

Stock code: 300870 Stock abbreviation: Honor Electron Announcement No.: 2023-031

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

### **2023 First Quarter Report**

The company and all members of the board of directors guarantee that the information disclosed is true, accurate and complete, and there are no false records, misleading statements or major omissions.

#### **Important content reminder:**

1. The board of directors, the board of supervisors and the directors, supervisors and senior management ensure that the quarterly report is true, accurate and complete, and that there are no false records, misleading statements or major omissions, and bear individual and joint legal liabilities.
2. The person in charge of the company, the person in charge of accounting work and the person in charge of the accounting organization (accounting officer) declare that the financial information in the quarterly report is true, accurate and complete.
3. Has the first quarter report been audited?

■ whether

## I. Main financial data

### (1) Major accounting data and financial indicators

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

■ whether

	This reporting period	Same period last year	Increase or decrease in the reporting period over the same period of the previous year (%)
Operating income (yuan)	519,050,617.70	620,559,908.78	-16.36%
Net profit attributable to shareholders of listed companies (yuan)	1,728,427.51	-29,411,535.28	105.88%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (yuan)	-1,108,412.69	-32,977,017.01	96.64%
Net cash flow from operating activities (yuan)	143,956,380.13	-123,882,792.91	216.20%
Basic earnings per share (yuan/share)	0.02	-0.29	106.90%
Diluted earnings per share (yuan/share)	0.02	-0.29	106.90%
Weighted average return on equity	0.11%	-1.86%	1.97%
	At the end of the reporting period	End of last year	Increase or decrease at the end of the reporting period compared to the end of the previous year (%)
Total assets (yuan)	3,356,973,777.77	3,338,609,904.93	0.55%
Owner's equity attributable to shareholders of listed companies (yuan)	1,632,993,105.31	1,627,266,445.12	0.35%

### (2) Items and amounts of non-recurring gains and losses

Applicable ■ Not applicable

Unit: Yuan

Projects	Amount for the reporting period	Description
Non-current asset disposal gains and losses (including the write-off portion of the provision for asset impairment)	-117,623.84	
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)	2,311,167.28	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	-5,071.14	
Profit and loss of entrusting others to invest or manage assets	148,712.33	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	411,460.00	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	151,262.56	
Less: Income tax impact amount	63,066.99	
Total	2,836,840.20	

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.

### (3) Changes in major accounting data and financial indicators and reasons

Applicable ■ Not applicable

Unit: Yuan

Balance Sheet Items	At the end of the reporting period	End of last year	Range of change	Reason for change
Trading financial assets	123,528,660.00	70,117,200.00	76.17%	Mainly due to the purchase of wealth management products in the current period.
Receivables Financing	45,150,253.44	23,656,994.70	90.85%	Mainly due to the increase in bills receivable with high credit rating at the end of the period.
Advance payment	4,993,847.01	2,626,013.78	90.17%	Mainly due to the increase in prepayments during the current period.
Other receivables	8,949,773.79	19,154,389.88	-53.28%	Mainly due to the decrease in the balance of export tax rebates receivable in the current period compared with the end of the previous year.
Other Current Assets	29,305,717.48	20,358,269.25	43.95%	Mainly due to the increase in tax credits and prepaid corporate income tax in the current period.
Advance receipt	611,672.15	383,332.14	59.57%	Mainly due to the increase in advance receipts received in the current period.
Employee compensation payable	40,884,052.89	61,023,260.09	-33.00%	Mainly due to the payment of employee salaries at the end of the previous year in the current period.
Taxes payable	9,057,421.98	18,965,233.49	-52.24%	Mainly due to the payment of corporate income tax at the end of the previous year in the current period.
Other current liabilities	22,693,657.26	33,942,793.74	-33.14%	Mainly due to the decrease in the number of bills that have been endorsed and transferred but not derecognized at the end of the period.
Income statement items	Amount in the current period	Amount in the previous period	Range of change	Reason for change
Administration expense	29,270,527.21	52,400,871.60	-44.14%	Mainly due to the decrease in the amortization expenses of equity incentives in the current period.
Finance expense	11,733,537.76	3,712,138.33	216.09%	Mainly due to the decline in the exchange rate of the US dollar during the current period and the increase in exchange losses.

