management products during the current period.
Notes receivable	58,257,166.47	1.74%	11,924,386.27	0.32%	1.42%	Mainly due to the increase in bank acceptance bills received from customers during the current period.
Advance payment	2,626,013.78	0.08%	17,597,746.28	0.48%	-0.40%	Mainly due to the confirmed expenses of the prepayments at the end of the previous year in the current period.
Deferred Tax Assets	12,066,508.49	0.36%	7,932,757.23	0.22%	0.14%	This is due to the increase in the amount of deductible temporary differences in the current period.
Other non-current assets	1,726,164.92	0.05%	25,851,421.75	0.70%	-0.65%	It is mainly due to the acceptance of prepaid equipment into the warehouse during the current period.
Notes payable	291,492,369.24	8.73%	431,022,390.04	11.73%	-3.00%	Mainly due to the decrease in bank acceptance bills paid to suppliers in the current period.
Account payables	660,104,159.92	19.77%	1,100,226,243.16	29.94%	-10.17%	Mainly due to the payment of fixed assets payable at the end of the previous year in the current period.

Non-current liabilities due within one year	97,582,589.98	2.92%	36,841,367.69	1.00%	1.92%	Mainly due to the increase in long-term loans due within one year in the current period.
Other current liabilities	33,942,793.74	1.02%	11,775,474.12	0.32%	0.70%	Mainly due to the increase in the number of bills that have been endorsed and transferred but not derecognized at the end of the period.
Deferred income	6,122,057.05	0.18%	10,200,264.06	0.28%	-0.10%	This is due to the fact that the amount amortized in the current period is included in other income.

Overseas assets account for a relatively high proportion

■ Applicable Not Applicable

2. Assets and liabilities measured at fair value

Applicable ■ Not applicable

Unit: Yuan

Projects	Beginning of the period	Gains and losses from changes in fair value for the current period	Changes in cumulative fair value included in equity	Impairment accrued in the current period	Purchase amount in the current period	Amount sold in the current period	Other changes	Ending number
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)	219,457,470.14	4,117,552.94			473,000,000.00	626,457,823.08		70,117,200.00
Subtotal of financial assets	219,457,470.14	4,117,552.94			473,000,000.00	626,457,823.08		70,117,200.00
Total of the above	219,457,470.14	4,117,552.94			473,000,000.00	626,457,823.08		70,117,200.00
Financial liabilities	0.00	0.00			0.00	0.00		0.00

Other changes

Whether there was any significant change in the measurement attributes of the company's main assets during the reporting period

■ whether

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

Projects	Book value at the end of the period (yuan)	Restricted reason
Monetary fund	79,764,140.11	Apply to the bank for a deposit for the issuance of a bank acceptance draft
Notes receivable	14,816,235.26	Apply to the bank for pledged bills receivable to issue a bank acceptance bill
Inventory	11,794,411.52	Apply for credit from bank mortgage inventory
Fixed assets	508,122,648.41	Apply for a loan from a bank to mortgage fixed assets
Intangible assets	40,105,333.07	Apply for a loan from a bank to mortgage intangible assets
Total	654,602,768.37	

VII. Analysis of investment status

1. Overall situation

Applicable ■ Not applicable

Investment in the reporting period (yuan)	Investment in the same period last year (yuan)	Range of change
1,113,883,953.11	2,350,287,415.47	-52.61%

2. Significant equity investments obtained during the reporting period

Applicable ■ Not applicable

Unit: Yuan

Invested company name	Main business	Investment method	Investment amount	Shareholding ratio	Source of funds	Investment period	Product type	Progress as of the balance sheet date	Projected earnings	Investment profit and loss for the current period	Whether involved in the lawsuit	Disclosure date (if any)	Disclosure Index (if any)

Hangzhou Yundian Technology Energy Co., Ltd	Mainly engaged in the research and development of various power products and customer service	Capital increase	36,000,000.00	80.00%	Own funds	Wang Yuetian	Long	Equity	As of the reporting period, the actual payment of the capital increase of 21 million yuan has been completed	0.00	-25,260,496.25	No	October 26, 2022	For details, please refer to the "Announcement on Capital Increase to Holding Subsidiaries and Related Transactions" disclosed on www.cninfo.com.cn
Total	--	--	36,000,000.00	--	--	--	--	--	--	0.00	-25,260,496.25	--	--	--

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

■ Applicable Not Applicable

4. Financial asset investment

(1) Securities investment

■ Applicable Not Applicable

There was no securities investment in the company during the reporting period.

(2) Derivatives investment

■ Applicable Not Applicable

There was no derivative investment in the company during the reporting period.

5. Use of raised funds

Applicable ■ Not applicable

(1) Overall use of raised funds

Applicable ■ Not applicable

Unit: ten thousand yuan

Year of recruitment	Recruitment method	Total funds raised	The total amount of funds raised in the current period	The total amount of funds raised has been used cumulatively	The total amount of funds raised for change of purpose during the reporting period	The total amount of funds raised for cumulative change of purpose	The proportion of the total amount of funds raised for the cumulative change of purpose	The total amount of funds raised has not been used	The purpose and destination of the raised funds have not been used	Amount of funds raised after being idle for more than two years
2020	Initial public offering	84,908.98	25,978.11	69,220.73	25,000	25,000	29.44%	10,975.39	Deposited in the company's special fund-raising account and wealth management account	0
Total	--	84,908.98	25,978.11	69,220.73	25,000	25,000	29.44%	10,975.39	--	0
Description of the overall use of raised funds										
(1) The actual amount of funds raised and the time when the funds arrive in the account										
With the approval of the China Securities Regulatory Commission's "Approval for the Registration of the Initial Public Offering of Shenzhen Honor Electronic Co., Ltd." (Zheng Jian Li [2020] No. 1600), the company's initial public offering of 25.30 million RMB ordinary shares (A shares) with a par value of 1.00 yuan per share, the issue price is 36.81 yuan per share, and the total amount of funds raised from the issuance is 931,293,000.00 yuan. After deducting the issuance expenses (excluding VAT) of RMB 82,203,175.63, the actual net proceeds raised were RMB 849,089,824.37. The raised funds have been transferred to the company's designated account on August 17, 2020. Tianzhi International Accounting Firm (special general partnership) verified the availability of raised funds and issued "Tian Vocational Zi [2020] No. 34586" and "Shenzhen Honor Electronic Co., Ltd. Capital Verification Report".										
(2) The amount used in the current year and the balance at the end of the year										
In 2020, the raised funds have received 849,089,824.37 yuan. As of December 31, 2022, the accumulated investment is 692,207,292.92 yuan, and the balance of the special account for raised funds is 109,753,900.68 yuan, of which: the net amount of interest income from raised funds, wealth management income and handling fees is 22,871,369.23 yuan. The balance of cash management using idle raised funds is 70,000,000.00 yuan.										

(2) Projects committed to raising funds

Applicable ■ Not applicable

Unit: ten thousand yuan

Commitment to investment projects and over-raised funds	Whether the item has been changed (including some changes)	Total committed investment of raised funds	Adjusted total investment (1)	Amount invested in the reporting period	Cumulative investment amount as of the end of the period (2)	Investment progress as of the end of the period (3) = (2)/(1)	The date when the project reaches the expected usable status	Benefits realized during the reporting period	Cumulative realized benefits as of the end of the reporting period	Whether the expected benefits are achieved	Whether the feasibility of the project has changed significantly
Commitment to investment projects											
Ganzhou Power Adapter Production Line Technical Transformation Project	No	7,984.58	7,984.58	117.48	1,951.39	24.44%	November 30, 2024	Not applicable	Not applicable	Not applicable	No
Ganzhou Power Adapter Expansion Project	Are	30,275.52	5,275.52	1,225.32	4,720.04	89.47%	July 31, 2024	Not applicable	Not applicable	Not applicable	No
R & D center construction project	No	7,133	7,133	1,459.23	7,248.3	101.62%	September 30, 2022	Not applicable	Not applicable	Not applicable	No
Supplementary working capital	No	10,000	10,000	0	9,999.86	100.00%	Not applicable	Not applicable	Not applicable	Not applicable	No
Dongguan Honor Electron Information Equipment Manufacturing Center Project	No	0	25,000	12,197.41	17,176.74	68.71%	January 16, 2024	Not applicable	Not applicable	Not applicable	No
Subtotal of Committed Investment Projects	--	55,393.1	55,393.1	14,999.44	41,096.33	--	--	Not applicable	Not applicable	--	--
Over-raised funds invested											

Dongguan Power Adapter Expansion Project	No	4,800	4,800	0	4,824.01	100.50%	June 30, 2021	Realized income of 252,650,300 yuan	Realized income of 453,111,900 yuan	No (Note)	No
Over-raised funds to supplement working capital	No	8,500	8,500		8,500.00	100.00%	Not applicable	Not applicable	Not applicable	Not applicable	No
Shenzhen Honor Electron Power Technical Transformation Project	No	4,800.39	4,800.39	809.54	4,631.26	96.48%	June 21, 2022	Realized income of RMB 121,595,600	Realized income of RMB 121,595,600	Are	No
Pay part of the purchase price of the property	No	10,000	10,000	10,000	10,000.00	100.00%	Not applicable	0	0	Not applicable	No
Repayment of bank loan (if any)	--	0	0	0	0	0.00%	--	--	--	--	--
Supplementary working capital (if any)	--	0	0	0	0	0.00%	--	--	--	--	--
Over-raised funds invested in subtotal	--	28,100.39	28,100.39	10,809.54	27,955.27	--	--	Realized income of 374,245,900 yuan	Realized income of 574.707 million yuan	--	--
Total	--	83,493.49	83,493.49	25,808.98	69,051.6	--	--	Realized income of 374,245,900 yuan	Realized income of 574.707 million yuan	--	--

<p>Sub-project description of the situation and reasons for not reaching the planned progress and expected benefits (including the reasons for selecting "not applicable" for "whether the expected benefits have been achieved")</p>	<p>Note: The Dongguan power adapter expansion project reached the expected usable state on June 30, 2021; the operating income in 2021 and 2022 was affected by the company's actual operating conditions, changes in the market environment and other factors, and the actual benefit reached 97.47% of the expected, slightly lower than the promised benefit.(1) Circumstances and reasons for not reaching the planned scheduleThe company held the third meeting of the second board of directors in 2022 and the second meeting of the second board of directors in 2022 on April 20, 2022, and reviewed and approved the "Proposal on Extension of Some Fund-raising Projects". The details are as follows:(1) Ganzhou power adapter production line technological transformation project: Due to the development of the industry in recent years, the power supply industry cluster has been formed, which has provided the company with a good environment for R & D, production and sales. The company is in a rapid development stage as a whole. It will rationally and orderly carry out production capacity layout and construction based on factors such as long-term development strategy, future business layout and customer orders, and allocate resources rationally and effectively to maximize benefits and synergies. In 2021, under the unfavorable environment such as the impact of force majeure, the tight supply of raw materials and the shortage of goods, the company considered the strategic layout, the plan to increase production capacity and the profit performance, and the progress of the project experienced a certain delay. Under the circumstance that the implementation subject, total investment amount and use of funds of the raised funds investment project remain unchanged, according to the current actual construction progress of the raised funds investment project, it is planned to extend the usable status date of the project to November 30, 2024.(2) R&D; center construction project: Affected by the company's actual operating conditions, market environment, force majeure and other factors, the overall progress of the R&D; center project was slightly slower than expected. The company fully considers the construction period of the project and the use of funds, and after careful consideration, it is now planned to extend the time for the project to reach the expected usable state to September 30, 2022.(3) Ganzhou power adapter expansion project: Due to the development of the industry in recent years, the power supply industry cluster has been formed, which has provided the company with a good environment for R & D, production and sales. The company is in a rapid development stage as a whole. It will rationally and orderly carry out production capacity layout and construction based on factors such as long-term development strategy, future business layout and customer orders, and allocate resources rationally and effectively to maximize benefits and synergies. In 2021, under the unfavorable environment such as the impact of force majeure, the tight supply of raw materials and the shortage of goods, the company considered the strategic layout, the plan to increase production capacity and the profit performance, and the progress of the project experienced a certain delay. Under the circumstance that the implementation subject, total investment amount and use of funds of the raised funds investment project remain unchanged, according to the current actual construction progress of the raised funds investment project, it is planned to extend the usable status date of the project to July 31, 2024.(2) Circumstances and reasons for not reaching the expected benefitsDongguan power adapter expansion project: reached the expected usable state on June 30, 2021; the operating income in 2021 and 2022 was affected by the company's actual operating conditions, changes in the market environment and other factors, so the benefits failed to meet the planned expectations, and the actual benefits were slightly lower than the promised benefits.</p>
<p>Description of major changes in project feasibility</p>	<p>The company held the sixth meeting of the second board of directors in 2021 and the fifth meeting of the second board of supervisors in 2021 on July 16, 2021, and held the first extraordinary general meeting of shareholders in 2021 on August 2, 2021. The Proposal on Changing the Use of Part of the Funds Raised was reviewed and approved respectively. According to the company's long-term development strategy and the development status of the power adapter industry, in order to better support the company's business development needs, improve production capacity and product structure layout, improve the efficiency of the use of raised funds, and protect the interests of small and medium shareholders, after the company's research and decision, it is planned to change the use of part of the raised funds in the original "Ganzhou Power Adapter Expansion Project" and invest in the newly raised investment project "Dongguan Honor Electron Information Equipment Manufacturing Center Project". The amount of raised funds to be changed is 250 million yuan, accounting for 29.44% of the total net raised funds. The main body of the newly-raised investment project is Dongguan Honor Electron Electronics Co., Ltd., a wholly-owned subsidiary of the company. The independent directors issued an agreed independent opinion, and the sponsor, Sinolink Securities Co., Ltd., issued a verification opinion.</p>

The amount, purpose and progress of the use of over-raised funds	<p>Applicable</p> <p>On September 17, 2020, the first meeting of the second board of directors in 2020 and the first meeting of the second board of supervisors in 2020 reviewed and approved the "Proposal on Using Over-raised Funds to Invest in Dongguan Power Adapter Expansion Project and Open a Special Account for Raised Funds", agreed to use part of the over-raised funds to invest in the Dongguan Power Adapter Expansion Project, and plans to use RMB 48.0 million of over-raised funds to invest in the Dongguan Power Adapter Expansion Project. The project reached its expected usable status on June 30, 2021. The operating income in 2021 and 2022 is affected by the company's actual operating conditions, changes in the market environment, force majeure and other factors. Therefore, the benefits failed to meet the planned expectations, and the actual benefits were slightly lower than the promised benefits. The second meeting of the second board of directors in 2021 and the second meeting of the second board of supervisors in 2021 will be held on April 13, 2021. The 2020 annual general meeting of shareholders held on May 7, 2021 reviewed and approved the "Proposal on Permanently Supplementing Working Capital with Part of Over-raised Funds", agreeing that the company will use over-raised funds of RMB 85 million to permanently supplement working capital to meet the company's daily operating needs. As of December 31, 2022, this supplementary working capital has been used up. On June 21, 2021, the company held the fourth meeting of the second board of directors in 2021 and the fourth meeting of the second board of supervisors in 2021. It reviewed and approved the "Proposal on Using Over-raised Funds to Invest in Shenzhen Honor Electron Power Transformation Project", agreed to use part of the over-raised funds to invest in Shenzhen Honor Electron Power Transformation Project, and plans to use RMB 48,003,900 of over-raised funds to invest in Shenzhen Honor Electron Power Transformation Project. The project reached its expected usable status on June 21, 2022. The committed investment amount of the project is 48,003,900 yuan, the actual investment amount is 46,312,600 yuan, and the remaining 1,691.3 million yuan is used to supplement the company's working capital.</p>
	<p>On October 11, 2021, the ninth meeting of the second board of directors in 2021 and the seventh meeting of the second board of supervisors in 2021 were held. The Proposal on Using Over-raised Funds to Pay Part of the Purchase Price of Real Estate was reviewed and approved, and it was agreed that the company should use over-raised funds of 100 million yuan to pay for part of the property price of the main commercial and podium building at No. 175 Hangcheng Avenue, Hangcheng Street, Bao'an District, Shenzhen. As of December 31, 2022, the funds have been used up.</p>
Changes in the implementation on location of investment projects with raised funds	Not applicable
Adjustments to the implementation of investment projects with raised funds	Not applicable
Preliminary investment and replacement of investment projects with raised funds	<p>Applicable</p> <p>The amount of self-raised funds invested in advance investment projects and paid issuance expenses was 10.1511 million yuan. Tianzhi International Accounting Firm (special general partnership) verified the actual situation of the company's self-raised funds pre-invested in raised funds investment projects, and issued Tian Vocational Zi [2020] No. 35186 "Assurance Report on Shenzhen Honor Electronic Co., Ltd.'s Self-raised Funds Pre-invested in Raised Funds Investment Projects". The first meeting of the second board of directors of the company held on September 17, 2020 reviewed and approved the "Proposal on Using Raised Funds to Replace Pre-invested Fundraising Projects and Self-raised Funds That Have Paid Issuance Fees". As of December 31, 2022, the above funds have been replaced.</p>

Temporarily supplement working capital with idle raised funds	Applicable The second meeting of the second board of directors in 2021 and the second meeting of the second board of supervisors in 2021 will be held on April 13, 2021. The 2020 annual general meeting of shareholders held on May 7, 2021 reviewed and approved the "Proposal on Permanently Supplementing Working Capital with Part of Over-raised Funds", agreeing that the company will use over-raised funds of RMB 85 million to permanently supplement working capital to meet the company's daily operating needs. As of December 31, 2022, this supplementary working capital has been used up.
The amount and reason for the balance of raised funds in the implementation of the project	Applicable The committed investment amount of Shenzhen Honor Electron Power Transformation Project is RMB 48,003,900, the actual investment amount is RMB 46,312,600, the remaining RMB 1,691,300 is used to supplement the company's working capital, and the remaining funds of RMB 1,691,300 are due to the company actively promoting the implementation of procurement and cost reduction, reducing project construction costs, and saving the expenditure of raised funds during the implementation of the raised investment projects.
The purpose and destination of the unused raised funds	As of December 31, 2022, the unused raised funds of RMB 109,753,900 were deposited in the company's special account for raised funds, and the idle raised funds of RMB 70 million were deposited in the wealth management account.
Problems or other circumstances in the use and disclosure of raised funds	Not applicable

(3) Change of projects with raised funds

Unit: ten thousand yuan

Applicable ☒ Not applicable ☐

Changed project	Corresponding original commitment project	The total amount of funds to be invested in the project after the change (1)	Actual investment amount during the reporting period	Actual cumulative investment amount as of the end of the period (2)	Investment progress as of the end of the period (3) = (2)/(1)	The date when the project reaches the expected usable status	Benefits realized during the reporting period	Whether the expected benefits are achieved	Whether the feasibility of the changed project has changed significantly
Dongguan Honor Electron Information Equipment Manufacturing Center Project	Ganzhou Power Adapter Expansion Project	25,000	12,197.41	17,176.74	68.71%	January 16, 2024	Not applicable	Not applicable	No
Total	--	25,000	12,197.41	17,176.74	--	--	0	--	--
Reasons for changes, decision-making procedures and information disclosure descriptions (by specific items)			<p>The company held the sixth meeting of the second board of directors in 2021 and the fifth meeting of the second board of supervisors in 2021 on July 16, 2021, and held the first extraordinary general meeting of shareholders in 2021 on August 2, 2021. The Proposal on Changing the Use of Part of the Funds Raised was reviewed and approved respectively. The independent directors issued an agreed independent opinion, and the sponsor, Sinolink Securities Co., Ltd., issued a verification opinion. For details, please refer to the "Announcement on Changing the Use of Part of the Funds Raised" and related announcements disclosed by the company on Juchao Information Network (http://www.cninfo.com.cn) on July 17, 2021. The reason for this change of the company is firstly to take into account the gradual implementation of the strategic development plan, the Dongguan factory is close to the headquarters and it is relatively easy to recruit high-end R&D; technical talents and production workers, combined with production needs and logistics arrangements, the priority development of the Dongguan factory is in line with the company's current strategic development, and it is conducive to maximizing the company's interests and synergies, and further improving the industrial chain, so as to improve the efficiency of the use of raised funds and obtain the investment benefits of raised funds as soon as possible. Protect the interests of shareholders and small and medium investors. Secondly, the company has been deeply involved in the power adapter industry for many years and has established a good brand awareness and product reputation. In the future, the company will continue to expand its scale, expand product categories, continue to expand new markets and new customers, and seize the important development opportunities of the global power supply industry's transfer to China and the growth of downstream application market demand. The company's new fundraising projects will provide good support for the company's long-term development strategy. Based on the above reasons, the company decided to use the remaining RMB 250 million of the original fund-raising investment project "Ganzhou Power Adapter Expansion Project" for this new fund-raising project "Dongguan Honor Electron Information Equipment Manufacturing Center Project". As of December 31, 2022, the Dongguan Honor Electron Information Equipment Manufacturing Center project has invested a total of 171,767,400 yuan.</p>						
Circumstances and reasons for not reaching the planned schedule or expected benefits (by specific project)			Not applicable						
Description of major changes in the feasibility of the project after the change			No major changes in project feasibility						

VIII. Major Asset and Equity Sale

1. Sale of major assets

■ Applicable Not Applicable

The company did not sell any major assets during the reporting period.

2. The sale of major equity

■ Applicable Not Applicable

IX. Analysis of major holding companies

Applicable ■ Not applicable

Major subsidiaries and shareholding companies that have an impact on the company's net profit by more than 10%

Unit:
Yuan

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Honor Electron (Ganzhou) Electronics Co., Ltd	Subsidiary	Mainly engaged in the production and processing of power adapters and other power products	126,675,603.00	191,064,729.91	150,328,988.09	132,183,481.23	2,462,482.55	2,338,443.96
Hong Kong Honor Electron Technology Co., Ltd	Subsidiary	Mainly engaged in overseas sales of power adapters and other power products	113,146,724.00	355,308,614.93	175,056,917.92	568,846,958.93	22,990,714.59	19,463,120.55
Dongguan Honor Electron Electronics Co., Ltd	Subsidiary	Mainly engaged in the research and development, production and sales of power adapters and other power products	208,000,000.00	467,786,041.82	147,004,205.47	117,589,237.40	-21,763,350.14	-21,763,802.01
Suzhou Bodian Yunke Energy Technology Co., Ltd	Subsidiary	Mainly engaged in the development and production of various power products	130,000,000.00	105,681,734.72	77,070,281.36	7,507,712.74	-26,640,482.44	-26,638,482.45

Shanghai Anshibo Energy Technology Co., Ltd	Subsidiary	Mainly engaged in the research and development of various power products and customer service	60,000,000.00	14,242,614.68	2,158,203.25	2,107,718.81	-43,937,060.44	-43,937,060.44
Hangzhou Yundian Technology Energy Co., Ltd	Subsidiary	Mainly engaged in the research and development of various power products and customer service	70,000,000.00	21,491,221.57	13,319,878.51	2,359,534.00	-25,260,496.25	-25,260,496.25

Acquisition and disposal of subsidiaries during the reporting period

Applicable ☒ Not applicable

Company name	The method of acquiring and disposing of subsidiaries during the reporting period	Impact on overall production operations and performance
Hangzhou Honor Electron Electronic Technology Co., Ltd	New	No significant impact
Suzhou Anshibo Energy Technology Co., Ltd	New	No significant impact

Description of the main holding companies

X .Structured entities controlled by the company

☒ Applicable Not Applicable

11. Prospects for the company's future development

(1) 2023 business plan

1. Continue to increase the scale and actively expand new customers and new areas

In 2023, the company will carry out work on the three main businesses of power adapters, server power supplies and other power supplies, as follows:

1) Power adapter

Power adapters are the company's mature and solid growth core business. In the huge market of 100 billion switching power supplies, there is still room for further expansion of the business volume. The company will continue to expand its product categories horizontally, and further develop new application scenarios such as smart home and drones in the fields of office electronics and security monitoring power supplies. Vertically, it will continue to cultivate existing customers and continue to increase its share in existing major customers.

2) Server power supply

Server power supply is one of the company's long-term development strategies. The company will continue to expand the market and expand its business scale, use technology and product advantages to dig deeper into customer needs, enrich product categories, and expand application scenarios. In the context of the expansion of data centers and the further clarification of the demand for domestic substitution, in line with the development trend of green, low-carbon and high-density data centers, in addition to continuing to upgrade the existing air-cooled and submerged liquid-cooled server power supply products and solutions, the company will focus on the needs of data center customers, accelerate the deployment of products to high power density and high conversion efficiency, and provide more customized power supplies and solutions. Broaden application scenarios to network security equipment, communication system equipment, etc. Develop products suitable for multiple devices and multiple terminal needs, expand platforms with multiple powers and unique power software and hardware designs, continuously improve product structure, increase the proportion of mid-to-high-end products, and further increase the scale of revenue.

3) Other power supplies

(1) New energy power equipment

New energy power equipment is the company's new strategic focus, with charging modules as the entry point and focusing on global layout. The company will build a technical platform for charging module products, polish product quality, quickly respond to the actual needs of different customers or different application scenarios, and provide complete product solutions.

(2) Power tool charger business

The company will adhere to the layout of new business areas, continue to track industry trends, maintain necessary strategic investment, actively explore and explore the application of power products in emerging fields, and enhance the company's overall business scale and anti-risk capabilities. In terms of business development, on the one hand, the company will continue to stabilize its supply share of existing customers for power tools and power products; on the other hand, the company will continue to expand new projects and new markets for existing customers through project experience, product quality, production capacity coordination, and delivery capabilities.

2. Continue to invest in R & D, consolidate technology accumulation, and improve the level of cutting-edge technology

The company drives business development with technological innovation, and will continue to invest in research and development to continuously improve its technical level and innovation capabilities. Project R&D; and pre-research team collaboration capabilities have been continuously improved, a good technology and information cycle has been formed, and the upstream and downstream changes in the industry have been combined with customer needs to continuously achieve breakthroughs in cutting-edge technologies and high-end products in the industry, maintain technological leadership, and lead new business development directions.

3. Continue to strengthen management and promote the construction of professional and efficient talent echelon

In terms of management, the company will continue to strengthen the construction of informatization, realize the intelligentization of equipment, products, production, management and services, and build high-quality and high-efficiency smart factories. Strengthen the coordination efficiency of various internal departments and improve the operating efficiency. At the same time, the company will promote the construction of talent echelon, absorb outstanding talents, reserve talents and optimize talent management, build a more complete talent development system and cultivation system, and further enhance the company's comprehensive competitiveness.

(2) Possible risks in future development

1. Market risk

Switching power supply products have a wide range of applications, large market capacity, and relatively many manufacturers. Relying on the advantages of technological innovation and quality control, the company has continuously expanded its business scale. On the one hand, with the further deepening of international industrial transfer and the rapid development of industry technology, the global division of labor system and market competition pattern may change; on the other hand, with the impact of the macroeconomic situation, the market prosperity of downstream related industries may fluctuate, which may cause some customers to reduce purchases from the company, resulting in the company facing a reduction in orders. The company has always insisted on analyzing and evaluating the market situation, predicting the development direction of the industry in advance and making reasonable plans and arrangements, keeping up with the development trend of the industry, and strengthening market development to make up for possible losses with market increments.

2. The risk of price fluctuations of main raw materials

The main raw materials required for the company's production and operation are semiconductors, resistors and capacitors, magnetic materials, wires, housings, etc. During the reporting period, the company's direct materials accounted for a relatively high proportion of the main business costs. In the future, affected by market demand and the macro environment, the purchase price of the company's main raw materials may fluctuate to a certain extent, which will lead to fluctuations in the company's product sales cost and gross profit margin. Therefore, the company may face the risk that the price fluctuation of major raw materials will adversely affect the company's operating results. The company will pay close attention to the price trend of raw materials, and reduce the impact of raw material price fluctuations on the company through strategies such as strategic inventory, centralized procurement, and payment forms.

3. Exchange rate fluctuation risk

During the reporting period, the company's export business was mainly settled in currencies such as US dollars and Hong Kong dollars, and there was uncertainty about exchange rate fluctuations. The company has the risk of fluctuations in operating performance due to changes in exchange rates. In order to deal with exchange rate risks, the company will pay close attention to changes in foreign exchange market, reasonably control the scale of foreign currency assets held, strengthen foreign exchange risk prevention, and select reasonable foreign exchange hedging tools according to business development needs to reduce the possible adverse effects of exchange rates.

4. Risk of declining gross profit margin

During the reporting period, the company's comprehensive gross profit margin was relatively stable. Affected by factors such as fluctuations in the price of some materials and rising labor costs, the company's gross profit margin fluctuated to a certain extent. In the future, if there are major adverse changes in the factors affecting the company's gross profit margin, the company's gross profit margin may be at risk of further decline. In the future, the company will further summarize and optimize, formulate cost reduction strategies, and implement relevant effective measures to minimize the impact of material price fluctuations and rising labor costs.

5. Uncertain risks caused by force majeure

If force majeure occurs, it may affect the macro economy, which in turn will affect the development of some of the company's overseas businesses. The company will continue to pay attention to changes in the external environment, give full play to its own advantages, be cautious and pragmatic with a positive attitude, and innovate and adapt.

12. Registration form for reception research, communication, interviews and other activities during the reporting period

Applicable ☒ Not applicable

Reception time	Reception location	Reception	Reception object type	Reception object	The main content of the discussion and the information provided	Basic Information Index of the Survey
January 12, 2022	Ballroom No. 7, Floor 5, Crowne Plaza Shenzhen Nanshan District, Shenzhen	other	Mechanism	Galaxy Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "300870 Honor Electron Performance Statement"	For details, please refer to Juchao Information Network (www.cninfo.com.cn)
					Meetings, roadshows, etc. 20220113 "	"300870 Honor Electron Performance Presentation, Roadshow, etc. 20220113"
January 25, 2022	Company meeting room	Field research	Mechanism	Shenzhen Qianhai Ankang Investment Development Co., Ltd., Shenzhen Jifu Ruitai Asset Management Co., Ltd	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "300870 Honor Electron Research Activity Information 20220126"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "300870 Honor Electron Research Activity Information 20220126"
February 10, 2022	Company meeting room	Field research	Mechanism	Shenzhen Pengcheng Cornerstone Investment Management Co., Ltd	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "300870 Honor Electron Research Activity Information 20220213"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "300870 Honor Electron Research Activity Information 20220213"
February 16, 2022	Company meeting room	Telephone communication	Mechanism	Balyasny Asset Management, Franklin Templeton Fund, HSBC Qianhai Securities LLC, Conrad, Pinpoint	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "300870 Honor Electron Research Activity Information 20220217"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "300870 Honor Electron Research Activity Information 20220217"

February 17, 2022	The Ritz-Carlton, Pudong, Shanghai	other	Mechanism	Wells Fargo Fund, Guojun Asset Management, Shenjiu Assets, Soochow Securities, Mingshi Partners Fund, Huabao Fund	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "300870 Honor Electron Performance Presentation, Roadshow Activities, etc. 20220218"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "300870 Honor Electron Performance Presentation, Roadshow Activities, etc. 20220218"
March 07, 2022	Company meeting room	Telephone communication	Mechanism	Sinolink Securities, Cathay Pacific Fund	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "300870 Honor Electron Research Activity Information 20220308"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "300870 Honor Electron Research Activity Information 20220308"
April 20, 2022	Company meeting room	Telephone communication	Mechanism	Soochow Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on April 20, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on April 20, 2022"
April 26, 2022	Company meeting room	Telephone communication	Mechanism	Cinda Securities, Essence Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on April 26, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on April 26, 2022"
April 27, 2022	Company meeting room	Telephone communication	Mechanism	China Geng Fund	For details, please refer to the "Investor Relations Activity Record Form on April 27, 2022" of www.cninfo.com.cn	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on April 27, 2022"

May 06, 2022	Company meeting room	Telephone communication	Mechanism	Wanjia Asset	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 6, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 6, 2022"
May 10, 2022	Company meeting room	Telephone communication	Mechanism	Everbright Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 10, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 10, 2022"
May 11, 2022	Company meeting room	Telephone communication	Mechanism	Cinda Securities	For details, please refer to the "Investor Relations Activity Record Form on May 11, 2022" of www.cninfo.com.cn	For details, please refer to the "Investor Relations Activity Record Form on May 11, 2022" on www.cninfo.com.cn
May 11, 2022	p5w.net "Investor Relations Interactive Platform" (http://ir.p5w.net)	other	other	Investors	For details, please refer to the "Investor Relations Activity Record Form of the 2021 Annual Results Presentation" on www.cninfo.com.cn	For details, please refer to the "Investor Relations Activity Record Form of the 2021 Annual Results Presentation" on www.cninfo.com.cn
May 16, 2022	Company meeting room	Telephone communication	Mechanism	Sinolink Securities, Bank of Communications Schroder Fund	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 16, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 16, 2022"

May 19, 2022	Company meeting room	Telephone communication	Mechanism	Soochow Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 19, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 19, 2022"
May 25, 2022	Company meeting room	Telephone communication	Mechanism	Cinda Securities, SDIC UBS Fund	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 25, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 25, 2022"
May 27, 2022	Company meeting room	Telephone communication	Mechanism	Sinolink Securities, Tianhong Fund, Xingquan Fund	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 27, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 27, 2022"
May 31, 2022, June 01, 2022	Company meeting room	Telephone communication	Mechanism	Caitong Asset Management, Southern Asset Management, Wells Fargo Fund	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 31 and June 1, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on May 31 and June 1, 2022"
June 29, 2022	Company meeting room	Telephone communication	Mechanism	Essence Securities, SPDB AXA Fund	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on June 29, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on June 29, 2022"

July 18, 2022, July 19, 2022	Company meeting room	Telephone co mmunication	Mechanism	Essence Securities, Shenwanlingxin Fund, Penghua Fund	For details, please refer to Juchao Information Network (www.cni nfo.com.cn) "Investor Relations Activity Record Form on July 18 and July 19, 2022"	For details, please refer to Juchao Information Network (www. cninfo.com.cn) "Investor Relations Activity Record Form on July 18 and July 19, 2022"
July 20, 2022, July 21, 2022	Company meeting room	Telephone co mmunication	Mechanism	China Universal Fund, Huashang Fund, JPMorgan Huaxin Fund, Everbright Prudential Fund, Zhongying Investment	For details, please refer to Juchao Information Network (www.cni nfo.com.cn) "Investor Relations Activity Record Form on July 20 and July 21, 2022"	For details, please refer to Juchao Information Network (www. cninfo.com.cn) "Investor Relations Activity Record Form on July 20 and July 21, 2022"
August 26, 2022	Company meeting room	Telephone co mmunication	Mechanism	Cinda Securities, Essence Securities, China Europe Ruibo Fund, Shanghai Kaisi Equity Investment Fund, Taiping Asset Management, Guolian Security Fund, Wells Fargo Fund, Southern China Fund, China Asset Management, HSBC Jintrust Fund, Taiping Fund, Taikang Life Insurance, Ping An Asset Management	For details, please refer to Juchao Information Network (www.cni nfo.com.cn) "Investor Relations Activity Record Form on August 26, 2022"	For details, please refer to Juchao Information Network (www. cninfo.com.cn) "Investor Relations Activity Record Form on August 26, 2022"
September 08, 2022	Company meeting room	Telephone co mmunication	Mechanism	China Great Wall Securities	For details, please refer to Juchao Information Network (www.cni nfo.com.cn) "Investor Relations Activity Record Form on September 8, 2022"	For details, please refer to Juchao Information Network (www. cninfo.com.cn) "Investor Relations Activity Record Form on September 8, 2022"

October 26, 2022	Company meeting room	Telephone communication	Mechanism	Essence Securities, Cinda Securities, Everbright Securities, China Great Wall Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on October 26, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on October 26, 2022"
November 01, 2022	Mandarin Oriental Pudong, Shanghai	other	Mechanism	Sinolink Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on November 1, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on November 1, 2022"
November 09, 2022	"Panorama Roadshow" website (http://ir.p5w.net)	other	other	Investors	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on November 9, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on November 9, 2022"
November 21, 2022	Company meeting room	Telephone communication	Mechanism	Ping An Fund, Everbright Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on November 21, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on November 21, 2022"
November 28, 2022, November 29, 2022	Company meeting room	Telephone communication	Mechanism	SPDB AXA Fund, Xinhua Assets, Taikang Assets, Pengyang Fund, Everbright Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form from November 28 to November 29, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form from November 28 to November 29, 2022"

November 2022	Company meeting room	Telephone communication	Mechanism	Xinhua Fund, Xing	For details, please refer to Juchao Information Network	For details, please refer to Juchao Information
30, December 01, 2022				Industry Fund, ICBC Credit Suisse Fund, Everbright Securities	(www.cninfo.com.cn) "Investor Relations Activity Record Form from November 30 to December 1, 2022"	Website (www.cninfo.com.cn) "Investor Relations Activity Record Form from November 30 to December 1, 2022"
December 02, 2022	Company meeting room	Telephone communication	Mechanism	China Universal Fund, Win Win Fund, Western Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on December 2, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on December 2, 2022"
December 06, 2022, December 07, 2022	Company meeting room	Telephone communication	Mechanism	CCB Fund, Jiutai Fund, Southern Asset Management, Dacheng Fund, Everbright Securities, Cinda Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form from December 6 to December 7, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form from December 6 to December 7, 2022"
December 14, 2022	Company meeting room	Telephone communication	Mechanism	Changjiang Pension, PICC Assets, Everbright Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on December 14, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on December 14, 2022"

December 15, 2022	Company meeting room	Telephone communication	Mechanism	Essence Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on December 15, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on December 15, 2022"
December 21, 2022	Company meeting room	Telephone communication	Mechanism	Cinda Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on December 21, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on December 21, 2022"
December 28, 2022	Company meeting room	Telephone communication	Mechanism	Everbright Securities	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on December 28, 2022"	For details, please refer to Juchao Information Network (www.cninfo.com.cn) "Investor Relations Activity Record Form on December 28, 2022"

Section 4 Corporate Governance

I. The basic situation of corporate governance

During the reporting period, in strict accordance with the "Company Law", "Securities Law", "Listed Company Governance Guidelines", "Shenzhen Stock Exchange ChiNext Stock Listing Rules", "Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 2 - Standardized Operation of Listed Companies on ChiNext" and other relevant laws, regulations and regulatory documents, the company continuously improved its corporate governance structure, established and improved the company's internal control system, and further improved its corporate governance level and risk prevention capabilities.

1. About corporate governance

During the reporting period, the company strictly followed the requirements of relevant laws and regulations and relevant regulatory documents, continuously improved the company's governance structure, established and improved the company's internal control system, promoted the company's standardized operation, and improved the company's governance level. The company has established a corporate governance structure consisting of the general meeting of shareholders, the board of directors, the board of supervisors and the management, and established and improved relevant systems. Under the company's board of directors, there are four special committees, namely the strategy committee, the audit committee, the nomination committee and the remuneration and assessment committee, to strengthen the construction of the internal control system based on the actual situation of the company.

2. About shareholders and general meeting

In strict accordance with the "Company Law", "Listed Company Shareholders' General Meeting Rules", "Articles of Association" and other provisions, the company regulates the convening of shareholders' meetings to ensure that all shareholders, especially small and medium shareholders, enjoy equal status, and ensure shareholders' right to know, participate and vote on major issues of the company. During the reporting period, the shareholders' general meeting was convened by the board of directors. According to relevant laws, administrative regulations, departmental rules, regulatory documents and the company's articles of association, the matters that should be voted by the shareholders' general meeting were approved by the shareholders' general meeting in accordance with the corresponding authority and then submitted to the shareholders' general meeting for deliberation. There was no case of exceeding the authority for approval or first implementing and then deliberation. The qualifications of persons attending the shareholders' general meeting and the convening and voting procedures of the shareholders' general meeting were legal.

3. About the company and controlling shareholders

The controlling shareholder of the company strictly regulates its own behavior, and does not directly or indirectly interfere with the company's decision-making and business activities beyond the general meeting of shareholders. The company has independent and complete business and independent operation capabilities. It is independent of the controlling shareholder in terms of business, personnel, assets, organization and finance. The company's board of directors, board of supervisors and internal institutions operate independently.

4. About Directors and the Board of Directors

The company's board of directors consists of seven directors, including three independent directors. The number, composition and qualifications of the board of directors are in compliance with the requirements of laws, regulations and the Articles of Association. All directors can carry out their work in accordance with the "Company Law", "Rules of Procedures for the Board of Directors", "Work System for Independent Directors", "Guidelines for Self-Regulatory Supervision of Listed Companies on the Shenzhen Stock Exchange No. 2 - Standardized Operation of Listed Companies on the Growth Enterprise Market", etc. During the reporting period, the company held a total of 9 board meetings. All directors of the company actively participate in the training organized by securities regulatory agencies, and through timely study and familiarity with relevant laws and regulations, they can effectively improve the ability of directors to perform their duties.

5. About the Supervisory Board and the Supervisory Board

The board of supervisors of the company consists of 3 supervisors, including 1 employee representative supervisor. The company elects supervisors in strict accordance with the selection procedures stipulated in the "Company Law" and "Articles of Association". The number and composition of the company's board of supervisors meet the requirements of laws and regulations. The supervisors can earnestly study relevant laws and regulations, actively participate in relevant business training, and earnestly perform their duties. In the spirit of being responsible to all shareholders, especially small and medium shareholders, they perform supervision functions on the performance of the company's board of directors and management. During the reporting period, the company held 7 meetings of the board of supervisors to supervise and express independent opinions on major issues, related transactions, financial status, and the legality and compliance of directors and other senior managers in performing their duties. Safeguard the legitimate rights and interests of the company and shareholders.

6. Information disclosure and transparency

The company strictly abides by the "Company Law", "Administrative Measures for Information Disclosure of Listed Companies" and other laws and regulations, as well as the "Investor Relations Management System" and "Insider Registration Management System", and discloses relevant information truthfully, accurately, completely, timely and fairly. And designated "China Securities Journal", "Shanghai Securities News", "Securities Times", "Securities Daily" and Juchao Information Network (<http://www.cninfo.com.cn>) as the designated newspapers and websites for the company's information disclosure, to ensure that all shareholders of the company can obtain information with equal opportunities.

7. About stakeholders

The company fully respects and safeguards the legitimate rights and interests of relevant stakeholders, strengthens communication and exchanges with all parties, realizes the coordination and balance of the interests of shareholders, employees, society and other parties, and jointly promotes the sustainable and healthy development of the company.

Are there any major differences between the actual status of corporate governance and laws, administrative regulations and the regulations on listed company governance issued by the China Securities Regulatory Commission?

■ whether

There is no major difference between the actual status of corporate governance and laws, administrative regulations and the regulations on listed company governance issued by the China Securities Regulatory Commission.

II. The company's independence from the controlling shareholder and actual controller in guaranteeing the company's assets, personnel, finance, organization, business, etc

The company operates strictly in accordance with the "Company Law", "Securities Law" and other relevant laws and regulations, departmental rules, regulatory documents and the requirements of the "Articles of Association". It is completely separated from the controlling shareholder and actual controller in terms of business, personnel, assets, organization and finance, and has independent and complete business and independent operation capabilities.

1. Independent assets: The company has the main production system and supporting facilities related to production and operation, legally owns the ownership or use rights of main land, plant, machinery and equipment, trademarks, patents and non-patent technologies related to production and operation, and has independent raw material procurement and product sales systems.

2. Independence of personnel: senior management personnel such as the general manager, deputy general managers, chief financial officer and secretary of the board of directors of the company did not hold other positions other than directors and supervisors in the controlling shareholders, actual controllers and other enterprises controlled by them, and did not receive salaries from the controlling shareholders, actual controllers and other enterprises controlled by them; the financial personnel of the company did not hold part-time jobs in the controlling shareholders, actual controllers and other enterprises controlled by them.

3. Financial independence: The company has established an independent financial accounting system, can make financial decisions independently, has a standardized financial accounting system and financial management system for branches and subsidiaries; the company does not share bank accounts with controlling shareholders, actual controllers and other enterprises controlled by them.

4. Institutional independence: There is no institutional confusion between the company and its controlling shareholders, actual controllers and other enterprises controlled by them.

5. Business independence: The company's business is independent of the controlling shareholder, actual controller and other enterprises controlled by it, and there is no horizontal competition or unfair related party transactions with the controlling shareholder, actual controller and other enterprises controlled by it.

III. Horizontal competition

■ Applicable Not Applicable

IV. Relevant information on the annual general meeting and extraordinary general meeting held during the reporting period

1. The general meeting of shareholders during the reporting period

Session	Meeting type	Investor participation ratio	Date	Disclosure date	Meeting resolutions
2021 Annual General Meeting	Annual general meeting	65.17%	May 13, 2022	May 13, 2022	Announcement on Resolutions of the 2021 Annual General Meeting of Shareholders (Announcement No.: 2022-028) Disclosure URL: www.cninfo.com.cn

2. Preferred shareholders whose voting rights have been restored request to convene an extraordinary general meeting

■ Applicable Not Applicable

V. The company has voting rights difference arrangement

■ Applicable Not Applicable

VI. Corporate Governance of Red Chip Structure

■ Applicable Not Applicable

VII. Directors, Supervisors and Senior Management

1. Basic information

Name	Position	Employment status	Sex	Age	Term start date	Term end date	Number of shares held at the beginning of the period (shares)	The number of shares held in the current period (shares)	The number of shares reduced in the current period (shares)	Other changes (shares)	Number of shares held at the end of the period (shares)	Reasons for the increase or decrease of shares
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Wan g He qiu	Chairman , General Manager		Ma n	58	Septemb er 17, 2017	Septemb er 16, 2023						
Wan g Yu etian	Vice Chai rman, Director		Ma n	33	Septemb er 17, 2017	Septemb er 16, 2023	0	0	0	40,000	40,000	Equity incenti ve rest ricted shares
Jian g Sh uxin g	Deputy General Manager, Director		Ma n	52	Septemb er 17, 2017	Septemb er 16, 2023						
Wan g Peng	Director		Ma n	37	Septemb er 17, 2017	Septemb er 16, 2023						
Chu Daz hi	Independ ent director		Fem ale	49	Septemb er 17, 2017	Septemb er 16, 2023						
Yan g Li nan	Independ ent director		Ma n	57	Septemb er 16, 2017	Septemb er 16, 2023						
Li T ianm ing	Independ ent director		Ma n	51	Decemb er 28, 2018	Septemb er 16, 2023						
Hao Liuq uan	Chairman of the Sup ervisory Board		Ma n	43	Septemb er 17, 2020	Septemb er 16, 2023						
Li X iulo u	Superviso r		Ma n	42	Septemb er 17, 2020	Septemb er 16, 2023						
Li D ehua	Superviso r		Ma n	51	Septemb er 17, 2017	October 24, 2022	0	0	0	1,000	1,000	Equity incenti ve rest ricted shares
Zha o Ho ngyu	Deputy General Manager		Ma n	55	Septemb er 17, 2017	Septemb er 16, 2023						
Zha o Peng	Deputy General Manager		Ma n	44	Septemb er 17, 2017	Septemb er 16, 2023						
Shan g Yu nsi	Deputy General Manager, Secretary of the Board of Directors		Fem ale	33	Septemb er 17, 2017	Septemb er 16, 2023						
Sun Chu npin g	Financial officer		Ma n	41	Septemb er 17, 2017	May 16, 2022						

Zhang Shuyuan	Financial officer		Female	55	October 24, 2022	September 16, 2023						
Wang Heng	Supervisor		Female	46	October 24, 2022	September 16, 2023						
Total	--	--	--	--	--	--	0	0	0	41,000	41,000	--

Whether there were any resignations of directors and supervisors and dismissal of senior management during the reporting period

Yes ☐ No ☒

1. On May 16, 2022, the company's board of directors received a written resignation report from Mr. Sun Chunping, the company's chief financial officer. Due to personal reasons, Mr. Sun Chunping applied to the company to resign as the head of finance. According to the "Guidelines for Self-Regulatory Supervision of Listed Companies on the Shenzhen Stock Exchange No. 2 - Standardized Operation of Listed Companies on the Growth Enterprise Market" and other relevant laws and regulations, regulatory documents and the provisions of the Articles of Association, Mr. Sun Chunping's application for resignation will take effect from the date when the resignation report is delivered to the Board of Directors. Mr. Sun Chunping's original term of office is from September 17, 2020 to September 16, 2023. After his resignation, Mr. Sun Chunping will no longer hold any position in the company. For details, please refer to the "Announcement on the Resignation of the Chief Financial Officer" (Announcement No.: 2022-029) disclosed by the company on www.cninfo.com.cn on May 17, 2022.

2. The company held the seventh meeting of the second board of directors in 2022 on October 24, 2022, and reviewed and approved the "Proposal on Appointment of the Chief Financial Officer of the Company". Nominated by the chairman and general manager of the company, Mr. Wang Heqiu, and reviewed and approved by the Nomination Committee of the Board of Directors, the board of directors agreed to appoint Ms. Zhang Shuyuan as the chief financial officer of the company. The term of office is from the date of review and approval of the current board of directors to the date of expiry of the second board of directors. For details, please refer to the "Announcement on Appointment of Financial Leaders" (Announcement No.: 2022-047) disclosed by the company on www.cninfo.com.cn on October 26, 2022.

3. On October 24, 2022, the company's board of supervisors received a written resignation report from the company's employee representative supervisor, Mr. Li Dehua. Mr. Li Dehua applied to resign from the position of the second employee representative supervisor of the company due to job adjustment. The original term of office of Mr. Li Dehua as the second employee representative supervisor of the company was from September 17, 2020 to September 16, 2023. After his resignation, Mr. Li Dehua continued to serve in the company. According to the "Company Law" and other relevant laws and regulations and the "Articles of Association", the resignation of Mr. Li Dehua will result in the proportion of employee representative supervisors of the company's board of supervisors being less than one-third, and his application for resignation will take effect on the date when a new employee representative supervisor is elected by the company's employee representative assembly. In order to ensure the smooth development of the work of the company's board of supervisors, the company held an employee representative meeting on October 24, 2022. After a democratic vote, Ms. Wang Heng was elected as the company's employee representative supervisor. The term of office is from the date of election of the employee representative meeting to the expiration of the second board of supervisors. End of the day. For details, please refer to the "Announcement on the Resignation of Employee Representative Supervisors and the By-election of Employee Representative Supervisors" (Announcement No.: 2022-051) disclosed by the company on www.cninfo.com.cn on October 26, 2022.

Changes in the company's directors, supervisors and senior management

Applicable ☐ Not applicable ☒

Name	Position held	Type	Date	Reason
Sun Chunping	Financial officer	Outgoing	May 16, 2022	For details, please refer to the "Announcement on the Resignation of the Chief Financial Officer" (Announcement No.: 2022-029) disclosed by the company on www.cninfo.com.cn on May 17, 2022
Zhang Shuyuan	Financial officer	Hire	October 24, 2022	For details, please refer to the "Announcement on Appointment of Financial Leaders" (Announcement No.: 2022-047) disclosed by the company on www.cninfo.com.cn on October 26, 2022
Li Dehua	Employee Representative Supervisor	Outgoing	October 24, 2022	For details, please refer to the "Announcement on the Resignation of Employee Representative Supervisors and the By-election of Employee Representative Supervisors" (Announcement No.: 2022-051) disclosed by the company on www.cninfo.com.cn on October 26, 2022
Wang Hung Roger	Employee Representative Supervisor	Be elected	October 24, 2022	For details, please refer to the "Announcement on the Resignation of Employee Representative Supervisors and the By-election of Employee Representative Supervisors" (Announcement No.: 2022-051) disclosed by the company on www.cninfo.com.cn on October 26, 2022

2. Employment

The professional background, main work experience and current main responsibilities of the company's current directors, supervisors and senior managers

1. Board members

(1) Mr. Wang Heqiu: born in 1964, Chinese nationality, no permanent residency abroad, bachelor degree. He used to be a technician of the First Research Institute of Nanjing Semiconductor Device Factory, a production technology manager of Shenzhen Jingdao Electronic Enterprise Co., Ltd., and a production technology manager of Shenzhen Jingquan Electronics Co., Ltd. November 1995 to November 2017

In September, he served as the general manager of Shenzhen Genoli Information Consulting Co., Ltd.; from November 1995 to present, he served as the executive director of Shenzhen Genoli Information Consulting Co., Ltd.; from April 1998 to April 2007 and July 2007 to August 2019, he served as the director of Hong Kong Marsh Industrial Co., Ltd.; from April 2007 to present, he served as the chairman of Honor Electron (Ganzhou) Electronics Co., Ltd.; From October 2014 to present, he has been the executive partner of Shenzhen Wangyuewang Investment Partnership (Limited Partnership); from March 2017 to present, he has been the executive partner of Shenzhen Tongju Information Technology Consulting Partnership (Limited Partnership); from July 2019 to present, he has been the chairman of Dongguan Honor Electron Electronics Co., Ltd.; and from May 1996 to present, he has been the chairman and general manager of the company.

(2) Mr. Jiang Shuxing: born in 1970, Chinese nationality, no permanent residency abroad, college degree. He used to be the head of the quality department of Dongguan Qingxi Liyuan Jetta Electrical Products Factory, the head of the quality department of Dongguan Qingxi Sihai Electrical Appliances Factory, and the production manager of Dongguan Fenggang Yiji Plastic Hardware Products Factory. From December 2016 to present, he has been the general manager of Honor Electron (Ganzhou) Electronics Co., Ltd.; from July 2019 to present, he has been the director and manager of Dongguan Honor Electron Electronics Co., Ltd.; from June 2005 to October 2017, he has been the head of the quality department and deputy general manager of the company; from September 2017 to present, he has been the director and deputy general manager of the company; and from October 2017 to present, he has been the executive deputy general manager of the company.

(3) Mr. Wang Yuetian: born in 1989, Chinese nationality, permanent residency in the United States, bachelor degree. From April 2007 to present, he has been a director of Honor Electron (Ganzhou) Electronics Co., Ltd.; from October 2015 to present, he has been a director of Hong Kong Honor Electron Technology Co., Ltd.; from May 2017 to present, he has been the manager of Hong Kong business Hong Kong Honor Electron Technology Co., Ltd. Taiwan Branch; from July 2019 to present, he has been a director of Dongguan Honor Electron Electronics Co., Ltd.; from June 2015 to September 2017, he has been the manager of the company's marketing department; From September 2017 to present, he has served as a director of the company; from October 2017 to September 2020, he has served as the deputy general manager of the company; from September 2020 to present, he has served as the vice chairman of the company; from August 4, 2021 to present, he has served as the executive director and general manager of Suzhou Bodian Yunke Energy Technology Co., Ltd.; from August 26, 2022 to present, he has served as the executive director and general manager of Suzhou Anshibo Energy Technology Co., Ltd. From February 1, 2021 to present, he has been the chairman and general manager of Hangzhou Yundian Technology Energy Co., Ltd.; from April 21, 2021 to present, he has been the chairman and general manager of Shanghai Anshibo Energy Technology Co., Ltd.

(4) Mr. Wang Peng: born in 1985, Chinese nationality, no permanent residency abroad, bachelor degree. He used to be the manager of the business department of Taikang Pension Co., Ltd. Shenzhen Branch. From November 2011 to April 2014, he served as Deputy General Manager of Shenzhen Hongshang Health Management Co., Ltd.; from April 2014 to June 2016, he served as Deputy Investment Director of Shenzhen Times Bole Venture Capital Management Co., Ltd.; from September 2015 to April 2016, he served as Supervisor of Shinry Technologies Co., Ltd.; from December 2016 to present, he served as Investment Director of Shenzhen Tongchuangweiye Asset Management Co., Ltd.; From April 2017 to December 2021, he served as a supervisor of Jiangsu Jitaike Electric Co., Ltd.; from January 2020 to present, he has served as a director of Shenzhen Kungfu Robot Co., Ltd.; from May 2020 to present, he has served as a director of Hubei Hanruijing Automotive Intelligent System Co., Ltd.; and from September 2017 to present, he has served as a director of the company.

(5) Ms. Chu Dazhi: born in 1973, Chinese nationality, no permanent residency abroad, doctoral degree, certified public accountant qualification, associate professor. He used to be a foreign trade clerk and translator of China Harbin International Economic and Technical Cooperation Company. From November 2007 to present, he has been an associate professor at the School of Management of Shenzhen University; from March 2017 to September 2018 and from June 2019 to March 2022, he has been an independent director of Shenzhen Xinyuren Technology Co., Ltd.; from May 2017 to present, he has been an independent director of Shenzhen Baixinglong Creative Packaging Co., Ltd.; from December 2018 to present, he has been an independent director of Victory Giant Technology (Huizhou) Co., Ltd.; From September 2017 to present, he has been an independent director of the company; from December 2022 to present, he has been an independent director of Harbin Boshi Automation Co., Ltd.

(6) Mr. Yang Lin'an: born in 1965, Chinese nationality, no permanent residency abroad, doctoral degree, professor. He was a teacher at the Air Force Engineering University. Since July 2006, he has been a professor and doctoral supervisor of Xidian University; since September 2017, he has been an independent director of the company.

(7) Mr. Li Tianming: born in 1971, Chinese nationality, no permanent residency abroad, master's degree. He used to be a member of the legal department of the Enterprise Management Office of Huaneng Yimin Coal and Electricity Co., Ltd., a lawyer of Guangdong Jingtian Law Firm, an independent director of AVIC Heavy Machinery Co., Ltd., an independent director of Dasheng Times Cultural Investment Co., Ltd., and an independent director of Shenzhen Ideal Jewellery Jewelry Co., Ltd. Since November 2001, he has been a lawyer and senior partner of Guangdong Huashang Law Firm; since August 2012, he has been an independent director of Shenzhen Wushan New Materials Co., Ltd. Since December 2018, he has been an independent director of the company. Since September 2019, he has been an independent director of Shenzhen Maichi IOT Co., Ltd. From December 2020 to present, he has been an independent director of Shenzhen Amperon Technology Co., Ltd. From April 2021 to present, he has served as independent director of Tianjian Brandmax Marketing Co., Ltd. From June 2022 to present, he has been an independent director of Shenzhen Rapoo Technology Co., Ltd.

2. Members of the Supervisory Board

(1) Mr. Hao Liuquan: born in 1979, Chinese nationality, no permanent residency abroad, bachelor degree. He used to be R&D; engineer of Diwen Electronics (Shenzhen) Co., Ltd., R&D; engineer and environmental testing of Shenzhen Mingxingyuan Electronic Technology Co., Ltd., and R&D; engineer of Shenzhen Haichang Electronics Co., Ltd. From January 2007 to present, he has been the R&D; director of the first business department of the company. From September 2020 to present, he has been a supervisor of the company.

(2) Mr. Li Xiulou: born in 1980, Chinese nationality, no permanent residency abroad, bachelor degree. He used to be a parts engineer of Lite-On Electronics Co., Ltd. From May 2008 to November 2016, he served as the head of the electronic R&D; section of Delta Electronic Power (Dongguan) Co., Ltd.; since November 2016, he has been the R&D; director of the second business department of the company. From September 2020 to present, he has been a supervisor of the company.

(3) Ms. Wang Heng, born in 1976, Chinese nationality, no permanent residency abroad, bachelor degree. Since October 2007, he has been working as the manager of the material department of Shenzhen Honor Electronic Co., Ltd. From October 2022 to present, he has served as a supervisor of the company.

3. Senior management

(1) Wang Heqiu: For your resume, please refer to "1. Board members" in this section

(2) Wang Yuetian: For your resume, please refer to "1. Board members" in this section

(3) Jiang Shuxing: For details of his resume, please refer to "1. Board members" in this section

(4) Mr. Zhao Hongyu: born in 1967, Chinese nationality, no permanent residency abroad, graduated from high school. He used to be the head of the plastic department of Shanghai Zhengfeng Industrial Co., Ltd., and the assistant to the general manager of Shenzhen Renzhi Plastic Hardware Products Co., Ltd. From July 2000 to December 2007, he was the manager of the manufacturing department of the company; from March 2014 to May 2018, he was the supervisor of Shenzhen Megami Technology Co., Ltd.; from January 2008 to present, he was the deputy general manager of the company; from October 2017 to present, he was the chairman of Vietnam Honor Electron.

(5) Ms. Shang Yunsi: born in 1989, Chinese nationality, holding a Hong Kong temporary identity card, no permanent residency abroad, and a master's degree. From May 2015 to September 2017, he served as the assistant to the chairman of the company; from October 2017 to present, he has served as the secretary of the board of directors of the company; from September 2020 to present, he has served as the deputy general manager of the company; from February 1, 2021 to present, he has served as the director of Hangzhou Yundian Technology Energy Co., Ltd.; from April 21, 2021 to present, he has served as the director of Shanghai Anshibo Energy Technology Co. From May 13, 2022 to present, he has served as the legal representative, executive director and general manager of Hangzhou Honor Electron Electronic Technology Co., Ltd.; from April 20, 2021 to present, he has served as the director of Jiangsu Solidpro Semiconductor Technology Co., Ltd.; and from June 30, 2021 to present, he has been the executive partner of Shenzhen Jiwei Zeyuan Consulting Partnership (Limited Partnership).

(6) Mr. Zhao Peng: born in 1978, Chinese nationality, no permanent residency abroad, master degree. He used to be the head of the Quality Assurance Section of Delta Electronics (Dongguan) Co., Ltd. From September 2005 to May 2014, he served as the senior deputy manager of Quality Assurance of Qunguang Electric Energy Technology (Dongguan) Co., Ltd.; from May 2014 to present, he has been the deputy general manager of the company.

(7) Ms. Zhang Shuyuan: born in 1968, Chinese nationality, no permanent residency abroad, college degree, intermediate accountant. From May 1990 to October 2007, he worked as an accountant at BOC Jilin Branch; from November 2007 to June 2016, he worked as the Deputy Chief Financial Officer of the High-end Manufacturing Division of Shenzhen Hemei Instrument Co., Ltd.; from July 2016 to October 2022, he served as the Deputy Chief Financial Officer of Shenzhen Honor Electronic Co., Ltd.; from October 2022 to present, he has been the Chief Financial Officer of Shenzhen Honor Electronic Co., Ltd.; Since February 2021, he has been a supervisor of Hangzhou Yundian Technology Energy Co., Ltd.; since April 2021, he has been a supervisor of Shanghai Anshibo Energy Technology Co., Ltd.; and since May 2022, he has been a supervisor of Hangzhou Honor Electron Electronic Technology Co., Ltd.

Serving in shareholder units

Applicable ☒ Not applicable

Name of incumbent	Name of shareholder unit	Positions held in shareholder units	Term start date	Term end date	Whether to receive remuneration allowance in the shareholder unit
Wang Heqiu	Shenzhen Genoli Information Consulting Co., Ltd	Executive Director	November 13, 1995		No
Wang Heqiu	Shenzhen Wangyuewang Investment Partnership (Limited Partnership)	Executive Partner	October 14, 2014		No

Wang Heqiu	Shenzhen Tongju Information Technology Consulting Partnership (Limited Partnership)	Executive Partner	March 29, 2017		No
Description of the position in the shareholder unit	No				

Serving in other units

Applicable ☒ Not applicable

Name of incumbent	Other unit names	Positions held in other units	Term start date	Term end date	Whether to receive remuneration allowance in other units
Chu Dazhi	Shenzhen University	Associate Professor, School of Management	November 01, 2017		Are
Chu Dazhi	Victory Giant Technology (Huizhou) Co., Ltd.	Independent director	December 01, 2018		Are
Chu Dazhi	Shenzhen Baixinglong Creative Packaging Co., Ltd	Independent director	May 01, 2017		Are
Chu Dazhi	Shenzhen Xinyuren Technology Co., Ltd	Independent director	June 01, 2019	March 29, 2022	Are
Chu Dazhi	Harbin Boshi Automation Co., Ltd.	Independent director	December 06, 2022		Are
Wang Peng	Shenzhen Tongchuangweiye Asset Management Co., Ltd	Investment Director	December 01, 2016		Are
Wang Peng	Jiangsu Jitaike Electric Co., Ltd	Supervisor	April 01, 2017	December 01, 2021	No
Wang Peng	Shenzhen Kung Fu Robot Co., Ltd	Director	January 01, 2020		No
Wang Peng	Beihan Ruijing Automobile Intelligent System Co., Ltd	Director	May 01, 2020		No
Yang Linan	Xidian University	Professor, Doctoral Supervisor	July 01, 2006		Are
Li Tianming	Guangdong Huashang Law Firm	Lawyer, Senior Partner	November 01, 2001		Are
Li Tianming	Shenzhen Wushan New Materials Co., Ltd	Independent director	August 01, 2012		Are
Li Tianming	Shenzhen Maichi IOT Co., Ltd	Independent director	September 01, 2019		Are
Li Tianming	Tianjian Brandmax Marketing Co., Ltd	Independent director	April 01, 2021		Are

Li Tianming	Shenzhen Amperon Technology Co., Ltd	Independent director	December 31, 2020		Are
Li Tianming	Shenzhen Rapoo Technology Co., Ltd.	Independent director	June 10, 2022		Are
Shang Yunsi	Jiangsu Solidpro Semiconductor Technology Co., Ltd	Director	April 20, 2021		No
Shang Yunsi	Ren Shenzhen Jiwei Zeyuan Consulting Partnership (Limited Partnership)	Executive Partner	June 30, 2021		No
Description of employment in other units	No				

Punishment by securities regulatory authorities of the company's current and resigned directors, supervisors and senior executives in the past three years during the reporting period

■ Applicable Not Applicable

3. Remuneration of directors, supervisors and senior management

Decision-making procedures, basis for determination, and actual payment of remuneration for directors, supervisors and senior executives

Company directors (including independent directors), supervisors and senior management personnel shall be paid according to their positions in the company and with reference to the remuneration system. Non-independent directors and supervisors who assume specific positions in the company shall determine their remuneration according to the relevant remuneration management system based on their positions in the company. Non-independent directors shall not receive additional allowances, and supervisors shall receive additional allowances; independent directors shall implement the independent director allowance system and provide allowances on a quarterly basis; and the remuneration of senior management shall implement a monthly salary system consisting of basic salary, basic performance salary and other remuneration.

The directors, supervisors and senior executives serving in the company and its subsidiaries do not receive salaries in affiliated companies, and there are no pension plans other than special treatment and statutory pensions. During the reporting period, the remuneration of the company's directors, supervisors and senior management personnel has been paid in accordance with the company's regulations.

Remuneration of directors, supervisors and senior management during the reporting period

Unit: ten thousand yuan

Name	Position	Sex	Age	Employment status	Total pre-tax compensation received from the company	Whether to get paid from the company's affiliates
Wang Heqiu	Chairman, General Manager	Man	58	Incumbent	141.89	No
Wang Yuetian	Vice Chairman, Director	Man	33	Incumbent	227.52	No
Jiang Shuxing	Deputy General Manager, Director	Man	52	Incumbent	181.09	No
Wang Peng	Director	Man	37	Incumbent	0	No

Chu Dazhi	Independent director	Female	49	Incumbent	8	No
Yang Linan	Independent director	Man	57	Incumbent	8	No
Li Tianming	Independent director	Man	51	Incumbent	8	No
Hao Liuquan	Chairman of the Supervisory Board	Man	43	Incumbent	83.76	No
Li Xiulou	Supervisor	Man	42	Incumbent	80.06	No
Li Dehua	Supervisor	Man	51	Outgoing	12.71	No
Zhao Hongyu	Deputy General Manager	Man	55	Incumbent	177.75	No
Zhao Peng	Deputy General Manager	Man	44	Incumbent	77.1	No
Shang Yunsi	Deputy General Manager, Secretary of the Board of Directors	Female	33	Incumbent	72.51	No
Sun Chunping	Financial officer	Man	41	Outgoing	18.6	No
Zhang Shuyuan	Financial officer	Female	55	Incumbent	60.87	No
Wang Hung Roger	Supervisor	Female	46	Incumbent	36.71	No
Total	--	--	--	--	1,194.57	--

VIII. Directors' performance of duties during the reporting period

1. The situation of the board of directors during the reporting period

Session	Date	Disclosure date	Meeting resolutions
The first meeting of the second board of directors in 2022	January 24, 2022	January 25, 2022	"Announcement on Resolutions of the First Meeting of the Second Session of the Board of Directors in 2022" (Announcement No.: 2022-005) Disclosure URL: www.cninfo.com.cn
The second meeting of the second board of directors in 2022	March 22, 2022	March 22, 2022	"Announcement on Resolutions of the Second Meeting of the Second Session of the Board of Directors in 2022" (Announcement No.: 2022-008) Disclosure URL: www.cninfo.com.cn
The third meeting of the second board of directors in 2022	April 18, 2022	April 20, 2022	Announcement on Resolutions of the Third Meeting of the Second Session of the Board of Directors in 2022 (Announcement No.: 2022-013) Disclosure URL: www.cninfo.com.cn

The fourth meeting of the second board of directors in 2022	April 25, 2022	Not applicable	The meeting reviewed and approved the "Proposal on the Company's 2022 First Quarter Report" with 7 votes in favor, 0 votes against, and 0 abstentions
The fifth meeting of the second board of directors in 2022	May 18, 2022	May 18, 2022	Announcement on Resolutions of the Fifth Meeting of the Second Session of the Board of Directors in 2022 (Announcement No.: 2022-032) Disclosure URL: www.cninfo.com.cn
The sixth meeting of the second board of directors in 2022	August 24, 2022	August 26, 2022	Announcement on Resolutions of the Sixth Meeting of the Second Session of the Board of Directors in 2022 (Announcement No.: 2022-039) Disclosure URL: www.cninfo.com.cn
The seventh meeting of the second board of directors in 2022	October 24, 2022	October 26, 2022	Announcement on Resolutions of the Seventh Meeting of the Second Session of the Board of Directors in 2022 (Announcement No.: 2022-049) Disclosure URL: www.cninfo.com.cn
The eighth meeting of the second board of directors in 2022	November 18, 2022	November 21, 2022	Announcement on Resolutions of the Eighth Meeting of the Second Session of the Board of Directors in 2022 (Announcement No.: 2022-057) Disclosure URL: www.cninfo.com.cn
The ninth meeting of the second board of directors in 2022	December 26, 2022	December 28, 2022	Announcement on Resolutions of the Ninth Meeting of the Second Session of the Board of Directors in 2022 (Announcement No.: 2022-062) Disclosure URL: www.cninfo.com.cn

2. Directors' attendance at the board of directors and general meeting of shareholders

Directors' attendance at the board of directors and general meeting							
Director's name	The number of times to participate in the board of directors during the reporting period	On-site attendance of the board of directors	Participation in the Board of Directors by Correspondence	Number of entrusted attendance at the board of directors	Number of absences from the board of directors	Whether to fail to attend board meetings in person for two consecutive times	Number of attendance at general meetings
Wang Heqiu	9	8	1	0	0	No	1
Wang Yuetian	9	2	7	0	0	No	1
Jiang Shuxing	9	7	2	0	0	No	1
Wang Peng	9	0	9	0	0	No	1
Chu Dazhi	9	0	9	0	0	No	1
Yang Linan	9	0	9	0	0	No	1
Li Tianming	9	0	9	0	0	No	1

Explanation of failing to attend the board of directors in person for two consecutive times

No

3. Directors' objections to the company's related matters

Whether the directors raise objections to the company's related matters

☒ whether

During the reporting period, the directors did not raise any objections to the company's relevant matters.

4. Other explanations for directors to perform their duties

Whether the directors' recommendations on the company have been adopted

Yes ☒ No

Directors' statement on whether the company's proposal was adopted or not adopted

During the reporting period, all directors of the company strictly followed the "Company Law", "Shenzhen Stock Exchange's Rules for the Listing of Stocks on the Growth Enterprise Market" and other laws and regulations and the "Articles of Association", conscientiously performed their duties, performed their duties with due diligence, safeguarded the interests of the company, safeguarded the interests of all shareholders, especially small and medium shareholders, actively attended relevant meetings, carefully reviewed various proposals, and expressed relevant opinions on major issues of the company. In addition, in addition to actively understanding the company's production and operation, internal control and financial status, independent directors also maintain close contact with other directors, senior management and relevant staff of the company through telephone, WeChat, etc., to learn about the progress of major issues of the company in a timely manner, to grasp the company's operation trends, to put forward suggestions and opinions on the company's operation and management, and to pay attention to relevant reports about the company, and to effectively perform the duties of independent directors.

IX. The status of the special committees under the board of directors during the reporting period

Committee name	Memberships	Number of meetings held	Date	Meeting content	Important comments and suggestions made	Other performance of duties	Details of the objection (if any)
Audit Committee	Chu Dazhi, Wang Yuetian, Li Tianming	4	April 08, 2022	1. Review the "Proposal on the Company's Employment of an Accounting Firm for 2022"2. Review the "Proposal on the Profit Distribution Plan for 2021"3. Review the "Proposal on the Company's 2021 Internal Control Self-evaluation Report"4. Review the "Proposal on the Company's 2021 Financial Statements"	No	No	No
			April 22, 2022	Review the "Proposal on the Company's 2022 First Quarter Report"	No	No	No
			August 12, 2022	1. Review the "Proposal on the Company's 2022 Semi-Annual Report" and its summary 2. Review the "Proposal on the Company's 2022 Semi-Annual Report on the Deposit and Use of Raised Funds"	No	No	No
			October 21, 2022	Review the "Proposal on the Company's 2022 Third Quarter Report"	No	No	No
Strategy Committee	Wang Heqiu, Yang Linan, Chu Dazhi	1	April 08, 2022	Review the 2022 Business Plan	No	No	No
Nomination Committee	Yang Linan, Li Tianming, Jiang Shuxing	1	October 21, 2022	Review the "Proposal on Appointment of the Company's Financial Leader"	No	No	No
Remuneration and Appraisal Committee	Chu Dazhi, Li Tianming, Wang Heqiu	1	April 08, 2022	Review the "General Manager's Work Report"	No	No	No

X .Work of the Board of Supervisors

Whether the company has risks during the supervision activities of the board of supervisors during the reporting period

■ whether

The Board of Supervisors has no objection to the supervision matters during the reporting period.

11. Company employees

1. Number of employees, professional composition and education level

Number of employees of the parent company at the end of the reporting period (persons)	1,586
Number of employees in major subsidiaries at the end of the reporting period (persons)	2,801
Total number of employees at the end of the reporting period (person)	4,387

The total number of salaried employees in the current period (person)	4,387
The number of retired employees (persons) to be borne by the parent company and its main subsidiaries	0
Professional composition	
Professional composition category	Professional composition (person)
Production staff	2,940
Salesperson	62
Technician	596
Financial officer	31
Administrative staff	105
Other personnel	653
Total	4,387
Education level	
Education category	Quantity (persons)
Bachelor degree and above	367
College	506
High school or technical secondary school	1,030
Junior high school and below	2,484
Total	4,387

2. Salary policy

The company has formulated and improved the "Salary Management Regulations" and "Performance Management Regulations" and other systems, and adopted appropriate assessment standards for all employees to assess and evaluate, and adopted monthly assessments, taking task performance and work attitude as assessment indicators. The assessment results are used as the basis for determining employee salaries, bonuses, and job promotion, demotion, and job transfer. The company continues to improve organizational efficiency by establishing a fair assessment and incentive mechanism.

The company follows the principles of legality, equality and voluntariness to sign written labor contracts with employees, and performs, alters, rescinds and terminates labor contracts in accordance with the law.

3. Training plan

The company has always attached great importance to talent training, followed the objective laws in the process of talent training and talent reserve, focused on cultivating management and technical backbones, and systematically absorbed various professional talents to form a tower structure with reasonable distribution of senior, middle and junior talents. The company formulates corresponding training plans according to development needs and employee levels. Internal training mainly includes employee induction training, pre-job operation training, skills training and safety production training. Technical personnel are the necessary guarantee for the company's sustainable development. The company has formulated clear career development plans and salary incentive policies for product R&D; technical personnel, and introduced a competition mechanism for talent cultivation to ensure the stability and work enthusiasm of the core staff.

4. Labor outsourcing

Applicable ☒ Not applicable

Total number of hours worked by labor outsourcing (hours)	1,996,771.6
Total remuneration paid for labor outsourcing (yuan)	43,531,115.03

12. The company's profit distribution and capitalization of capital reserves

During the reporting period, the profit distribution policy, especially the formulation, implementation or adjustment of the cash dividend policy

Applicable ☒ Not applicable

The company held the third meeting of the second board of directors in 2022 and the second meeting of the second board of supervisors in 2022 on April 18, 2022. They respectively reviewed and approved the "Proposal on Profit Distribution Plan for 2021", following the principle of rewarding shareholders and sharing the company's operating results with shareholders. Under the circumstance of ensuring the healthy and sustainable development of the company, the company plans to distribute profits based on the total share capital minus the balance of shares in the company's repurchase account. The profit distribution plan for 2021 is: based on the company's existing total share capital of 101,660,000 shares, excluding the company's current share balance of 66,000 shares in the repurchase account (the company's shares held by the company through the special repurchase account will not participate in this profit distribution), a total of 101,594,000 shares will be distributed to all shareholders based on this calculation, and a cash dividend of 1.3 yuan (including tax) will be distributed to every 10 shares. A total of 13,207,220.00 yuan (tax included) of cash dividends were distributed. No bonus shares will be given out this year, and no capital reserve will be converted into share capital.

The company disclosed the 2021 Annual Equity Distribution Implementation Announcement (Announcement No.: 2022-033) on May 26, 2022. The equity registration date for this equity distribution is May 31, 2022, and the ex-rights and ex-dividend date is June 1, 2022. As of the end of the reporting period, the company has completed the implementation of equity distribution.

Special description of cash dividend policy	
Whether it complies with the provisions of the company's articles of association or the requirements of the resolutions of the general meeting of shareholders:	Are
Whether the dividend standard and ratio are clear and clear:	Are
Whether the relevant decision-making procedures and mechanisms are complete:	Are
Whether independent directors perform their duties and play their due role:	Are
Whether small and medium shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests are fully protected:	Are
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Are

The company's profit distribution plan for the reporting period and the plan for capitalization of capital reserves are consistent with the relevant provisions of the company's articles of association and dividend management measures

Yes ☒ No ☐ Not applicable

The company's profit distribution plan during the reporting period and the plan for capitalization of capital reserves are in compliance with the relevant provisions of the company's articles of association.

Profit distribution and capitalization of capital reserve for the year

Bonus shares for every 10 shares (shares)	0
Dividend per 10 shares (yuan) (tax included)	0.91
Number of shares transferred per 10 shares (shares)	0
The share capital base of the distribution plan (shares)	100,096,700
Cash dividend amount (yuan) (tax included)	9,108,799.70
Amount of cash dividends in other ways (such as repurchasing shares) (yuan)	62,600,687.11
Total cash dividends (including other methods) (yuan)	71,709,486.81
Distributable profit (yuan)	487,318,105.48
The ratio of total cash dividends (including other methods) to total profit distribution	100.00%
The cash dividend distribution	
If the company's development stage is in the growth period and has major capital expenditure arrangements, when the profit distribution is carried out, the proportion of cash dividends in this profit distribution should be at least 20%	
Detailed description of the plan for profit distribution or capital reserve transfer	

Following the principle of rewarding shareholders and sharing the company's operating results with shareholders, under the circumstance of ensuring the healthy and sustainable development of the company, the company intends to distribute profits based on the total share capital minus the balance of the company's repurchase account. The profit distribution plan for 2022 is: based on the company's existing total share capital of 101,752,000 shares, excluding the company's current share balance of 1,655,300 shares in the repurchase account (the company's shares held by the company through the special repurchase account will not participate in this profit distribution), a total of 100,096,700 shares will be distributed to all shareholders based on this calculation, and a cash dividend of 0.91 yuan (including tax) will be distributed to all shareholders for every 10 shares. A total of 9,108,799.70 yuan (tax included) in cash dividends was distributed. No bonus shares will be given out this year, and no capital reserve will be converted into share capital. According to the relevant provisions of the "Guidelines for Self-Regulatory Supervision of Listed Companies on the Shenzhen Stock Exchange No. 9 - Repurchase of Shares", if a listed company uses cash as the consideration and adopts the method of tender offer or centralized bidding to repurchase shares, the amount of repurchased shares implemented in the current year shall be regarded as the amount of cash dividends and included in the calculation of the relevant proportion of cash dividends for that year. The cash amount of RMB 62,600,687.11 (excluding transaction costs) paid by the company to repurchase shares through centralized bidding transactions in 2022 shall be regarded as the amount of cash dividends. Through the above two methods, the total cash dividends of the company in 2022 will be 71,709,486.81 yuan (including the amount of share repurchase implemented in 2022). If after the distribution plan is released and before the implementation, the total share capital of the company changes due to share repurchase, equity incentive exercise, etc., the total share capital that the company can participate in the equity distribution will be adjusted according to the principle of unchanged total distribution.

The company made a profit during the reporting period and the parent company's profit available for distribution to shareholders was positive, but no cash dividend distribution plan was proposed

■ Applicable Not Applicable

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

Applicable ■ Not applicable

1. Equity incentives

1. On November 1, 2021, the company held the eleventh meeting of the second board of directors in 2021. The meeting reviewed and approved the "Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft)" and its summary, "The Proposal on the Administrative Measures for the Implementation of the Company's 2021 Restricted Stock Incentive Plan", "The Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Equity Incentives" and other proposals. The independent directors of the company issued independent opinions on the relevant proposals of this incentive plan.

On the same day, the company held the ninth meeting of the second board of supervisors in 2021, and reviewed and approved the "Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft)" and its summary, "The Proposal on the Administrative Measures for the Implementation of the Company's 2021 Restricted Stock Incentive Plan" and the "Proposal on Verification of the List of Incentive Objects First Granted by the Company's 2021 Restricted Stock Incentive Plan". The board of supervisors of the company verified the relevant matters of this incentive plan and issued relevant verification opinions.

2. From November 3, 2021 to November 13, 2021, the company publicized the names and positions of the incentive objects to be motivated by this incentive plan on the company's internal bulletin board. During the publicity period, the board of supervisors of the company did not receive any objection to the list of proposed incentive objects, and there was no feedback record. On November 19, 2021, the Board of Supervisors of the Company disclosed the "Explanation on the Review Opinions and Publicity of the Board of Supervisors on the List of Incentive Objects Awarded for the First Time by the Restricted Stock Incentive Plan in 2021" (Announcement No.: 2021-067).

3. On November 24, 2021, the company held the third extraordinary general meeting of shareholders in 2021, and reviewed and passed the "Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft)" and its summary, "The Proposal on the Administrative Measures for the Implementation of the Company's 2021 Restricted Stock Incentive Plan", and "The Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Equity Incentives". On the same day, the company disclosed the "Self-inspection Report on the Buying and Selling of the Company's Shares by Insiders and Incentive Objects of the Restricted Stock Incentive Plan for 2021" (Announcement No.: 2021-068).

4. On December 20, 2021, the company held the thirteenth meeting of the second board of directors in 2021 and the eleventh meeting of the second board of supervisors in 2021, and reviewed and approved the "Proposal on Adjusting the List and Number of First-Granted Incentive Objects of the 2021 Restricted Stock Incentive Plan" and "The Proposal on First-Granting Restricted Shares to the Incentive Objects of the 2021 Restricted Stock Incentive Plan". The independent directors of the company issued an independent opinion on the proposal and believed that the award conditions have been fulfilled, the subject qualifications of the incentive objects are legal and valid, and the determined award date complies with relevant regulations. The Board of Supervisors verified the list of incentive objects on the grant date and issued a verification opinion, agreeing to the list of incentive objects granted by the company's incentive plan this time.

5. On January 17, 2022, the Company disclosed the Announcement on Completion of the First Grant of Class I Restricted Shares under the Restricted Stock Incentive Plan in 2021 (Announcement No.: 2023-001). The source of the Class I restricted shares is the Company's RMB A common shares issued by the Company to the incentive objects. The listing date is January 21, 2022, the registered number of grants is 460,000 shares, and the grant price is RMB 32.87 per share. The number of registrations granted was 148.