Gain from change in fair value	411,460.00	1,496,210.40	-72.50%	Mainly due to the decrease in the balance of unexpired wealth management products compared with the same period last year.
Credit impairment loss	8,944,747.76	1,807,617.75	-394.84%	Mainly due to the decrease in the balance of accounts receivable and the decrease in the provision for impairment losses.
Assets impairment loss	-3,215,330.51	-1,872,185.56	71.74%	It was due to the increase in the balance of inventory depreciation reserves at the end of the period.
Income tax expense	1,834,035.09	1,341,648.08	36.70%	This is due to the increase in the total profit for the current period.
Cash Flow Statement Items	Amount in the current period	Amount in the previous period	Range of change	Reason for change
Net cash flow from operating activities	143,956,380.13	-123,882,792.91	216.20%	Mainly due to the decrease in the amount paid for the purchase of goods in the current period.
Net cash flow from financing activities	6,026,070.77	-62,086,486.27	109.71%	Mainly due to the increase in bank borrowings during the current period.

## II. Shareholder Information

**(1) The total number of ordinary shareholders and the number of preferred shareholders whose voting rights have been restored and the shareholding status of the top ten shareholders**

Unit:  
share

Total number of common shareholders at the end of the reporting period		8,711	The total number of preferred shareholders whose voting rights were restored at the end of the reporting period (if any)		0	
Shareholding of the top 10 shareholders						
Name of shareholder	Nature of Shareholders	Shareholding ratio (%)	Number of shares held	Number of shares subject to sales 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	29,234,023		
Shenzhen Genoli Information Consulting Co., Ltd	Domestic non-state-owned legal person	28.73%	29,234,023	29,234,023		
Shenzhen Tongju Information Technology Consulting Partnership (Limited Partnership)	Domestic non-state-owned legal person	3.57%	3,635,231	3,635,231		
Tibet Tongchuang Weiye Venture Capital Co., Ltd	Domestic non-state-owned legal person	2.55%	2,594,100			
China Life Insurance Co., Ltd.-own funds	other	1.83%	1,857,155			
Industrial and Commercial Bank Of China Ltd. - China-Europe Value Smart Return Hybrid Securities Investment Fund	other	1.77%	1,802,236			

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	other	1.19%	1,210,578			
Wells Fargo Fund-China Life Insurance Co., Ltd. -Participating Insurance-Wells Fargo Fund China Life Shares Growth Equity Portfolio Single Asset Management Plan (available for	other	1.06%	1,074,955			
Sell)						
Yang Ji	Domestic natural persons	1.06%	1,074,452			
Hong Kong Securities Clearing Company Limited	Foreign legal person	0.89%	906,152			
Shareholding of the top 10 shareholders with unrestricted sales conditions						
Name of shareholder	Number of unrestricted shares held	Type of shares		Type of shares	Quantity	
Tibet Tongchuang Weiye Venture Capital Co., Ltd	2,594,100	RMB ordinary shares			2,594,100	
China Life Insurance Co., Ltd.-own funds	1,857,155	RMB ordinary shares			1,857,155	
Industrial and Commercial Bank Of China Ltd. - China-Europe Value Smart Return Hybrid Securities Investment Fund	1,802,236	RMB ordinary shares			1,802,236	
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	1,210,578	RMB ordinary shares			1,210,578	
Wells Fargo Fund-China Life Insurance Co., Ltd. - Participating Insurance-Wells Fargo Fund China Life Shares Growth Equity Portfolio Single Asset Management Plan (Available for Sale)	1,074,955	RMB ordinary shares			1,074,955	

Yang Ji	1,074,452	RMB ordinary shares	1,074,452
Hong Kong Securities Clearing Company Limited	906,152	RMB ordinary shares	906,152
Bank of China Ltd. - E Fund Technology Innovation Hybrid Securities Investment Fund	758,300	RMB ordinary shares	758,300
Dajia Assets-CMBC - Dajia Assets-Shengshi Selected No. 2 Collective Asset Management Product (Phase 2)	549,533	RMB ordinary shares	549,533
Li Wei	503,250	RMB ordinary shares	503,250
Description of the above-mentioned shareholders' connected relationship or concerted action		<p>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 Yulin control 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.</p>	