6. On November 18, 2022, the eighth meeting of the second board of directors of the company in 2022 and the sixth meeting of the second board of supervisors in 2022 reviewed and approved the "Proposal on Adjusting the Reserved Grant Price of the 2021 Restricted Stock Incentive Plan" and "The Proposal on Reserving the Grant of Restricted Shares to the Incentive Objects of the Company's 2021 Restricted Stock Incentive Plan", and determined that November 18, 2022 was the reserved grant date. At a reserved grant price of RMB 32.74 per share, 560,000 restricted shares were granted to 41 incentive objects that meet the granting conditions, of which 112,000 Class I restricted shares, 448,000 Class II restricted shares, and the remaining 4,000 reserved Class I restricted shares and 16,000 Class II restricted shares were voided. The Board of Supervisors verified the list of incentive objects reserved for the grant date and issued a verification opinion, agreeing to the list of incentive objects reserved for the company's incentive plan. The independent directors of the company expressed their independent opinions on this.

7. On December 21, 2022, the Company disclosed the Announcement on Completion of Registration of Class I Restricted Shares Reserved for 2021 Restricted Stock Incentive Plan (Announcement No.: 2022-061, the reserved grant date is November 18, 2022, and the listing date of reserved grant shares is December 23, 2022. During the process of capital payment and share registration after the determined reserved grant date. One incentive object gave up all the restricted stocks granted to him due to personal reasons, involving a total of 20 thousand restricted stocks of the first category. The total number of incentive objects actually granted and registered for the reserved Class I restricted stock is 40, and the actual number of shares reserved for the registration of the reserved Class I restricted stock is 110,000 shares, accounting for 0.11% of the company's total share capital before the registration of the reserved Class I restricted stock grant.

8. On December 26, 2022, the ninth meeting of the second board of directors of the company in 2022 and the seventh meeting of the second board of supervisors in 2022 reviewed and approved the Proposal on Adjusting the Repurchase Price of Restricted Shares and the Proposal on Repurchase and Cancellation of Some Restricted Shares. In view of the completion of the 2021 annual equity distribution by the company on June 1, 2022. The repurchase price for the first grant of the company's restricted stock incentive plan in 2021 has been adjusted from RMB 32.87 per share to RMB 32.74 per share. In view of the fact that a total of 7 people in the incentive plan granted by the company for the first time resigned due to personal reasons, according to the relevant provisions of the 2021 Restricted Stock Incentive Plan and the Measures for the Evaluation and Management of the Implementation of the 2021 Restricted Stock Incentive Plan, the above-mentioned persons no longer meet the incentive conditions, and the board of directors of the company agreed to repurchase and cancel the 18,000 restricted shares that have been granted and have not been lifted by the above-mentioned persons at a repurchase price of RMB 32.74 per share. The independent directors of the company issued an independent opinion expressly agreeing to the above-mentioned related matters, and the board of supervisors agreed to adjust the repurchase price of restricted stocks and repurchase and cancel some restricted stocks.

9. On January 17, 2023, the Company held its first extraordinary general meeting of shareholders in 2023, at which the Proposal on Repurchase and Cancellation of Certain Restricted Shares was reviewed and approved, and it was agreed that the Company would repurchase and cancel 18,000 Class I restricted shares granted under the 2021 Restricted Stock Incentive Plan but not yet lifted. On the same day, the company disclosed the "Announcement on Repurchase and Cancellation of Certain Restricted Shares for Capital Reduction and Notification to Creditors" (Announcement No.: 2023-003) on www.cninfo.com.cn.

10. On March 31, 2023, the Company disclosed the "Announcement on Completion of Repurchase and Cancellation of Partially Restricted Shares", repurchasing and canceling the Class I restricted shares granted under the 2021 Restricted Stock Incentive Plan but not yet lifted, totaling 18,000 shares, accounting for 0.0177% of the total share capital before the repurchase and cancellation. After the completion of this repurchase and cancellation, the total share capital of the Company was changed from 101,770,000 shares to 101,752,000 shares. The registered capital was changed from RMB 101,770,000 to RMB 101,752,000. On March 30, 2023, the company completed the repurchase and cancellation procedures of some Class I restricted shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. Equity incentives for directors and senior executives

Applicable ☒ Not applicable

Unit: share

Name	Position	Number of stock options held at the beginning of the year	Number of newly granted stock options during the reporting period	Number of exercisable shares during the reporting period	Number of shares exercised during the reporting period	The number of shares exercised during the reporting period and the exercise price (yuan/share)	Number of stock options held at the end of the period	Market price at the end of the reporting period (yuan/share)	Number of restricted shares held at the beginning of the period	The number of unlocked shares in the current period	Number of newly granted restricted shares during the reporting period	Grant price of restricted stock (yuan/share)	Number of restricted shares held at the end of the period
Wang Yuetian	Vice Chairman, Director	0	0	0	0	0	0	0	0	0	40,000	32.87	40,000
Total	--	0	0	0	0	--	0	--	0	0	40,000	--	40,000

Evaluation mechanism and incentives for senior managers

The incentive objects include Mr. Wang Yuetian, the person acting in concert with the actual controller of the listed company and the vice chairman, who was granted 200,000 restricted shares, including 40,000 restricted shares of the first category and 160,000 restricted shares of the second category. The reason why the company included it in this incentive plan is that Mr. Wang Yuetian is the person acting in concert with the actual controller of the company and the vice chairman of the board. He is the company's core management talent and plays an important role in the company's strategic planning, operation management, business development, etc. The company's inclusion in this incentive plan will help promote the stability and enthusiasm of the company's core personnel, thereby contributing to the company's long-term development.

2. Implementation of the Employee Stock Ownership Plan

☒ Applicable Not Applicable

3. Other employee incentives

☒ Applicable Not Applicable

XIV. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control

(1) Further improve the construction of internal control system and strengthen internal audit supervision. To sort out and improve the functions and responsibilities of the audit committee of the board of directors and the internal audit department, strengthen the exercise of supervision power under the leadership of the board of directors, strengthen the supervision of the internal audit department on the implementation of the company's internal control system, and improve the depth and breadth of internal audit work.

(2) Strengthen the awareness and responsibility of internal control of the board of directors and key positions, fully understand the importance of internal control in improving enterprise management, enhancing risk prevention and control, and helping enterprises develop with high quality, clarify specific responsible persons, and play an exemplary role.

(3) Strengthen internal control training and learning. The company promptly organizes directors, supervisors and senior management personnel to participate in regulatory compliance learning to improve the management's corporate governance level. Targeted compliance training for middle-level managers and ordinary employees is carried out to improve risk prevention awareness, strengthen compliance management awareness, ensure the effective implementation of internal control systems, effectively improve the company's standardized operation level, and promote the company's healthy and sustainable development.

2. Details of major deficiencies in internal control discovered during the reporting period

■ whether

15. The company's management and control of its subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Problems encountered in integration	Solutions taken	Resolution progress	Follow-up resolution plan
No	No	No	No	No	No	No

16. Internal control self-evaluation report or internal control audit report

1. Internal control self-evaluation report

Disclosure date of the full text of the internal control evaluation report	April 07, 2023	
Internal Control Evaluation Report Full Text Disclosure Index	Juchao Information Network (http://www.cninfo.com.cn/)	
The proportion of the total assets of the units included in the evaluation scope to the total assets of the company's consolidated financial statements	100.00%	
The proportion of the operating income of the unit included in the evaluation scope to the operating income of the company's consolidated financial statements	100.00%	
Defect identification standard		
Category	Financial report	Non-financial reporting

<p>Qualitative criteria</p>	<p>(I) Significant deficiencies: refers to a combination of one or more control deficiencies that may cause the enterprise to seriously deviate from the control objectives. If the following characteristics occur, it shall be deemed as a major defect:</p> <p>(II) Significant deficiencies: refers to a combination of one or more control deficiencies whose severity and economic consequences are lower than those of the major deficiencies but which may still cause the enterprise to deviate from the control objectives. The following characteristics are deemed to be important defects: There are major deficiencies in the control environment; Fraud by directors, supervisors and senior management; There is a material misstatement in the current financial report, and the internal control failed to find the misstatement during the operation; The audit committee and the internal audit department are ineffective in overseeing the internal control over financial reporting.</p>	<p>(I) Defects with the following characteristics shall be identified as major defects: The company's business activities seriously violate national laws, administrative regulations and normative documents; The company's decision-making procedures are unscientific, such as decision-making mistakes, resulting in the company's failure to achieve the expected goals; The important business involved in the company's production and operation lacks institutional control or the institutional system fails; The failure of internal control over information disclosure has led to the company being publicly condemned by the regulatory authorities; Failure to select and apply accounting policies in accordance with the Accounting Standards for Business Enterprises; No corresponding control mechanism has been established or implemented and no corresponding compensatory control has been established for the accounting treatment of unconventional or special transactions; There is one or more deficiencies in the control of the financial reporting process at the end of the period and there is no reasonable guarantee that the prepared financial statements will achieve the true and accurate objectives. (III) General Defects: Refers to control deficiencies other than major deficiencies and major deficiencies. The results of the internal control evaluation, especially major deficiencies or major deficiencies, have not been rectified; A significant loss has occurred and the loss is due to one or more control deficiencies. (II) Defects with the following characteristics are identified as important defects: The company's decision-making process leads to general mistakes; The company violates the internal regulations of the enterprise and causes losses; There is a serious loss of business personnel in key positions of the company; Negative news in the media spreads to local areas; Defects in the company's important business systems or systems; Important deficiencies in the company's internal control have not been rectified. (III) Defects with the following characteristics are deemed to be general defects: The company violated internal regulations, but did not cause losses; There is a serious loss of business personnel in general positions of the company; There is negative news in the media, but the impact is not significant; There are defects in the company's general business system or system; the company's general defects have not been rectified.</p>
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2. Internal control audit report or assurance report

Internal Control Assurance Report

Deliberation opinion paragraph in the internal control assurance report	
We believe that Shenzhen Honor Electron maintained effective internal controls related to financial reporting in all material aspects as of December 31, 2022 in accordance with the Basic Norms of Enterprise Internal Control and related norms.	
Disclosure of internal control assurance report	Disclose
Disclosure date of the full text of the internal control assurance report	April 07, 2023
Internal Control Assurance Report Full Text Disclosure Index	Juchao Information Network (http://www.cninfo.com.cn/)
Internal Control Assurance Report Opinion Type	Standard unqualified opinion
Whether there are material deficiencies in non-financial reporting	No

Whether the accounting firm has issued a non-standard opinion of the internal control assurance report

■ whether

Whether the internal control assurance report issued by the accounting firm is consistent with the self-evaluation report of the board of directors

Yes ■ No

17. The rectification of self-examination problems in the special action of listed company governance

During the reporting period, the company did not have any self-examination and rectification issues for the special actions of listed company governance.

Section 5 Environmental and Social Responsibility

I. Major environmental issues

Whether the listed company and its subsidiaries belong to the key pollutant discharge units announced by the environmental protection department

■ whether

Administrative penalties for environmental issues during the reporting period

Company or subsidiary name	Reason for punishment	Violations	Penalty result	Impact on the production and operation of listed companies	The company's corrective measures
No	No	No	No	No	No

Refer to other environmental information disclosed by key pollutant discharge units

Not applicable

Measures and effects taken to reduce its carbon emissions during the reporting period

■ Applicable Not Applicable

Reasons for not disclosing other environmental information

Neither the company nor its subsidiaries belong to the key pollutant discharge units announced by the environmental protection department. During the reporting period, all production and operation of the company were carried out in strict compliance with relevant national laws and regulations, and actively cooperated with all inspections, and no punishment occurred.

II. Social Responsibility

During the reporting period, the company actively fulfilled its obligations and assumed social responsibilities. While continuously creating value for shareholders, the company also actively assumes responsibilities to shareholders, employees, partners, society and other stakeholders.

(1) Protection of shareholders' rights and interests

In strict accordance with the requirements of the Company Law, the Rules for the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange and other relevant laws and regulations, the company continued to improve its corporate governance structure; continuously improved its internal control system and control system, and continuously improved its standardized operation level. The company has established a regulatory system based on the "Articles of Association" and the "Rules of Procedures for the General Meeting of Shareholders", "Rules of Procedures for the Board of Directors" and "Rules of Procedures for the Board of Supervisors" as the main structure. In order to reasonably return investors, the company actively implements the profit distribution policy to ensure the return on investment of shareholders.

(2) Protection of employees' rights and interests

The company protects the legitimate rights and interests of employees in accordance with the national "Labor Law", "Labor Contract Law" and other laws and regulations, and provides various guarantees for employees' career development and rights protection. The company has established a standardized performance appraisal system and a complete salary management system. The company actively fulfills its social responsibilities and employs 3 disabled employees. At the same time, it pays attention to the health and safety of employees and enriches the professional life of employees.

The company attaches great importance to employee training and career planning to improve employees' own quality and comprehensive ability. The company has carried out various trainings for employees of different levels and categories, including induction training for new employees and skill improvement training for management personnel. Each employing department makes suggestions on training content according to different types of work, and formulates detailed training plans to promote talent development.

The company always puts the safety and health of employees in the first place, implements the "Safety Production Law", and always adheres to the principle of "safety first". The company actively promotes the construction of safety guarantee system, continuously introduces new safety management methods and safety concepts, improves employees' safety awareness, and ensures safe production.

(3) Protection of the rights and interests of suppliers and consumers

The development of the company is inseparable from the strong support and hand in hand of major suppliers. The company has formulated a complete procurement system and process, strictly abides by the relevant national laws and regulations on anti-bribery, anti-fraud, extortion and anti-money laundering, creates an honest and ethical business environment, and protects the legitimate rights and interests of every supplier.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

In 2022, the company actively participated in the "Enterprises Going to Du'an, Guangxi to Carry out Guangdong-Guangxi Cooperation and Assistance Activities" organized by the Bao'an District Bureau of Industry and Information Technology, and paired up with the residents committee of Jiaba Village, Xiaao Town, Du'an Yao Autonomous County, Hechi City and participated in the "Solar Street Lamp Construction Project", donated 20,000 yuan to jointly solve the difficulties in the process of rural revitalization and inject vitality into the village collective economy.

Section 6 Important Matters

I. Fulfillment of commitments

1. The company's actual controllers, shareholders, related parties, acquirers, and the company and other related parties have fulfilled their commitments during the reporting period and have not fulfilled their commitments as of the end of the reporting period

Applicable ☒ Not applicable

Promise	Promise party	Commitment type	Commitment content	Promise time	Commitment period	Performance
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Commitments made in an initial public offering or refinancing	Wang Heqiu, Wang Yulin, Shang Yunsi, Wang Yuetian, Wang Yuefei	Share Locking Commitment and Share Reduction Commitment	<p>1. Within 36 months from the date of listing of the company's shares on the stock exchange, the company shall not transfer or entrust others to manage the shares issued by the company directly or indirectly before the company's public offering of shares, nor shall the company repurchase such shares; If the closing price of the company's shares for 20 consecutive trading days is lower than the issue price within 6 months after listing, or the closing price of the shares at the end of the 6 months after listing is lower than the issue price, the lock-up period of the company's shares held directly or indirectly by me will be automatically extended by 6 months. 2. If I reduce my direct or indirect holdings of the company's shares before the public offering within two years after the expiration of the above lock-up period, the annual reduction shall not exceed 25% of the total number of company shares I directly or indirectly hold, and the reduction price shall not be lower than the issue price at the time of the public offering. 3. After the above-mentioned statutory or voluntary lock-up period expires, the shares transferred each year during my tenure as a director, supervisor or senior manager of the company shall not exceed 25% of the total shares held by me directly or indirectly; the shares held directly or indirectly by me shall not be transferred within half a year after resignation. 4. If I reduce my shareholding in the company, I will carry out the reduction in accordance with the relevant regulations of the China Securities Regulatory Commission, the stock exchange and other regulatory authorities, and actively cooperate with the company's announcement and other information disclosure work. 5. In the event of ex-rights or ex-dividends due to the distribution of cash dividends, bonus shares, capitalization, additional issuance of new shares, etc., the issue price or closing price shall be adjusted accordingly in accordance with relevant regulations. If I violate the above undertaking, the proceeds from the breach of the undertaking shall belong to the company; the company may withhold the remuneration (and allowances) payable to me in the year of breach of the undertaking and the following year, and I shall not transfer the shares of the company held directly or indirectly during the breach of the undertaking until I fulfill the undertaking. The above commitments will not be invalidated or terminated due to job changes, resignation, etc.</p>	August 17, 2020	2020-08-24 to 2025-08-23	Normal performance
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	Shenzhen Genoli Information Consulting Co., Ltd., Shenzhen Wangyuewang Investment Partnership (Limited Partnership)	Share Locking Co mmitment and Share Reduction Commitmen t	1. Within 36 months from the date of listing of the company's shares on the stock exchange, the company shall not transfer or entrust others to manage the shares issued by the company directly or indirectly before the company's public offering of shares, nor shall the company repurchase such shares; If the closing price of the company's shares for 20 consecutive trading days is lower than the issue price within 6 months after listing, or the closing price of the shares at the end of the 6 months after listing is lower than the issue price, the lock-up period of the company's shares held directly or indirectly by the company will be automatically extended by 6 months. 2. If the company reduces its holdings within two years after the above-mentioned lock-up period expires	August 17, 2020	2020-08-24 to 2025-08-23	Normal performance
			The shares of the company directly or indirectly held by the industry before the public offering shall not exceed 25% of the total shares of the company directly or indirectly held by the company each year, and the reduction price shall not be lower than the issue price at the time of the public offering. The shares will be reduced in accordance with the relevant regulations of the China Securities Regulatory Commission, the stock exchange and other regulatory authorities, and actively cooperate with the company's announcement and other information disclosure work. 3. In the event of ex-rights or ex-dividends due to the distribution of cash dividends, bonus shares, capitalization, additional issuance of new shares, etc., the issue price or closing price shall be adjusted accordingly in accordance with relevant regulations. If the company violates the above commitments, the proceeds from the breach of the commitment belong to the company; the company may withhold the cash dividends payable to the company in the year of breach of the commitment and the following year. At the same time, the company may not transfer the company's shares held directly or indirectly during the breach of the commitment until the company fulfills the commitment.			

	Fang Li, Yang Ji, Tibet Tongchuangweiye Venture Capital Co., Ltd	Share Locking Co mmitment and Share Reduction Commitmen t	1. Within 12 months from the date of listing of the company's shares on the stock exchange, the company shall not transfer or entrust others to manage the shares issued by the company directly or indirectly before the company's public offering of shares, nor shall the company repurchase such shares. 2. If I reduce my direct or indirect holdings of the company's shares before the public offering within two years after the expiration of the above lock-up period, the annual reduction shall not exceed 100% of the total number of shares of the company I directly or indirectly hold, and the reduction price shall not be lower than the latest audited net assets per share, and I will reduce my holdings in accordance with the relevant shareholding reduction regulations of the China Securities Regulatory Commission, the stock exchange and other regulatory authorities, and actively cooperate with the company's announcement and other information disclosure work. 3. In the event of ex-rights or ex-dividends due to the distribution of cash dividends, bonus shares, capitalization, additional issuance of new shares, etc., the net assets per share shall be adjusted accordingly in accordance with relevant regulations. If I violate the above undertaking, the proceeds from the breach of the undertaking shall belong to the company; the company may withhold the cash dividends payable to me in the year of breach of the undertaking and the following year, and I shall not transfer the shares of the company held directly or indirectly during the breach of the undertaking until I fulfill the undertaking.	August 17, 2020	2020-08-24 to 2023-08-23	Normal performance
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	Shenzhen Tongju Information Technology Consulting Partnership (Limited Partnership)	Share reduction commitment	<p>1. Within 36 months from the date of listing of the company's shares on the stock exchange, the company shall not transfer or entrust others to manage the shares issued by the company directly or indirectly before the company's public offering of shares, nor shall the company repurchase such shares. 2. If the company reduces its holdings of the company's shares directly or indirectly held by the company before the public offering within two years after the expiration of the above-mentioned lock-up period, the annual reduction shall not exceed 25% of the total number of company's shares held directly or indirectly by the company, and the reduction price shall not be lower than the issue price at the time of the public offering. The company will reduce its holdings in accordance with the relevant shareholding reduction regulations of the China Securities Regulatory Commission, the stock exchange and other regulatory authorities, and actively cooperate with the company's announcement and other information disclosure work. 3. In the event of ex-rights or ex-dividends due to the distribution of cash dividends, bonus shares, capitalization, additional issuance of new shares, etc., the issue price shall be adjusted accordingly in accordance with relevant regulations. If the company violates the above commitments, the proceeds from the breach of the commitment belong to the company; the company may withhold the cash dividends payable to the company in the year of breach of the commitment and the following year. At the same time, the company may not transfer the company's shares held directly or indirectly during the breach of the commitment until the company fulfills the commitment.</p>	August 17, 2020	2020-08-24 to 2025-08-23	Normal performance
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	Jiang Shuxing, Zhao Hongyu, Sun Chunping, Zhao Peng	Share Locking Commitment and Share Reduction Commitment	<p>1. Within 36 months from the date of listing of the company's shares on the stock exchange, the company shall not transfer or entrust others to manage the shares issued by the company directly or indirectly before the company's public offering of shares, nor shall the company repurchase such shares; If the closing price of the company's shares for 20 consecutive trading days is lower than the issue price within 6 months after listing, or the closing price of the shares at the end of the 6 months after listing is lower than the issue price, the lock-up period of the company's shares held directly or indirectly by me will be automatically extended for 6 months; within two years after the expiration of the above lock-up period, I will reduce my holdings of the company's shares directly or indirectly held before the public offering, and the reduction price shall not be lower than the issue price at the time of the public offering.</p> <p>2. After the above-mentioned statutory or voluntary lock-up period expires, the shares transferred each year during my tenure as a director, supervisor or senior manager of the company shall not exceed 25% of the total shares held by me directly or indirectly; the shares held directly or indirectly by me shall not be transferred within half a year after resignation.</p> <p>3. If I reduce my shareholding in the company, I will carry out the reduction in accordance with the relevant regulations of the China Securities Regulatory Commission, the stock exchange and other regulatory authorities, and actively cooperate with the company's announcement and other information disclosure work.</p> <p>4. In the event of ex-rights or ex-dividends due to the distribution of cash dividends, bonus shares, capitalization, additional issuance of new shares, etc., the issue price or closing price shall be adjusted accordingly in accordance with relevant regulations. If I violate the above undertaking, the proceeds from the breach of the undertaking shall belong to the company; the company may withhold the remuneration (and allowances) payable to me in the year of breach of the undertaking and the following year, and I shall not transfer the shares of the company held directly or indirectly during the breach of the undertaking until I fulfill the undertaking. The above commitments will not be invalidated or terminated due to job changes, resignation, etc.</p>	August 17, 2020	2020-08-24 to 2025-08-23	Sun Chunping has completed the performance, and others are performing normally
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	Shenzhen Tonghui Information Technology Consulting Partnership (Limited Partnership)	Share Locking Commitment and Share Reduction Commitment	Within 12 months from the date of listing of the company's shares on the stock exchange, the company shall not transfer or entrust others to manage the shares issued by the company directly or indirectly before the company's public offering of shares, nor shall the company repurchase such shares. If the company violates the above commitments, the proceeds from the breach of the commitment belong to the company; the company may withhold the cash dividends payable to the company in the year of breach of the commitment and the following year. At the same time, the company may not transfer the company's shares held directly or indirectly during the breach of the commitment until the company fulfills the commitment.	August 17, 2020	2020-08-24 to 2021-08-23	Fulfilled
	Wang Xiaoli, Xie Ande	Share Locking Commitment and Share Reduction Commitment	1. Within 12 months from the date of listing of the company's shares on the stock exchange, the company shall not transfer or entrust others to manage the shares issued by the company directly or indirectly before the company's public offering of shares, nor shall the company repurchase such shares. 2. After the above-mentioned statutory or voluntary lock-up period expires, the shares transferred each year during my tenure as a director, supervisor or senior manager of the company shall not exceed 25% of the total shares held by me directly or indirectly; the shares held directly or indirectly by me shall not be transferred within half a year after resignation. 3. If I reduce my shareholding in the company, I will carry out the reduction in accordance with the relevant regulations of the China Securities Regulatory Commission, the stock exchange and other regulatory authorities, and actively cooperate with the company's announcement and other information disclosure work. If I violate the above undertaking, the proceeds from the breach of the undertaking shall belong to the company; the company may withhold the remuneration (and allowances) payable to me in the year of breach of the undertaking and the following year, and I shall not transfer the direct or indirect holdings during the period of breach of the undertaking	August 17, 2020	2020-08-24 to 2021-08-23	Fulfilled
			Company shares until I fulfill my promise. The above commitments will not be invalidated or terminated due to job changes, resignation, etc.			

	Complete victory	Share Locking Commitment and Share Reduction Commitment	<p>1. Within 12 months from the date of listing of the company's shares on the stock exchange, neither transfer nor entrust others to manage the company's directly or indirectly held shares issued before the company's public offering, nor will the company repurchase such shares; If the closing price of the company's shares for 20 consecutive trading days is lower than the issue price within 6 months after listing, or the closing price of the shares at the end of the 6 months after listing is lower than the issue price, the lock-up period of the company's shares held directly or indirectly by me will be automatically extended for 6 months; within two years after the expiration of the above lock-up period, I will reduce my holdings of the company's shares directly or indirectly held before the public offering, and the reduction price shall not be lower than the issue price at the time of the public offering.</p> <p>2. After the above-mentioned statutory or voluntary lock-up period expires, the shares transferred each year during my tenure as a director, supervisor or senior manager of the company shall not exceed 25% of the total shares held by me directly or indirectly; the shares held directly or indirectly by me shall not be transferred within half a year after resignation.</p> <p>3. If I reduce my shareholding in the company, I will carry out the reduction in accordance with the relevant regulations of the China Securities Regulatory Commission, the stock exchange and other regulatory authorities, and actively cooperate with the company's announcement and other information disclosure work.</p> <p>4. In the event of ex-rights or ex-dividends due to the distribution of cash dividends, bonus shares, capitalization, additional issuance of new shares, etc., the issue price or closing price shall be adjusted accordingly in accordance with relevant regulations. If I violate the above undertaking, the proceeds from the breach of the undertaking shall belong to the company; the company may withhold the remuneration (and allowances) payable to me in the year of breach of the undertaking and the following year, and I shall not transfer the shares of the company held directly or indirectly during the breach of the undertaking until I fulfill the undertaking. The above commitments will not be invalidated or terminated due to job changes, resignation, etc.</p>	August 17, 2020	2020-08-24 to 2021-08-23	Fulfilled
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	Wang Yulin	Shareholder's commitment to act in concert	As one of the actual controllers of Shenzhen Honor Electronic Co., Ltd., I promise to vote in accordance with the articles of association of Shenzhen Shenzhen Honor Electronic Co., Ltd. when I exercise my voting rights through Shenzhen Gnoli Information Consulting Co., Ltd. If I fail to reach an agreement, I promise to take Wang Heqiu's opinion as the standard.	August 17, 2020	2020-08-17 to long term	Normal performance
	Wang Yulin, Wang Yuetian, Wang Yuefei, Shang Yunsi	Shareholder's commitment to act in concert	As one of the actual controllers of Shenzhen Honor Electronic Co., Ltd., I promise to vote in accordance with the partnership agreement of Shenzhen Wangyuewang Investment Partnership (Limited Partnership) when exercising my voting rights in Shenzhen Honor Electronic Co., Ltd. through Shenzhen Wangyuewang Investment Partnership (Limited Partnership). If no consensus can be reached, I promise to take Wang Heqiu's opinion as the standard.	August 17, 2020	2020-08-17 to long term	Normal performance
	Shenzhen Genoli Information Consulting Co., Ltd., Shenzhen Wangyuewang Investment Partnership (Limited Partnership), Wang Heqiu, Wang Yulin, Wang Yuefei, Wang Yuetian, Shang Yunsi	Commitments on horizontal competition, related party transactions, and capital occupation	Letter of Commitment on Reducing and Regulating Related Party Transactions As the controlling shareholder and actual controller of Shenzhen Honor Electronic Co., Ltd. (hereinafter referred to as the "Company"), the company/I promise as follows: The company/I will reduce the transactions between the company/I and other companies controlled by the company/I and the company based on the market principle of "fairness, impartiality, equivalence and compensation" and in accordance with general commercial terms. Strictly abide by and respect the company's articles of association and related transaction decision-making procedures, and in accordance with laws and regulations and stock exchange rules (applicable after listing), cooperate with the company	August 17, 2020	2020-08-17 to long term	Normal performance

			<p>Fair price to conduct fair transactions, and do not seek the illegal interests of the company/me and/or other companies controlled by the company/me. During the period when the enterprise/I and/or the company controlled by the enterprise/I (if any) have an associated relationship with the company, if I violate the above undertakings, I will bear corresponding legal liabilities, and the proceeds from the violation of the undertakings shall belong to the company.</p> <p>Letter of Commitment on Avoiding Horizontal Competition As the controlling shareholder and actual controller of Shenzhen Honor Electronic Co., Ltd. (hereinafter referred to as the "Company "), I/the company promises as follows: I/the company is not currently engaged in and will not engage in any business that directly or indirectly competes with the company (and its subsidiaries), nor will I engage in any other form of business that competes or competes with the company (and its subsidiaries); If there is a situation in the future that the business of the company that I/the company holds or shares in is in competition with the company (and its subsidiaries), I/the company will transfer all the capital or equity in such enterprises upon the request of the company, and give the company (and its subsidiaries) the right of first refusal to purchase such capital or equity under the same conditions. During the period when I/the enterprise and the company controlled by me/the enterprise (if any) have an associated relationship with the company, if I/the enterprise violates the above undertakings, I/the enterprise will bear corresponding legal liabilities, and the proceeds from the violation of the undertakings shall belong to the company.</p>			
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	Shenzhen Honor Electronic Co., Ltd.	IPO Stable Share Price Commitment	<p>(1) Specific conditions for initiating stock price stabilization measures Within 36 months after the company's listing, if the closing price of the company's shares for 20 consecutive trading days is lower than the company's audited net assets per share at the end of the most recent year (in case of ex-rights or ex-dividends due to the distribution of cash dividends, bonus shares, capitalization of additional shares, additional issuance of new shares, etc., the net assets per share will be adjusted accordingly according to relevant regulations, the same below), the company's stock price stabilization measures will be initiated. (2) The method and sequence of stock price stabilization measures</p> <p>1. The method of stock price stabilization measures: (1) the company repurchases shares; (2) the company's controlling shareholders increase their shareholdings of the company; (3) the company's directors (excluding independent directors, the same below) and senior management increase their shareholdings of the company. The prerequisites for choosing the aforementioned method: (1) cannot cause the company to fail to meet the statutory listing conditions; (2) cannot force the controlling shareholder to perform the obligation of tender offer. 2. The implementation sequence of the stock price stabilization measures is as follows: first, the company repurchases shares; second, the controlling shareholder increases the company's shares; the measure will be activated when one of the following situations occurs: (1) the company cannot implement the stock repurchase or the stock repurchase proposal has not been approved by the company's shareholders' meeting; (2) the company has implemented the stock repurchase plan but has not yet met the condition that "the closing price of the company's stock for five consecutive trading days has been higher than the company's audited net assets per share at the end of the most recent year". Third, directors and senior executives increased their shareholdings in the company. The conditions for initiating this measure are: after the implementation of the plan to increase the shareholding of the company by the controlling shareholder, if the company's stock has not yet met the condition that "the closing price of the company's stock for 5 consecutive trading days has been higher than the company's audited net assets per share at the end of the most recent year". (3) Procedures for implementing stock price stabilization measures 1. Procedures for the company to repurchase shares (1) When the conditions for triggering the initiation of stock price stabilization measures are met, the company will put forward and announce the stock price stabilization plan within 15 trading days, and disclose it in a timely manner</p>	August 17, 2020	2020-08-24 to 2023-08-23	Normal performance
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2. If 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 will explain that the assets or projects have reached the original profit forecast and the reasons for it

■ Applicable Not Applicable

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

■ Applicable Not Applicable

During the reporting period, there was no non-operating capital occupation of the listed company by the controlling shareholder and other related parties.

III. Violation of external guarantees

■ Applicable Not Applicable

During the reporting period, the company had no illegal external guarantees.

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

■ Applicable Not Applicable

V. Explanations of the board of directors, the board of supervisors and independent directors (if any) on the "non-standard audit report" of the accounting firm during the reporting period

■ Applicable Not Applicable

VI. Explanation of the Board of Directors on Accounting Policies, Changes in Accounting Estimates or Corrections of Significant Accounting Errors during the Reporting Period

■ Applicable Not Applicable

VII. Explanation of changes in the scope of consolidated statements compared with the financial report of the previous year

Applicable ■ Not applicable

On May 13, 2022, Shenzhen Honor Electronic Co., Ltd. established Hangzhou Honor Electron Electronic Technology Co., Ltd., with a registered capital of RMB 10 million and a paid-in capital of RMB 4.0 million. The registered address is Room 106, Floor 1, Building 8, No. 998, Wenyi West Road, Wuchang Street, Yuhang District, Hangzhou City, Zhejiang Province.

Hangzhou Honor Electron Electronic Technology Co., Ltd. has been included in the scope of consolidation since its establishment.

On August 26, 2022, Shenzhen Honor Electronic Co., Ltd. established Suzhou Anshibo Energy Technology Co., Ltd., with a registered capital of RMB 10 million and a paid-in capital of RMB 50 million. The registered address is No. 129, Jishi East Road, Jiangling Street, Wujiang District, Suzhou City.

Suzhou Anshibo Energy Technology Co., Ltd. has been included in the scope of consolidation since its establishment.

VIII. Appointment and Dismissal of Accounting Firms

Current accounting firm

Name of domestic accounting firm	Tianzhi International Accounting Firm (Special General Partnership)
Remuneration of domestic accounting firms (ten thousand yuan)	106
Consecutive years of audit services of domestic accounting firms	3
The name of the certified public accountant of the domestic accounting firm	Zhang Lei, Fan Kelei
Consecutive years of CPA audit services of domestic accounting firms	1

Whether to reappoint an accounting firm

☒ whether

Hiring an internal control audit accounting firm, financial consultant or sponsor

Applicable ☒ Not applicable

During the year, the company hired Tianzhi International Accounting Firm (special general partnership) to issue an internal control assurance report, and the remuneration was included in the annual audit fee.

IX. Facing delisting after the disclosure of the annual report

☒ Applicable Not Applicable

X .matters related to bankruptcy and reorganization

☒ Applicable Not Applicable

During the reporting period, the company did not have any bankruptcy and reorganization related matters.

11. Major litigation and arbitration matters

☒ Applicable Not Applicable

During the year, the company had no major litigation or arbitration.

12. Punishment and rectification

☒ Applicable Not Applicable

During the reporting period, there were no penalties and rectifications.

XIII. The integrity of the company and its controlling shareholders and actual controllers

☒ Applicable Not Applicable

XIV. Significant related party transactions

1. Related party transactions related to daily operations

■ Applicable Not Applicable

During the reporting period, the company did not have any related transactions related to its daily operations.

2. Related party transactions arising from the acquisition and sale of assets or equity

■ Applicable Not Applicable

During the reporting period, there were no related transactions involving the acquisition or sale of assets or equity.

3. Related party transactions of joint foreign investment

Applicable ■ Not applicable

Co-investor	Relationship	The name of the invested company	The main business of the invested company	Registered capital of the invested company	Total assets of the invested enterprise (ten thousand yuan)	Net assets of the invested company (ten thousand yuan)	Net profit of the invested enterprise (ten thousand yuan)
Wang Yuetian	The actual controller and vice chairman of the company	Hangzhou Yundian Technology Energy Co., Ltd	Mainly engaged in the research and development of various power products and customer service	70 million yuan	2,149.12	1,331.99	-2,526.05
The progress of major projects under construction of the invested enterprise (if any)		No					

4. Related creditor's rights and debts

■ Applicable Not Applicable

During the reporting period, there was no related creditor's rights and debts.

5. Transactions with financial companies that have an associated relationship

■ Applicable Not Applicable

There is no deposit, loan, credit or other financial business between the company and the financial company that has an associated relationship and the associated party.

6. The transactions between the financial company controlled by the company and related parties

■ Applicable Not Applicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the company and related parties.

7. Other major related transactions

■ Applicable Not Applicable

During the reporting period, the company had no other major related transactions.

15. Major contracts and their performance

1. Custody, contracting and leasing matters

(1) Custody

■ Applicable Not Applicable

There was no custody of the company during the reporting period.

(2) Contracting situation

■ Applicable Not Applicable

There was no contract in the company during the reporting period.

(3) Leasing

Applicable ■ Not applicable

Lease description

In order to improve economic efficiency and expand its business scale, the company expanded the lease of some dormitories around the company during the reporting period to improve the living environment of employees; Dongguan, Ganzhou and other leased sites are used as warehouses for storage and turnover materials. The above rental prices are fair, and the lessor has no relationship with the company.

During the reporting period, the company leased some of its own properties to the outside world, the rental price was fair, and the lessee had no relationship with the company.

Projects that bring the company's profit and loss to more than 10% of the company's total profit in the reporting period

■ Applicable Not Applicable

During the reporting period, there were no leasing projects that brought the company's profits and losses to more than 10% of the company's total profits during the reporting period.

2. Major guarantee

Applicable ☒ Not applicable

Unit: ten thousand yuan

External guarantees of the company and its subsidiaries (excluding guarantees to subsidiaries)										
Guaranteed object name	Disclosure date of the announcement related to the guarantee amount	Guarantee amount	Actual date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Is it fulfilled?	Whether to guarantee a related party
The company's guarantee to its subsidiaries										
Guaranteed object name	Disclosure date of the announcement related to the guarantee amount	Guarantee amount	Actual date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Is it fulfilled?	Whether to guarantee a related party
Dongguan Honor Electronics Co., Ltd	November 09, 2021	60,000	October 11, 2021	20,104	Joint and several liability guarantee			October 11, 2021 to October 10, 2029	No	No
Vietnam Honor Electronics Technology Co., Ltd	November 09, 2021	40,000	January 21, 2022	3,174.6	Joint and several liability guarantee			January 21, 2022 to March 1, 2023	No	No
During the reporting period, the total amount of guarantees approved for subsidiaries (B1)		0		The total actual amount of guarantees to subsidiaries during the reporting period (B2)		3,174.6				
The total amount of guarantees approved for subsidiaries at the end of the reporting period (B3)		100,000		The total balance of actual guarantees to subsidiaries at the end of the reporting period (B4)		23,278.6				
Subsidiary's guarantee to subsidiary										
Guaranteed object name	Disclosure date of the announcement related to the guarantee amount	Guarantee amount	Actual date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Is it fulfilled?	Whether to guarantee a related party
The total amount of company guarantees (that is, the total of the first three items)										
The total amount of approved guarantees during the reporting period (A1 + B1 + C1)		0		The total amount of guarantees actually incurred during the reporting period (A2 + B2 + C2)		3,174.6				

The total amount of guarantees approved at the end of the reporting period (A3 + B3 + C3)	100,000	The total actual guarantee balance at the end of the reporting period (A4 + B4 + C4)	23,278.6
The proportion of the total actual guarantee (ie A4 + B4 + C4) to the company's net assets		14.31%	
Of which:			
Balance of guarantees provided to shareholders, actual controllers and their related parties (D)		0	
Debt guarantee balance provided directly or indirectly to guaranteed objects with asset-liability ratio exceeding 70% (E)		0	
Amount of total guarantees exceeding 50% of net assets (F)		0	
The total amount of the above three guarantees (D + E + F)		0	

Description of the specific circumstances of the use of compound guarantees

3. Entrusting others to manage cash assets

(1) Entrusted financial management

Applicable ☒ Not applicable

Overview of entrusted wealth management during the reporting period

Unit: ten thousand yuan

Specific type	Source of funds for entrusted financial management	Entrusted financial management amount	Unexpired balance	Overdue amount	The amount of impairment accrued for overdue financial management
Bank wealth management products	Raise funds	22,200	7,000	0	0
Total		22,200	7,000	0	0

The specific situation of high-risk entrusted wealth management with large single amount or low security and poor liquidity

☒ Applicable Not Applicable

In the case of entrusted wealth management, it is expected that the principal cannot be recovered or there are other situations that may lead to impairment

☒ Applicable Not Applicable

(2) Entrusted loans

☒ Applicable Not Applicable

There was no entrusted loan in the company during the reporting period.

4. Other major contracts

■ Applicable Not Applicable

There were no other major contracts in the company during the reporting period.

16. Explanation of other important matters

Applicable ■ Not applicable

The company held the second meeting of the second board of directors in 2022 on March 22, 2022, and reviewed and approved the "Proposal on the Plan for Repurchasing the Company's Shares", agreeing to use its own funds to repurchase some of the Company's issued RMB ordinary shares (A shares) through centralized bidding transactions. The total amount of funds for this repurchase shall not be less than RMB 50 million and not more than RMB 100 million, and the repurchase price shall not exceed RMB 80 per share. The repurchase period is within 12 months from the date of approval of the repurchase plan by the company's board of directors, and the shares repurchased this time will be used for employee stock ownership plans or equity incentives. For details, please refer to the "Plan on Repurchase of Company Shares" (Announcement No.: 2022-009) disclosed by the company on www.cninfo.com.cn on March 22, 2022;

On March 24, 2022, it disclosed the "Announcement on the Shareholding of the Top Ten Shareholders in the Share Repurchase Matters and the Top Ten Shareholders with Unrestricted Sales Conditions" (Announcement No.: 2022-010); on March 29, 2022, it disclosed the "Repurchase Report" (Announcement No.: 2022-011) on www.cninfo.com.cn. Given that the company completed the 2021 annual equity distribution on June 1, 2022, the company adjusted the repurchase price from no more than RMB 80 per share to no more than RMB 79.87 per share in accordance with the regulations.

According to Article 38 of the "Guidelines for Self-Regulatory Supervision of Listed Companies on the Shenzhen Stock Exchange No. 9 - Share Repurchase" and other regulations on the disclosure of repurchase progress announcements, the company disclosed the "Announcement on the Initial Repurchase of Company Shares and the Progress of Share Repurchase" on www.cninfo.com.cn on April 1, 2022 (Announcement No.: 2022-012). And on May 5, 2022, May 6, 2022, June 1, 2022, July 1, 2022, August 2, 2022, September 5, 2022, October 10, 2022, November 1, 2022, December 1, 2022, January 3, 2023, February 2, 2023 On March 13, 2023, the "Announcement on the Progress of Repurchasing the Company's Shares" and other relevant progress announcements were disclosed on www.cninfo.com.cn.

As of March 21, 2023, the company has repurchased 1,655,300 shares through a centralized auction transaction through a special securities repurchase account, accounting for 1.63% of the company's current total share capital. The highest transaction price was 50.33 yuan/share, the lowest transaction price was 31.15 yuan/share, and the total transaction amount was 62,600,700 yuan (excluding transaction costs). So far, the company's share repurchase period has expired and the repurchase plan has been implemented. This repurchase of shares complies with the company's share repurchase plan and the requirements of relevant laws and regulations.

17. Major events of the company's subsidiaries

■ Applicable Not Applicable

Section 7 Changes in Shares and Shareholders

I. Changes in shares

1. Changes in shares

Unit: share

	Before this change		Increase or decrease in this change (+, -)					After this change	
	Quantity	Proportion	Issue new shares	Bonus shares	Provident fund conversion	other	Subtotal	Quantity	Proportion
I. Shares subject to sales restrictions	62,103,277	61.37%				570,000	570,000	62,673,277	61.58%
1. State shareholding									
2. State-owned legal person holding shares									
3. Other domestic shares	62,103,277	61.37%				558,000	558,000	62,661,277	61.57%
Of which: domestic legal person holdings	62,103,277	61.37%						62,103,277	61.02%
Domestic natural person holdings						558,000	558,000	558,000	0.55%
4. Foreign shareholding						12,000	12,000	12,000	0.01%
Of which: overseas legal person holdings									
Shares held by foreign natural persons						12,000	12,000	12,000	0.01%
II. Unrestricted Shares	39,096,723	38.63%						39,096,723	38.42%
1. RMB ordinary shares	39,096,723	38.63%						39,096,723	38.42%
2. Domestically listed foreign shares									
3. Foreign shares listed overseas									
4. Other									
III. Total number of shares	101,200,000	100.00%				570,000	570,000	101,770,000	100.00%

Reasons for changes in shares

Applicable ☒ Not applicable

During the reporting period, the company completed the first grant and reserved grant of the 2021 restricted stock incentive plan.

On December 20, 2021, the Company held the thirteenth meeting of the second board of directors in 2021 and the eleventh meeting of the second board of supervisors in 2021. The Proposal on the First Grant of Restricted Shares to the Incentive Objects of the 2021 Restricted Stock Incentive Plan was reviewed and approved. On January 17, 2022, the Company disclosed the Announcement on the Completion of the First Class Restricted Stock Grant under the 2021 Restricted Stock Incentive Plan. The grant date of the first class of restricted shares is December 20, 2021, and the listing date is January 21, 2022. The number of registered shares for the first grant is 460,000 shares. The company will issue 460,000 shares to the incentive objects, and the total number of shares of the company will be increased from 101,200,000 shares to 101,660,000 shares.

On November 18, 2022, the company held the eighth meeting of the second board of directors in 2022 and the sixth meeting of the second board of supervisors in 2022, and reviewed and approved the "Proposal on Adjusting the Reserved Grant Price of the 2021 Restricted Stock Incentive Plan" and "The Proposal on Granting Reserved Restricted Shares to the Incentive Objects of the Company's 2021 Restricted Stock Incentive Plan", on December 21, 2022. The Company disclosed the Announcement on Completion of Registration of Class I Restricted Shares Reserved for 2021 Restricted Stock Incentive Plan. The Class I restricted stock grant date is November 18, 2022, and the listing date is December 23, 2022. The number of reserved grants registered is 110,000 shares, and the total number of shares of the Company has increased from 101,660,000 shares to 101,770,000 shares.

Approval of changes in shares

Applicable ☒ Not applicable

On December 20, 2021, the company held the thirteenth meeting of the second board of directors in 2021 and the eleventh meeting of the second board of supervisors in 2021, and reviewed and approved the "Proposal on Adjusting the List of First-time Incentive Objects and the Number of Incentives Granted under the 2021 Restricted Stock Incentive Plan" and "The Proposal on First-time Grant of Restricted Shares to Incentive Objects under the 2021 Restricted Stock Incentive Plan". The independent directors of the company issued an independent opinion on the proposal and believed that the award conditions have been fulfilled, the subject qualifications of the incentive objects are legal and valid, and the determined award date complies with relevant regulations. The Board of Supervisors verified the list of incentive objects on the grant date and issued a verification opinion, and agreed to the list of incentive objects granted by the company's incentive plan. The number of registered shares granted for the first time was 460,000 shares.

On November 18, 2022, the eighth meeting of the second board of directors in 2022 and the sixth meeting of the second board of supervisors in 2022, reviewed and approved the "Proposal on Adjusting the Reserved Grant Price of the 2021 Restricted Stock Incentive Plan" and "The Proposal on Granting Reserved Restricted Shares to the Incentive Objects of the Company's 2021 Restricted Stock Incentive Plan". It is determined that November 18, 2022 will be the reserved grant date, and 560,000 restricted shares will be granted to 41 incentive objects that meet the granting conditions at a reserved grant price of RMB 32.74 per share, of which 112,000 Class I restricted shares, 448,000 Class II restricted shares, and the remaining 4 thousand reserved Class I restricted shares and 16,000 Class II restricted shares will be voided. In the process of fund payment and share registration after the company determined the reserved grant date, one incentive object gave up all the restricted shares granted to him due to personal reasons, involving a total of 20 thousand restricted shares of the first category. The total number of incentive objects actually granted and registered for the reserved Class I restricted stock is 40, and the actual number of shares granted and registered for the reserved Class I restricted stock is 110 thousand shares. Transfer of share changes

Applicable ☒ Not applicable

1. The company will issue 460,000 ordinary A shares of the company to the incentive objects, and it will be listed on January 21, 2022.

2. The company will issue 110,000 ordinary A shares of the company to the incentive objects, which will be listed on December 23, 2022.

The impact of share changes on financial indicators such as basic and diluted earnings per share, net assets per share attributable to common shareholders of the company in the most recent year and the most recent period is applicable ☒ Not applicable

The impact of share changes on financial indicators such as basic and diluted earnings per share and net assets per share attributable to the company's common shareholders in the most recent year and the most recent period is detailed in "Section 5. Key Accounting Data and Financial Indicators".

Other disclosures that the company deems necessary or required by securities regulators

■ Applicable Not Applicable

2. Changes in restricted shares

Applicable ■ Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the period	Increase the number of restricted shares in the current period	The number of shares lifted in the current period	Number of restricted shares at the end of the period	Reason for restriction	Release date
Shenzhen Wangyuewang Investment Partnership (Limited Partnership)	29,234,023	0	0	29,234,023	Shares issued prior to IPO	August 24, 2023
Shenzhen Genoli Information Consulting Co., Ltd	29,234,023	0	0	29,234,023	Shares issued prior to IPO	August 24, 2023
Shenzhen Tongju Information Technology Consulting Partnership (Limited Partnership)	3,635,231	0	0	3,635,231	Shares issued prior to IPO	August 24, 2023
Other shareholders with restricted shares	0	570,000		570,000	Equity incentive restricted shares	Equity incentive restricted shares are unlocked at a certain percentage every year
Total	62,103,277	570,000	0	62,673,277	--	--

II. Securities Issuance and Listing

1. Securities issuance (excluding preferred shares) during the reporting period

■ Applicable Not Applicable

2. Explanation of changes in the total number of shares of the company and the structure of shareholders, and changes in the structure of assets and liabilities of the company

Applicable ■ Not applicable

At the third extraordinary general meeting of shareholders in 2021 held on November 24, 2021, the Company reviewed and passed the "Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft)" and its summary, "the" Proposal on the Implementation Evaluation and Management Measures for the Company's 2021 Restricted Stock Incentive Plan ", and the" Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle the Company's Equity Incentive Related Matters ".

The thirteenth meeting of the second board of directors in 2021 and the eleventh meeting of the second board of supervisors in 2021 held on December 20, 2021, reviewed and approved the "Proposal on Adjusting the List and Number of First-Granted Incentive Objects of the 2021 Restricted Stock Incentive Plan" and "The Proposal on First-Granting Restricted Shares to the Incentive Objects of the 2021 Restricted Stock Incentive Plan". On January 17, 2022, the Company disclosed the Announcement on Completion of the First Grant of Class I Restricted Shares under the 2021 Restricted Stock Incentive Plan. The listing date of Class I restricted shares is January 21, 2022, and the grant price is RMB 32.87 per share. The total number of shares of the Company has increased from 101,200,000.00 shares to 101,660,000.00 shares.

The eighth meeting of the second board of directors in 2022 and the sixth meeting of the second board of supervisors in 2022 held on November 18, 2022, reviewed and approved the "Proposal on Adjusting the Reserved Grant Price of the 2021 Restricted Stock Incentive Plan" and "The Proposal on Granting Reserved Restricted Shares to the Incentive Objects of the Company's 2021 Restricted Stock Incentive Plan". It is determined that November 18, 2022 will be the reserved grant date, and 560,000 restricted shares will be granted to 41 incentive objects that meet the granting conditions at a reserved grant price of RMB 32.74 per share, of which 112,000 Class I restricted shares, 448,000 Class II restricted shares, and the remaining 4 thousand reserved Class I restricted shares and 16,000 Class II restricted shares will be voided. On December 21, 2022, the company disclosed the "Announcement on Completion of Registration of Class I Restricted Shares Reserved for Restricted Stock Incentive Plan in 2021". The reserved grant date is November 18, 2022, and the listing date of reserved grant shares is December 23, 2022. During the process of capital payment and share registration after the company determines the reserved grant date, one incentive object gave up the subscription and grant of all restricted shares due to personal reasons. A total of 20 thousand shares of the first type of restricted stock are involved. The total number of incentive objects actually granted and registered with reserved Class I restricted stock is 40, and the actual number of shares granted with registered reserved Class I restricted stock is 110,000 shares, and the total number of shares of the company has increased from 101,660,000.00 shares to 101,770,000.00 shares.

3. Existing internal employee shares

■ Applicable Not Applicable

III. Shareholders and actual controllers

1. The number of shareholders and shareholding of the company

Unit: share

Total number of common shareholders at the end of the reporting period	5,880	The total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report	8,711	The total number of preferred shareholders with voting rights restored at the end of the reporting period, if any (see Note 9)	0	The total number of preferred shareholders (if any) whose voting rights were restored at the end of the previous month before the disclosure date of the annual report (see Note 9)	0	Total number of shareholders holding special voting shares (if any)	0
Shareholding of shareholders holding more than 5% of the shares or the top 10 shareholders									
Name of shareholder	Nature of Shareholders	Shareholding ratio	Number of shares held at the end of the reporting period	Changes during the reporting period	Number of shares subject to sales restrictions	The number of shares held without selling restrictions	Pledge, mark or freeze		
							Share status	Quantity	

Shenzhen Wangyuewang Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	28.73%	29,234,023	0	29,234,023			
Shenzhen Genoli Information Consulting Co., Ltd	Domestic non-state-owned legal person	28.73%	29,234,023	0	29,234,023			
ICBC shares have	other	3.67%	3,733,825	350,790	0	3,733,825		
Limited Company-China-Europe Value Smart Return Hybrid Securities Investment Fund								
Shenzhen Tongju Information Technology Consulting Partnership (Limited Partnership)	Domestic non-state-owned legal person	3.57%	3,635,231	0	3,635,231			
Tibet Tongchuang Weiye Venture Capital Co., Ltd	Domestic non-state-owned legal person	3.14%	3,194,100	-180,000	0	3,194,100		
Yang Ji	Domestic natural persons	1.97%	2,007,196	-506,700	0	2,007,196		
China Life Insurance Co., Ltd.-own funds	other	1.82%	1,857,155	1,758,555	0	1,857,155		
Wang Hongfa	Domestic natural persons	1.09%	1,110,800	1,001,200	0	1,110,800		

China Merchants Bank Co., Ltd. - Baoying Growth Select Hybrid Securities Investment Fund	other	0.75%	762,961	392,661	0	762,961		
Industrial and Commercial Bank Of China Ltd. - Baoying Advantage Industries Flexible Allocation Hybrid Securities Investment Fund	other	0.66%	667,000	-184,798	0	667,000		
Strategic investors or general legal persons become the top 10 shareholders due to the placement of new shares (if any) (see Note 4)		No						
The above-mentioned shareholder relationship		The actual controllers of the company are Wang Heqiu, Wang Yulin, Wang Yuetian, Shang Yunsi and Wang Yuefei, and they act in concert. Among them, Wang Heqiu and Wang						
Description of Department or Concerted Action		Yulin controls 28.73% of the company's shares through Shenzhen Genoli Information Consulting Co., Ltd., Wang Heqiu, Wang Yulin, Wang Yuetian, Shang Yunsi and Wang Yuefei control 28.73% of the company's shares through Shenzhen Wangyuewang Investment Partnership (Limited Partnership), and Wang Heqiu is the executive partner and actual controller of Shenzhen Tongju Information Technology Consulting Partnership (Limited Partnership). In addition, the company does not know whether there is an associated relationship among the above-mentioned other shareholders, nor whether they are persons acting in concert as stipulated in the Administrative Measures for the Disclosure of Information Disclosure of Changes in Shareholding of Listed Companies.						
Explanation of the above shareholders involved in entrusted/entrusted voting rights and abstention from voting rights		No						
Special instructions (if any) for the existence of special repurchase accounts among the top 10 shareholders (see Note 10)		The company repurchased 1,655,300 shares through a centralized auction transaction through a special securities repurchase account, accounting for 1.63% of the company's current total share capital						
Shareholding of the top 10 shareholders with unrestricted sales conditions								

Name of shareholder	The number of unrestricted shares held at the end of the reporting period	Type of shares	
		Type of shares	Quantity
Industrial and Commercial Bank Of China Ltd. - China-Europe Value Smart Return Hybrid Securities Investment Fund	3,733,825	RMB ordinary shares	3,733,825
Tibet Tongchuang Weiye Venture Capital Co., Ltd	3,194,100	RMB ordinary shares	3,194,100
Yang Ji	2,007,196	RMB ordinary shares	2,007,196
China Life Insurance Co., Ltd.-own funds	1,857,155	RMB ordinary shares	1,857,155
Wang Hongfa	1,110,800	RMB ordinary shares	1,110,800
China Merchants Bank Co., Ltd. - Baoying Growth Select Hybrid Securities Investment Fund	762,961	RMB ordinary shares	762,961
Industrial and Commercial Bank Of China Ltd. - Baoying Advantage Industries Flexible Allocation Hybrid Securities Investment Fund	667,000	RMB ordinary shares	667,000
Wells Fargo Fund-China Life Insurance Company Limited-Traditional Insurance-Wells Fargo Fund China Life Shares Growth Stock Traditional Available-for-sale Single Asset Management Plan	614,278	RMB ordinary shares	614,278
Wells Fargo Fund-China Life Insurance Company Limited-Participating Insurance-Wells Fargo Fund China Life Shares Growth Equity Portfolio Single Asset Management Plan (Available for Sale)	600,565	RMB ordinary shares	600,565
Ping An Bank Co., Ltd. - Ping An New	569,000	RMB ordinary shares	569,000

Xin Pioneer Hybrid Securities Investment Fund			
Description of the associated relationship or concerted action among the top 10 shareholders of tradable shares without tradable shares, and between the top 10 shareholders of tradable shares without tradable shares and the top 10 shareholders	The company does not know whether there is an associated relationship among the above-mentioned other shareholders, nor whether they are persons acting in concert as stipulated in the Administrative Measures for the Disclosure of Information Disclosure of Changes in Shareholding of Listed Companies.		
Description of shareholders participating in margin financing and securities lending business (if any) (see Note 5)	No		

Whether the company has a voting rights difference arrangement

■ Applicable Not Applicable

Whether the company's top 10 common shareholders and top 10 common shareholders with unrestricted sales conditions conducted agreed repurchase transactions during the reporting period

■ whether

The top 10 common shareholders of the company and the top 10 common shareholders with unrestricted sales conditions did not conduct agreed repurchase transactions during the reporting period.

2. The controlling shareholder of the company

Nature of controlling shareholder: natural person holding

Controlling shareholder type: legal person

Name of controlling shareholder	Legal representative/person in charge of the unit	Date of establishment	Organization code	Main business
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Shenzhen Genoli Information Consulting Co., Ltd	Wang Heqiu	November 13, 1995	914403001923931279	Information consulting; marketing planning; business information consulting; business management consulting; corporate image planning; exhibition planning. (Except for projects prohibited by laws, administrative regulations, and decisions of the State Council, restricted projects can only be operated after obtaining permits)
Shenzhen Wangyuewang Investment Partnership (Limited Partnership)	Wang Heqiu	October 14, 2014	91440300319383058K	Equity investment, investment management, investment consulting, investment and establishment of industries (except for projects prohibited by laws, administrative regulations, and decisions of the State Council, and restricted projects can only be operated after obtaining permits).

Change of controlling shareholder during the reporting period

■ Applicable Not Applicable

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

3. The actual controller of the company and those acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

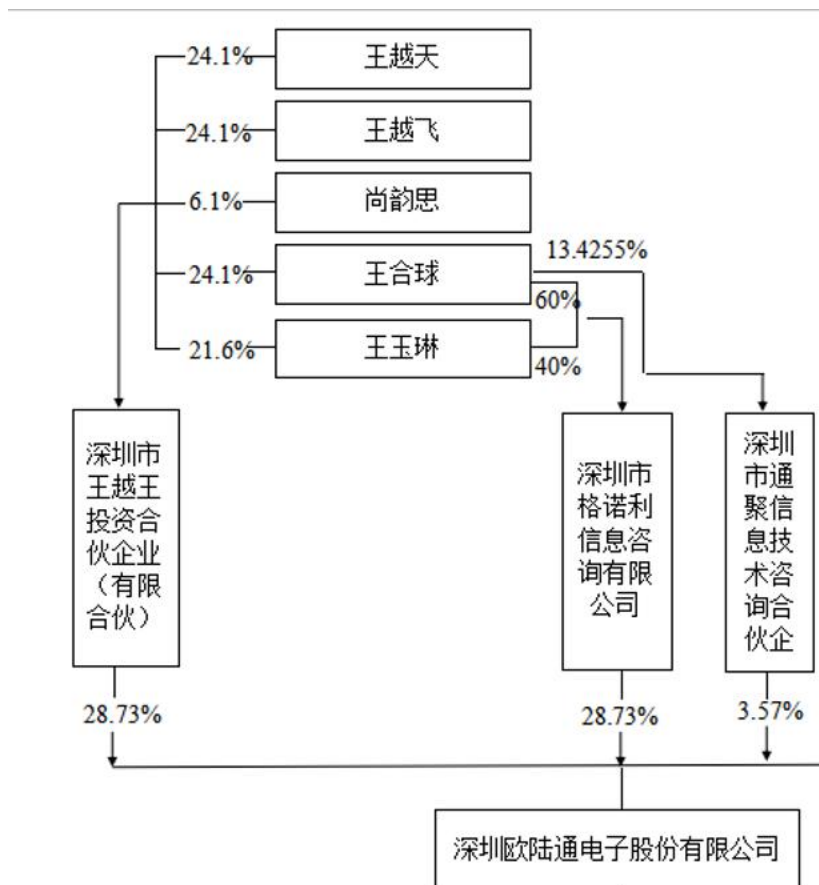
Name of actual controller	Relationship with the actual controller	Nationality	Whether to obtain the right of abode in other countries or regions
Wang Heqiu	Myself	China	No
Wang Yuetian	Myself	China	Are
Wang Yulin	Myself	China	No
Wang Yuefei	Myself	China	Are
Shang Yunsi	Myself	China	No
Main occupation and position	Wang Heqiu is the chairman and general manager of the company; Wang Yuetian is the vice chairman of the company; Shang Yunsi is the secretary of the board of directors and the deputy general manager of the company. Wang Yulin is a director of Hong Kong Honor Electron but does not serve in the company, and Wang Yuefei does not serve in the company.		
Domestic and overseas listed companies that have held holdings in the past 10 years	No		

Change of actual controller during the reporting period

■ Applicable Not Applicable

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

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



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

■ Applicable Not Applicable

4. The accumulated pledged shares of the company's controlling shareholder or the largest shareholder and its concerted parties account for 80% of the company's shares held by them

■ Applicable Not Applicable

5. Other corporate shareholders holding more than 10% of the shares

■ Applicable Not Applicable

6. Restricted shareholding reduction of controlling shareholders, actual controllers, restructuring parties and other commitment entities

■ Applicable Not Applicable

IV. The specific implementation of share repurchase during the reporting period

Progress in the implementation of share repurchase

Applicable ■ Not applicable

Program disclosure time	Number of shares to be repurchased (shares)	Percentage of total share capital	Amount to be repurchased (ten thousand yuan)	Proposed repurchase period	Repurchase use	Number of shares repurchased (shares)	The proportion of the number of repurchased shares to the underlying shares involved in the equity incentive plan (if any)
March 22, 2022	1,250,000	1.23%	5,000-10,000	March 22, 2022 to March 21, 2023	The repurchased shares will be used for employee stock ownership plans or equity incentives	1,655,300	

The progress of the implementation of the use of centralized bidding transactions to reduce the shareholding of repurchased shares

■ Applicable Not Applicable

Section 8 Relevant Information on Preferred Shares

■ Applicable Not Applicable

During the reporting period,
the company did not have
preferred shares.

**Section 9 Bond
Related Information**

■ Applicable Not
Applicable

Section X Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Audit report signing date	April 06, 2023
Audit institution name	Tianzhi International Accounting Firm (Special General Partnership)
Audit report number	Tian Occupation Word [2023] No. 25942
CPA name	Zhang Lei, Fan Kelei

Audit report body

I. Audit opinion

We have audited the financial statements of Shenzhen Honor Electronic Co., Ltd. (hereinafter referred to as "Shenzhen Honor Electron"), including the consolidated and parent company balance sheet at December 31, 2022, the consolidated and parent company income statement for 2022, the consolidated and parent company cash flow statement, the consolidated and parent company statement of changes in shareholders' equity, and the 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 the consolidated financial position of Shenzhen Honor Electron on December 31, 2022 and the consolidated results and cash flows of the parent company in 2022.

II. The basis for the formation of an audit opinion

We performed our audit work in accordance with the Chinese Certified Public Accountants Auditing Standards. Our responsibilities under these standards are further elaborated in the "CPA's Responsibility for the Audit of Financial Statements" section of the audit report. In accordance with the Chinese CPA Code of Professional Ethics, we are independent of Shenzhen Honor Electron and have fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for the audit opinion.

III. Key audit matters

The key audit matters are the matters that we believe are the most important for the audit of the current financial statements based on our professional judgment. These matters should be dealt with in the context of the audit of the financial statements as a whole and the formation of an audit opinion, and we do not express a separate opinion on these matters.

Audit report (continued)

Key audit matters	How the matter is dealt with in the audit
1. Revenue recognition	

<p>In 2022, the operating income of Shenzhen Honor Electron will be 2,703,124,700 yuan. According to the method of Shenzhen Honor Electron's sales revenue recognition, the products sold by Shenzhen Honor Electron to domestic customers are delivered to the location designated by the buyer, and the sales revenue is recognized after the customer signs for receipt; the products sold by Shenzhen Honor Electron to overseas customers are exported by customs declaration, and the sales revenue is recognized after the customs declaration procedures are completed; the products that Shenzhen Honor Electron trades with customers in the form of vendor-managed inventory (VMI) are recognized as sales revenue after the customer actually receives the goods.</p>	<p>Our primary audit procedures for revenue recognition include, but are not limited to:(1) Understand, evaluate and test the effectiveness of the design and operation of internal controls related to sales and collection of Shenzhen Honor Electron;(2) Understand the revenue recognition policy through management interviews, check the relevant terms of major customer contracts, analyze and evaluate whether the actual revenue recognition policy is appropriate, and review whether the relevant accounting policies are consistently used;(3) Inquire and understand the background information of major customers through public channels, such as industrial and commercial registration materials, and confirm whether there is a potential unidentified related party relationship between the customer and Shenzhen Honor Electron and related parties;(4) Combined with the gross profit margin of companies in the same industry, implement analysis procedures on revenue and costs, and analyze the rationality of the trend of gross profit margin changes;(5) Combined with the audit of accounts receivable, the sales and balances of major customers are verified by letter, and alternative tests are performed on customers who have not responded to the letter;(6) Take samples to check the relevant documents of sales revenue transactions, such as sales contracts (orders), invoices, receipts, customs declarations, statements and sales invoices, etc., to verify whether the confirmed sales revenue is true;(7) Comparatively analyze the data of the customs or the application service platform of the State Administration of Foreign Exchange to verify the authenticity of export sales;(8) Sample the sales revenue transactions recorded before and after the balance sheet date, and check them to the supporting vouchers for revenue recognition under each model to evaluate whether the sales revenue is recorded in the appropriate accounting period.</p>
<p>Considering that the amount of operating income is a key operating indicator of Shenzhen Honor Electron, there may be potential misstatement of whether the sales income of products is included in the appropriate accounting period. Therefore, we regard the recognition of operating income as a key audit matter.</p>	
<p>Please refer to the accounting policies described in "(28) Income" in "III. Significant Accounting Policies and Accounting Estimates" in the Notes to the Financial Statements, "(36) Operating Income, Operating Costs" in "VI. Notes to Items in the Consolidated Financial Statements" and "(4) Operating Income, Operating Costs" in "15. Notes to Main Items in the Financial Statements of the Parent Company".</p>	

Audit report (continued)

Key audit matters	How the matter is dealt with in the audit
2. Impairment of accounts receivable	
<p>At the end of 2022, the book value of Shenzhen Honor Electron's accounts receivable was RMB 816,049,300. Since the book value of accounts receivable is relatively large, the assessment of bad debt provision involves management's significant accounting estimates and judgments. Therefore, we regard the bad debt provision of accounts receivable as a key audit matter. Please refer to the accounting policies described in "(12) Accounts Receivable" in Notes to Financial Statements "III. Significant Accounting Policies and Accounting Estimates", "(4) Accounts Receivable" in "VI. Notes to Items in Consolidated Financial Statements" and "(1) Accounts Receivable" in "15. Notes to Main Items in Financial Statements of Parent Company".</p>	<p>Our primary audit procedures for the recognition of impairment of accounts receivable include, but are not limited to:(1) Understand, evaluate and test the effectiveness of the design and operation of internal controls related to Shenzhen Honor Electron's credit policy and accounts receivable management;(2) Analyze the rationality of the accounting policies for the provision of expected credit losses on accounts receivable, including the basis for determining the combination of accounts receivable, the expected credit loss rate, the judgment of a single significant amount, the judgment of a single provision for bad debts, and review whether it complies with the relevant accounting policies;(3) Analyze the credit period of accounts receivable of major customers, and understand the reasons for the accounts receivable exceeding the credit period, so as to identify whether there is any situation that affects the evaluation result of bad debt provision of Shenzhen Honor Electron's accounts receivable;(4) For accounts receivable with provision for bad debts using the expected credit loss model based on aging characteristics, obtain Shenzhen Honor Electron's accounts receivable aging analysis table and bad debt provision withdrawal table, analyze and check the aging of accounts receivable and the rationality and accuracy of bad debt provision;(5) Combined with the turnover rate of accounts receivable of companies in the same industry, implement analysis procedures for accounts receivable to analyze its rationality.</p>

IV. Other information

The management of Shenzhen Honor Electron Company (hereinafter referred to as the "management ") is responsible for other information. Other information includes information covered in the 2022 annual report, but does not include the financial statements and our audit report.

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

In conjunction with our audit of the financial statements, our responsibility is to read other information and, in the process, consider whether other information is materially inconsistent with the financial statements or what we learned during the audit or appears to be materially misstated. Based on the work we have performed, if we determine that other information is materially misstated, we should report that fact. We have nothing to report on this audit report (continued).

V. Management and Governance Responsibilities for Financial Statements

The management is responsible for preparing the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises, making them fairly reflected, and designing, implementing and maintaining the necessary internal controls so that the financial statements are free from material misstatement due to fraud or error.

In preparing the financial statements, management is responsible for assessing Shenzhen Honor Electron's ability to continue as a going concern, disclosing matters related to going concern (if applicable), and applying the going concern assumption, unless liquidation, termination of operations or no other realistic option is planned.

The management is responsible for overseeing the financial reporting process of Shenzhen Honor Electron.

VI. CPA's responsibility for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an audit report containing an audit opinion. Reasonable assurance is a high-level assurance, but it does not guarantee that an audit performed in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements may be caused by fraud or error and are generally considered material if it is reasonably expected that misstatements, individually or in aggregate, may affect the economic decisions made by users of financial statements based on the financial statements.

In performing audits in accordance with auditing standards, we use professional judgment and maintain professional skepticism. At the same time, we also perform the following tasks:

(1) Identify and assess the risks of material misstatement of financial statements due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as the basis for issuing an audit opinion. Since fraud may involve collusion, forgery, intentional omission, misrepresentation or overriding internal controls, the risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to error.

(2) Understand internal controls related to auditing in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal controls.

(3) Evaluate the appropriateness of accounting policies selected by management and the reasonableness 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 is possible to draw conclusions on whether there are major uncertainties in matters or circumstances that may cause major doubts about Shenzhen Honor Electron's ability to continue operations. If we conclude that there is a material uncertainty, the auditing standards require that we draw the attention of the users of the financial statements in the audit report to the relevant disclosures in the financial statements; if the disclosures are insufficient, we should issue a qualified opinion. Our conclusions are based on information available as of the audit report date. However, future events or circumstances may cause Shenzhen Honor Electron to be unable to operate as a going concern.

Audit report (continued)

(5) Evaluate the overall presentation, structure and content of the financial statements, and evaluate whether the financial statements fairly reflect relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities in Shenzhen Honor Electron to express an audit opinion on the financial statements. We are responsible for directing, supervising and performing group audits and assume full responsibility for audit opinions.

We communicate with governance on matters such as planned audit scope, timing, and major audit findings, including communicating internal control deficiencies of concern that we identify in the audit.

We also provide management with a statement that we have complied with the professional ethics requirements related to independence, and communicate with management all relationships and other matters that may reasonably be believed to affect our independence, as well as relevant precautions.

From the matters communicated with the governance level, we determine which matters are most important to the audit of the current financial statements and thus constitute the key audit matters. We describe these matters in our audit reports, unless laws and regulations prohibit public disclosure of these matters, or in rare cases, we determine that we should not communicate the matter in our audit reports if the negative consequences of communicating a matter in our audit reports would reasonably be expected to outweigh the benefits in the public interest.

II. Financial Statements

The unit of the statement in the financial notes is: yuan

1. Consolidated Balance Sheets

Prepared by: Shenzhen Honor Electronic Co., Ltd.

December 31, 2022

Unit:
Yuan

Projects	December 31, 2022	January 1, 2022
Current assets:		
Monetary fund	517,773,386.98	773,556,651.99
Settlement reserve		
borrowed funds		
Trading financial assets	70,117,200.00	219,457,470.14
Derivative financial assets		
Notes receivable	58,257,166.47	11,924,386.27
Accounts Receivable	816,049,257.96	796,503,991.22
Receivables Financing	23,656,994.70	30,503,492.12
Advance payment	2,626,013.78	17,597,746.28
Premiums receivable		
Reinsurance accounts receivable		

Reserve for reinsurance contracts receivable		
Other receivables	19,154,389.88	16,992,642.93
Including: interest receivable	17,297.60	94,000.82
Dividends receivable		
Redemptory monetary capital for sale		
Inventory	402,689,789.83	509,745,046.72
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other Current Assets	20,358,269.25	21,474,526.99
Total current assets	1,930,682,468.85	2,397,755,954.66
Non-current assets:		
Issue loans and advances		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	858,469.31	897,828.12
Investment in other equity instruments		
Other non-current financial assets		
Investment real estate		
Fixed assets	1,097,803,234.25	830,133,136.57
Construction in progress	138,969,427.72	202,160,164.18
Productive biological assets		
Oil and gas assets		
Right-of-use asset	53,942,722.05	96,227,623.71
Intangible assets	76,100,859.15	77,641,723.88
Development expenditure		
Goodwill		
Long-term deferred expenses	26,460,050.19	35,655,074.97
Deferred Tax Assets	12,066,508.49	7,932,757.23
Other non-current assets	1,726,164.92	25,851,421.75
Total non-current assets	1,407,927,436.08	1,276,499,730.41
Total assets	3,338,609,904.93	3,674,255,685.07
Current Liabilities:		
Short-term loan	200,546,763.89	328,584,729.43
Borrowing from the Central Bank		
Borrowed funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	291,492,369.24	431,022,390.04
Account payables	660,104,159.92	1,100,226,243.16
Advance receipt	383,332.14	294,649.70
Contract liabilities	1,186,317.12	8,056,728.72
Financial assets sold for repurchase		
Deposits and interbank deposits		
Securities brokerage		
Acting as an agent for underwriting securities		
Employee compensation payable	61,023,260.09	52,532,005.98
Taxes payable	18,965,233.49	21,426,955.25
Other payables	42,520,730.15	35,557,891.59
Including: interest payable		474,348.54
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	97,582,589.98	36,841,367.69
Other current liabilities	33,942,793.74	11,775,474.12
Total Current Liabilities	1,407,747,549.76	2,026,318,435.68
Non-Current Liabilities:		

Insurance contract reserves		
Long-term loan	261,990,000.06	
Bonds payable		
Of which: preferred stock		
Perpetual bond		
Lease liabilities	33,035,866.33	61,230,151.91
Long-term payables		203,302.65
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	6,122,057.05	10,200,264.06
Deferred Tax Liabilities	1,767,561.57	2,404,914.31
Other non-current liabilities		
Total Non-Current Liabilities	302,915,485.01	74,038,632.93
Total liabilities	1,710,663,034.77	2,100,357,068.61
Owners' equity:		
Capital stock	101,770,000.00	101,200,000.00
Other equity instruments		
Of which: preferred stock		
Perpetual bond		
Capital reserve	1,063,935,917.21	1,020,796,113.21
Less: treasury shares	81,287,282.67	
Other comprehensive income	4,644,705.10	-9,317,310.63
Special reserve		
Surplus reserve	50,885,000.00	43,666,846.70
General risk preparation		
Undistributed profit	487,318,105.48	417,552,967.18
Total owner's equity attributable to parent Company	1,627,266,445.12	1,573,898,616.46
Minority interests	680,425.04	
Total owner's equity	1,627,946,870.16	1,573,898,616.46
Total liabilities and owners' equity	3,338,609,904.93	3,674,255,685.07

Legal representative: Wang Heqiu Person in charge of accounting work: Zhang Shuyuan Person in charge of accounting department: Tan Qun

2. Parent company balance sheet

Unit:
Yuan

Projects	December 31, 2022	January 1, 2022
Current assets:		
Monetary fund	341,345,565.08	558,047,787.58
Trading financial assets	20,109,200.00	69,194,250.96
Derivative financial assets		
Notes receivable	58,257,166.47	11,924,386.27
Accounts Receivable	816,128,043.07	804,339,785.44
Receivables Financing	23,656,994.70	30,503,492.12
Advance payment	701,876.74	13,494,100.79
Other receivables	49,758,332.70	142,536,348.36
Including: interest receivable	17,297.60	94,000.82
Dividends receivable		
Inventory	294,668,311.24	417,207,952.43
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other Current Assets		2,323,434.70

Total current assets	1,604,625,490.00	2,049,571,538.65
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables	159,493,750.00	152,518,750.00
Long-term equity investment	665,854,361.34	501,161,884.84
Investment in other equity instruments		
Other non-current financial assets		
Investment real estate		
Fixed assets	647,757,525.22	672,748,909.10
Construction in progress	15,394,680.04	2,348,538.77
Productive biological assets		
Oil and gas assets		
Right-of-use asset	38,337,071.41	68,216,723.85
Intangible assets	31,627,924.63	31,761,463.73
Development expenditure		
Goodwill		
Long-term deferred expenses	9,815,033.30	16,625,469.33
Deferred Tax Assets	10,470,714.25	6,775,996.66
Other non-current assets	320,069.46	19,326,311.70
Total non-current assets	1,579,071,129.65	1,471,484,047.98
Total assets	3,183,696,619.65	3,521,055,586.63
Current Liabilities:		
Short-term loan	200,478,777.79	321,676,286.52
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	291,492,369.24	431,022,390.04
Account payables	594,004,965.90	1,079,644,909.10
Advance receipt	383,332.14	294,649.70
Contract liabilities	1,148,415.75	1,967,477.23
Employee compensation payable	32,424,976.83	33,554,204.35
Taxes payable	14,313,631.53	16,189,635.96
Other payables	35,501,830.94	35,548,251.14
Including: interest payable		474,348.54
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	93,054,951.34	26,829,080.49
Other current liabilities	33,942,793.74	11,775,474.12
Total Current Liabilities	1,296,746,045.20	1,958,502,358.65
Non-Current Liabilities:		
Long-term loan	211,990,000.06	
Bonds payable		
Of which: preferred stock		
Perpetual bond		
Lease liabilities	21,497,603.05	42,163,436.82
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	6,122,057.05	10,200,264.06
Deferred Tax Liabilities	1,767,561.57	2,404,914.31
Other non-current liabilities		
Total Non-Current Liabilities	241,377,221.73	54,768,615.19
Total liabilities	1,538,123,266.93	2,013,270,973.84
Owners' equity:		
Capital stock	101,770,000.00	101,200,000.00
Other equity instruments		
Of which: preferred stock		
Perpetual bond		
Capital reserve	1,063,935,917.21	1,020,796,113.21
Less: treasury shares	81,287,282.67	

Other comprehensive income		
Special reserve		
Surplus reserve	50,885,000.00	43,666,846.70
Undistributed profit	510,269,718.18	342,121,652.88
Total owner's equity	1,645,573,352.72	1,507,784,612.79
Total liabilities and owners' equity	3,183,696,619.65	3,521,055,586.63

3. Consolidated income statement

Unit:
Yuan

Projects	2022	2021
I. Total operating income	2,703,124,681.08	2,571,948,034.70
Including: operating income	2,703,124,681.08	2,571,948,034.70
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating cost	2,591,974,453.28	2,462,307,906.76
Including: operating cost	2,212,300,064.43	2,170,348,313.84
Interest expense		
Fees and commissions		
Surrender money		
Net compensation expense		
Withdrawal of net insurance liability contract reserves		
Policy dividend payout		
Reinsurance fees		
Taxes & surcharges	11,725,773.59	8,788,120.70
Selling expense	63,159,779.73	57,903,797.94
Administration expense	136,535,288.52	82,690,195.63
R&D; expenses	197,887,249.04	131,694,054.53
Finance expense	-29,633,702.03	10,883,424.12
Including: interest expense	18,652,687.03	5,659,205.87
Interest income	3,706,437.06	3,670,061.28
Plus: other income	15,581,971.16	22,828,719.03
Investment income (losses are listed with "- ")	3,952,771.18	11,147,083.33
Including: investment income in associates and joint ventures		
Derecognition of financial assets measured at amortized cost		
Exchange gains (losses are listed with "- ")		
Net exposure hedging gain (losses are listed with "- ")		
Gain from change in fair value (losses are listed with "- ")	117,200.00	457,470.14
Credit impairment loss (losses are listed with "- ")	-8,008,375.98	-11,429,143.54
Asset impairment loss (losses are listed with "- ")	-14,331,141.19	-6,877,980.95
Asset disposal gains (losses are listed with "- ")	-817,756.42	-56,854.02
III. Operating profit (losses are listed with "- ")	107,644,896.55	125,709,421.93
Plus: non-operating income	3,144,855.45	620,842.32
Less: non-operating expenses	1,058,913.69	1,320,385.05

IV. Total profit (total loss is listed with "-")	109,730,838.31	125,009,879.20
Less: income tax expense	21,885,657.43	13,920,327.58
V. Net profit (net loss is listed with "-")	87,845,180.88	111,089,551.62
(1) Classified by business continuity		
1. Net profit from continuing operations (net loss is listed with "-")	87,845,180.88	111,089,551.62
2. Net profit from discontinued operations (net loss is listed with "-")		
(2) Classification by ownership		
1. Net profit attributable to shareholders of the parent company	90,164,755.84	111,089,551.62
2. Minority shareholder gains and losses	-2,319,574.96	
VI. Net after-tax other comprehensive income	13,962,015.73	-2,824,647.77
After-tax net of other comprehensive income attributable to owners of the parent company	13,962,015.73	-2,824,647.77
(1) Other comprehensive income that cannot be reclassified into profit or loss		
1. Re-measurement of defined benefit plan changes		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of investments in other equity instruments		
4. Changes in the fair value of the company's own credit risk		
5. Other		
(2) Other comprehensive income that will be reclassified into profit or loss	13,962,015.73	-2,824,647.77
1. Other comprehensive income that can be transferred to profit and loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Cash Flow Hedge Reserve		
6. Foreign currency financial statement translation differences	13,962,015.73	-2,824,647.77
7. Other		
Other comprehensive income attributable to minority shareholders, net of tax		
VII. Total comprehensive income	101,807,196.61	108,264,903.85
Total comprehensive income attributable to owners of the parent company	104,126,771.57	108,264,903.85
Total comprehensive income attributable to minority shareholders	-2,319,574.96	
VIII. Earnings per share		
(1) Basic earnings per share	0.86	1.10
(2) Diluted earnings per share	0.86	1.10

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: Yuan, and the net profit realized by the merged party in the previous period is: Yuan.