**(2) The total number of preferred shareholders of the company and the shareholding status of the top 10 preferred shareholders**

■ Applicable Not Applicable

**(3) Changes in restricted shares**

Applicable ■ Not applicable

Unit:  
share

Name of shareholder	Number of restricted shares at the beginning of the period	The number of shares lifted in the current period	Increase the number of restricted shares in the current period	Number of restricted shares at the end of the period	Reason for restriction	Proposed date of lifting of sales restriction
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	570,000	18,000	0	552,000	Equity incentive restricted shares	Equity incentive restricted shares are unlocked at a certain percentage every year
Total	62,673,277	18,000	0	62,655,277		

### III. Other important matters

Applicable ☒ Not applicable

1. 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. 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). For details, please refer to the "Announcement on the Expiry of the Share Repurchase Period and Completion of the Repurchase" (Announcement No.: 2023-015) and related announcements disclosed by the company on www.cninfo.com.cn on March 21, 2023.

2. The Company held the ninth meeting of the second board of directors in 2022 and the seventh meeting of the second board of supervisors in 2022 on December 26, 2022. The Proposal on Repurchase and Cancellation of Certain Restricted Shares was reviewed and approved respectively, and the first extraordinary general meeting of shareholders in 2023 was held on January 17, 2023 to review and approve the above proposals. It is agreed that the company will repurchase and cancel a total of 18,000 Class I restricted shares that have been granted under the 2021 Restricted Stock Incentive Plan but have not yet been lifted, at a repurchase price of RMB 32.74 per share. As of March 30, 2023, the above-mentioned restricted stock repurchase and cancellation matters have been completed at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. For details, please refer to the "Announcement on Completion of Repurchase and Cancellation of Certain Restricted Shares" (Announcement No.: 2023-016) disclosed by the company on www.cninfo.com.cn on March 31, 2023.

### IV. Quarterly Financial Statements

#### (1) Financial statements

##### 1. Consolidated Balance Sheets

Prepared by: Shenzhen Honor Electronic Co., Ltd.

Unit: Yuan

Projects	Ending balance	Balance at the beginning of the year
Current assets:		
Monetary fund	540,664,293.80	517,773,386.98
Settlement reserve		
borrowed funds		
Trading financial assets	123,528,660.00	70,117,200.00
Derivative financial assets		
Notes receivable	42,588,497.64	58,257,166.47
Accounts Receivable	642,560,810.07	816,049,257.96
Receivables Financing	45,150,253.44	23,656,994.70
Advance payment	4,993,847.01	2,626,013.78
Premiums receivable		
Reinsurance accounts receivable		
Reserve for reinsurance contracts receivable		
Other receivables	8,949,773.79	19,154,389.88
Including: interest receivable	102,009.47	17,297.60
Dividends receivable		
Redemptory monetary capital for sale		
Inventory	489,184,362.01	402,689,789.83
Contract assets		
Assets held for sale		
Non-current assets due within one year		