Legal representative: Wang Heqiu Person in charge of accounting work: Zhang Shuyuan Person in charge of accounting department: Tan Qun

4. Income statement of the parent company

Unit:
Yuan

Projects	2022	2021
I. Operating income	2,508,705,699.55	2,376,106,270.62
Less: operating costs	2,078,222,278.01	2,031,177,903.98
Taxes & surcharges	10,432,014.14	7,588,814.88
Selling expense	51,039,147.43	48,852,913.45
Administration expense	91,527,055.04	61,666,623.41
R&D; expenses	108,070,260.02	98,614,221.70
Finance expense	-36,221,375.80	8,929,267.50
Including: interest expense	16,513,161.36	4,485,938.42
Interest income	10,644,197.28	8,413,210.43
Plus: other income	13,483,909.11	21,454,241.85
Investment income (losses are listed with "- ")	2,131,541.46	9,886,460.28
Including: investment income in associates and joint ventures		
Derecognition of financial assets measured at amortized cost (losses are listed with "- ")		
Net exposure hedging gain (losses are listed with "- ")		
Gain from change in fair value (losses are listed with "- ")	109,200.00	194,250.96
Credit impairment losses (losses marked with "- ")	-6,819,773.50	-12,062,251.58
Fill in)		
Asset impairment loss (losses are listed with "- ")	-11,323,134.98	-5,747,101.79
Asset disposal gains (losses are listed with "- ")	-174,575.76	-56,854.02
II. Operating profit (losses are listed with "- ")	203,043,487.04	132,945,271.40
Plus: non-operating income	3,100,684.66	81,704.51
Less: non-operating expenses	376,342.90	1,298,610.91
III. Total profit (total loss is listed with "- ")	205,767,828.80	131,728,365.00
Less: income tax expense	17,220,145.96	5,969,763.43
IV. Net profit (net loss is listed with "- ")	188,547,682.84	125,758,601.57
(1) Net profit from continuing operations (net loss is listed with "- ")	188,547,682.84	125,758,601.57
(2) Net profit from discontinued operations (net loss is listed with "- ")		
V. Net after-tax other comprehensive income		
(1) Other comprehensive income that cannot be reclassified into profit or loss		
1. Re-measurement of defined benefit plan changes		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		

3. Changes in fair value of investments in other equity instruments		
4. Changes in the fair value of the company's own credit risk		
5. Other		
(2) Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income that can be transferred to profit and loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Cash Flow Hedge Reserve		
6. Foreign currency financial statement translation differences		
7. Other		
VI. Total comprehensive income	188,547,682.84	125,758,601.57
VII. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated cash flow statement

Unit:
Yuan

Projects	2022	2021
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	2,319,991,218.24	2,178,075,671.82
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from the central bank		
Net increase in borrowings from other financial institutions		
Cash received from original insurance contract premiums		
Net cash received from reinsurance business		
Net increase in deposits and investment funds of policyholders		
Cash for interest, fees and commissions		
Net increase in borrowed funds		
Net increase in repurchase business funds		
Net cash received from brokerage of securities		
Tax refunds received	118,617,693.97	175,971,702.26
Receive other cash related to operating activities	126,652,201.99	132,947,563.94
Subtotal of cash inflow from operating activities	2,565,261,114.20	2,486,994,938.02
Cash paid for purchasing goods and accepting labor services	1,746,103,411.48	1,683,537,963.28

Net increase in loans and advances to customers		
Net increase in deposits with central banks and interbanks		
Cash for payment of original insurance contract claims		
Net increase in borrowing funds		
Cash for payment of interest, fees and commissions		
Cash to pay policy dividends		
Cash paid to and for employees	454,657,913.86	395,846,097.66
Taxes paid	50,561,189.49	33,010,791.96
Other cash payments related to operating activities	176,605,802.33	212,647,751.97
Subtotal of cash outflows from operating activities	2,427,928,317.16	2,325,042,604.87
Net cash flow from operating activities	137,332,797.04	161,952,333.15
II. Cash flow from investing activities:		
Cash received from investment		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	452,253.77	35,000.00
Net cash received from disposal of subsidiaries and other business units		
Receipt of other cash related to investing activities	626,186,380.95	2,255,686,751.10
Subtotal of cash inflows from investing activities	626,638,634.72	2,255,721,751.10
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets	641,147,172.29	518,734,015.47
Cash paid for investments		938,400.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments related to investing activities	472,736,780.82	1,830,615,000.00
Subtotal of cash outflows from investing activities	1,113,883,953.11	2,350,287,415.47
Net cash flows from investing activities	-487,245,318.39	-94,565,664.37
III. Cash flow from financing activities:		
Cash received from investment	6,601,400.00	15,120,200.00
Including: cash received by the subsidiary from absorbing minority shareholders' investment	3,000,000.00	
Cash received from borrowing	656,008,609.75	484,437,460.14
Other cash received in connection with financing activities		
Subtotal of cash inflows from financing activities	662,610,009.75	499,557,660.14
Cash paid for debt repayment	437,869,696.75	173,682,180.57
Cash paid for distribution of dividends, profits or interest payments	27,641,436.58	35,175,012.64
Including: dividends and profits paid by subsidiaries to minority shareholders		
Other cash payments related to financing activities	102,762,191.78	36,932,059.29
Subtotal of cash outflows from financing activities	568,273,325.11	245,789,252.50
Net cash flow from financing activities	94,336,684.64	253,768,407.64

IV. The impact of exchange rate changes on cash and cash equivalents	20,307,559.26	-4,318,217.98
V. Net increase in cash and cash equivalents	-235,268,277.45	316,836,858.44
Add: balance of cash and cash equivalents at the beginning of the period	673,277,524.32	356,440,665.88
VI. Balance of cash and cash equivalents at the end of the period	438,009,246.87	673,277,524.32

6. Parent company cash flow statement

Unit:
Yuan

Projects	2022	2021
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	2,158,239,646.80	2,022,827,846.12
Tax refunds received	102,703,995.11	175,878,823.63
Receive other cash related to operating activities	120,267,097.29	121,065,384.07
Subtotal of cash inflow from operating activities	2,381,210,739.20	2,319,772,053.82
Cash paid for purchasing goods and accepting labor services	1,772,182,778.59	1,660,749,635.96
Cash paid to and for employees	258,042,352.74	227,965,998.55
Taxes paid	34,012,025.37	17,162,770.43
Other cash payments related to operating activities	143,270,158.87	187,173,434.65
Subtotal of cash outflows from operating activities	2,207,507,315.57	2,093,051,839.59
Net cash flow from operating activities	173,703,423.63	226,720,214.23
II. Cash flow from investing activities:		
Cash received from investment		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		35,000.00
Net cash received from disposal of subsidiaries and other business units		
Receipt of other cash related to investing activities	535,678,945.20	2,150,037,651.01
Subtotal of cash inflows from investing activities	535,678,945.20	2,150,072,651.01
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets	405,374,097.48	296,623,420.11
Cash paid for investments	152,500,000.00	261,220,000.00
Net cash paid to acquire subsidiaries and other business units		
Other cash payments related to investing activities	391,006,200.00	1,830,148,230.77
Subtotal of cash outflows from investing activities	948,880,297.48	2,387,991,650.88
Net cash flows from investing activities	-413,201,352.28	-237,918,999.87
III. Cash flow from financing activities:		
Cash received from investment	3,601,400.00	15,120,200.00
Cash received from borrowing	559,400,000.00	443,496,642.55

Other cash received in connection with financing activities		
Subtotal of cash inflows from financing activities	563,001,400.00	458,616,842.55
Cash paid for debt repayment	413,922,696.00	124,376,150.00
Cash paid for distribution of dividends, profits or interest payments	26,665,593.57	34,904,706.44
Other cash payments related to financing activities	91,042,886.90	29,288,317.37
Subtotal of cash outflows from financing activities	531,631,176.47	188,569,173.81
Net cash flow from financing activities	31,370,223.53	270,047,668.74
IV. The impact of exchange rate changes on cash and cash equivalents	11,940,470.18	-2,453,712.38
V. Net increase in cash and cash equivalents	-196,187,234.94	256,395,170.72
Add: balance of cash and cash equivalents at the beginning of the period	457,768,659.91	201,373,489.19
VI. Balance of cash and cash equivalents at the end of the period	261,581,424.97	457,768,659.91

7. Consolidated Statement of Changes in Owners' Equity

Amount for the current period

Unit:
Yuan

Projects	2022													
	Owners' equity attributable to the parent company													Minority interests
	Capital stock	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Undistributed profit	other	Subtotal	
I. Balance at the end of the previous year	101,200,000.00				1,020,796,113.21		-9,317,310.63		43,666,846.70		417,552,967.18		1,573,898,616.46	1,573,898,616.46
Plus: accounting policy changes														
Period error correction														

A business combination under control															
He															
II. Balance at the beginning of the year	101,200,000.00				1,020,796,113.21		-9,317,310.63		43,666,846.70		417,552,967.18		1,573,898,616.46		1,573,898,616.46
III. Amount of increase or decrease in the current period (decrease is listed with "-")	570,000.00				43,139,804.00	81,287,282.67	13,962,015.73		7,218,153.30		69,765,138.30		53,367,828.66	680,425.04	54,048,253.70
(1) Total comprehensive income							13,962,015.73				90,164,755.84		104,126,771.57	-2,319,574.96	101,807,196.61
(2) Owner input and reduction of capital	570,000.00				43,139,804.00	81,287,282.67							-37,577,478.67	3,000,000.00	-34,577,478.67
1. Common stock invested by the owner	570,000.00				18,151,600.00								18,721,600.00	3,000,000.00	21,721,600.00

2. Capital invested by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity					24,988,204.00	18,686,593.60							6,301,610.40		6,301,610.40
4. Other						62,600,689.07							-62,600,689.07		-62,600,689.07
(3) Profit distribution								7,218,153.30		-20,399,617.54		-13,181,464.24			-13,181,464.24
1. Withdrawal of surplus reserves								7,218,153.30		-7,218,153.30					
2. Take general risk reserves															
3. To the owner (or shareholder)										-13,181,464.24		-13,181,464.24			-13,181,464.24
Distribution of															
4. Other															

(4) Internal carry-over of owners' equity															
1. Capital reserve is converted into capital (or share capital)															
2. Conversion of surplus reserves to capital (or share capital)															
3. Surplus reserve to cover losses															
4. Defined benefit plan changes carried forward to retained earnings															

5. Other comprehensive income carried forward to retained earnings															
6. Other															
(5) Special reserve															
1 ■															
Withdrawal in this period															
2. Use in this period															
(6) Other															
IV. Balance at the end of the period	101,770,000.00				1,063,935,917.21	81,287,282.67	4,644,705.10		50,885,000.00		487,318,105.48		1,627,266,445.12	680,425.04	1,627,946,870.16

Amount of the previous period

Unit:
Yuan

Projec ts	2021														
	Owners' equity attributable to the parent company												Minor ity int erests	Total owne r's eq uity	
	Capita l stock	Other equity instruments			Capita l reser ve	Less: t reasur y shares	Other compr ehensi ve inc ome	Specia l reser ve	Surplu s reser ve	Gener al risk prepar ation	Undist ribute d profit	other			Subtot al
		Prefer red stock	Perpet ual bond	other											

I. Balance at the end of the previous year	101,200,000.				1,020,796,113.21		-6,492,662.86		31,090,986.54		352,435,275.72		1,499,029,712.61		1,499,029,712.61
Plus: accounting policy changes															
Period error correction															
A business combination under control															
He															
II. Balance at the beginning of the year	101,200,000.				1,020,796,113.21		-6,492,662.86		31,090,986.54		352,435,275.72		1,499,029,712.61		1,499,029,712.61
III. The amount of change in the current period (decrease with "-")							-2,824,647.77		12,575,860.16		65,117,691.46		74,868,903.85		74,868,903.85
Fill in)															
(1) Total comprehensive income							-2,824,647.77				111,089,551.62		108,264,903.85		108,264,903.85

(2) Owner input and reduction of capital															
1. Common stock invested by the owner															
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity															
4. Other															
(3) Profit distribution								12,575,860.16		-45,971,860.16		-33,396,000.00		-33,396,000.00	
1. Withdrawal of surplus reserves								12,575,860.16		-12,575,860.16					
2. Take general risk reserves															

3. To all											-33,3		-33,3		-33,3
Distribution by (or shareholder)											96,00 0.00		96,00 0.00		96,00 0.00
4. Other															
(4) Internal carry-over of owners' equity															
1. Capital reserve is converted into capital (or share capital)															
2. Conversion of surplus reserves to capital (or share capital)															
3. Surplus reserve to cover losses															
4. Defined benefit plan changes carried forward to retained earnings															

5. Other comprehensive income carried forward to retained earnings															
6. Other															
(Five															
) Special reserve															
1. Withdrawal in this period															
2. Use in this period															
(6) Other															
IV. Balance at the end of the period	101,200,000.00				1,020,796,113.21		-9,317,310.63		43,666,846.70		417,552,967.18		1,573,898,616.46		1,573,898,616.46

8. Statement of changes in owner's equity of the parent company

Amount for the current period

Unit:
Yuan

Projects	2022											
	Capital stock	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	other	Total owner's equity
		Preferred stock	Perpetual bond	other								

I. Balance at the end of the previous year	101,200 ,000.00				1,020,7 96,113. 21				43,666, 846.70	342,121 ,652.88		1,507,7 84,612. 79
Plus: ac countin g policy changes												
Period error co rrection												
He												
II. Balance at the be ginning of the year	101,200 ,000.00				1,020,7 96,113. 21				43,666, 846.70	342,121 ,652.88		1,507,7 84,612. 79
III. The amount of change in the current period (decrease by	570,000 .00				43,139, 804.00	81,287, 282.67			7,218,1 53.30	168,148 ,065.30		137,78 8,739.9 3
Fill in with "- ")												
(1) Total co mprehe nsive income										188,547 ,682.84		188,54 7,682.8 4
(2) Owner input and red uction of capital	570,000 .00				43,139, 804.00	81,287, 282.67						-37,577 ,478.67
1. Com mon stock invested by the owner	570,000 .00				18,151, 600.00							18,721, 600.00
2. Capital invested by holders of other equity i nstrume nts												

3. Amount of share -based payment included in owner's equity					24,988, 204.00	18,686, 593.60						6,301,6 10.40
4. Other						62,600, 689.07						-62,600 ,689.07
(3) Profit di stributio n									7,218,1 53.30	-20,399, 617.54		-13,181 ,464.24
1. With drawal of surplus reserves									7,218,1 53.30	-7,218,1 53.30		
2. Share to owners (or shar eholders)										-13,181, 464.24		-13,181 ,464.24
Match												
3. Other												
(4) Internal carry-ov er of owners' equity												
1. Capital reserve is conve rted into capital (or share capital)												
2. Conv ersion of surplus reserves to capital (or share capital)												

3. Surplus reserve to cover losses												
4. Defined benefit plan changes carried forward to retained earnings												
5. Other compre hensive income carried forward to retained earnings												
6. Other												
(5) Special reserve												
1. With drawal in this period												
2. Use in this period												
(6) Other												
IV. Balance at the end of the period	101,770 ,000.00				1,063,9 35,917. 21	81,287, 282.67			50,885, 000.00	510,269 ,718.18		1,645,5 73,352. 72

Amount of the previous period

Unit:
Yuan

Projects	2021											
	Capital stock	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	other	Total owner's equity
		Preferred stock	Perpetual bond	other								
I. Balance at the end of the previous year	101,200,000.00				1,020,796,113.21				31,090,986.54	262,334,911.47		1,415,422,011.22
Plus: accounting policy changes												
Period error correction												
He												
II. Balance at the beginning of the year	101,200,000.00				1,020,796,113.21				31,090,986.54	262,334,911.47		1,415,422,011.22
III. Amount of increase or decrease in the current period (decrease is listed with "-")									12,575,860.16	79,786,741.41		92,362,601.57
(1) Total comprehensive income										125,758,601.57		125,758,601.57
(2) Owner input and reduction of capital												
1. Common stock invested by the owner												

2. Capital invested by holders of other equity instruments												
3. Amount of share-based payment included in owner's equity												
4. Other												
(3) Profit distribution									12,575,860.16	-45,971,860.16		-33,396,000.00
1. With drawal of surplus reserves									12,575,860.16	-12,575,860.16		
2. Distribution to owners (or shareholders)										-33,396,000.00		-33,396,000.00
3. Other												
(4) Internal carry-over of owners' equity												
1. Capital												
The public reserve is converted into capital (or share capital)												

2. Conversion of surplus reserves to capital (or share capital)												
3. Surplus reserve to cover losses												
4. Defined benefit plan changes carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Other												
(5) Special reserve												
1. With drawal in this period												
2. Use in this period												
(6) Other												
IV. Balance at the end of the period	101,200,000.00				1,020,796,113.21				43,666,846.70	342,121,652.88		1,507,784,612.79

III. Basic information of the company

Registered Chinese name of the company: Shenzhen Honor Electronic Co., Ltd.

Registered address: Workshop 1, 2, 3, Xinghui Industrial Factory, Gushu 2 Road, Xixiang Street, Bao'an District, Shenzhen (Buildings A, B, C, Xinghui Science and Technology Park)

Legal representative: Wang Heqiu

The company's business scope: production and sales of various high-frequency switching power supplies, power adapters, regulated power supplies, low-voltage power supplies, power controllers, chargers, transformers, inverters, redundant power supplies, inverters, frequency converters, rectifier modules, sensors, transmitters, converters and circuit boards with integrated circuits, semiconductor devices and other electronic components; R & D and sales of electronic digital products and accessories, mobile power supplies, computers and peripheral products, bluetooth products, home appliances and audio products and accessories; research and development of data transmission software, BMS power management system, automation control system, communication technology; computer software development, transfer of self-developed technological achievements; import and export of goods or technologies (except the import and export of goods and technologies prohibited by the state or involving administrative approval).

The company's main business activities are the research and development, production and sales of switching power supply products. The company's main products include power adapters and server power supplies.

Financial statement approval date: The financial statements have been approved by the board of directors of the company on April 4, 2023.

(1) Subsidiaries included in the consolidation scope at the end of the reporting period

Mark	Full name of subsidiary	Main place of business	Place of registration	Shareholding ratio (%)		Proportion of voting rights (%)	How to get
				Direct	Indirect		
1	Honor Electron (Ganzhou) Electronics Co., Ltd	Jiangxi Province	Ganzhou City, Jiangxi Province	100		100	Merge under the same control
2	Hong Kong Honor Electron Technology Co., Ltd	Hongkong	Hongkong	100		100	Investment establishment
3	Vietnam Honor Electron Technology Co., Ltd	Vietnam	Vietnam		100	100	Investment establishment
4	Dongguan Honor Electron Electronics Co., Ltd	Guangdong Province	Dongguan City, Guangdong Province	100		100	Investment establishment
5	(U.S.) Honor Electron Technology Co., Ltd	U.S	U.S	100		100	Investment establishment
6	Hangzhou Yundian Technology Energy Co., Ltd	Zhejiang Province	Hangzhou City, Zhejiang Province	80		80	Investment establishment
7	Shenzhen Honor Electron Zhilian Technology Co., Ltd	Guangdong Province	Shenzhen City, Guangdong Province	100		100	Investment establishment

8	Shanghai Anshibo Energy Technology Co., Ltd	Shanghai	Shanghai	100		100	Investment establishment
9	Suzhou Bodian Yunke Energy Technology Co., Ltd	Jiangsu Province	Suzhou City, Jiangsu Province	100		100	Investment establishment
10	Hangzhou Honor Electron Electronic Technology Co., Ltd	Zhejiang Province	Yuhang District, Zhejiang Province	100		100	Investment establishment
11	Suzhou Anshibo Energy Technology Co., Ltd	Jiangsu Province	Suzhou City, Jiangsu Province	100		100	Investment establishment

(2) Changes in the scope of consolidated financial statements during the reporting period

Serial number	Full name of subsidiary	Reporting period	Reasons for inclusion in the scope of consolidation
1	Hangzhou Honor Electron Electronic Technology Co., Ltd	2022	Investment establishment
2	Suzhou Anshibo Energy Technology Co., Ltd	2022	Investment establishment

Decrease of subsidiaries during the reporting period: None.

IV. Basis for Preparation of Financial Statements

1. Compilation basis

The financial statements are based on the assumption of the company's going concern, based on actual transactions, in accordance with the relevant provisions of the Accounting Standards for Business Enterprises, and based on the important accounting policies and accounting estimates described below.

2. Continuing operations

For the 12 months since the end of the reporting period, the Company has no factors or other matters that have material doubts about its ability to continue as a going concern.

V. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates tips:

The following important accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Businesses not mentioned shall be implemented in accordance with the relevant accounting policies in the Accounting Standards for Business Enterprises.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company on the basis of the above preparation comply with the requirements of the latest Accounting Standards for Business Enterprises issued by the Ministry of Finance and their application guidelines, interpretations and other relevant regulations (collectively referred to as "Accounting Standards for Business Enterprises "), and truly and completely reflect the relevant information of the Company's financial status, operating results and cash flows.

In addition, the financial statements refer to the presentation and disclosure requirements of the "Regulations No. 15 for Information Disclosure and Reporting of Companies Offering Securities to the Public - General Provisions on Financial Reporting" (revised in 2014) and the "Notice on Matters Concerning the Implementation of the New Accounting Standards for Business Enterprises by Listed Companies" (Accounting Department Han [2018] No. 453).

2. Accounting period

The company's fiscal year runs from January 1 to December 31 of the Gregorian calendar.

3. Business cycle

The company takes 12 months as a business cycle.

4. Standard currency for bookkeeping

The company uses Renminbi as the functional currency for bookkeeping.

5. Accounting treatment of business combinations under the same control and not under the same control

1. Accounting treatment of business combinations under the same control

The company acquires a business combination under the same control in one transaction or through multiple transactions step by step. The assets and liabilities acquired in the business combination are measured according to the book value of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date. The difference between the book value of the net assets obtained by the company group and the book value of the combined consideration paid (or the total face value of the issued shares) shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

2. Accounting treatment of business combinations not under common control

The difference between the merger cost and the fair value share of the acquiree's identifiable net assets obtained in the merger on the purchase date shall be recognized as goodwill by the Company; If the merger cost is less than the fair value share of the identifiable net assets of the acquiree obtained in the merger, the fair value of the acquired identifiable assets, liabilities and contingent liabilities of the acquiree and the measurement of the merger cost shall be reviewed first. After the review, if the merger cost is still less than the fair value share of the identifiable net assets of the acquiree obtained in the merger, the difference shall be included in the current profit and loss.

A step-by-step realization of a business combination not under the same control through multiple transactions shall be processed in the following order:

(1) Adjust the initial investment cost of long-term equity investment. If the equity held before the purchase date is accounted for using the equity method, it shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value shall be included in the current investment income; If the equity of the acquiree held before the purchase date involves other comprehensive income under the equity method and changes in other owners' equity, it shall be converted into the current income on the purchase date, except for other comprehensive income arising from the remeasurement of the net liabilities or changes in net assets of the defined benefit plan and changes in the fair value of other equity instrument investments held by the investee.

(2) Recognize goodwill (or the amount included in the current profit and loss). Comparing the initial investment cost of the long-term equity investment after the first step adjustment with the fair value share of the identifiable net assets of the subsidiary on the purchase date, the former is greater than the latter, and the difference is recognized as goodwill; the former is less than the latter, and the difference is included in the current profit and loss.

The situation where the equity is disposed of step by step through multiple transactions to the loss of control of the subsidiary:

(1) The principle of judging whether each transaction in the process from the step-by-step disposal of equity to the loss of control of the subsidiary is a "package deal"

The terms, conditions and economic effects of the disposal of each transaction of an equity investment in a subsidiary are subject to one or more of the following circumstances, which generally indicate that multiple transactions should be accounted for as a package transaction:

1) These transactions were entered into at the same time or taking into account the influence of each other;

2) These transactions as a whole can achieve a complete commercial outcome;

3) The occurrence of one transaction depends on the occurrence of at least one other transaction;

4) A transaction is uneconomical on its own, but economical when considered together with other transactions.

(2) The accounting treatment method of each transaction in the process from the step-by-step disposal of equity to the loss of control of the subsidiary is a "package transaction"

If the disposal of the equity investment in the subsidiary until the loss of control is a package transaction, each transaction shall be accounted for as a transaction for the disposal of the subsidiary and the loss of control; however, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal investment before the loss of control shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred to the profit and loss for the current period when the control is lost.

In the consolidated financial statements, the remaining equity should be remeasured at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the original shareholding ratio and the share of the company's net assets calculated continuously from the date of purchase, shall be included in the investment income in the period of loss of control. Other comprehensive income related to the equity investment of an atomic company shall be converted into current investment income or retained income when control is lost.

(3) The accounting treatment method for each transaction in the process from the step-by-step disposal of equity to the loss of control of the subsidiary is not a "package deal"

If the disposal of the investment in the subsidiary does not lose control, the difference between the disposal price in the consolidated financial statements and the share of the net assets of the subsidiary corresponding to the disposal investment shall be included in the capital reserve (capital premium or share capital premium). If the capital premium is insufficient to offset, the retained earnings shall be adjusted.

If the disposal of the investment in the subsidiary loses control, in the consolidated financial statements, the remaining equity shall be remeasured at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the original shareholding ratio and the share of the net assets of the original subsidiary that should be continuously calculated from the date of purchase, shall be included in the investment income in the current period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary shall be converted into current investment income or retained income when control is lost.

6. How to prepare consolidated financial statements

The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries, and based on other relevant information, are prepared by the Company in accordance with the Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements. During the merger, the internal equity investment and the owner's equity of the subsidiary, the internal investment income and the profit distribution of the subsidiary, internal transactions, and internal claims and debts are offset. The accounting policies adopted by the subsidiaries are consistent with those of the parent company.

7. Classification of joint venture arrangements and accounting treatment of joint operations

1. Identification and classification of joint venture arrangements

A joint venture arrangement refers to an arrangement that is jointly controlled by two or more participants. A joint venture arrangement has the following characteristics: (1) each participant is bound by the arrangement; (2) two or more participants exercise joint control over the arrangement. No one participant can control the arrangement alone, and any one participant with common control over the arrangement can prevent other participants or a combination of participants from controlling the arrangement alone.

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement must be unanimously agreed by the participants who share the control rights before decision-making.

Joint venture arrangements are divided into joint operations and joint ventures. Joint operation refers to a joint arrangement in which the joint venture party enjoys the assets related to the arrangement and assumes the liabilities related to the arrangement. A joint venture refers to a joint arrangement in which the joint venture party has rights only to the net assets of the arrangement.

2. Accounting treatment of joint arrangements

The participants in the joint operation shall recognize the following items related to their share of interests in the joint operation, and perform accounting treatment in accordance with the relevant accounting standards for enterprises: (1) recognize the assets held separately and the assets held jointly according to their share; (2) recognize the liabilities borne separately and the liabilities jointly borne according to their share; and (3) recognize the income from the sale of their share of the output of the joint operation; (4) Recognize the income generated by the joint operation from the sale of output according to its share; (5) recognize the expenses incurred separately, and recognize the expenses incurred by the joint operation according to its share.

The parties to the joint venture shall account for the investment in the joint venture in accordance with the "Accounting Standards for Enterprises No. 2 - Long-term Equity Investment".

8. Criteria for determining cash and cash equivalents

Cash in the cash flow statement refers to the company's cash on hand and deposits that can be used for payment at any time. Cash equivalents refer to investments that are held for a short period of time (generally within three months from the date of purchase), are highly liquid, are easy to convert into known amounts of cash, and have little risk of value changes.

9. Foreign currency business and foreign currency statement translation

1. Foreign currency business translation

When foreign currency transactions are initially confirmed, they are converted into RMB amounts at the spot exchange rate on the transaction date. On the balance sheet date, monetary items in foreign currencies are converted at the spot exchange rate on the balance sheet date, and the exchange differences arising from different exchange rates are included in the current profits and losses, except for the exchange differences on the principal and interest of foreign currency special loans related to the acquisition and construction of assets eligible for capitalization; non-monetary items in foreign currencies measured at historical cost are still converted at the spot exchange rate on the transaction date, and their RMB amounts are not changed; Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined, and the difference is included in the current profit and loss or other comprehensive income.

2. Translation of foreign currency financial statements

The assets and liabilities items in the balance sheet are converted using the approximate exchange rate of the spot exchange rate on the balance sheet date; the owner's equity items are converted using the spot exchange rate on the transaction date except for the "undistributed profit" item; the income and expense items in the income statement are converted using the spot exchange rate on the transaction date or the approximate exchange rate on the spot exchange rate on the transaction date. The translation difference of the foreign currency financial statements arising from the above translation is recognized as other comprehensive income.

10. Financial instruments

1. Confirmation and derecognition of financial instruments

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

Buying and selling financial assets in the conventional way is recognized and derecognized according to the accounting on the transaction date. The conventional way of buying and selling financial assets refers to the collection or delivery of financial assets within the time limit specified by laws and regulations or common practice in accordance with the terms of the contract. The trading day refers to the date on which the company promises to buy or sell financial assets.

If the following conditions are met, the financial asset (or part of the financial asset, or part of a group of similar financial assets) is derecognized, that is, it is written off from its account and balance sheet:

(1) The right to receive cash flow from financial assets expires;

(2) transferred the right to receive cash flows from financial assets, or assumed the obligation to pay the full amount of cash flows received to a third party in a timely manner under a "pass-through agreement"; and (a) substantially transferred almost all the risks and rewards in the ownership of the financial assets, or (b) gave up control of the financial assets although substantially neither transferred nor retained almost all the risks and rewards in the ownership of the financial assets.

2. Classification and measurement of financial assets

At the time of initial recognition, the company's financial assets are classified according to the company's business model of managing financial assets and the contractual cash flow characteristics of financial assets: financial assets measured at amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive income, and financial assets measured at fair value and whose changes are included in current profit and loss. Subsequent measurement of financial assets depends on their classification.

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

(1) Financial assets measured at amortized cost

Financial assets that meet the following conditions are classified as financial assets measured at amortized cost: The company's business model for managing the financial assets is to collect contractual cash flows; the contract terms of the financial assets stipulate that the cash flows generated on a specific date are only the payment of principal and interest based on the outstanding principal amount. For such financial assets, the effective interest method is adopted, and subsequent measurement is carried out at amortized cost, and the gains or losses arising from their amortization or impairment are included in the current profit and loss.

(2) Investments in debt instruments measured at fair value through other comprehensive income

Financial assets that meet the following conditions are classified as financial assets measured at fair value and whose changes are included in other comprehensive income: 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 assets stipulate that the cash flows generated on a specific date are only the payment of principal and interest based on the outstanding principal amount. For such financial assets, fair value is used for subsequent measurement. Its discount or premium is amortized using the effective interest method and recognized as interest income or expense. Except for impairment losses and exchange differences of foreign currency monetary financial assets, which are recognized as current profits and losses, changes in the fair value of such financial assets are recognized as other comprehensive income. Until the financial assets are derecognized, their accumulated gains or losses are transferred to current profits and losses. Interest income related to such financial assets is included in the current profit and loss.

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

The Company irrevocably chooses to designate part of the non-trading equity instrument investments as financial assets measured at fair value and whose changes are included in other comprehensive income, and only the relevant dividend income is included in the current profit and loss, and the changes in fair value are recognized as other comprehensive income, until the financial asset is derecognized, and its accumulated gains or losses are transferred to retained earnings.

(4) Financial assets measured at fair value and whose changes are included in the current profit and loss

The above-mentioned financial assets measured at amortized cost and financial assets other than financial assets measured at fair value and whose changes are included in other comprehensive income are classified as financial assets measured at fair value and whose changes are included in current profits and losses. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as financial assets that are measured at fair value and whose changes are included in the current profit and loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are included in the current profit and loss.

All affected related financial assets are reclassified when and only when the Company changes its business model for managing financial assets.

For financial assets that are measured at fair value and whose changes are included in the current profit and loss, the relevant transaction costs are directly included in the current profit and loss, and the relevant transaction costs of other types of financial assets are included in their initial recognition amount.

3. Classification and measurement of financial liabilities

The company's financial liabilities are classified at the time of initial recognition as: financial liabilities measured at amortized cost and financial liabilities measured at fair value and whose changes are included in the current profit and loss.

Financial liabilities that meet one of the following conditions can be designated as financial liabilities measured at fair value and whose changes are included in current profits and losses at the time of initial measurement: (1) the designation can eliminate or significantly reduce accounting mismatches; (2) According to the company's risk management or investment strategy stated in the official written document, the management and performance evaluation of the financial liability portfolio or the portfolio of financial assets and financial liabilities is carried out on the basis of fair value, and reported to key management personnel within the company on this basis; (3) the financial liability contains embedded derivatives that need to be separated separately.

The Company determines the classification of financial liabilities at the time of initial recognition. For financial liabilities that are measured at fair value and whose changes are included in the current profit and loss, the relevant transaction costs are directly included in the current profit and loss, and the relevant transaction costs of other financial liabilities are included in their initial recognition amount.

Subsequent measurement of financial liabilities depends on their classification:

(1) Financial liabilities measured at amortized cost

For such financial liabilities, the effective interest method is used, and subsequent measurement is carried out at amortized cost.

(2) Financial liabilities measured at fair value and whose changes are included in the current profit and loss

Financial liabilities measured at fair value and whose changes are included in the current profit and loss include transactional financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at fair value at the time of initial recognition and whose changes are included in the current profit and loss.

4. Offsetting of financial instruments

If the following conditions are met at the same time, the financial assets and financial liabilities are listed in the balance sheet as the net amount after offsetting each other: there is a statutory right to offset the recognized amount, and such statutory right is currently enforceable; it is planned to settle on a net basis, or to realize the financial asset and pay off the financial liability at the same time.

5. Impairment of financial assets

The Company recognizes loss provisions on the basis of expected credit losses for financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in other comprehensive income, and financial guarantee contracts. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be collected by the company discounted at the original effective interest rate, that is, the present value of the total cash shortage.

The Company estimates the expected credit losses of financial assets measured at amortized cost and financial assets measured at fair value with changes included in other comprehensive income (debt instruments) on a single or combined basis, taking into account all reasonable and evidence-based information, including forward-looking information.

(1) General model of expected credit loss

If the credit risk of the financial instrument has increased significantly since its initial recognition, the Company measures its loss allowance at an amount equivalent to the expected credit loss over the entire life of the financial instrument; if the credit risk of the financial instrument has not increased significantly since its initial recognition, the Company measures its loss allowance at an amount equivalent to the expected credit loss of the financial instrument within the next 12 months. The resulting increase or reversal of the loss provision shall be included in the current profit and loss as an impairment loss or gain. For the Company's specific assessment of credit risk, please refer to the note "IX. Risks Related to Financial Instruments".

Usually more than 30 days overdue, the company believes that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

Specifically, the Company divides the process of credit impairment of financial instruments that have not suffered credit impairment at the time of purchase or origin into three stages, and there are different accounting treatments for the impairment of financial instruments at different stages:

The first stage: the credit risk has not increased significantly since the initial recognition

For financial instruments at this stage, the enterprise should measure the loss provision based on the expected credit loss in the next 12 months, and calculate the interest income based on its book balance (that is, without deducting the impairment provision) and the actual interest rate (if the instrument is a financial asset, the same below).

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

For financial instruments at this stage, the enterprise should measure the loss provision according to the expected credit loss for the entire duration of the instrument, and calculate the interest income according to its book balance and actual interest rate.

The third stage: credit impairment occurs after initial recognition

For financial instruments at this stage, the enterprise should measure the loss provision according to the expected credit loss for the entire duration of the instrument, but the calculation of interest income is different from that of financial assets in the first two stages. For financial assets that have experienced credit impairment, enterprises should calculate interest income based on their amortized cost (book balance minus provision for impairment, that is, book value) and actual interest rate.

For financial assets whose credit impairment has occurred at the time of purchase or origin, the enterprise shall only recognize the change in expected credit loss for the entire duration after initial recognition as loss provision, and calculate interest income based on its amortized cost and credit-adjusted effective interest rate.

(2) For financial instruments with lower credit risk on the balance sheet date, the Company chooses not to compare with the credit risk at the time of initial recognition, and directly assumes that the credit risk of the instrument has not increased significantly since the initial recognition.

If the enterprise determines that the default risk of the financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligation in the short term, and even if there are adverse changes in the economic situation and business environment over a longer period of time, it will not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligation, then the financial instrument may be regarded as having low credit risk.

(3) Receivables and lease receivables

The Company adopts the simplified model of expected credit loss for the receivables specified in the Accounting Standard for Business Enterprises No. 14 - Income, which does not contain a significant financing component (including the situation where the financing component of contracts not exceeding one year is not considered according to the standard), and its loss provision is always measured according to the amount of expected credit loss throughout the lifetime.

For receivables with significant financing components and lease receivables regulated by Accounting Standards for Business Enterprises No. 21 - Leases, the Company made an accounting policy choice and chose to adopt a simplified model of expected credit losses, that is, the loss provision is measured at an amount equivalent to the expected credit losses over the entire lifetime.

6. Transfer of financial assets

If the company has transferred almost all the risks and rewards of the ownership of the financial asset to the transferee, the recognition of the financial asset shall be terminated; if the company retains almost all the risks and rewards of the ownership of the financial asset, the recognition of the financial asset shall not be terminated.

If the company neither transfers nor retains almost all the risks and rewards in the ownership of financial assets, it shall be dealt with in the following situations: if it has given up control of the financial asset, it shall terminate the recognition of the financial asset and recognize the resulting assets and liabilities; if it has not given up control of the financial asset, the relevant financial assets shall be recognized according to the extent of its continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

If the financial assets continue to be involved by providing financial guarantees for the transferred financial assets, the assets formed by the continued involvement shall be recognized according to the lower of the book value of the financial assets and the amount of financial guarantees. The amount of financial guarantee refers to the maximum amount that will be required to be repaid among the consideration received.

11. Notes receivable

For the receivables specified in the Accounting Standards for Business Enterprises No. 14 - Income, which do not contain significant financing components (including the case where the financing components of contracts not exceeding one year are not considered according to the standards), the Company adopts the simplified model of expected credit loss, that is, the loss provision is always measured according to the amount of expected credit loss throughout the lifetime, and the amount of the resulting increase or reversal of the loss provision is included in the current profit and loss as an impairment loss or gain.

For receivables with significant financing components, the Group chooses to use a simplified model of expected credit losses, that is, its loss allowance is always measured at the amount of expected credit losses throughout its lifetime.

Simplified model of expected credit losses: always measure its loss allowance by the amount of expected credit losses throughout its lifetime

The Company estimates the expected credit loss on notes receivable on a single or combined basis, taking into account all reasonable and evidence-based information, including forward-looking information.

The company's bills receivable portfolio is divided into bank acceptance bills and commercial acceptance bills. When measuring the expected credit loss of notes receivable, the historical credit loss experience and forward-looking information are taken into account, and the expected credit loss of the portfolio of notes receivable is determined using the aging and LGD comparison table.

The combination of bills receivable shall make provision for bad debts according to the comparison table of the aging of the accounts receivable and the expected credit loss ratio for the entire duration of the accounts receivable from the date of occurrence of the accounts receivable, "See Note III. (12) Accounts Receivable" for details.

12. Accounts receivable

For the receivables specified in the Accounting Standards for Business Enterprises No. 14 - Income, which do not contain significant financing components (including the case where the financing components of contracts not exceeding one year are not considered according to the standards), the Company adopts the simplified model of expected credit loss, that is, the loss provision is always measured according to the amount of expected credit loss throughout the lifetime, and the amount of the resulting increase or reversal of the loss provision is included in the current profit and loss as an impairment loss or gain.

Since January 1, 2019, the Company has implemented Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments (Cai Kuai [2017]) No. 7, and based on the Company's historical bad debt losses, after reviewing the appropriateness of the provision for bad debts receivable in previous years, it is believed that the default probability is related to the aging, and the aging is still a sign of whether the credit risk of the Company's accounts receivable has increased significantly. Therefore, the credit risk loss of the Company's accounts receivable is still based on the aging. Estimated based on the original loss ratio of the previous year. The Company's accounting policy for measuring overdue credit losses on accounts receivable is:

1. Accounts receivable with a single significant amount and a single provision for bad debts

The significant amount of a single item refers to the amount with the ending balance of a single item receivable of more than 1 million yuan.

At the end of the period, a separate impairment test is carried out for receivables with significant individual amounts. If there is objective evidence that it has been impaired, the impairment loss shall be recognized based on the difference between the present value of its future cash flows and its book value, and a provision for bad debts shall be made.

2. Accounts receivable with provision for bad debts by portfolio

For receivables with insignificant individual amounts at the end of the period, together with the receivables that have not been impaired after separate testing, they are divided into several combinations based on aging as a credit risk feature, and the impairment losses are calculated and determined according to a certain proportion of the ending balance of these receivable combinations (the impairment test can be carried out separately), and provision for bad debts is made.

In addition to the receivables for which impairment provision has been made separately, the company determines the following bad debt provision based on the actual loss rate of the combination of the same or similar previous years and the aging of the receivables as the credit risk characteristic, combined with the current situation. Proportion:

Aging	Expected credit loss ratio of accounts receivable
Within 1 year (including 1 year)	5%
1 ~ 2 years (including 2 years)	10%
2 ~ 3 years (including 3 years)	20%
3 ~ 4 years (including 4 years)	50%
More than 4 years	100%
Among them: those that have been determined to be unrecoverable	To be written off

Note: No provision for bad debts is made for inter-company receivables within the scope of consolidation.

3. Accounts receivable with a single provision for bad debts although the single amount is not significant

Reasons for single provision for bad debts: The Company conducts a separate impairment test for receivables with the following characteristics, although the single amount is not significant, and if there is objective evidence that they are impaired, the impairment loss is recognized based on the difference between the present value of its future cash flow and its book value, and the provision for bad debts is made; receivables that have disputes with the other party or are involved in litigation or arbitration; receivables that have obvious signs that the debtor is likely to be unable to perform the repayment obligations, etc.

The method of accruing bad debt provision: If the impairment test is carried out separately, and there is objective evidence that it has been impaired, the impairment loss is recognized according to the difference between the present value of its future cash flow and its book value, and the bad debt provision is made.

13. Accounts receivable financing

Financial assets that meet the following conditions are classified as financial assets measured at fair value and whose changes are included in other comprehensive income: 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 assets stipulate that the cash flows generated on a specific date are only the payment of principal and interest based on the outstanding principal amount.

The company transfers the receivables held by the company in the form of discounts or endorsements, and this type of business is relatively frequent and involves a large amount, and its management business model is essentially to collect contractual cash flows and sell them. According to the relevant provisions of the financial instrument standards, they are classified into financial assets whose changes are measured at fair value and included in other comprehensive income.

14. Other receivables

The determination method and accounting treatment method of expected credit loss of other receivables

The Company adopts the general model of expected credit loss for other receivables from January 1, 2019, please refer to Note "III. (X) Financial Instruments" for processing.