Other Current Assets	29,305,717.48	20,358,269.25
Total current assets	1,926,926,215.24	1,930,682,468.85
Non-current assets:		
Issue loans and advances		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	853,398.17	858,469.31
Investment in other equity instruments		
Other non-current financial assets		
Investment real estate		
Fixed assets	1,110,284,402.39	1,097,803,234.25
Construction in progress	158,504,068.90	138,969,427.72
Productive biological assets		
Oil and gas assets		
Right-of-use asset	48,135,184.77	53,942,722.05
Intangible assets	74,938,235.76	76,100,859.15
Development expenditure		
Goodwill		
Long-term deferred expenses	24,685,378.90	26,460,050.19
Deferred Tax Assets	10,735,644.29	12,066,508.49
Other non-current assets	1,911,249.35	1,726,164.92
Total non-current assets	1,430,047,562.53	1,407,927,436.08
Total assets	3,356,973,777.77	3,338,609,904.93
Current Liabilities:		
Short-term loan	196,141,833.35	200,546,763.89
Borrowing from the Central Bank		
Borrowed funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	283,289,015.77	291,492,369.24
Account payables	703,117,953.39	660,104,159.92
Advance receipt	611,672.15	383,332.14
Contract liabilities	1,436,876.82	1,186,317.12
Financial assets sold for repurchase		
Deposits and interbank deposits		
Securities brokerage		
Acting as an agent for underwriting securities		
Employee compensation payable	40,884,052.89	61,023,260.09
Taxes payable	9,057,421.98	18,965,233.49
Other payables	38,665,580.55	42,520,730.15
Including: interest payable		
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	94,404,167.47	97,582,589.98
Other current liabilities	22,693,657.26	33,942,793.74
Total Current Liabilities	1,390,302,231.63	1,407,747,549.76
Non-Current Liabilities:		
Insurance contract reserves		
Long-term loan	295,755,000.07	261,990,000.06
Bonds payable		
Of which: preferred stock		
Perpetual bond		
Lease liabilities	30,301,163.49	33,035,866.33
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		

Deferred income	5,115,653.78	6,122,057.05
Deferred Tax Liabilities	2,259,909.90	1,767,561.57
Other non-current liabilities		
Total Non-Current Liabilities	333,431,727.24	302,915,485.01
Total liabilities	1,723,733,958.87	1,710,663,034.77
Owners' equity:		
Capital stock	101,752,000.00	101,770,000.00
Other equity instruments		
Of which: preferred stock		
Perpetual bond		
Capital reserve	1,070,124,111.32	1,063,935,917.21
Less: treasury shares	80,697,962.67	81,287,282.67
Other comprehensive income	1,883,423.67	4,644,705.10
Special reserve		
Surplus reserve	50,885,000.00	50,885,000.00
General risk preparation		
Undistributed profit	489,046,532.99	487,318,105.48
Total owner's equity attributable to parent Company	1,632,993,105.31	1,627,266,445.12
Minority interests	246,713.59	680,425.04
Total owner's equity	1,633,239,818.90	1,627,946,870.16
Total liabilities and owners' equity	3,356,973,777.77	3,338,609,904.93

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

## 2. Consolidated income statement

Unit: Yuan

Projects	Amount in the current period	Amount in the previous period
I. Total operating income	519,050,617.70	620,559,908.78
Including: operating income	519,050,617.70	620,559,908.78
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating cost	524,551,190.99	652,132,049.16
Including: operating cost	417,946,854.44	536,226,349.38
Interest expense		
Fees and commissions		
Surrender money		
Net compensation expense		
Withdrawal of net insurance liability reserves		
Policy dividend payout		
Reinsurance fees		
Taxes & surcharges	1,762,872.42	2,268,813.86
Selling expense	14,155,861.44	14,483,288.75
Administration expense	29,270,527.21	52,400,871.60
R&D; expenses	49,681,537.72	43,040,587.24
Finance expense	11,733,537.76	3,712,138.33
Including: interest expense	4,623,736.64	3,640,915.19
Interest income	1,374,907.89	890,649.48
Plus: other income	2,311,167.28	2,011,792.06
Investment income (losses are listed with "- ")	143,641.19	103,578.21
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 "- ")	411,460.00	1,496,210.40
Credit impairment loss (losses are listed with "- ")	8,944,747.76	1,807,617.75
Asset impairment loss (losses are listed with "- ")	-3,215,330.51	-1,872,185.56
Asset disposal gains (losses are listed with "- ")	17,683.03	0.00
III. Operating profit (losses are listed with "- ")	3,112,795.46	-28,025,127.52
Plus: non-operating income	377,058.67	7,956.40
Less: non-operating expenses	361,102.98	52,716.08
IV. Total profit (total loss is listed with "- ")	3,128,751.15	-28,069,887.20
Less: income tax expense	1,834,035.09	1,341,648.08
V. Net profit (net loss is listed with "- ")	1,294,716.06	-29,411,535.28
(1) Classified by business continuity		
1. Net profit from continuing operations (net loss is listed with "- ")	1,294,716.06	-29,411,535.28
2. Net profit from discontinued operations (net loss is listed with "- ")		
(2) Classification by ownership		
1. Net profit attributable to owners of the parent company	1,728,427.51	-29,411,535.28
2. Minority shareholder gains and losses	-433,711.45	
VI. Net after-tax other comprehensive income	-2,761,281.43	-354,279.03
After-tax net of other comprehensive income attributable to owners of the parent company	-2,761,281.43	-354,279.03
(1) Others that cannot be reclassified into profit or loss		
Comprehensive income		
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	-2,761,281.43	-354,279.03
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. Translation differences of foreign currency financial statements	-2,761,281.43	-354,279.03
7. Other		
Other comprehensive income attributable to minority shareholders, net of tax		
VII. Total comprehensive income	-1,466,565.37	-29,765,814.31
Total comprehensive income attributable to owners of the parent company	-1,032,853.92	-29,765,814.31
Total comprehensive income attributable to minority shareholders	-433,711.45	0.00
VIII. Earnings per share:		
(1) Basic earnings per share	0.02	-0.29
(2) Diluted earnings per share	0.02	-0.29

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

### 3. Consolidated cash flow statement

Unit: Yuan

Projects	Amount in the current period	Amount in the previous period
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	587,445,495.39	581,595,618.69
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, handling fees and commissions		
Net increase in borrowed funds		
Net increase in repurchase business funds		
Net cash received from brokerage of securities		
Tax refunds received	26,242,566.83	27,623,313.42
Receive other cash related to operating activities	47,218,357.12	59,819,969.78
Subtotal of cash inflow from operating activities	660,906,419.34	669,038,901.89
Cash paid for purchasing goods and accepting labor services	282,421,494.63	561,091,717.61
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	136,966,421.45	123,528,117.42
Taxes paid	19,270,747.20	19,048,416.61
Other cash payments related to operating activities	78,291,375.93	89,253,443.16
Subtotal of cash outflows from operating activities	516,950,039.21	792,921,694.80
Net cash flow from operating activities	143,956,380.13	-123,882,792.91
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		
Net cash received from disposal of subsidiaries and other business units		
Receipt of other cash related to investing activities	20,148,712.33	69,537,610.97
Subtotal of cash inflows from investing activities	20,148,712.33	69,537,610.97
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets	79,689,261.84	160,197,084.96
Cash paid for investments		
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments related to investing activities	73,000,000.00	53,101,112.12
Subtotal of cash outflows from investing activities	152,689,261.84	213,298,197.08
Net cash flows from investing activities	-132,540,549.51	-143,760,586.11
III. Cash flow from financing activities:		
Cash received from investment		
Including: cash received by subsidiaries from absorbing minority shareholders' investment		
Cash received from borrowing	55,000,000.00	16,175,469.93
Other cash received in connection with financing activities		
Subtotal of cash inflows from financing activities	55,000,000.00	16,175,469.93
Cash paid for debt repayment	36,234,999.99	67,220,810.91
Cash paid for distribution of dividends, profits or interest payments	3,321,555.98	2,598,618.29
Including: dividends and profits paid by subsidiaries to minority shareholders		
Other cash payments related to financing activities	9,417,373.26	8,442,527.00
Subtotal of cash outflows from financing activities	48,973,929.23	78,261,956.20
Net cash flow from financing activities	6,026,070.77	-62,086,486.27
IV. The impact of exchange rate changes on cash and cash equivalents	-4,739,160.94	-228,600.08
V. Net increase in cash and cash equivalents	12,702,740.45	-329,958,465.37
Add: balance of cash and cash equivalents at the beginning of the period	438,009,246.87	673,277,524.32

VI. Balance of cash and cash equivalents at the end of the period	450,711,987.32	343,319,058.95
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## **(2) Audit report**

Is the first quarter report audited?

■ whether

The Company's first quarter report is unaudited.

Board of Directors of Shenzhen Honor  
Electronic Co., Ltd.

April 27, 2023