1. The expected credit loss is measured on a portfolio basis, and the Company accrues the expected credit loss ratio according to the corresponding aging credit risk characteristics. The impairment ratios for estimated credit losses based on the combination of aging credit risk characteristics are as follows:

Aging	Expected credit loss ratio of other receivables
Within 1 year (including 1 year)	5%
1 ~ 2 years (including 2 years)	10%
2 ~ 3 years (including 3 years)	20%
3 ~ 4 years (including 4 years)	50%
More than 4 years	100%
Among them: those that have been determined to be unrecoverable	To be written off

2. The Company classifies accounts receivable from subsidiaries within the scope of consolidation and other accounts without significant risk of recovery into nature portfolios, and makes provision for impairment based on expected credit losses.

15. Inventory

1. Classification of inventory

Inventory refers to the finished products or commodities held by the enterprise for sale in daily activities, the products in the production process, the products in the entrusted processing, the materials and materials consumed in the production process or the provision of labor services, etc.

The company's inventory is divided into raw materials, products in progress, goods in stock, goods shipped, etc.

2. Valuation method for issued inventory

Issued inventory adopts the month-end weighted average method.

3. The basis for determining the net realizable value of inventories and the method of accruing inventory depreciation reserves

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and inventory depreciation reserves are made based on the difference between the cost of the inventory category and the net realizable value. For inventories directly used for sale, the net realizable value shall be determined by the estimated selling price of the inventory minus the estimated selling expenses and relevant taxes in the normal production and operation process; for inventories that need to be processed, the net realizable value shall be determined by the estimated selling price of the finished goods produced in the normal production and operation process minus the estimated costs to be incurred at the time of completion, estimated selling expenses and relevant taxes; On the balance sheet date, if part of the same inventory has a contract price agreement and other parts do not have a contract price, the net realizable value shall be determined respectively, and the corresponding cost shall be compared, and the amount of provision for inventory depreciation shall be determined respectively.

4. Inventory system

The inventory system adopts the perpetual inventory system.

5. Amortization method of low-value consumables and packaging

Amortization is carried out according to the one-off write-off method.

16. Contract assets

1. Recognition methods and standards of contract assets

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration (except receivables) to which the Company has transferred goods or provided services to customers is shown as contract assets.

2. Determination method and accounting treatment method of expected credit loss of contract assets

For contract assets that do not contain significant financing components, the Company adopts a simplified model of expected credit losses, that is, the loss provision is always measured at an amount equivalent to the expected credit loss for the entire lifetime, and the resulting increase or reversal of the loss provision is included in the current profit and loss as an impairment loss or gain.

For contract assets with significant financing components, the Company chooses to adopt a simplified model of expected credit losses, that is, the loss provision is always measured at an amount equivalent to the expected credit loss for the entire lifetime, and the resulting increase or reversal of the loss provision is included in the current profit and loss as an impairment loss or gain.

17. Long-term equity investment

1. Determination of investment cost

(1) In the case of a business combination under the same control, if the merging party pays cash, transfers non-cash assets, assumes debts or issues equity securities as the merger consideration, the initial investment cost shall be 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 on the merger date. The difference between the initial investment cost of the long-term equity investment and the book value of the combined consideration paid or the total face value of the issued shares shall be adjusted to the capital reserve (capital premium or share capital premium); if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

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

(2) In the case of a business combination not under the same control, the fair value of the merger consideration paid on the purchase date shall be used as its initial investment cost.

(3) Except for the formation of a business combination: if it is obtained by paying cash, the actual purchase price paid shall be used as its initial investment cost; if it is obtained by issuing equity securities, the fair value of the issued equity securities shall be used as its initial investment cost; if the investor invests, the value agreed in the investment contract or agreement shall be used as its initial investment cost (except if the value agreed in the contract or agreement is not fair).

2. Subsequent measurement and profit and loss recognition method

Long-term equity investments in which the Company can exercise control over the investee are accounted for using the cost method in the Company's individual financial statements; long-term equity investments with common control or significant influence are accounted for using the equity method.

When the cost method is adopted, the long-term equity investment is priced at the initial investment cost. Except for the declared but not yet distributed cash dividends or profits included in the actual payment or consideration when the investment is obtained, the cash dividends or profits declared and distributed by the investee are recognized as current investment income, and whether the long-term investment is impaired is considered according to the relevant asset impairment policy.

When the equity method is adopted, if the initial investment cost of a long-term equity investment is greater than the fair value share of the investee's identifiable net assets at the time of investment, it shall be included in the initial investment cost of the long-term equity investment; if the initial investment cost of the long-term equity investment is less than the fair value share of the investee's identifiable net assets at the time of investment, the difference shall be included in the current profit and loss, and the cost of the long-term equity investment shall be adjusted at the same time.

When the equity method is adopted, after the long-term equity investment is obtained, the investment profit and loss shall be recognized and the book value of the long-term equity investment shall be adjusted according to the share of the net profit and loss realized by the invested entity that should be enjoyed or shared. When confirming the share that should be entitled to the net profit and loss of the investee, based on the fair value of the identifiable assets of the investee at the time of acquisition of the investment, in accordance with the accounting policies and accounting period of the Company, and offsetting the internal transaction gains and losses that occur with associates and joint ventures, the part attributable to the invested enterprise shall be calculated according to the shareholding ratio (but if the internal transaction losses are asset impairment losses, they shall be fully recognized), and the net profit of the investee shall be recognized after adjustment. Calculate the part that should be distributed according to the profit or cash dividend declared by the investee, and reduce the book value of the long-term equity investment accordingly. The company recognizes the net loss incurred by the investee, and the book value of the long-term equity investment and other long-term equity that substantially constitutes the net investment in the investee are written down to zero, unless the company has the obligation to bear additional losses. For other changes in the owner's equity of the investee other than the net profit and loss, the book value of the long-term equity investment is adjusted and included in the owner's equity.

3. Determine the basis for controlling and having significant influence on the investee

Control refers to having the power over the investee, enjoying variable returns by participating in the relevant activities of the investee, and having the ability to use the power over the investee to influence the amount of return; significant influence means that the investor has the power to participate in decision-making on the financial and operating policies of the investee, but cannot control or jointly control the formulation of these policies with other parties.

4. Disposal of long-term equity investments

(1) Partial disposal of long-term equity investments in subsidiaries without losing control

When the long-term equity investment in a subsidiary is partially disposed of without losing control, the difference between the disposal price and the book value corresponding to the disposal investment shall be recognized as the current investment income.

(2) Circumstances where control of the subsidiary is lost due to partial disposal of equity investment or other reasons

If part of the equity investment is disposed of or the control of the subsidiary is lost due to other reasons, the book value of the long-term equity investment corresponding to the equity sold shall be carried forward, and the difference between the sale proceeds and the book value of the long-term equity investment shall be recognized as investment income (loss); at the same time, the remaining equity shall be recognized as a long-term equity investment or other relevant financial assets based on its book value. If the remaining equity after disposal can exercise joint control or have a significant influence on the subsidiary, the accounting treatment shall be carried out in accordance with the relevant provisions of the conversion of the cost method to the equity method.

5. Impairment test method and impairment provision method

For investments in subsidiaries, associates and joint ventures, if there is objective evidence on the balance sheet date that they are impaired, the corresponding impairment provision shall be made according to the difference between the book value and the recoverable amount.

18. Fixed assets

(1) Confirmation conditions

The fixed assets of a company refer to the tangible assets held for the production of goods, the provision of labor services, the lease or the operation and management, and the useful life exceeds one fiscal year.

Fixed assets are recorded at the actual cost at the time of acquisition, and depreciation is accrued using the average life method from the month after they reach the expected usable state.

(2) Depreciation method

Category	Depreciation method	Depreciation period	Residual value rate	Annual depreciation rate
Houses and buildings	Life average method	20-50 years	5.00%	4.75%-1.90%
Machine equipment	Life average method	5-10 years	5.00%	9.50%-19.00%
Means of transport	Life average method	4-10 years	5.00%	9.50%■23.75%
Electronic equipment and others	Life average method	3-5 years	5.00%	19.00%■31.67%

(3) The identification basis, valuation and depreciation method of fixed assets purchased through financing lease

19. Construction in progress

1. When the construction in progress reaches the expected usable state, it shall be transferred to fixed assets according to the actual cost of the project. If it has reached the expected usable state but has not yet completed the final accounts, it shall be transferred to the fixed assets according to the estimated value. After the final accounts are completed, the original provisional estimated value shall be adjusted according to the actual cost, but the original depreciation shall not be adjusted.

2. On the balance sheet date, if there are signs that the construction in progress is impaired, the corresponding impairment provision shall be made according to the difference between the book value and the recoverable amount.

20. Borrowing costs

1. Recognition principles for capitalization of borrowing costs

The company's borrowing costs, which can be directly attributable to the acquisition, construction or production of assets that meet the capitalization conditions, are capitalized and included in the cost of the relevant assets; other borrowing costs are recognized as expenses when incurred and included in the current profit and loss.

2. Period of capitalization of borrowing costs

(1) Capitalization begins when the borrowing costs meet the following conditions: 1) the expenditure on the asset has been incurred; 2) the borrowing costs have been incurred; and 3) the acquisition, construction or production activities necessary to bring the asset into its intended usable or saleable state have started.

(2) If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended; the borrowing costs incurred during the interruption period shall be recognized as current expenses until the acquisition, construction or production activities of the asset restart.

(3) When the purchased, constructed or produced assets that meet the capitalization conditions reach the intended usable or saleable state, the borrowing costs shall cease to be capitalized.

3. Capitalized amount of borrowing costs

Where special loans are borrowed for the purpose of purchasing, constructing or producing assets that meet the capitalization conditions, the amount of interest that should be capitalized shall be determined based on the actual interest expenses incurred in the current period of the special loans (including the amortization of discounts or premiums determined according to the effective interest rate method), minus the amount of interest income obtained by depositing the unused borrowed funds in the bank or investment income obtained by making temporary investments; If general borrowings are occupied for the acquisition, construction or production of assets that meet the capitalization conditions, the amount of interest that should be capitalized for general borrowings shall be calculated and determined based on the weighted average number of accumulated asset expenditures exceeding the asset expenditures of special borrowings multiplied by the capitalization rate of general borrowings.

21. Right-of-use assets

At the start date of the lease term, the Company recognizes right-of-use assets and lease liabilities for leases, except for short-term leases and leases of low-value assets for which the standard is applied for simplified treatment.

The Company initially measures the right-of-use assets at cost. This cost includes:

1. The initial measurement amount of the lease liability;
2. For lease payments made on or before the start date of the lease term, if there is a lease incentive, the relevant amount of the lease incentive already enjoyed shall be deducted;
3. Initial direct costs incurred;
4. Costs expected to be incurred for dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the state agreed upon in the lease terms. If the aforementioned costs are incurred for the production of inventory, the "Accounting Standards for Business Enterprises No. 1 - Inventory" shall apply.

The company recognizes and measures the costs mentioned in item 4 above in accordance with the "Accounting Standards for Business Enterprises No. 13 - Contingencies".

The initial direct cost refers to the incremental cost incurred to complete the lease. Incremental costs are costs that would not have been incurred if the business had not obtained the lease.

The Company depreciates the right-of-use assets with reference to the relevant depreciation provisions of the Accounting Standards for Business Enterprises No. 4 - Fixed Assets. If it can be reasonably determined that the ownership of the leased asset is obtained when the lease term expires, depreciation shall be accrued within the remaining 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, depreciation shall be accrued during the shorter of the lease term and the remaining useful life of the leased asset.

In accordance with the "Accounting Standards for Business Enterprises No. 8 - Asset Impairment", the Company determines whether the right-of-use assets are impaired, and accounts for the identified impairment losses.

22. Intangible assets

(1) Valuation method, useful life, impairment test

1. Intangible assets include land use rights, software, etc., which are initially measured at cost.
2. Intangible assets with a limited useful life shall be amortized systematically and reasonably according to the expected realization method of the economic benefits related to the intangible asset within the useful life. If the expected realization method cannot be reliably determined, the straight-line method shall be used for amortization.

Land use rights are amortized evenly over the remaining useful life (usually 50 years), and software is amortized evenly over 3-5 years.

3. For intangible assets with a definite useful life, if there are signs of impairment on the balance sheet date, the corresponding impairment provision shall be made according to the difference between the book value and the recoverable amount; intangible assets with indefinite useful life and intangible assets that have not yet reached the usable state, regardless of whether there are signs of impairment, shall be tested for impairment every year. The company currently has no intangible assets with uncertain useful lives.

(2) Accounting policy for internal research and development expenditure

Expenses in the research phase of internal research and development projects are included in the current profit and loss when incurred. Expenditures in the development stage of an internal research and development project are recognized as intangible assets if the following conditions are met: (1) it is technically feasible to complete the intangible asset so that it can be used or sold; (2) it has the intention to complete the intangible asset and use or sell it; (3) the way in which the intangible asset generates economic benefits, including the ability to prove that the product produced by the intangible asset exists in the market or the intangible asset itself exists in the market, and the intangible asset will be used internally, which can prove its usefulness; (4) it has sufficient technical, financial and other resource support to complete the development of the intangible asset and has the ability to use or sell the intangible asset; and (5) the expenditure attributable to the development stage of the intangible asset can be reliably measured.

23. Long-term deferred expenses

Long-term deferred expenses are recorded at the actual amount and amortized evenly in installments over the benefit period or the specified period. If the long-term deferred expense item cannot benefit future accounting periods, all the amortized value of the item that has not been amortized shall be transferred to the current profit and loss.

24. Contract liabilities

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The obligation of the Company to transfer goods or provide services to customers for the consideration received or receivable from customers is listed as contract liabilities.

25. Employee compensation

(1) Accounting treatment of short-term compensation

During the accounting period when employees provide services, the Company recognizes the actual short-term compensation as a liability and includes it in the current profit and loss or the cost of related assets. Among them, non-monetary benefits are measured at fair value.

(2) Accounting treatment of post-employment benefits

The employees of the company have participated in the basic social endowment insurance organized and implemented by the local labor and social security departments. The company pays endowment insurance premiums to the local social basic endowment insurance agency on a monthly basis based on the locally prescribed social basic endowment insurance payment base and proportion. After employees retire, the local labor and social security departments are responsible for paying basic social pensions to retired employees. During the accounting period when the employees provide services, the company will recognize the amount that should be paid according to the above-mentioned social security regulations as a liability, and include it in the current profit and loss or the cost of related assets.

(3) Accounting treatment of dismissal benefits

The Company terminates the labor relationship with the employee before the expiration of the employee's labor contract, or proposes to provide compensation to encourage the employee to voluntarily accept the layoff. When the Company cannot unilaterally withdraw the plan to terminate the labor relationship or the layoff proposal and confirm the costs and expenses related to the reorganization involving the payment of dismissal benefits, the liabilities arising from the compensation for the termination of the labor relationship with the employee shall be recognized and included in the current profit and loss.

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

26. Lease liabilities

At the start date of the lease term, the Company recognizes right-of-use assets and lease liabilities for leases, except for short-term leases and leases of low-value assets for which the standard is applied for simplified treatment.

The lease liability is initially measured at the present value of the outstanding lease payments at the beginning of the lease term.

Lease payments refer to payments made by the Company to the lessor in relation to the right to use the leased asset during the lease term, including:

1. The fixed payment amount and the actual fixed payment amount, if there is a lease incentive, deduct the relevant amount of the lease incentive;
2. The amount of variable lease payments depending on the index or ratio, which is determined at the time of initial measurement based on the index or ratio on the start date of the lease term;
3. The exercise price of the purchase option, provided that the company is reasonably certain that the option will be exercised;
4. The amount to be paid for exercising the option to terminate the lease, provided that the lease term reflects that the Company will exercise the option to terminate the lease;
5. The amount expected to be paid based on the residual value of the guarantee provided by the company.

When calculating the present value of lease payments, the Group uses the embedded interest rate of the lease as the discount rate; if the embedded interest rate of the lease cannot be determined, the Company uses the incremental borrowing rate as the discount rate.

27. Share-based payment

1. Types of share-based payments

Includes equity-settled share-based payments and cash-settled share-based payments.

2. How to determine the fair value of equity instruments

(1) If there is an active market, it shall be determined according to the quoted price in the active market.

(2) If there is no active market, it shall be determined by using valuation techniques, including reference to prices used in recent market transactions by parties familiar with the situation and voluntarily trading, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow method and option pricing models, etc.

3. The basis for confirming the best estimate of exercisable equity instruments

Estimates are made based on the latest obtained follow-up information such as changes in the number of exerciseable employees.

4. Relevant accounting treatment for the implementation, modification and termination of share-based payment plans

(1) Equity-settled share-based payments

Equity-settled share-based payments that are exercisable in exchange for employee services immediately after the grant are included in the relevant costs or expenses based on the fair value of the equity instruments on the grant date, and the capital reserve is adjusted accordingly. For equity-settled share-based payments in exchange for employee services after completing the service during the waiting period or meeting the specified performance conditions, on each balance sheet date during the waiting period, based on the best estimate of the number of exercisable equity instruments, the services obtained in the current period are included in the relevant costs or expenses at the fair value on the date of grant of the equity instruments, and the capital reserve is adjusted accordingly.

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

(2) Cash-settled share-based payments

The cash-settled share-based payments that are exercisable in exchange for employee services immediately after the grant are included in the relevant costs or expenses at the fair value of the liabilities assumed by the Group on the date of grant, and the liabilities are increased accordingly. For cash-settled share-based payments in exchange for employee services after completing the service within the waiting period or meeting the specified performance conditions, on each balance sheet date during the waiting period, based on the best estimate of the exercisability, the services obtained in the current period are included in the relevant costs or expenses and corresponding liabilities based on the fair value of the liabilities assumed by the Company.

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

If the modification increases the fair value of the equity instruments granted, the Company recognizes the increase in the obtained services according to the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the Company recognizes the increase in the fair value of the increased equity instruments as the increase in the obtained services; if the Company modifies the vesting conditions in a way that is beneficial to the employees, the Company will consider the revised vesting conditions when dealing with the vesting conditions.

If the modification reduces the fair value of the equity instruments granted, the Company continues to recognize the amount of services obtained based on the fair value of the equity instruments at the grant date, regardless of the reduction in the fair value of the equity instruments; if the modification reduces the number of equity instruments granted, the Company will treat the reduction as the cancellation of the equity instruments granted; If the exercise conditions are modified in a way that is not conducive to the employees, the revised exercise conditions will not be considered when dealing with the exercise conditions.

If the Company cancels the granted equity instrument or settles the granted equity instrument within the waiting period (except for cancellation due to non-fulfillment of the vesting condition), the cancellation or settlement will be treated as an accelerated vesting, and the amount originally recognized within the remaining waiting period will be immediately recognized.

28. Income

Accounting policies used in revenue recognition and measurement

1. Recognition of revenue

The Company's revenue primarily consists of sales of power adapters and server power supplies.

The Company fulfills its performance obligations in the contract, that is, recognizes revenue when the customer obtains control of the relevant product. Obtaining control of the relevant commodity refers to being able to dominate the use of the commodity and obtain almost all economic benefits from it.

2. According to the relevant provisions of the revenue standard, the Company determines that the relevant performance obligations are "performance obligations performed within a certain period of time" or "performance obligations performed at a certain point in time", and revenue is recognized according to the following principles.

(1) If the company meets one of the following conditions, it is a performance obligation within a certain period of time:

① The customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company performs the contract.

② The customer can control the assets under construction in the process of the company's performance.

③ The assets produced by the company in the process of performance are irreplaceable, and the company has the right to receive payment for the accumulated performance part during the entire contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue according to the performance progress during that period, unless the performance progress cannot be reasonably determined. The company considers the nature of the commodity and adopts the output method or the input method to determine the appropriate performance progress.

(2) For performance obligations that are not performed within a certain period of time, but are performed at a certain point in time, the Company recognizes revenue when the customer obtains control of the relevant product.

When judging whether a customer has obtained control of a product, the Company considers the following indications:

① The company has the current right to receive payment for the product, that is, the customer has the current payment obligation for the product.

② The company has transferred the legal ownership of the commodity to the customer, that is, the customer already has the legal ownership of the commodity.

③ The company has transferred the commodity to the customer in kind, that is, the customer has physical possession of the commodity.

④ The company has transferred the main risks and rewards of the ownership of the product to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the product. ⑤ The customer has accepted the product.

⑥ Other signs that the customer has obtained control of the product.

The specific policy of the company's revenue recognition:

For products sold by the company to domestic customers, the goods are delivered to the location designated by the buyer, and the sales revenue is recognized after the customer signs for it; for products sold by the company to overseas customers, the goods are exported through customs declaration, and the sales revenue is recognized after the customs declaration procedures are completed; for products traded by the company and customers through VMI, the sales revenue is recognized after the customers actually receive the goods.

3. Income measurement

The company shall measure revenue based on the transaction price allocated to each individual performance obligation. When determining the transaction price, the Company considers the influence of factors such as variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to customers.

(1) Variable consideration

The company determines the best estimate of the variable consideration based on the expected value or the most likely amount, but the transaction price including the variable consideration should not exceed the amount of the accumulated recognized revenue that is unlikely to be significantly reversed when the relevant uncertainty is eliminated. When assessing whether the accumulated recognized income is unlikely to undergo a major reversal, the enterprise shall also consider the possibility and proportion of the reversal of income.

(2) Significant financing component

If there is a significant financing component in the contract, the company shall determine the transaction price based on the amount payable in cash when the customer assumes control of the product. The difference between the transaction price and the contract consideration shall be amortized using the effective interest method during the contract period.

(3) Non-cash consideration

If the customer pays the non-cash consideration, the company determines the transaction price based on the fair value of the non-cash consideration. If the fair value of the non-cash consideration cannot be reasonably estimated, the Company indirectly determines the transaction price with reference to the individual selling price of the commodity it promises to transfer to the customer.

(4) Consideration payable to customers

For the consideration payable to the customer, the consideration payable shall be offset against the transaction price, and the current income shall be offset against the later of the recognition of the relevant revenue and the payment (or commitment to pay) the customer consideration, except that the consideration payable to the customer is to obtain other clearly distinguishable commodities from the customer.

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

Similar businesses adopt different business models, resulting in differences in revenue recognition accounting policies

29. Government subsidies

1. Government grants include government grants related to assets and government grants related to earnings.

2. If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable; if the government subsidy is a non-monetary asset, it shall be measured at fair value, and if the fair value cannot be obtained reliably, it shall be measured at the nominal amount.

3. Government subsidies use the gross method:

(1) Government subsidies related to assets are recognized as deferred income and included in profit and loss in installments over the useful life of the relevant assets in a reasonable and systematic manner. If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful life, the balance of the relevant deferred income that has not been distributed shall be transferred to the profit and loss of the current period of asset disposal.

(2) Government subsidies related to income, which are used to compensate related expenses or losses in subsequent periods, are recognized as deferred income, and are included in the current profit and loss during the period when the relevant expenses are recognized; if they are used to compensate related expenses or losses that have occurred, they are directly included in the current profit and loss.

4. Government subsidies use the net method:

(1) Government subsidies related to assets to offset the book value of related assets;

(2) Government subsidies related to income, which are used to compensate related expenses or losses in subsequent periods, are recognized as deferred income, and the relevant costs are offset during the period when the relevant expenses are recognized; if they are used to compensate related expenses or losses that have been incurred, the relevant costs are directly offset.

5. The company uses the gross method to account for the government subsidies received.

6. For government subsidies that include both asset-related parts and income-related parts, different parts are accounted for separately; if it is difficult to distinguish, the whole is classified as income-related government subsidies.

7. The Company shall include the government subsidies related to the Company's daily activities as other income according to the substance of the economic business; the government subsidies not related to the Company's daily activities shall be included in the non-operating income and expenditure.

8. The company will obtain the policy preferential loan interest discount according to the two situations where the finance will allocate the interest discount funds to the lending bank and the finance will directly allocate the interest discount funds to the company:

(1) If the finance department allocates the interest subsidy funds to the lending bank, and the lending bank provides loans to the company at a policy-based preferential interest rate, the company chooses to conduct accounting treatment according to the following methods:

1) The actual loan amount received is used as the entry value of the loan, and the relevant borrowing costs are calculated according to the loan principal and the policy preferential interest rate.

2) The fair value of the loan is used as the entry value of the loan and the borrowing cost is calculated according to the effective interest method. The difference between the amount actually received and the fair value of the loan is recognized as deferred income. Deferred income is amortized using the effective interest method over the duration of the loan to offset related borrowing costs.

(2) If the finance company directly allocates the interest discount funds to the company, the company will offset the relevant borrowing costs with the corresponding interest discount.

30. Deferred Tax Assets/Deferred Tax Liabilities

1. According to the difference between the book value of assets and liabilities and their tax bases (if the tax bases of items not recognized as assets and liabilities can be determined in accordance with the tax law, the difference between the tax bases and their book amounts), the Deferred Tax Assets or Deferred Tax Liabilities are calculated and recognized at the applicable tax rate during the period when the assets are expected to be recovered or the liabilities are liquidated.

2. Confirm that the Deferred Tax Assets are limited to the taxable income that is likely to be obtained to offset the deductible temporary differences. On the balance sheet date, if there is conclusive evidence that it is likely to obtain sufficient taxable income in the future period to offset the deductible temporary differences, the Deferred Tax Assets that have not been recognized in the previous accounting period are recognized.

3. On the balance sheet date, the book value of the Deferred Tax Assets is reviewed. If it is likely that sufficient taxable income cannot be obtained in the future to offset the benefits of the Deferred Tax Assets, the book value of the Deferred Tax Assets is written down. The amount written down is reversed when it is probable that sufficient taxable income will be obtained.

4. The current income tax and Deferred Income Taxes of the Company are included in the current profit and loss as income tax expenses or income, but do not include the income tax arising from the following circumstances: (1) business combination; (2) transactions or events recognized directly in owner's equity.

31. Lease

(1) Accounting treatment of operating leases

When the Company is the lessee, on the start date of the lease term, in addition to short-term leases and low-value asset leases that choose to use simplified treatment, right-of-use assets and lease liabilities are recognized for the lease.

After the start date of the lease term, the Company adopts the cost model for subsequent measurement of the right-of-use assets. Depreciation is made for right-of-use assets with reference to the relevant depreciation provisions of "Accounting Standards for Business Enterprises No. 4 - Fixed Assets". If the lessee can reasonably determine that it obtains the ownership of the leased asset when the lease term expires, it shall make depreciation within the remaining 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, depreciation shall be accrued within the shorter of the lease term and the remaining useful life of the leased asset. In accordance with the "Accounting Standards for Business Enterprises No. 8 - Asset Impairment", the Company determines whether the right-of-use assets are impaired, and accounts for the identified impairment losses.

The Company calculates the interest expense of the lease liability for each period of the lease term at a fixed periodic interest rate and includes it in the current profit and loss. If it should be included in the cost of relevant assets in accordance with the "Accounting Standards for Business Enterprises No. 17 - Borrowing Costs" and other standards, those provisions shall prevail.

For short-term leases and low-value asset leases, the Company chooses not to recognize right-of-use assets and lease liabilities, and the lease payments for short-term leases and low-value asset leases are included in the relevant asset cost or current profit and loss on a straight-line basis during each period of the lease term.

(2) Accounting treatment method of financial lease

32. Other significant accounting policies and accounting estimates

33. Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in important accounting policies

■ Applicable Not Applicable

(2) Changes in significant accounting estimates

■ Applicable Not Applicable

34. Other

VI. Taxes

1. Main taxes and tax rates

Tax	Tax basis	Tax rate
VAT	Taxable income	5%,6%,13%
Urban maintenance and construction tax	Actual turnover tax paid	7.00%
Corporate income tax	Taxable income	See the table below for details
Education surcharge	Actual turnover tax paid	3.00%
Local education fee surcharge	Actual turnover tax paid	2.00%

If there are taxpayers with different corporate income tax rates, the disclosure statement

Taxpayer name	Income tax rate
Shenzhen Honor Electronic Co., Ltd.	15.00%
Honor Electron (Ganzhou) Electronics Co., Ltd	15.00%
Dongguan Honor Electron Electronics Co., Ltd	25.00%
Hong Kong Honor Electron Technology Co., Ltd	16.50%
Vietnam Honor Electron Technology Co., Ltd	10.00%
Hong Kong Business Hong Kong Honor Electron Technology Co., Ltd. Taiwan Branch	20.00%
(U.S.) Honor Electron Technology Co., Ltd	21.00%
Hangzhou Yundian Technology Energy Co., Ltd	25.00%
Shenzhen Honor Electron Zhilian Technology Co., Ltd	25.00%
Shanghai Anshibo Energy Technology Co., Ltd	25.00%
Suzhou Bodian Yunke Energy Technology Co., Ltd	25.00%
Hangzhou Honor Electron Electronic Technology Co., Ltd	25.00%
Suzhou Anshibo Energy Technology Co., Ltd	25.00%

2. Tax incentives

(1) On December 23, 2021, Shenzhen Science and Technology Innovation Commission, Shenzhen Municipal Finance Bureau, and Shenzhen Taxation Bureau of the State Administration of Taxation identified the company as a high-tech enterprise (certificate number: GR202144204471), valid for three years, and the company enjoys a preferential tax rate of 15%.

(2) According to the relevant tax policy provisions of the Announcement on Continuing the Enterprise Income Tax Policy for the Western Development by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation (Announcement No. 23 of 2020 of the Ministry of Finance), from January 1, 2021 to December 31, 2030, the enterprise income tax will be levied at a reduced rate of 15% for enterprises in encouraged industries located in the western region. Honor Electron (Ganzhou) Electronics Co., Ltd. enjoys preferential corporate income tax policies.

3. Other

According to the relevant regulations of Vietnam's corporate income tax, Vietnam Honor Electron Technology Co., Ltd. shall be subject to the general corporate income tax rate of Vietnam from the year in which the turnover is generated; and the corporate income tax exemption is exempted for the first two years from the year in which the taxable income is generated, and halved for the following four years. If no taxable income is generated in the first three years, the exemption will take effect from the fourth year, and the actual preferential tax rate of 10.00% will be reduced by half in 2022.

VII. Notes to items in the consolidated financial statements

1. Monetary funds

Unit: Yuan

Projects	Ending balance	Opening balance
Cash on hand	5,961.65	42,476.88
Bank deposit	430,590,321.90	673,234,674.59
Other monetary funds	87,177,103.43	100,279,500.52
Total	517,773,386.98	773,556,651.99
Including: the total amount of money deposited abroad	16,920,301.33	41,131,840.11

Other instructions:

The balance of other monetary funds at the end of the period was 87,177,103.43 yuan, of which the ending balance of the raised funds account for investment funds was 3,359.93 yuan, the ending balance of the special securities account for repurchase was 7,409,603.39 yuan, and the ending balance of the bank acceptance bill margin was 79,764,140.11 yuan; of which the bank acceptance bill margin was 79,764,140.11 yuan as restricted funds. For details of the restrictions, please refer to Note VII. (56).

2. Transactional financial assets

Unit:
Yuan

Projects	Ending balance	Opening balance
Financial assets measured at fair value and whose changes are included in the current profit and loss	70,117,200.00	219,457,470.14
Of which:		
Structured deposits	70,117,200.00	219,457,470.14
Of which:		
Total	70,117,200.00	219,457,470.14

Other instructions:

3. Notes receivable

(1) Classification of bills receivable

Unit:
Yuan

Projects	Ending balance	Opening balance
Bank acceptance note	52,678,034.96	11,632,252.72
Commercial acceptance note	5,872,770.01	307,509.00
Less: provision for bad debts	-293,638.50	-15,375.45
Total	58,257,166.47	11,924,386.27

Unit:
Yuan

Category	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Withdrawal ratio		Amount	Proportion	Amount	Withdrawal ratio	

Of which:										
Notes receivable with provision for bad debts by portfolio	5,872,770.01	100.00%	293,638.50	5.00%	5,579,131.51	307,509.00	100.00%	15,375.45	5.00%	292,133.55
Of which:										
Commercial acceptance bill	5,872,770.01	100.00%	293,638.50	5.00%	5,579,131.51	307,509.00	100.00%	15,375.45	5.00%	292,133.55
Total	5,872,770.01	100.00%	293,638.50	5.00%	5,579,131.51	307,509.00	100.00%	15,375.45	5.00%	292,133.55

Provision for bad debts by portfolio: 293,638.50

Unit:
Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Withdrawal ratio
Within 1 year	5,872,770.01	293,638.50	5.00%
Total	5,872,770.01	293,638.50	

Description of the basis for determining the combination:

If the provision for bad debts of bills receivable is made according to the general model of expected credit losses, please refer to the disclosure methods of other receivables to disclose relevant information on the provision for bad debts: ☒ Applicable ☐ Not applicable

(2) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit:
Yuan

Category	Opening balance	Amount of change in the current period				Ending balance
		Accrue	Take back or turn back	Write off	other	
Notes receivable with expected credit loss by portfolio	15,375.45	278,263.05				293,638.50
Total	15,375.45	278,263.05				293,638.50

Among them, the amount of bad debt provision recovered or reversed in the current period is important:

☒ Applicable ☐ Not Applicable

(3) Notes receivable pledged by the company at the end of the period

Unit:
Yuan

Projects	Pledged amount at the end of the period
Bank acceptance note	14,816,235.26
Total	14,816,235.26

(4) Notes receivable that have been endorsed or discounted by the company at the end of the period and have not yet matured on the balance sheet date

Unit:
Yuan

Projects	Termination amount at the end of the period	Unrecognized amount at the end of the period
Bank acceptance note	149,236,800.97	3,297,284.50
Commercial acceptance note		30,606,770.69
Total	149,236,800.97	33,904,055.19

(5) At the end of the period, the company transfers the bills to accounts receivable due to the failure of the drawer to perform the contract

Unit:
Yuan

Projects	Amount of accounts receivable transferred at the end of the period
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Other instructions:

(6) The actual bills receivable written off in the current period

Unit:
Yuan

Projects	Write-off amount
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Among the important write-offs of bills receivable:

Unit:
Yuan

Unit name	Nature of notes receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the payment is generated by a related party transaction
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Instructions for write-off of notes receivable:

4. Accounts receivable

(1) Disclosure of accounts receivable classification

Unit:
Yuan

Category	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Withdrawal ratio		Amount	Proportion	Amount	Withdrawal ratio	

Accounts receivable with provision for bad debts on a single-item basis	11,168,315.22	1.28%	11,168,315.22	100.00%	0.00	9,349,745.85	1.11%	4,674,872.98	50.00%	4,674,872.87
Of which:										
Accounts receivable with provision for bad debts by portfolio	860,197,494.49	98.72%	44,148,236.53	5.13%	816,049,257.96	834,483,750.67	98.89%	42,654,632.32	5.11%	791,829,118.35
Of which:										
Total	871,365,809.71	100.00%	55,316,551.75	6.35%	816,049,257.96	843,833,496.52	100.00%	47,329,505.30	5.61%	796,503,991.22

Provision for bad debts by individual item: 11,168,315.22

Unit:
Yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Withdrawal ratio	Reason for accrual
E-POWER(HK)TECHNOLOGYCO.,LIMITED	3,050,606.23	3,050,606.23	100.00%	Not expected to be recovered
Sichuan Yihaihua Technology Co., Ltd	2,971,390.41	2,971,390.41	100.00%	Not expected to be recovered
Yihaihua (Hong Kong) Technology Co., Ltd	3,916,894.59	3,916,894.59	100.00%	Not expected to be recovered
Beijing Yixin Huiming Technology Co., Ltd	1,229,423.99	1,229,423.99	100.00%	Not expected to be recovered
Total	11,168,315.22	11,168,315.22		

Provision for bad debts by portfolio: 44,148,236.53

Unit:
Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Withdrawal ratio
Within 1 year (including 1 year)	858,045,283.44	42,902,264.08	5.00%
1-2 years (including 2 years)	878,891.61	87,889.16	10.00%
2-3 years (including 3 years)	18,081.87	3,616.37	20.00%
3-4 years (including 4 years)	201,541.30	100,770.65	50.00%
More than 4 years	1,053,696.27	1,053,696.27	100.00%
Total	860,197,494.49	44,148,236.53	

Description of the basis for determining the combination:

If the provision for bad debts of accounts receivable is made according to the general model of expected credit losses, please refer to the disclosure methods of other receivables to disclose relevant information on the provision for bad debts: ■ Applicable Not applicable

Disclosure by age

Unit:
Yuan

Aging	Book balance
Within 1 year (including 1 year)	858,486,261.60
1 to 2 years	879,666.52
2 to 3 years	9,796,926.03
More than 3 years	2,202,955.56
3 to 4 years	415,316.29
4 to 5 years	1,763,430.31
More than 5 years	24,208.96
Total	871,365,809.71

(2) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit:
Yuan

Category	Opening balance	Amount of change in the current period				Ending balance
		Accrue	Take back or turn back	Write off	other	
Provision for bad debts	47,329,505.30	7,987,046.45				55,316,551.75
Total	47,329,505.30	7,987,046.45				55,316,551.75

Among them, the amount of bad debt provision recovered or reversed in the current period is important:

Unit:
Yuan

Unit name	Amount recovered or reversed	Recovery method
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(3) Accounts receivable actually written off in the current period

Unit:
Yuan

Projects	Write-off amount
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Among the important accounts receivable write-offs:

Unit:
Yuan

Unit name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the payment is generated by a related party transaction
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Accounts Receivable Write-off Instructions:

(4) Accounts receivable of the top five accounts receivable at the end of the period collected by the arrears party

Unit:
Yuan

Unit name	Ending balance of accounts receivable	As a percentage of the total balance of accounts receivable at the end of the period	Ending balance of bad debt provision
First place	72,232,623.81	8.29%	3,611,631.19
Second place	53,581,512.50	6.15%	2,679,075.63
Third place	49,425,472.37	5.67%	2,471,273.62
Fourth place	46,685,857.21	5.36%	2,334,292.86
Fifth place	45,944,380.95	5.27%	2,297,219.05
Total	267,869,846.84	30.74%	

(5) Accounts receivable derecognized due to transfer of financial assets

At the end of the period, there were no accounts receivable that were derecognized due to the transfer of financial assets.

(6) The amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

At the end of the period, there is no transfer of accounts receivable and the amount of assets and liabilities formed by continued involvement.

Other instructions:

5. Receivables financing

Unit:
Yuan

Projects	Ending balance	Opening balance
Bank Acceptance Draft	23,656,994.70	30,503,492.12
Total	23,656,994.70	30,503,492.12

Changes in the current period and changes in fair value of accounts receivable financing

■ Applicable Not Applicable

If the provision for impairment of receivables financing is made according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose relevant information about the provision for impairment: ■ Applicable Not applicable

Other instructions:

6. Prepayment

(1) Prepayments are shown by age

Unit:
Yuan

Aging	Ending balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	1,889,337.53	71.95%	17,397,746.28	98.86%

1 to 2 years	736,676.25	28.05%	200,000.00	1.14%
Total	2,626,013.78		17,597,746.28	

Explanation of the reasons why the prepayments with an age of more than 1 year and an important amount are not settled in time:

(2) Prepayments of the top five ending balances collected by prepayment objects

Unit name	Balance	Percentage of total balance of prepaid accounts at the end of the period (%)
First place	475,563.79	18.11
Second place	447,963.07	17.06
Third place	207,997.77	7.92
Fourth place	201,416.24	7.67
Fifth place	122,404.93	4.66
Total	1,455,345.80	55.42

Other instructions:

7. Other receivables

Unit: Yuan

Projects	Ending balance	Opening balance
Interest receivable	17,297.60	94,000.82
Other receivables	19,137,092.28	16,898,642.11
Total	19,154,389.88	16,992,642.93

(1) Interest receivable

1) Classification of interest receivable

Unit: Yuan

Projects	Ending balance	Opening balance
Bank Acceptance Margin Interest	17,297.60	94,000.82
Total	17,297.60	94,000.82

2) Important overdue interest

Unit: Yuan

Borrowing unit	Ending balance	Overdue time	Reason for overdue	Whether there is impairment and its judgment basis

Other instructions:

3) Provision for bad debts

■ Applicable Not Applicable

(2) Dividends receivable

1) Classification of dividends receivable

Unit: Yuan

Project (or investee)	Ending balance	Opening balance
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2) Important dividends receivable with an age of more than 1 yearUnit:
Yuan

Project (or investee)	Ending balance	Aging	Reasons not recovered	Whether there is impairment and its judgment basis
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3) Provision for bad debts

■ Applicable Not Applicable

Other instructions:

(3) Other receivables**1) Classification of other receivables by nature of payment**Unit:
Yuan

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Export tax rebate	10,354,850.60	5,553,229.11
Security deposit and deposit	9,871,995.14	12,170,133.91
Withholding and paying social security/provident fund	1,981,537.43	1,725,175.67
Rental deposit	21,600.00	986,902.93
other	1,880,822.85	897,805.73
Total	24,110,806.02	21,333,247.35

2) Provision for bad debtsUnit:
Yuan

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss for the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at January 1, 2022	3,816,907.19		617,698.05	4,434,605.24
Balance at January 1, 2022 in the current period				
Provision for the current period	539,108.50			539,108.50
Balance at December 31, 2022	4,356,015.69		617,698.05	4,973,713.74

Changes in the book balance with significant changes in the amount of loss reserves in the current period

■ Applicable Not Applicable

Disclosure by age

Unit:

Aging	Book balance	Yuan
Within 1 year (including 1 year)		15,748,624.56
1 to 2 years		4,535,077.27
2 to 3 years		63,578.35
More than 3 years		3,763,525.84
3 to 4 years		704,631.58
4 to 5 years		1,188,145.02
More than 5 years		1,870,749.24
Total		24,110,806.02

3) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit:

Yuan

Category	Opening balance	Amount of change in the current period				Ending balance
		Accrue	Take back or turn back	Write off	other	
Other receivables	4,434,605.24	539,108.50				4,973,713.74
Total	4,434,605.24	539,108.50				4,973,713.74

Among them, the amount of bad debt provision reversed or recovered in the current period is important:

Unit:

Yuan

Unit name	Amount reversed or recovered	Recovery method
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4) Other receivables actually written off in the current period

Unit:

Yuan

Projects	Write-off amount
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Among the important write-offs of other receivables:

Unit:

Yuan

Unit name	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the payment is generated by a related party transaction
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Description of write-off of other receivables:

5) Other receivables of the top five ending balances collected by the owing party

Unit:
Yuan

Unit name	Nature of money	Ending balance	Aging	As a percentage of the total ending balance of other receivables	Ending balance of bad debt provision
First place	Export tax rebate	10,354,850.60	Within 1 year	42.95%	517,742.53
Second place	Security deposit and deposit	6,450,214.00	1-5 years	26.75%	3,016,412.40
Third place	Security deposit and deposit	1,000,000.00	Within 1 year	4.15%	50,000.00
Fourth place	Security deposit and deposit	800,000.00	Within 1 year	3.32%	40,000.00
Fifth place	Withholding and paying social security/provident fund	744,220.56	Within 1 year	3.09%	46,912.36
Total		19,349,285.16		80.26%	3,671,067.29

6) Receivables involving government grants

Unit:
Yuan

Unit name	Name of government subsidy project	Ending balance	Aging at the end of the period	Estimated time, amount and basis for collection
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7) Other receivables derecognized due to transfer of financial assets

At the end of the period, there were no other receivables that were derecognized due to the transfer of financial assets.

8) The amount of assets and liabilities formed by transferring other receivables and continuing to be involved

At the end of the period, there is no transfer of other receivables and the amount of assets and liabilities formed by continued involvement.

Other instructions:

8. Inventory

Do companies need to comply with real estate industry disclosure requirements?

No

(1) Inventory classification

Unit:
Yuan

Projects	Ending balance			Opening balance		
	Book balance	Inventory impairment provision or contract performance cost impairment provision	Book value	Book balance	Inventory impairment provision or contract performance cost impairment provision	Book value
Raw materials	198,863,777.45	3,831,633.41	195,032,144.04	275,347,483.13	4,614,788.34	270,732,694.79
In product	24,927,769.21		24,927,769.21	20,946,026.49		20,946,026.49
Stock item	141,374,379.56	10,745,818.29	130,628,561.27	148,354,169.76	3,392,022.74	144,962,147.02
Issue goods	48,309,604.76	141,517.27	48,168,087.49	65,991,070.66	23,095.01	65,967,975.65
Entrusted processing materials	3,933,227.82		3,933,227.82	7,136,202.77		7,136,202.77
Total	417,408,758.80	14,718,968.97	402,689,789.83	517,774,952.81	8,029,906.09	509,745,046.72

(2) Inventory impairment provision and contract performance cost impairment provision

Unit:
Yuan

Projects	Opening balance	Increase in the current period		Amount of reduction in the current period		Ending balance
		Accrue	other	Reverse or resell	other	
Raw materials	4,614,788.34	3,628,707.99		4,411,862.92		3,831,633.41
Stock item	3,392,022.74	10,560,915.93		3,207,120.38		10,745,818.29
Issue goods	23,095.01	141,517.27		23,095.01		141,517.27
Total	8,029,906.09	14,331,141.19		7,642,078.31		14,718,968.97

(3) Explanation that the ending balance of inventory includes the capitalized amount of borrowing costs

(4) Explanation of the amortization amount of contract performance costs in the current period

9. Other Current Assets

Unit:
Yuan

Projects	Ending balance	Opening balance
Retained tax credits and input tax to be certified	17,990,888.82	19,151,092.29
Prepaid income tax	2,367,380.43	2,323,434.70
Total	20,358,269.25	21,474,526.99

Other instructions:

10. Long-term equity investment

Unit:
Yuan

Investee	Opening balance (book value)	Changes in the current period								Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Reduce investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Changes in other equity	Declaration of cash dividends or profits	Provision for impairment	other		
I. Joint venture											
Shenzhen Hangeheng Enterprise Headquarters Management Co., Ltd	897,828.12			-39,358.81						858,469.31	
Subtotal	897,828.12			-39,358.81						858,469.31	
II. Joint ventures											
Total	897,828.12			-39,358.81						858,469.31	

Other instructions:

11. Fixed assets

Unit:
Yuan

Projects	Ending balance	Opening balance
Fixed assets	1,097,803,234.25	830,133,136.57
Total	1,097,803,234.25	830,133,136.57

(1) Fixed assets

Unit:
Yuan

Projects	Houses and buildings	Machine equipment	Means of transport	Electronic equipment and others	Total
I. Original book value:					
1. Opening balance	630,393,955.17	285,652,358.91	7,895,860.84	61,048,766.68	984,990,941.60
2. Increase in the current period	226,074,269.75	104,272,979.91	578,308.53	11,576,264.19	342,501,822.38
(1) Acquisition	2,002,448.54	83,157,756.65	578,308.53	9,371,994.23	95,110,507.95
(2) Transfer of construction in progress	224,071,821.21	21,115,223.26		2,204,269.96	247,391,314.43
(3) Increase in business combinations					

3. Amount of reduction in the current period	174,461.80	2,065,297.87	346,357.30	131,491.53	2,717,608.50
(1) Disposal or scrapping	174,461.80	2,065,297.87	346,357.30	131,491.53	2,717,608.50
4. Ending balance	856,293,763.12	387,860,040.95	8,127,812.07	72,493,539.34	1,324,775,155.48
II. Accumulated depreciation					
1. Opening balance	35,467,744.33	77,670,379.86	3,298,199.36	38,421,481.48	154,857,805.03
2. Increase in the current period	19,229,535.08	44,516,361.04	934,530.87	8,750,223.24	73,430,650.23
(1) Accrual	19,229,535.08	44,516,361.04	934,530.87	8,750,223.24	73,430,650.23
3. Amount of reduction in the current period	104,831.13	1,061,680.78	39,655.22	110,366.90	1,316,534.03
(1) Disposal or scrapping	104,831.13	1,061,680.78	39,655.22	110,366.90	1,316,534.03
4. Ending balance	54,592,448.28	121,125,060.12	4,193,075.01	47,061,337.82	226,971,921.23
III. Provision for impairment					
1. Opening balance					
2. Increase in the current period					
(1) Accrual					
3. Amount of reduction in the current period					
(1) Disposal or scrapping					
4. Ending balance					
IV. Book value					
1. Book value at the end of the period	801,701,314.84	266,734,980.83	3,934,737.06	25,432,201.52	1,097,803,234.25
2. Book value at the beginning of the period	594,926,210.84	207,981,979.05	4,597,661.48	22,627,285.20	830,133,136.57

(2) Temporarily idle fixed assets

Unit:
Yuan

Projects	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remarks:
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(3) Fixed assets leased out through operating leases

Unit:
Yuan

Projects	Book value at the end of the period
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(4) The situation of fixed assets for which the title certificate has not been completed

Unit:
Yuan

Projects	Book value	Reasons for not completing the title certificate
Vietnam Honor Electron Housing and Buildings	37,017,269.13	In process
Dongguan Honor Electron Housing and Buildings	209,799,474.31	In process
Honor Electron (Ganzhou) Electronics Co., Ltd. Ganzhou Power Adapter Expansion Project 2 # Plant	34,717,690.85	In process

Other instructions:

(5) Liquidation of fixed assets

Unit:
Yuan

Projects	Ending balance	Opening balance
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Other instructions:

12. Construction in progress

Unit:
Yuan

Projects	Ending balance	Opening balance
Construction in progress	138,969,427.72	202,160,164.18
Total	138,969,427.72	202,160,164.18

(1) Construction in progress

Unit:
Yuan

Projects	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Dongguan Honor Electron Information Equipment Manufacturing Center Project	68,655,275.20		68,655,275.20	142,252,284.76		142,252,284.76
Ganzhou Power Adapter Expansion Project	27,945,763.18		27,945,763.18	36,762,317.20		36,762,317.20
Vietnam Honor Electron Plant Construction Project	14,800,436.30		14,800,436.30	67,201.05		67,201.05
Equipment and software installation engineering	14,776,415.82		14,776,415.82	20,532,485.46		20,532,485.46

Bao'an Aviation City Innovation Industry R&D; Joint Base Project	11,100,835.55		11,100,835.55	861,875.71		861,875.71
Decoration of Pearl Office Headquarters Building	1,058,611.55		1,058,611.55			
Shenzhen Honor Electron Human Resource Management Optimization Project	377,358.49		377,358.49			
Suzhou Bodian Yunke Factory Decoration Project	254,731.63		254,731.63	1,684,000.00		1,684,000.00
Total	138,969,427.72		138,969,427.72	202,160,164.18		202,160,164.18

(2) Changes in important construction projects in progress during the current period

Unit:
Yuan

Name of project	Budget	Opening balance	Increase in the current period	Amount of fixed assets transferred in the current period	Other reductions in the current period	Ending balance	The cumulative investment in the project accounts for the proportion of the budget	Project progress	Cumulative amount of interest capitalization	Including: the amount of interest capitalized in the current period	Interest capitalization rate for the current period	Source of funds
Dongguan Honor Electron Information Equipment Manufacturing Center Project		142,252,284.76	139,305,893.12	212,902,902.68		68,655,275.20		Not yet completed	754,027.78	754,027.78	4.45%	Raised funds
Total		142,252,284.76	139,305,893.12	212,902,902.68		68,655,275.20			754,027.78	754,027.78	4.45%	

(3) Provision for impairment of construction in progress in the current period

Unit:
Yuan

Projects	Amount accrued for the current period	Reason for accrual
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Other instructions:

(4) Engineering materials

Unit:
Yuan

Projects	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Other instructions:

13. Right-of-use assets

Unit:
Yuan

Projects	Houses and buildings	Total
I. Original book value:		
1. Opening balance	125,796,513.36	125,796,513.36
2. Increase in the current period	4,812,756.05	4,812,756.05
(1) New lease	4,795,967.38	4,795,967.38
(2) Changes in the original value caused by changes in exchange rates	16,788.67	16,788.67
3. Amount of reduction in the current period	29,133,985.27	29,133,985.27
(1) Disposal	29,128,524.32	29,128,524.32
(2) Other transfers		
(3) Changes in original value caused by exchange rate changes	5,460.95	5,460.95
4. Ending balance	101,475,284.14	101,475,284.14
II. Accumulated depreciation		
1. Opening balance	29,568,889.65	29,568,889.65
2. Increase in the current period	35,188,745.72	35,188,745.72
(1) Accrual	35,188,745.72	35,188,745.72
3. Amount of reduction in the current period	17,225,073.28	17,225,073.28
(1) Disposal	17,225,073.28	17,225,073.28
4. Ending balance	47,532,562.09	47,532,562.09
III. Provision for impairment		
1. Opening balance		
2. Increase in the current period		
(1) Accrual		
3. Amount of reduction in the current period		
(1) Disposal		
4. Ending balance		
IV. Book value		
1. Book value at the end of the period	53,942,722.05	53,942,722.05
2. Book value at the beginning of the period	96,227,623.71	96,227,623.71

Other instructions:

14. Intangible assets

(1) Intangible assets

Unit:
Yuan

Projects	Land use rights	Patent	Non-patent technology	Software	Total
I. Original book value:					
1. Opening balance	76,120,631.02			11,449,265.13	87,569,896.15
2. Increase in the current period				2,850,975.29	2,850,975.29
Amount					
(1) Acquisition				2,850,975.29	2,850,975.29
(2) Internal R & D					
(3) Increase in business combinations					
3. Amount of reduction in the current period	136,896.08			544.47	137,440.55
(1) Disposal					
(2) The impact of exchange rate changes	136,896.08			544.47	137,440.55
4. Ending balance	75,983,734.94			14,299,695.95	90,283,430.89
II. Accumulated amortization					
1. Opening balance	3,878,752.92			6,049,419.35	9,928,172.27
2. Increase in the current period	1,949,566.53			2,304,832.94	4,254,399.47
(1) Accrual	1,949,566.53			2,304,832.94	4,254,399.47
3. Amount of reduction in the current period					
(1) Disposal					
4. Ending balance	5,828,319.45			8,354,252.29	14,182,571.74
III. Provision for impairment					
1. Opening balance					
2. Increase in the current period					
(1) Accrual					
3. Amount of reduction in the current period					
(1) Disposal					
4. Ending balance					
IV. Book value					
1. Book value at the end of the period	70,155,415.49			5,945,443.66	76,100,859.15
2. Book value at the beginning of the period	72,241,878.10			5,399,845.78	77,641,723.88

The proportion of intangible assets formed through the company's internal research and development to the balance of intangible assets at the end of the period.

(2) The situation of land use rights for which the title certificate has not been completed

Unit:
Yuan

Projects	Book value	Reasons for not completing the title certificate
Land use rights of Honor Electron, Vietnam	13,462,709.89	In process

Other instructions:

15. Long-term deferred expenses

Unit:
Yuan

Projects	Opening balance	Increase in the current period	Amortization amount for the current period	Other reductions	Ending balance
Factory decoration project	25,832,262.25	8,801,690.86	17,073,847.27		17,560,105.84
Dormitory decoration project	3,807,220.81	1,362,717.01	660,508.47		4,509,429.35
Workshop decoration project	4,424,458.67	25,631.44	1,213,754.94		3,236,335.17
Office and front desk decoration	1,591,133.24	10,330.31	447,283.72		1,154,179.83
Total	35,655,074.97	10,200,369.62	19,395,394.40		26,460,050.19

Other instructions:

16. Deferred Tax Assets/Deferred Tax Liabilities

(1) Unoffset Deferred Tax Assets

Unit:
Yuan

Projects	Ending balance		Opening balance	
	Deductible temporary differences	Deferred Tax Assets	Deductible temporary differences	Deferred Tax Assets
Provision for assets impairment	11,797,242.68	1,769,586.40	6,737,343.60	1,010,601.54
Unrealized profit on internal transactions	9,986,170.78	1,497,925.62	7,584,930.17	1,137,739.53
Credit impairment provision	45,367,621.17	6,805,143.18	38,562,774.37	5,784,416.16
Share-based payment	13,292,355.24	1,993,853.29		
Total	80,443,389.87	12,066,508.49	52,885,048.14	7,932,757.23

(2) Unoffset Deferred Tax Liabilities

Unit:
Yuan

Projects	Ending balance		Opening balance	
	Taxable temporary differences	Deferred Tax Liabilities	Taxable temporary differences	Deferred Tax Liabilities
Technology and Intellectual Property Licensing	11,674,543.77	1,751,181.57	15,838,511.14	2,375,776.67
Gains and losses from changes in fair value of transactional finance	109,200.00	16,380.00	194,250.96	29,137.64
Total	11,783,743.77	1,767,561.57	16,032,762.10	2,404,914.31

(3) Deferred Tax Assets or liabilities shown as net of offset

Unit:
Yuan

Projects	The amount of Deferred Tax Assets and liabilities offset at the end of the period	The ending balance of Deferred Tax Assets or liabilities after offset	The initial offset amount of Deferred Tax Assets and liabilities	Opening balance of Deferred Tax Assets or liabilities after offset
Deferred Tax Assets		12,066,508.49		7,932,757.23
Deferred Tax Liabilities		1,767,561.57		2,404,914.31

(4) Details of unrecognized Deferred Tax Assets

Unit:
Yuan

Projects	Ending balance	Opening balance
Deductible temporary differences	11,741,460.70	13,400,598.14
Deductible losses	109,786,451.01	65,155,900.38
Total	121,527,911.71	78,556,498.52

(5) Deductible losses on unrecognized Deferred Tax Assets will expire in the following years

Unit:
Yuan

Year	Amount at the end of the period	Amount at the beginning of the period	Remarks:
2024	42,648.55	42,648.55	
2025	1,412,728.06	1,412,728.06	
2026	63,700,523.77	63,700,523.77	
2027	44,630,550.63		
Total	109,786,451.01	65,155,900.38	

Other instructions:

17. Other non-current assets

Unit:
Yuan

Projects	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepaid equipment and engineering payments	1,726,164.92		1,726,164.92	23,538,826.75		23,538,826.75
Prepaid software				2,312,595.00		2,312,595.00
Total	1,726,164.92		1,726,164.92	25,851,421.75		25,851,421.75

Other instructions:

18. Short-term borrowings

(1) Classification of short-term borrowings

Unit:
Yuan

Projects	Ending balance	Opening balance
Pledged loan		317,676,286.52
Mortgage loan		6,908,442.91
Credit loan	200,000,000.00	4,000,000.00
Interest payable	546,763.89	
Total	200,546,763.89	328,584,729.43

Description of the classification of short-term borrowings:

(2) Overdue short-term borrowings

The total amount of overdue and outstanding short-term borrowings at the end of the period is RMB, among which the important overdue and outstanding short-term borrowings are as follows:

Unit:
Yuan

Borrowing unit	Ending balance	Borrowing rate	Overdue time	Overdue rate
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Other instructions:

19. Notes payable

Unit:
Yuan

Kind	Ending balance	Opening balance
Bank Acceptance Draft	291,492,369.24	431,022,390.04
Total	291,492,369.24	431,022,390.04

The total amount of due and unpaid notes payable at the end of the period is RMB.

20. Accounts payable

(1) Accounts payable presentation

Unit:
Yuan

Projects	Ending balance	Opening balance
Within 1 year (including 1 year)	657,561,179.57	1,097,971,989.30
1-2 years (including 2 years)	819,313.48	986,129.81
2-3 years (including 3 years)	696,429.63	875,021.16
3-4 years (including 4 years)	678,660.06	350,635.30
More than 4 years	348,577.18	42,467.59
Total	660,104,159.92	1,100,226,243.16

(2) Important accounts payable with an age of more than 1 year

Unit:
Yuan

Projects	Ending balance	Reasons for non-payment or carry-over
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Other instructions:

21. Advance receipts

(1) List of advance receipts

Unit:
Yuan

Projects	Ending balance	Opening balance
Within 1 year (including 1 year)	234,099.04	213,797.13
1-2 years (including 2 years)	78,756.73	47,611.13
2-3 years (including 3 years)	43,438.05	33,241.44
More than 3 years	27,038.32	
Total	383,332.14	294,649.70

(2) Important advance receipts with an age of more than 1 year

Unit:
Yuan

Projects	Ending balance	Reasons for non-payment or carry-over
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22. Contract liabilities

Unit:
Yuan

Projects	Ending balance	Opening balance
Accounts receivable in advance	1,186,317.12	8,056,728.72
Total	1,186,317.12	8,056,728.72

The amount and reason for the significant change in the book value during the reporting period

Unit:
Yuan

Projects	Amount of change	Reason for change
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23. Employee compensation payable

(1) List of employee compensation payableUnit:
Yuan

Projects	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term compensation	52,319,594.37	432,021,827.27	425,572,038.68	58,769,382.96
II. Post-employment benefits-defined contribution plan	212,411.61	30,404,552.26	28,363,086.74	2,253,877.13
III. Dismissal benefits		399,153.83	399,153.83	
Total	52,532,005.98	462,825,533.36	454,334,279.25	61,023,260.09

(2) List of short-term compensationUnit:
Yuan

Projects	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
1. Salaries, bonuses, allowances and subsidies	51,978,781.83	403,975,537.66	398,073,006.57	57,881,312.92
2. Employee welfare expenses	158,492.99	8,190,517.69	8,291,726.28	57,284.40
3. Social insurance premiums	176,615.85	9,367,510.34	8,814,140.55	729,985.64
Including: medical insurance premiums	174,802.15	8,162,291.44	7,643,877.58	693,216.01
Work injury insurance	1,813.70	561,961.26	527,005.33	36,769.63
Maternity insurance premiums		643,257.64	643,257.64	
4. Housing Provident Fund		9,934,423.30	9,833,623.30	100,800.00
5. Trade union funds and employee education funds	5,703.70	420,800.35	426,504.05	
VIII. Other short-term compensation				
IX. Other		133,037.93	133,037.93	
Total	52,319,594.37	432,021,827.27	425,572,038.68	58,769,382.96

(3) List of defined contribution plans

Unit:
Yuan

Projects	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic pension insurance	160,406.46	29,375,457.66	27,396,744.58	2,139,119.54
2. Unemployment insurance premiums	5,231.13	796,200.30	746,060.45	55,370.98
3. Enterprise annuity payment	46,774.02	232,894.30	220,281.71	59,386.61
Total	212,411.61	30,404,552.26	28,363,086.74	2,253,877.13

Other instructions:

24. Taxes payable

Unit:
Yuan

Projects	Ending balance	Opening balance
VAT	3,062,134.20	1,210,035.87
Corporate income tax	13,389,109.06	3,258,424.00
Personal income tax	1,796,833.79	1,601,597.77
Urban maintenance and construction tax	168,712.72	76,044.02
Land use tax	19,138.00	19,138.00
Property tax	37,988.31	32,078.32
Educational add-ons (including places)	120,509.10	54,317.16
Stamp duty	370,808.31	175,320.11
Deed tax	0.00	15,000,000.00
Total	18,965,233.49	21,426,955.25

Other instructions:

25. Other payables

Unit:
Yuan

Projects	Ending balance	Opening balance
Interest payable		474,348.54
Other payables	42,520,730.15	35,083,543.05
Total	42,520,730.15	35,557,891.59

(1) Interest payable

Unit:
Yuan

Projects	Ending balance	Opening balance
Interest payable on short-term borrowings		474,348.54
Total		474,348.54

Important overdue interest:

Unit:
Yuan

Borrowing unit	Overdue amount	Reason for overdue
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Other instructions:

(2) Dividends payable

Unit:
Yuan

Projects	Ending balance	Opening balance
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Other notes, including important dividends payable that have not been paid for more than 1 year, should disclose the reason for the non-payment:

(3) Other payables

1) List other payables by nature of payment

Unit:
Yuan

Projects	Ending balance	Opening balance
Restricted stock subscription	18,660,880.00	15,120,200.00
Deposit, security deposit	8,529,331.84	2,786,481.84
Shipping and storage fees	6,087,925.25	7,641,632.08
other	5,179,910.60	4,043,185.32
Rent, utilities	2,233,290.36	1,585,566.35
Certification and testing fees	1,829,392.10	3,906,477.46
Total	42,520,730.15	35,083,543.05

2) Important other payables aged over 1 year

Unit:
Yuan

Projects	Ending balance	Reasons for non-payment or carry-over
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Other instructions:

26. Non-current liabilities due within one year

Unit:
Yuan

Projects	Ending balance	Opening balance
Long-term borrowings due within one year	75,228,920.99	50,940.25
Lease liabilities due within one year	22,353,668.99	36,790,427.44
Total	97,582,589.98	36,841,367.69

Other instructions:

27. Other current liabilities

Unit:
Yuan

Projects	Ending balance	Opening balance
Pending write-off tax	38,738.55	35,131.40
Unconfirmed notes	33,904,055.19	11,740,342.72
Total	33,942,793.74	11,775,474.12

Changes in short-term bonds payable:

Unit:
Yuan

Bond name	Face value	Issue date	Bond period	Issuance	Beginning balance	Issued in this issue	At face value	Premium and discount	Current payment		Ending balance
Call		Expect	Limit			Row	Accrual of interest	Amortization	Also		
Total											

Other instructions:

28. Long-term loans

(1) Classification of long-term borrowings

Unit:
Yuan

Projects	Ending balance	Opening balance
Mortgage loan	261,990,000.06	0.00
Total	261,990,000.06	

Description of long-term loan classification:

Other descriptions, including interest rate ranges:

29. Lease liabilities

Unit:
Yuan

Projects	Ending balance	Opening balance
Buildings	33,035,866.33	61,230,151.91
Total	33,035,866.33	61,230,151.91

Other instructions:

30. Long-term payables

Unit:
Yuan

Projects	Ending balance	Opening balance
Long-term payables		203,302.65
Total		203,302.65

(1) List long-term payables by nature of payment

Unit:
Yuan

Projects	Ending balance	Opening balance
Car loan		203,302.65

Other instructions:

(2) Special payables

Unit:
Yuan

Projects	Opening balance	Increase in the current period	Decrease in the current period	Ending balance	Reason for formation
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Other instructions:

31. Deferred income

Unit:
Yuan

Projects	Opening balance	Increase in the current period	Decrease in the current period	Ending balance	Reason for formation
Government subsidy	10,200,264.06	2,250,000.00	6,328,207.01	6,122,057.05	Government grants related to assets
Total	10,200,264.06	2,250,000.00	6,328,207.01	6,122,057.05	

Projects involving government subsidies:

Unit:
Yuan

Liability items	Opening balance	New subsidy amount in this period	Amount included in non-operating income for the current period	Amount included in other income in the current period	The amount of cost reduction in the current period	Other changes	Ending balance	Asset-related/earnings-related
Technological transformation of enterprises in Bao'an District in 2019	4,213,006.90			3,040,623.98			1,172,382.92	Related to assets
In 2020, the special technical equipment and management function improvement project of technological transformation and multiplication	1,289,166.80			736,666.56			552,500.24	Related to assets

In 2019, the first batch of funding for the Shenzhen Technical Equipment and Management Intelligent Improvement Project "Switching Power Supply Automation Production Line Technical Equipment Intelligent Improvement Project"	1,114,456.67			305,204.07			809,252.60	Related to assets
The construction project of the enterprise technology center with special funds for the new generation of information technology industry	963,290.12			233,448.71			729,841.41	Related to assets
2021 Shenzhen Technical Equipment and Management Intelligent Improvement Project	909,647.68			364,227.84			545,419.84	Related to assets
2020 Technological Transformation Multiplication Special Technological Transformation Investment Project	660,753.02			646,835.04			13,917.98	Related to assets

2018 Shenzhen Technological Transformation Investment Subsidy	523,404.09			523,404.09				Related to assets
Deep 2021	499,038.7			194,283.8			304,754.9	With assets
Shenzhen City Technical Renovation Investment Project High Power Density Digital Power Supply Line Technical Renovation Project	8			4			4	Close
2016 Shenzhen Industrial Transformation and Upgrading Special Fund Technology Equipment and Management Improvement Project	27,500.00			27,500.00				Related to assets
2022 Shenzhen Enterprise Technology Renovation Project Digital Power Production Line Technology Renovation Project		2,250,000.00		256,012.88			1,993,987.12	Related to assets
Total	10,200,264.06	2,250,000.00		6,328,207.01			6,122,057.05	

Other instructions:

32. Share capital

Unit:
Yuan

	Opening balance	Increase or decrease in this change (+, -)					Ending balance
		Issue new shares	Bonus shares	Provident fund conversion	other	Subtotal	
Total number of shares	101,200,000.00				570,000.00	570,000.00	101,770,000.00

Other instructions:

Note: The change in share capital is caused by the subscription payment for equity incentives.

33. Capital reserve

Unit:
Yuan

Projects	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (equity premium)	1,019,352,989.92	18,151,600.00		1,037,504,589.92
Other capital reserves	1,443,123.29	24,988,204.00		26,431,327.29
Total	1,020,796,113.21	43,139,804.00		1,063,935,917.21

Other explanations, including changes in the current period and explanations of reasons for changes:

Note: The change in capital reserve is caused by the receipt of subscription funds for equity incentives and the corresponding repurchase obligations.

34. Treasury stocks

Unit:
Yuan

Projects	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Treasury stock	0.00	81,322,289.07	35,006.40	81,287,282.67
Total		81,322,289.07	35,006.40	81,287,282.67

Other explanations, including changes in the current period and explanations of reasons for changes:

35. Other comprehensive income

Unit:
Yuan

Projects	Opening balance	Amount in the current period						Ending balance
		Amount before income tax for the current period	Less: included in other comprehensive income in the previous period and transferred to profit and loss in the current period	Less: Included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
II. Other comprehensive income reclassified into profit or loss	-9,317,310.63	13,962,015.73				13,962,015.73		4,644,705.10
Foreign currency financial statement translation difference	-9,317,310.63	13,962,015.73				13,962,015.73		4,644,705.10
Total other comprehensive income	-9,317,310.63	13,962,015.73				13,962,015.73		4,644,705.10

Other explanations, including the adjustment of the effective part of the cash flow hedging gains and losses to the initial recognition amount of the hedged item:

36. Surplus Reserve

Unit:
Yuan

Projects	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	43,666,846.70	7,218,153.30		50,885,000.00
Total	43,666,846.70	7,218,153.30		50,885,000.00

A description of the surplus reserve, including the changes in the current period and the reasons for the changes:

37. Undistributed profit

Unit:
Yuan

Projects	Current period	Previous period
Undistributed profit at the end of the previous period before adjustment	417,552,967.18	352,435,275.72

Adjust the undistributed profit at the beginning of the later period	417,552,967.18	352,435,275.72
Add: Net profit attributable to owners of the parent company for the current period	90,164,755.84	111,089,551.62
Less: Withdrawal of statutory surplus reserve	7,218,153.30	12,575,860.16
Distribute profit	13,181,464.24	33,396,000.00
Undistributed profit at the end of the period	487,318,105.48	417,552,967.18

Details of undistributed profit at the beginning of the adjustment period:

1) Due to the retrospective adjustment of the Accounting Standards for Business Enterprises and related new regulations, the undistributed profit at the beginning of the period was affected by RMB 0.00.

2) Due to the change of accounting policy, the undistributed profit at the beginning of the period was affected by RMB 0.00.

3) Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was affected by RMB 0.00.

4) The change in the scope of consolidation due to the same control affects the undistributed profit at the beginning of the period by RMB 0.00.

5) The total impact of other adjustments on the undistributed profit at the beginning of the period is RMB 0.00.

38. Operating income and operating costs

Unit:
Yuan

Projects	Amount in the current period		Amount in the previous period	
	income	Cost	income	Cost
Main business	2,688,322,267.95	2,207,490,579.38	2,564,169,743.22	2,167,782,511.38
Other business	14,802,413.13	4,809,485.05	7,778,291.48	2,565,802.46
Total	2,703,124,681.08	2,212,300,064.43	2,571,948,034.70	2,170,348,313.84

Whether the lower of the audited net profit before and after the deduction of non-recurring gains and losses is negative

■ whether

Income related information:

Unit:
Yuan

Contract classification	Division 1	Division 2		Total
Commodity type				
Of which:				
Classified by operating area				
Of which:				
Market or customer type				
Of which:				
Contract type				
Of which:				
Classified by time of transfer of goods				
Of which:				
Classified by contract term				
Of which:				

Classified by sales channel				
Of which:				
Total				

Information related to performance obligations:

For sales of goods transactions, the Company completes the performance obligations when the customer obtains control of the relevant goods; for service provision transactions, the Company recognizes the completed performance obligations based on the performance progress during the entire period of service provision.

Information related to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the amount of revenue corresponding to the performance obligations that have signed contracts but have not been fulfilled or have not been fulfilled is RMB 811,081,321.23, of which,

RMB 811,081,321.23 is expected to recognize revenue in 2023, RMB is expected to recognize revenue in the year, and RMB is expected to recognize revenue in the year.

Other instructions:

39. Taxes and surcharges

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Urban maintenance and construction tax	3,260,829.70	3,695,970.85
Education surcharge	1,397,498.45	1,583,987.53
Property tax	4,124,345.89	618,244.28
Land use tax	167,338.68	108,457.82
Vehicle and vessel use tax	9,149.44	11,303.04
Stamp duty	1,827,567.90	1,643,485.04
Local fee surcharge	931,665.63	1,055,991.66
House tax	861.80	844.30
Foreign contractor tax	6,516.10	69,836.18
Total	11,725,773.59	8,788,120.70

Other instructions:

40. Selling expenses

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Employee compensation	36,084,941.03	33,300,921.99
Business entertainment	11,994,853.01	12,930,079.48
Travel expenses	3,046,221.55	2,570,690.15
Depreciation And Amortization	2,088,812.76	700,124.88
After-sales service fee	1,795,459.47	1,359,931.32
Sample testing fee	1,751,161.79	1,339,598.13
Customs fees	1,752,136.82	2,029,384.98
Storage fee	1,183,022.32	1,387,969.85
Property water and electricity bills	448,151.40	73,839.06
Office expenses	1,246,761.71	1,191,955.75
Publicity and exhibition fee	375,403.00	454,493.30
Renovation and maintenance costs	17,418.29	237,439.83
other	1,375,436.58	327,369.22
Total	63,159,779.73	57,903,797.94

Other instructions:

41. Administrative expenses

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Employee compensation	43,195,059.19	43,943,214.49
depreciation and amortization	33,211,148.10	16,216,875.68
Share-based payment	24,988,204.00	
Purchase property service fee	15,000,000.00	
Office expenses	6,448,458.24	7,619,567.78
Property water and electricity bills	3,839,001.45	1,533,868.89
Consultation fee	3,320,798.62	5,252,013.70
Hospitality	2,067,813.99	2,458,120.68
other	1,873,929.38	2,711,187.56
Renovation and maintenance costs	1,386,497.68	1,587,090.10
Travel expenses	1,204,377.87	1,368,256.75
Total	136,535,288.52	82,690,195.63

Other instructions:

42. R&D; expenses

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Staff and labor costs	136,737,877.57	84,899,184.59
Direct input cost	25,134,027.35	27,137,315.52
Depreciation expenses and long-term deferred expenses	22,503,481.28	7,891,573.98
Other expenses	12,998,797.99	11,654,190.44
Amortization expense of intangible assets	513,064.85	111,790.00
Total	197,887,249.04	131,694,054.53

Other instructions:

43. Financial expenses

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Interest expense	18,652,687.03	5,659,205.87
Including: unrecognized financing expenses	3,781,378.31	3,320,607.81
Including: loan interest expense	14,871,308.72	2,338,598.06
Less: interest income	3,706,437.06	3,670,061.28
Exchange loss (gains are listed with "-")	-45,983,184.76	7,522,754.58
Fees and others	1,403,232.76	1,371,524.95
Total	-29,633,702.03	10,883,424.12

Other instructions:

44. Other income

Unit:
Yuan

Sources of other income	Amount in the current period	Amount in the previous period
1. Amortization of government grants related to assets	6,328,207.01	6,581,953.80
2. Compensation related to income for costs or losses that have been incurred	9,031,690.65	16,121,632.16
3. Withholding tax handling fee refund	222,073.50	125,133.07
Total	15,581,971.16	22,828,719.03

45. Investment income

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Long-term equity investment income accounted for by the equity method	-39,358.81	-40,571.88
Income from wealth management products	3,992,129.99	11,187,655.21
Total	3,952,771.18	11,147,083.33

Other instructions:

46. Gain from change in fair value

Unit:
Yuan

Sources of Gain from change in fair value	Amount in the current period	Amount in the previous period
Trading financial assets	117,200.00	457,470.14
Total	117,200.00	457,470.14

Other instructions:

47. Credit impairment losses

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Bad debt loss on other receivables	-537,843.28	-626,978.47
Bad debt loss on accounts receivable	-7,192,269.65	-10,786,789.62
Credit impairment loss on notes receivable	-278,263.05	-15,375.45
Total	-8,008,375.98	-11,429,143.54

Other instructions:

48. Asset impairment loss

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
II. Inventory depreciation loss and contract performance cost impairment loss	-14,331,141.19	-6,877,980.95

Total	-14,331,141.19	-6,877,980.95
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Other instructions:

49. Asset disposal income

Unit:
Yuan

Sources of asset disposal proceeds	Amount in the current period	Amount in the previous period
Income from disposal of fixed assets	-817,756.42	-56,854.02
Total	-817,756.42	-56,854.02

50. Non-operating income

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period	Amount included in non-recurring gains and losses for the current period
other	3,144,855.45	620,842.32	3,144,855.45
Total	3,144,855.45	620,842.32	3,144,855.45

Government subsidies included in current profit and loss:

Unit:
Yuan

Subsidy items	Issuing subject	Reason for issuance	Property type	Does the subsidy affect the profit and loss of the year?	Whether it is a special subsidy	Amount incurred in the current period	Amount incurred in the previous period	Asset-related/earnings-related

Other instructions:

Note: The "others" in the current period mainly include the deduction of RMB 2,875,827.84 for breach of contract, the balance payable of RMB 16,119.33 that the other party no longer recourse, and other miscellaneous items of RMB 252,908.28.

51. Non-operating expenses

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period	Amount included in non-recurring gains and losses for the current period
External donation	30,000.00	1,050,000.00	30,000.00
Loss of scrapping of non-current assets	764,806.17	194,680.62	764,805.71
other	264,107.52	75,704.43	264,107.98
Total	1,058,913.69	1,320,385.05	1,058,913.69

Other instructions:

52. Income tax expense

(1) Income tax expense statement

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Current income tax expense	26,656,761.43	16,898,669.25
Deferred Income Taxes expense	-4,771,104.00	-2,978,341.67
Total	21,885,657.43	13,920,327.58

(2) Accounting profit and income tax expense adjustment process

Unit:
Yuan

Projects	Amount in the current period
Total profit	109,730,838.31
Income tax expense at statutory/applicable tax rate	16,459,625.77
The impact of different tax rates applied to subsidiaries	-11,937,313.95
Effect of adjusting income tax for previous periods	1,589,179.33
Impact of non-deductible costs, expenses and losses	794,611.90
Profit and loss attributable to joint ventures and associates	9,839.70
Technology development expenses deducted	-15,794,625.61
The impact of overseas corporate income tax policy	305,507.38
The impact of unrecognized deductible temporary differences and deductible losses	30,458,832.91
Income tax expense	21,885,657.43

Other instructions:

53. Other comprehensive income

For details, please refer to Note 35. Other comprehensive income..

54. Cash flow statement items

(1) Other cash received related to operating activities

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Current payment	11,298,314.73	8,151,584.92
Government subsidy	11,503,764.15	17,766,765.23
Interest income	3,302,167.83	3,806,108.66
Other payments	268,827.61	1,278,832.13
Note margin recovered	100,279,127.67	101,944,273.00
Total	126,652,201.99	132,947,563.94

Description of other cash received related to operating activities:

(2) Other cash paid related to operating activities

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Cash management expenses + sales expenses + R&D; expenses	90,874,211.75	82,763,607.08
Current payment	4,710,757.04	27,183,492.27
Fees	963,039.13	1,371,524.95
Donation spending	293,654.29	1,050,000.00
Note deposit paid	79,764,140.12	100,279,127.67
Total	176,605,802.33	212,647,751.97

Description of other cash paid related to operating activities:

(3) Other cash received related to investing activities

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Receive the principal and income of bank wealth management products	626,186,380.95	2,255,686,751.10
Total	626,186,380.95	2,255,686,751.10

Description of other cash received related to investing activities:

(4) Other cash paid related to investing activities

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Buy financial products	472,736,780.82	1,830,615,000.00
Total	472,736,780.82	1,830,615,000.00

Description of other cash paid related to investing activities:

(5) Other cash received in connection with financing activities

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
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Description of other cash received in connection with financing activities:

(6) Other cash paid related to financing activities

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
House rental	40,135,789.11	31,182,032.26
Listing fee		5,750,027.03
Restricted stock repurchase obligations	62,626,402.67	
Total	102,762,191.78	36,932,059.29

Description of other cash paid in connection with financing activities:

55. Supplementary information on cash flow statement

(1) Supplementary information on cash flow statement

Unit:
Yuan

Supplementary information	Amount for the current period	Amount of the previous period
1. Reconcile net profit to cash flow from operating activities		
Net profit	87,845,180.88	111,089,551.62
Add: asset impairment provision	22,339,517.17	18,307,124.49
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	73,430,650.23	45,577,216.99
Depreciation of right-of-use assets	35,188,745.72	29,568,889.65
Amortization of intangible assets	3,001,781.50	2,603,399.00
Amortization of long-term deferred expenses	19,395,394.40	9,192,077.86
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains are listed with "- ")	817,756.42	56,854.02
Loss of scrapping of fixed assets (income is listed with "- ")	764,806.17	194,680.62
Loss from changes in fair value (gains are listed with "- ")	-117,200.00	-457,470.14
Financial expenses (income is listed with "- ")	3,310,865.86	5,363,268.81
Investment loss (gains are listed with "- ")	-3,952,771.18	-11,147,083.33
Decrease in Deferred Tax Assets (increases are listed with "- ")	-4,133,751.26	-1,427,730.78
Increase in Deferred Tax Liabilities (decrease is listed with "- ")	-637,352.74	-1,550,610.89
Decrease in inventory (increases are marked with "- ")	98,119,997.73	-244,342,861.30
Decrease in operating receivables (increases are listed with "- ")	-35,149,171.27	-138,654,467.90
Increase in operating payables (decrease is listed with "- ")	-187,879,856.59	337,579,494.43
other	24,988,204.00	
Net cash flow from operating activities	137,332,797.04	161,952,333.15
2. Significant investing and financing activities that do not involve cash receipts and payments		
Debt to capital		
Convertible corporate bonds due within one year		
Finance lease of fixed assets		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	438,009,246.87	673,277,524.32
Less: opening balance of cash	673,277,524.32	356,440,665.88
Add: ending balance of cash equivalents		
Less: opening balance of cash equivalents		
Cash and cash equivalents	-235,268,277.45	316,836,858.44

(2) Net cash paid in the current period for acquiring subsidiariesUnit:
Yuan

	Amount
Of which:	
Of which:	
Of which:	

Other instructions:

(3) Net cash received from disposal of subsidiaries in the current periodUnit:
Yuan

	Amount
Of which:	
Of which:	
Of which:	

Other instructions:

(4) Composition of cash and cash equivalentsUnit:
Yuan

Projects	Ending balance	Opening balance
I. Cash	438,009,246.87	673,277,524.32
Of which: cash on hand	5,961.65	42,476.88
Bank deposits that can be used for payment at any time	430,590,321.90	673,234,674.59
Other monetary funds that can be used for payment at any time	7,412,963.32	372.85
III. Balance of cash and cash equivalents at the end of the period	438,009,246.87	673,277,524.32

Other instructions:

56. Assets with restricted ownership or use rightsUnit:
Yuan

Projects	Book value at the end of the period	Restricted reason
Monetary fund	79,764,140.11	Apply to the bank for a deposit for the issuance of a bank acceptance draft
Notes receivable	14,816,235.26	Apply to the bank for pledged bills receivable to issue a bank acceptance bill
Inventory	11,794,411.52	Apply for credit from bank mortgage inventory
Fixed assets	508,122,648.41	Apply for a loan from a bank to mortgage fixed assets
Intangible assets	40,105,333.07	Apply for a loan from a bank to mortgage intangible assets

Total	654,602,768.37	
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Other instructions:

57. Foreign currency monetary items

(1) Foreign currency monetary items

Unit:
Yuan

Projects	Foreign currency balance at the end of the period	Converted exchange rate	RMB balance converted at the end of the period
Monetary fund			232,243,753.33
Of which: US dollars	33,089,002.27	6.96460000	230,451,665.20
EUR			
HKD	36,265.16	0.89327000	32,394.57
Vietnamese dong	2,302,941,330.00	0.00029486	679,045.94
New Taiwan Dollar	4,759,312.00	0.22705963	1,080,647.62
Accounts Receivable			391,538,915.33
Of which: US dollars	56,053,736.28	6.96460000	390,391,851.58
EUR			
HKD	417,236.55	0.89327000	372,704.89
Vietnamese dong	151,759,800.00	0.00029486	44,747.93
New Taiwan Dollar	3,213,301.00	0.22705963	729,610.93
Long-term loan			
Of which: US dollars			
EUR			
HKD			
Other receivables			223,094.54
Of which: US dollars	16,961.63	6.96460000	118,130.97
Vietnamese dong	158,634,460.00	0.00029486	46,775.00
New Taiwan Dollar	256,270.00	0.22705963	58,188.57
Account payables			37,996,581.96
Of which: US dollars	5,209,824.24	6.96460000	36,284,341.91
Vietnamese dong	5,806,953,694.00	0.00029486	1,712,240.05
Other payables			3,418,819.40
Of which: US dollars	27,777.32	6.96460000	193,457.93
HKD	377,318.31	0.89327000	337,047.12
Vietnamese dong	9,512,722,922.00	0.00029486	2,804,924.21
New Taiwan Dollar	367,261.00	0.22705963	83,390.14

Other instructions:

(2) The description of overseas business entities, including important overseas business entities, should disclose their main overseas business locations, accounting standard currency and the basis for selection, and the reasons for changes in accounting standard currency should also be disclosed.

Applicable ☒ Not applicable

1. The main business place of Hong Kong Honor Electron Technology Co., Ltd., a subsidiary of the Company, is Hong Kong, with Hong Kong dollar as the functional currency.
2. The main business place of Vietnam Honor Electron Technology Co., Ltd., a subsidiary of the Company, is Vietnam, and the Vietnamese dong is the functional currency for accounting.
3. The main business place of Honor Electron Technology Co., Ltd., a subsidiary of the Company (USA), is the United States, and the US dollar is the functional currency for bookkeeping

58. Government subsidies

(1) Basic situation of government subsidies

Unit:
Yuan

Kind	Amount	Presented items	Amount included in current profit or loss
2022 Shenzhen Industrial Enterprise Capacity Expansion Incentive Project	2,500,000.00	Other income	2,500,000.00
2022 Shenzhen Enterprise Technology Renovation Project Digital Power Production Line Technology Renovation Project	2,250,000.00	Other income, deferred income	256,012.88
In 2022, the second batch of high-tech enterprise cultivation funds in Shenzhen	1,000,000.00	Other income	1,000,000.00
The first batch of one-time retention training subsidies in Shenzhen in 2022	908,375.00	Other income	908,375.00
One-time pre-job training subsidy in Ganzhou	755,666.45	Other income	755,666.45
2022 Baoan District Industrial Enterprise Relief Development Subsidy Project	726,210.00	Other income	726,210.00
Bao'an District Enterprise R&D; Investment Subsidy Project in 2022	604,100.00	Other income	604,100.00
2020 Ganzhou Electricity Price Subsidy	456,900.00	Other income	456,900.00
2021 Baoan District Excellent Performance Management Standard Implementation Project	300,000.00	Other income	300,000.00
Social insurance subsidies for people with employment difficulties	298,820.84	Other income	298,820.84
Bao'an District Strengthening Loan Interest Discount Support Project in 2022	234,375.00	Other income	234,375.00
Personal Income Tax Handling Fee Rebate	222,073.50	Other income	222,073.50
One-time retention training subsidy in Dongguan in 2022	221,375.00	Other income	221,375.00
Enterprise Stabilization Subsidy	215,157.00	Other income	215,157.00
Intellectual Property Advantage Enterprises in Bao'an District in 2022	200,000.00	Other income	200,000.00
2020 One-time subsidy for Shenzhen enterprises to absorb poor labor	110,000.00	Other income	110,000.00
2022 Shenzhen Industrial Enterprise Epidemic Prevention and disinfection and sterilization Expenditure Subsidy Project	100,000.00	Other income	100,000.00
Recruitment subsidy	82,000.00	Other income	82,000.00

Absorb employment subsidies for people out of poverty	75,000.00	Other income	75,000.00
One-time job expansion subsidy in Shenzhen in 2022	52,500.00	Other income	52,500.00
Absorb social security subsidies for people with employment difficulties	50,111.36	Other income	50,111.36
Dongguan City's "Promotion of Regulations, Stability in Regulations" Regulations for Industrial Enterprises Award Project	50,000.00	Other income	50,000.00
2020 Ganzhou Poverty Alleviation Workshop Employment Subsidy	36,000.00	Other income	36,000.00
Job subsidies for absorbing poor labor	24,300.00	Other income	24,300.00
2022 One-time Employment Training Subsidy in Hangzhou	13,000.00	Other income	13,000.00
General job allowance	11,800.00	Other income	11,800.00
One-time job expansion subsidy in Dongguan in 2022	6,000.00	Other income	6,000.00
Total	11,503,764.15		9,509,777.03

(2) Return of government subsidies

■ Applicable Not Applicable

Other instructions:

VIII. Changes in the scope of consolidation

1. Disposal of subsidiaries

Whether there is a situation where the investment in the subsidiary is lost in a single disposal

■ whether

Whether there is a situation in which the investment in the subsidiary is disposed of step by step through multiple transactions and the control is lost in the current period

■ whether

2. Changes in the scope of consolidation due to other reasons

Explain the changes in the scope of consolidation caused by other reasons (such as newly established subsidiaries, liquidation subsidiaries, etc.) and related circumstances:

On May 13, 2022, Shenzhen Honor Electronic Co., Ltd. established Hangzhou Honor Electron Electronic Technology Co., Ltd., with a registered capital of RMB 10 million and a paid-in capital of RMB 4.0 million. The registered address is Room 106, Floor 1, Building 8, No. 998, Wenyi West Road, Wuchang Street, Yuhang District, Hangzhou City, Zhejiang Province.

Hangzhou Honor Electron Electronic Technology Co., Ltd. has been included in the scope of consolidation since its establishment.

On August 26, 2022, Shenzhen Honor Electronic Co., Ltd. established Suzhou Anshibo Energy Technology Co., Ltd., with a registered capital of RMB 10 million and a paid-in capital of RMB 50 million. The registered address is No. 129, Jishi East Road, Jiangling Street, Wujiang District, Suzhou City.

Suzhou Anshibo Energy Technology Co., Ltd. has been included in the scope of consolidation since its establishment.

3. Other

IX. Interests in other entities

1. Interests in subsidiaries

(1) Composition of enterprise groups

Subsidiary name	Main place of business	Place of registration	Nature of business	Shareholding ratio		How to get
				Direct	Indirect	
Honor Electron (Ganzhou) Electronics Co., Ltd	Jiangxi Province	Ganzhou City, Jiangxi Province	Mainly engaged in the production and processing of power adapters and other power products	100.00%		Merge under the same control
Hong Kong Honor Electron Technology Co., Ltd	Hongkong	Hongkong	Mainly engaged in overseas sales of power adapters and other power products	100.00%		Investment establishment
Dongguan Honor Electron Electronics Co., Ltd	Guangdong Province	Dongguan City, Guangdong Province	Mainly engaged in the research and development, production and sales of power adapters and other power products	100.00%		Investment establishment
(U.S.) Honor Electron Technology Co., Ltd	U.S	U.S	Mainly engaged in the sale of consumer electronics	100.00%		Investment establishment
Vietnam Honor Electron Technology Co., Ltd	Vietnam	Vietnam	Mainly engaged in the production and overseas sales of power adapters and other power products		100.00%	Investment establishment
Hangzhou Yundian Technology Energy Co., Ltd	Zhejiang Province	Hangzhou City, Zhejiang Province	Mainly engaged in the research and development of various power products and customer service	80.00%		Investment establishment

Shenzhen Honor Electron Zhilian Technology Co., Ltd	Guangdong Province	Shenzhen City, Guangdong Province	Mainly engaged in customer service for various power products	100.00%		Investment establishment
Shanghai Anshibo Energy Technology Co., Ltd	Shanghai	Shanghai	Mainly engaged in the research and development of various power products and customer service	100.00%		Investment establishment
Suzhou Bodian Yunke Energy Technology Co., Ltd	Jiangsu Province	Suzhou City, Jiangsu Province	Mainly engaged in the development and production of various power products	100.00%		Investment establishment
Hangzhou Honor Electron Electronic Technology Co., Ltd	Zhejiang Province	Hangzhou City, Zhejiang Province	Mainly engaged in the research and development of various power products and customer service	100.00%		Investment establishment
Suzhou Anshibo Energy Technology Co., Ltd	Jiangsu Province	Suzhou City, Jiangsu Province	Mainly engaged in the research and development of various power products and customer service	100.00%		Investment establishment

Explanation that the shareholding ratio in the subsidiary is different from the voting rights ratio:

The basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

For important structured entities included in the scope of consolidation, the basis for control is:

Basis for determining whether a company is an agent or a principal:

Other instructions:

2. Interests in joint arrangements or associates

(1) Consolidated financial information of insignificant joint ventures and associates

Unit:
Yuan

	Balance at the end of the period/amount incurred in the current period	Balance at the beginning of the period/Amount incurred in the previous period
Joint venture:		
Total book value of investments	858,469.31	897,828.12
The total number of the following items calculated according to the shareholding ratio		
--net profit	-39,358.81	-40,571.88

--total comprehensive income	-39,358.81	-40,571.88
Associates:		
The total number of the following items calculated according to the shareholding ratio		

Other instructions:

X .Risks associated with financial instruments

The company's main financial instruments include monetary funds, notes receivable, accounts receivable, other receivables, accounts payable, other payables, etc. The detailed description of each financial instrument has been disclosed in the relevant notes. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company manages and monitors these risk exposures to ensure that the above-mentioned risks are controlled within a limited range.

The goal of the Company's risk management is to strike an appropriate balance between risks and returns, to minimize the negative impact of risks on the Company's operating results, and to maximize the interests of shareholders and other equity investors. Based on this risk management objective, the Company has formulated risk management policies to identify and analyze the risks faced by the Company, set appropriate risk acceptable levels and design corresponding internal control procedures to monitor the Company's risk levels. The Company regularly reviews these risk management policies and related internal control systems to adapt to market conditions or changes in the Company's business activities when the Company's financial instruments pose major risks such as credit risk and liquidity risk.

(1) Credit risk

Credit risk refers to the risk of financial losses incurred by the other party due to the non-performance of obligations by financial instruments.

The Company manages credit risk by portfolio classification. Credit risk mainly arises from bank deposits and accounts receivable. The Company's bank deposits are mainly deposited in banks with higher credit ratings, and the Company expects that there is no significant credit risk in bank deposits.

For accounts receivable, the Company sets relevant policies to control credit risk exposure. The company evaluates the debtor's credit qualifications based on the debtor's financial status, credit history and other factors such as current market conditions, and sets the corresponding amount of arrears and credit period. The Company's maximum credit risk exposure is the carrying amount of each financial asset in the balance sheet. The Company has not provided any guarantees that may expose the Company to credit risk.

(2) Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when the company fulfills its settlement obligations by delivering cash or other financial assets.

When managing liquidity risk, the Company maintains and monitors cash and cash equivalents that management believes are sufficient to meet the Company's operating needs and reduce the impact of cash flow fluctuations. The Company's management monitors the use of bank borrowings and ensures compliance with borrowing agreements.

XI. Disclosure of fair value

1. End-of-period fair value of assets and liabilities measured at fair value

Unit:
Yuan

Projects	Fair value at the end of the period			
	First-level fair value measurement	Level 2 Fair Value Measurement	Level 3 Fair Value Measurement	Total
I. Ongoing fair value measurement	--	--	--	--
(1) Transactional financial assets			70,117,200.00	70,117,200.00
1. Financial assets measured at fair value with changes in current profit and loss			70,117,200.00	70,117,200.00
(1) Debt instrument investment			70,117,200.00	70,117,200.00
Total assets continuously measured at fair value			70,117,200.00	70,117,200.00
II. Discontinuous fair value measurement	--	--	--	--

12. Related parties and related transactions

1. The parent company of the company

Parent company name	Place of registration	Nature of business	Registered capital	Parent company's shareholding ratio in the company	The proportion of voting rights of the parent company to the company
Shenzhen Wangyuewang Investment Partnership (Limited Partnership)	Shenzhen City, Guangdong Province	Equity investment	Rmb15.983365 million	28.76%	28.76%
Shenzhen Genoli Information Consulting Co., Ltd	Shenzhen City, Guangdong Province	Equity investment	RMB 1.4 million	28.76%	28.76%

Description of the parent company of the enterprise

As of December 31, 2022, Shenzhen Wangyuewang Investment Partnership (Limited Partnership) and Shenzhen Genoli Information Consulting Co., Ltd. held 29,234,023.00 shares of the Company, respectively, accounting for 28.76% of the total shares of the Company; they respectively held the voting rights of 28.76% of the shares of the Company and were the controlling shareholders of the Company. The ultimate controllers of the enterprise are Wang Heqiu, Wang Yulin, Wang Yuetian, Wang Yuefei and Shang Yunsu.

The ultimate controlling party of the enterprise is.

Other instructions:

2. The company's subsidiaries

For details of the company's subsidiaries, please refer to Note IX. Equity in other entities\ 1. Equity in subsidiaries..

3. Related party transactions

(1) Related guarantees

The company as the guarantor

Unit:
Yuan

Guaranteed party	Guaranteed amount	Guarantee start date	Guarantee Expiry Date	Whether the guarantee has been fulfilled
Dongguan Honor Electron Electronics Co., Ltd	201,040,000.00	October 11, 2021	October 10, 2029	No
Vietnam Honor Electron Technology Co., Ltd	31,746,000.00	January 21, 2022	March 01, 2023	No

The company as the guaranteed party

Unit:
Yuan

Guarantor	Guaranteed amount	Guarantee start date	Guarantee Expiry Date	Whether the guarantee has been fulfilled
Honor Electron (Ganzhou) Electronics Co., Ltd	52,000,000.00	August 04, 2021	January 21, 2022	Are
Honor Electron (Ganzhou) Electronics Co., Ltd	100,000,000.00	December 22, 2021	November 03, 2022	Are
Honor Electron (Ganzhou) Electronics Co., Ltd	130,000,000.00	April 08, 2021	April 07, 2022	Are

Description of related guarantees

The company as the guarantor

Note 1: On October 11, 2021, Dongguan Honor Electron Company and Bank of China Ltd. Dongguan Branch signed a fixed asset loan contract numbered GDK 476790120210153. The company can apply to Bank of China Ltd. Dongguan Branch for a maximum loan amount of RMB 201.40 million from July 1, 2021 to October 10, 2029. The joint liability guarantee is jointly undertaken by Shenzhen Honor Electronic Co., Ltd.'s debts under the above-mentioned contract; and the joint liability guarantee is jointly undertaken by the debts under the above-mentioned contract with the company's own land as mortgage. The guarantee number is GBZ 476790120210118 and the guarantee number is GDY 476790120210041.

Note 2: On November 4, 2022, Honor Electron Vietnam signed a "letter of offer" financing agreement with Citibank, N. A., Hanoi Branch. Honor Electron Vietnam may apply to Citibank, N. A., Hanoi Branch for a maximum loan amount not exceeding the equivalent of US \$5,000,000.00; Shenzhen Honor Electronic Co., Ltd. applies for a bank guarantee/standby certificate from Citibank (China) Co., Ltd., and Citibank (China) Co., Ltd. issues a bank guarantee/standby certificate to Citibank, N. A., Hanoi Branch based on the application of Shenzhen Honor Electronic Co., Ltd.. Citibank, N. A., Hanoi Branch release the loan limit according to the bank guarantee/standby certificate issued; As of the end of the reporting period, the "letter of offer" financing agreement signed by Honor Electron Vietnam and Citibank, N. A., Hanoi Branch has not been executed, and Shenzhen Honor Electronic Co., Ltd. has not applied for a bank guarantee/backup certificate from Citibank (China) Co., Ltd.

The company as the guaranteed party

Note 1: On August 4, 2021, the company and Citibank (China) Co., Ltd. Shenzhen Branch signed a modification agreement for the "Non-committed Short-term Revolving Financing Agreement" with the number "FA752022180223-d". The financing method and limit are changed to a pre-settlement risk not exceeding USD 100 thousand yuan, and the maximum term of the financing method is 12 months before settlement risk; The guarantee and the provider of the guarantee provide a guarantee for the debts under the financing agreement by a letter of guarantee signed by Honor Electron (Ganzhou) Electronics Co., Ltd. On January 21, 2022, the company and Citibank (China) Co., Ltd. Shenzhen Branch signed a modification agreement for the "Non-committed Short-term Revolving Financing Agreement" with the number "FA752022190618-f", and the maximum financing method and amount were changed to not more than the equivalent of US \$15 million; At the same time, the company and Citibank (China) Co., Ltd. Shenzhen Branch signed an amendment agreement to the "Non-committed Short-term Revolving Financing Agreement" with the number "FA752022180223-e", and the financing limit was changed to no more than US \$1,000,000; the clause "The guarantee letter signed by the provider of the guarantee and the guarantee by Honor Electron (Ganzhou) Electronics Co., Ltd. provides guarantee for the debt under the financing agreement" was deleted.

During the reporting period, the company's loans under this credit contract were

"Loan Contract" numbered "C04LBCX 223040001" signed on October 31, 2022

Note 2: On December 22, 2021, the company signed a contract with Bank of China Ltd. Futian Sub-branch No. 700521. The company can apply to Bank of China Ltd. Futian Sub-branch for a maximum credit line of RMB 100 million from December 22, 2021 to November 3, 2022. Honor Electron (Ganzhou) Electronics Co., Ltd. undertakes joint and several liability guarantees for the debts under the above-mentioned contracts. The guarantee numbers are respectively No. 700521 of Shenzhen Bank of China Fuebaozi No. 700521.

During the reporting period, the company's bank commitments under this credit contract were:

The Commercial Bill Acceptance Agreement numbered "(2021) Shenzhen Bank of China Fushangcheng Zongzi No. 0017" signed on June 8, 2021

The "Commercial Bill Acceptance Agreement" numbered "(2021) Shenzhen Bank of China Fushangcheng Zongzi No. 0017A" signed on July 26, 2021

The "Commercial Bill Acceptance Agreement" numbered "(2021) Shenzhen Bank of China Fushangcheng Zongzi No. 700521" signed on December 22, 2021

Note 3: On April 12, 2021, the company signed a contract with Ping An Bank Co., Ltd. Shenzhen Branch No. 001, Pingyin Zhanjin Jiu Zongzi No. 202104087. From April 08, 2021 to April 07, 2022, the company can apply to Ping An Bank Co., Ltd. Shenzhen Branch for a maximum credit line of RMB 13,000, 0.00 million. Honor Electron (Ganzhou) Electronics Co., Ltd. undertakes joint and several liability guarantees for the debts under the above-mentioned contracts. The numbers of the guarantee documents are Pingyin Zhanjin Jiuebaozi No. 20210408 and No. 001 respectively.

During the reporting period, the company's bank commitments under this credit contract were:

The "Bill of Exchange Acceptance Contract" signed on July 7, 2021 with the number Pingyin Zhanjin Jiuchengzi No. 20210707 No. 018

The "Bill of Exchange Acceptance Contract" signed on August 26, 2021 with the serial number Pingyin Zhanjin Jiuchengzi No. 20210826 "

The "Bill of Exchange Acceptance Contract" signed on September 16, 2021 with the number Pingyin Zhanjin Jiuchengzi No. 20210916 No. 018

The "Bill of Exchange Acceptance Contract" signed on February 17, 2022 with the number Pingyin Zhanjin Jiuchengzi No. 20220217 No. 018

The "Bill of Exchange Acceptance Contract" signed on March 3, 2022 with the serial number Pingyin Zhanjin Jiuchengzi No. 20220303 "

(2) Remuneration of key management personnel

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Compensation of key management personnel	11,945,788.69	12,015,031.69

XIII. Share payment

1. The overall situation of share-based payment

Applicable ☒ Not applicable

Unit:
Yuan

The total amount of various equity instruments granted by the company in the current period	570,000.00
The total amount of various equity instruments exercised by the company in the current period	0.00
The total amount of the company's lapsed equity instruments in the current period	0.00

Other instructions:

On December 20, 2021, the Company held the thirteenth meeting of the second board of directors in 2021 and the eleventh meeting of the second board of supervisors in 2021. The Proposal on the First Grant of Restricted Shares to the Incentive Objects of the 2021 Restricted Stock Incentive Plan was reviewed and approved. On January 17, 2022, the Company disclosed the Announcement on the Completion of the First Class Restricted Stock Grant under the 2021 Restricted Stock Incentive Plan. The grant date of the first class of restricted shares is December 20, 2021, and the listing date is January 21, 2022. The number of registered shares for the first grant is 460,000 shares. The company will issue 460,000 shares to the incentive objects, and the total number of shares of the company will be increased from 101,200,000 shares to 101,660,000 shares.

On November 18, 2022, the company held the eighth meeting of the second board of directors in 2022 and the sixth meeting of the second board of supervisors in 2022, and reviewed and approved the "Proposal on Adjusting the Reserved Grant Price of the 2021 Restricted Stock Incentive Plan" and "The Proposal on Granting Reserved Restricted Shares to the Incentive Objects of the Company's 2021 Restricted Stock Incentive Plan", on December 21, 2022. The Company disclosed the Announcement on Completion of Registration of Class I Restricted Shares Reserved for 2021 Restricted Stock Incentive Plan. The Class I restricted stock grant date is November 18, 2022, and the listing date is December 23, 2022. The number of reserved grants registered is 110,000 shares, and the total number of shares of the Company has increased from 101,660,000 shares to 101,770,000 shares.

The unlocking conditions stipulated in the incentive plan are as follows:

Release of restrictions on sales/vesting arrangements	Performance appraisal target
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Restricted stock granted for the first time	The first release of sales restriction/vesting period	The company needs to meet one of the following two conditions: 1. Based on the operating income in 2021, the growth rate of operating income in 2022 shall not be less than 30.00%; 2. Based on the net profit in 2021, the net profit growth rate in 2022 shall not be less than 50.00%.
	The second release of sales restriction/vesting period	The company needs to meet one of the following two conditions: 1. Based on the operating income in 2021, the growth rate of operating income in 2023 shall not be less than 65.00%; 2. Based on the net profit in 2021, the growth rate of net profit in 2023 shall not be less than 100.00%.
	The third release of sales restriction/vesting period	The company needs to meet one of the following two conditions: 1. Based on the operating income in 2021, the growth rate of operating income in 2024 shall not be less than 100.00%; 2. Based on the net profit in 2021, the growth rate of net profit in 2024 shall not be less than 150.00%.
Restricted stock reserved for grant	The first release of sales restriction/vesting period	The company needs to meet one of the following two conditions: 1. Based on the operating income in 2021, the growth rate of operating income in 2023 shall not be less than 65.00%; 2. Based on the net profit in 2021, the growth rate of net profit in 2023 shall not be less than 100.00%.
	The second release of sales restriction/vesting period	The company needs to meet one of the following two conditions: 1. Based on the operating income in 2021, the growth rate of operating income in 2024 shall not be less than 100.00%; 2. Based on the net profit in 2021, the growth rate of net profit in 2024 shall not be less than 150.00%.

Note: The above "operating income" refers to the audited operating income of the listed company; the above "net profit" refers to the audited net profit attributable to shareholders of the listed company, but excluding the impact of the share-based payment expenses of this and other equity incentive plans or employee stock ownership plans as the calculation basis.

The arrangement for lifting the sales restriction of the first class of restricted shares granted for the first time is shown in the following table:

Lifting the sales restriction arrangement	Lifting the sales restriction period	Proportion of lifting sales restrictions
The first release of the restricted sale period	From the first trading day 12 months after the listing date of the first grant of some restricted stocks to the last trading day within 24 months from the listing date of the first grant of some restricted stocks	40%
The second lifting of the restricted sale period	From the first trading day 24 months after the listing date of the first grant of some restricted stocks to the last trading day within 36 months from the listing date of the first grant of some restricted stocks	30%
The third lifting of the restricted sale period	From the first trading day 36 months after the listing date of the first grant of some restricted stocks to the last trading day within 48 months from the listing date of the first grant of some restricted stocks	30%

The arrangement for the release of the restricted shares of the first category of restricted shares in the reserved part is shown in the following table:

Lifting the sales restriction arrangement	Lifting the sales restriction period	Proportion of lifting sales restrictions
The first release of the restricted sale period	From the first trading day 12 months after the listing date of the reserved grant of some restricted stocks to the last trading day within 24 months from the listing date of the reserved grant of some restricted stocks	50%
The second lifting of the restricted sale period	From the first trading day 24 months after the listing date of the reserved grant of some restricted stocks to the last trading day within 36 months from the listing date of the reserved grant of some restricted stocks	50%

The vesting arrangements for the first granted Class II restricted stock are shown in the following table:

Vesting arrangement	Vesting period	Attribution ratio
First vesting period	From the first trading day 12 months after the date of grant of the first partial restricted stock to the last trading day within 24 months from the date of grant of the first partial restricted stock	40%
Second vesting period	From the first trading day 24 months after the grant date of the first partial restricted stock grant to the last trading day within 36 months from the first partial restricted stock grant date	30%
Third vesting period	From the first trading day 36 months after the date of grant of the first partial restricted stock to the last trading day within 48 months from the date of grant of the first partial restricted stock	30%

The vesting arrangement of the reserved portion of the second class of restricted stock is shown in the following table:

Vesting arrangement	Vesting period	Attribution ratio
First vesting period	From the first trading day 12 months after the grant date of the reserved partial restricted stock to the last trading day within 24 months from the grant date of the reserved partial restricted stock	50%
Second vesting period	From the first trading day 24 months after the grant date of the reserved partial restricted stock to the last trading day within 36 months from the grant date of the reserved partial restricted stock	50%

2. Equity-settled share-based payments

Applicable ☒ Not applicable

Unit: Yuan

How to determine the fair value of equity instruments on the grant date	The first category of restricted stock fair value: the unit cost of restricted stock = the fair value of restricted stock - the grant price, where the fair value of restricted stock = the closing price on the grant date. The fair value of the second class of restricted stock: the Black-Scholes option pricing model is used on the grant date to determine the fair value of the second class of restricted stock on the grant date.
Reasons for significant differences between the current estimate and the previous estimate	No
The cumulative amount of equity-settled share-based payments included in the capital reserve	24,988,204.00
The total amount of expenses recognized for equity-settled share-based payments in the current period	24,988,204.00

Other instructions:

3. Cash-settled share-based payments

■ Applicable Not Applicable

4. Modification and termination of share-based payment

5. Other

XIV. Commitments and Contingencies

1. Important commitments

Important commitments existing on the balance sheet date

At the end of the reporting period, the company had no major commitments that should be disclosed.

2. Contingencies

(1) Important contingencies existing on the balance sheet date

At the end of the reporting period, the Company had no events after the balance sheet date.

(2) The company has no important contingencies that need to be disclosed and should also be explained

The company has no material contingencies that need to be disclosed.

3. Other

15. Events after the balance sheet date

1. Profit distribution

Unit:
Yuan

Profit or dividend to be distributed	9,108,799.70
Profits or dividends declared after deliberation and approval	9,108,799.70

XVI. Notes to the main items in the financial statements of the parent company

1. Accounts receivable

(1) Disclosure of accounts receivable classification

Unit:
Yuan

Category	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Withdrawal ratio		Amount	Proportion	Amount	Withdrawal ratio	
Accounts receivable with provision for bad debts on a single-item basis	235,272,183.03	27.47%	8,117,708.99	3.45%	227,154,474.04	235,849,177.08	28.12%	3,278,543.67	1.39%	232,570,633.41
Of which:										
Accounts receivable with provision for bad debts by portfolio	621,135,654.48	72.53%	32,162,085.45	5.18%	588,973,569.03	602,841,680.79	71.88%	31,072,528.76	5.15%	571,769,152.03
Of which:										
Total	856,407,837.51	100.00%	40,279,794.44	4.70%	816,128,043.07	838,690,857.87	100.00%	34,351,072.43	4.10%	804,339,785.44

Provision for bad debts by individual item: 8,117,708.99

Unit:
Yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Withdrawal ratio	Reason for accrual
Dongguan Honor Electron Electronics Co., Ltd	6,855,771.29			No bad debts are accrued within the scope of consolidation
Hong Kong Honor Electron Technology Co., Ltd	91,083,705.31			No bad debts are accrued within the scope of consolidation
Hong Kong Business Hong Kong Honor Electron Technology Co., Ltd. Taiwan Branch	45,955,784.05			No bad debts are accrued within the scope of consolidation
Vietnam Honor Electron Technology Co., Ltd	76,756,744.96			No bad debts are accrued within the scope of consolidation
American Honor Electron Technology Co., Ltd	160,464.38			No bad debts are accrued within the scope of consolidation
Suzhou Bodian Yunke Energy Technology Co., Ltd	6,342,004.05			No bad debts are accrued within the scope of consolidation
Sichuan Yihaihua Technology Co., Ltd	2,971,390.41	2,971,390.41	100.00%	Not expected to be recovered
Yihaihua (Hong Kong) Technology Co., Ltd	3,916,894.59	3,916,894.59	100.00%	Not expected to be recovered
Beijing Yixin Huiming Technology Co., Ltd	1,229,423.99	1,229,423.99	100.00%	Not expected to be recovered
Total	235,272,183.03	8,117,708.99		

Provision for bad debts by portfolio: 32,162,085.45

Unit:
Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Withdrawal ratio
Within 1 year (including 1 year)	619,644,626.84	30,982,231.34	5.00%
1-2 years (including 2 years)	217,708.20	21,770.82	10.00%
2-3 years (including 3 years)	18,081.87	3,616.37	20.00%
3-4 years (including 4 years)	201,541.30	100,770.65	50.00%
More than 4 years	1,053,696.27	1,053,696.27	100.00%
Total	621,135,654.48	32,162,085.45	

Description of the basis for determining the combination:

If the provision for bad debts of accounts receivable is made according to the general model of expected credit losses, please refer to the disclosure methods of other receivables to disclose relevant information on the provision for bad debts: ■ Applicable Not applicable

Disclosure by age

Unit:
Yuan

Aging	Book balance
Within 1 year (including 1 year)	847,130,298.54
1 to 2 years	217,708.20
2 to 3 years	6,856,875.21
More than 3 years	2,202,955.56
3 to 4 years	415,316.29
4 to 5 years	1,763,430.31
More than 5 years	24,208.96
Total	856,407,837.51

(2) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit:
Yuan

Category	Opening balance	Amount of change in the current period				Ending balance
		Accrue	Take back or turn back	Write off	other	
Provision for bad debts	34,351,072.43	5,928,722.01				40,279,794.44
Total	34,351,072.43	5,928,722.01				40,279,794.44

Among them, the amount of bad debt provision recovered or reversed in the current period is important:

Unit:
Yuan

Unit name	Amount recovered or reversed	Recovery method
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(3) Accounts receivable actually written off in the current period

Unit:
Yuan

Projects	Write-off amount
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Among the important accounts receivable write-offs:

Unit:
Yuan

Unit name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the payment is generated by a related party transaction
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Accounts Receivable Write-off Instructions:

(4) Accounts receivable of the top five accounts receivable at the end of the period collected by the arrears party

Unit:
Yuan

Unit name	Ending balance of accounts receivable	As a percentage of the total balance of accounts receivable at the end of the period	Ending balance of bad debt provision
First place	91,083,705.31	10.64%	
Second place	76,756,744.96	8.96%	
Third place	49,425,472.37	5.77%	2,471,273.62
Fourth place	45,955,784.05	5.37%	
Fifth place	45,944,380.95	5.36%	2,297,219.05
Total	309,166,087.64	36.10%	

(5) Accounts receivable derecognized due to transfer of financial assets

At the end of the period, there were no accounts receivable that were derecognized due to the transfer of financial assets.

(6) The amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

At the end of the period, there is no transfer of accounts receivable and the amount of assets and liabilities formed by continued involvement.

Other instructions:

2. Other receivables

Unit:
Yuan

Projects	Ending balance	Opening balance
Interest receivable	17,297.60	94,000.82
Other receivables	49,741,035.10	142,442,347.54
Total	49,758,332.70	142,536,348.36

(1) Interest receivable

1) Classification of interest receivable

Unit:
Yuan

Projects	Ending balance	Opening balance
Bank acceptance margin accrues interest	17,297.60	94,000.82
Total	17,297.60	94,000.82

2) Important overdue interest

Unit:
Yuan

Borrowing unit	Ending balance	Overdue time	Reason for overdue	Whether there is impairment and its judgment basis
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Other instructions:

3) Provision for bad debts

■ Applicable Not Applicable

(2) Dividends receivable

1) Classification of dividends receivable

Unit:
Yuan

Project (or investee)	Ending balance	Opening balance
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2) Important dividends receivable with an age of more than 1 year

Unit:
Yuan

Project (or investee)	Ending balance	Aging	Reasons not recovered	Whether there is impairment and its judgment basis
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3) Provision for bad debts

■ Applicable Not Applicable

Other instructions:

(3) Other receivables

1) Classification of other receivables by nature of payment

Unit:
Yuan

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Current payment	33,600,612.20	128,785,809.40
Export tax rebate	10,354,850.60	5,553,229.11
Security deposit and deposit	8,938,882.08	9,811,296.47
Withholding and paying social security/provident fund	744,220.56	978,464.02
House rental	617,698.05	645,210.27
other	210,846.61	781,624.84
Total	54,467,110.10	146,555,634.11

2) Provision for bad debts

Unit:
Yuan

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss for the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at January 1, 2022	3,495,588.52		617,698.05	4,113,286.57
Balance at January 1, 2022 in the current period				
Provision for the current period	612,788.43			612,788.43
Balance at December 31, 2022	4,108,376.95		617,698.05	4,726,075.00

Changes in the book balance with significant changes in the amount of loss reserves in the current period

■ Applicable Not Applicable

Disclosure by age

Unit:

Aging	Book balance	Yuan
Within 1 year (including 1 year)		37,492,127.21
1 to 2 years		13,303,200.62
2 to 3 years		13,220.00
More than 3 years		3,658,562.27
3 to 4 years		628,198.05
4 to 5 years		1,159,898.80
More than 5 years		1,870,465.42
Total		54,467,110.10

3) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit:
Yuan

Category	Opening balance	Amount of change in the current period				Ending balance
		Accrue	Take back or turn back	Write off	other	

Among them, the amount of bad debt provision reversed or recovered in the current period is important:

Unit:
Yuan

Unit name	Amount reversed or recovered	Recovery method
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4) Other receivables actually written off in the current period

Unit:
Yuan

Projects	Write-off amount
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Among the important write-offs of other receivables:

Unit:
Yuan

Unit name	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the payment is generated by a related party transaction
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Description of write-off of other receivables:

5) Other receivables of the top five ending balances collected by the owing party

Unit:
Yuan

Unit name	Nature of money	Ending balance	Aging	As a percentage of the total ending balance of other receivables	Ending balance of bad debt provision
First place	Current payment	20,885,472.22	Within 2 years	38.33%	
Second place	Current payment	12,715,139.98	More than 1 year	23.34%	
Third place	Export tax rebate	10,354,850.60	Within 1 year	19.01%	517,742.53
Fourth place	Security deposit and deposit	6,450,214.00	Within 5 years	11.84%	3,016,412.40
Fifth place	Security deposit and deposit	1,000,000.00	Within 1 year	1.84%	50,000.00
Total		51,405,676.80		94.36%	3,584,154.93

6) Receivables involving government grants

Unit:
Yuan

Unit name	Name of government subsidy project	Ending balance	Aging at the end of the period	Estimated time, amount and basis for collection
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There were no other receivables involving government subsidies at the end of the period.

7) Other receivables derecognized due to transfer of financial assets

At the end of the period, there were no other receivables that were derecognized due to the transfer of financial assets.

8) The amount of assets and liabilities formed by transferring other receivables and continuing to be involved

At the end of the period, there is no transfer of other receivables and the amount of assets and liabilities that continue to be involved.

Other instructions:

3. Long-term equity investment

Unit: Yuan

Projects	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	665,854,361.34		665,854,361.34	501,161,884.84		501,161,884.84
Total	665,854,361.34		665,854,361.34	501,161,884.84		501,161,884.84

(1) Investment in subsidiaries

Unit: Yuan

Investee	Opening balance (book value)	Changes in the current period				Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Reduce investment	Provision for impairment	other		
Honor Electron (Ganzhou) Electronics Co., Ltd	119,939,660.84				496,627.74	120,436,288.58	
Hong Kong Honor Electron Technology Co., Ltd	113,146,724.00					113,146,724.00	
Dongguan Honor Electron Electronics Co., Ltd	208,000,000.00					208,000,000.00	
(U.S.) Honor Electron Technology Co., Ltd	6,575,500.00					6,575,500.00	

Hangzhou Yundian Technology Energy Co., Ltd	20,000,000.00	21,000,000.00			3,340,311.25	44,340,311.25	
Shenzhen Honor Electron Zhilian Technology Co., Ltd	3,500,000.00					3,500,000.00	
Shanghai Anshibo Energy Technology Co., Ltd	10,000,000.00	41,000,000.00			8,290,272.35	59,290,272.35	
Suzhou Bodian Yunke Energy Technology Co., Ltd	20,000,000.00	86,000,000.00				106,000,000.00	
Hangzhou Honor Electron Electronic Technology Co., Ltd		4,000,000.00			65,265.16	4,065,265.16	
Suzhou Anshibo Energy Technology Co., Ltd		500,000.00				500,000.00	
Total	501,161,884.84	152,500,000.00			12,192,476.50	665,854,361.34	

(2) Investment in associates and joint ventures

Unit:
Yuan

Investment unit	Opening balance (book value)	Changes in the current period								Ending balance (book value)	Ending balance of impairment provision
		Addition al investment	Reduce i nvestment	Investme nt gains and losses re cognized under the equity method	Other co mprehen sive income a djustmen t	Changes in other equity	Declarati on of cash dividends or profits	Provisio n for imp airment	other		
I. Joint venture											
II. Joint ventures											

(3) Other instructions

4. Operating income and operating costs

Unit:
Yuan

Projects	Amount in the current period		Amount in the previous period	
	income	Cost	income	Cost
Main business	2,237,165,591.37	1,863,253,780.16	1,980,176,476.70	1,710,084,035.32
Other business	271,540,108.18	214,968,497.85	395,929,793.92	321,093,868.66
Total	2,508,705,699.55	2,078,222,278.01	2,376,106,270.62	2,031,177,903.98

Income related information:

Unit:
Yuan

Contract classification	Division 1	Division 2		Total
Commodity type				
Of which:				
Classified by operating area				
Of which:				
Market or customer type				
Of which:				
Contract type				
Of which:				
Classified by time of transfer of goods				
Of which:				
Classified by contract term				
Of which:				
Classified by sales channel				
Of which:				
Total				

Information related to performance obligations:

For sales of goods transactions, the Company completes the performance obligations when the customer obtains control of the relevant goods; for service provision transactions, the Company recognizes the completed performance obligations based on the performance progress during the entire period of service provision.

Information related to the transaction price allocated to the remaining performance obligations:

The amount of revenue corresponding to the performance obligations that have signed contracts but have not been fulfilled or not fulfilled at the end of the reporting period is 561,645,504.89 yuan, of which 561,645,504.89 yuan is expected to be recognized as revenue in 2023, yuan is expected to be recognized as revenue in the year, and yuan is expected to be recognized as revenue in the year.

Other instructions:

5. Investment income

Unit:
Yuan

Projects	Amount in the current period	Amount in the previous period
Income from Bank Wealth Management Products	2,131,541.46	9,886,460.28
Total	2,131,541.46	9,886,460.28

6. Other

VII. Supplementary information

1. Current non-recurring profit and loss schedule

Applicable ☐ Not applicable ☒

Unit:
Yuan

Projects	Amount	Description
Gains and losses from disposal of non-current assets	-1,582,562.59	
Government subsidies included in the current profit and loss (except for government subsidies that are closely related to the company's normal business operations, comply with national policies and regulations, and are continuously enjoyed according to a certain standard fixed or quantitative basis)	15,581,971.16	Mainly government subsidy income.
The investment cost of the enterprise to obtain subsidiaries, associates and joint ventures is less than the income from the fair value of the investee's identifiable net assets when the investment is obtained	-39,358.81	
Profit and loss of entrusting others to invest or manage assets	3,992,129.99	It is the income from wealth management products actually received in the current period.
In addition to the effective hedging business related to the company's normal business operations, the fair value gains and losses arising from holding transactional financial assets and transactional financial liabilities, as well as the investment income obtained from the disposal of transactional financial assets, transactional financial liabilities and available-for-sale financial assets	117,200.00	It is mainly to accrue the income of wealth management products in the current period.
Other non-operating revenue and expenditure other than the above-mentioned items	2,850,747.94	
Less: Income tax impact amount	2,877,006.71	
Total	18,043,120.98	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

■ Applicable Not Applicable

The company does not have other specific circumstances of profit and loss items that meet the definition of non-recurring profit and loss.

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

■ Applicable Not Applicable

2. Return on equity and earnings per share

Profit for the reporting period	Weighted average return on equity	EPS	
		Basic earnings per share (yuan/share)	Diluted earnings per share (yuan/share)
Net profit attributable to common shareholders of the company	5.54%	0.86	0.86

Net profit attributable to common shareholders of the company after deducting non-recurring gains and losses	4.40%	0.69	0.69
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3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profit and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards

■ Applicable Not Applicable

(2) Differences in net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards at the same time

■ Applicable Not Applicable

(3) Explanation of the reasons for the differences in accounting data under the domestic and foreign accounting standards. If the data that has been audited by an overseas audit institution is adjusted for differences, the name of the overseas institution shall be indicated

4. Other