



Wayzim Technology
Annual Report 2022

Important Notes

I. The Board of Directors, the Board of Supervisors, directors, supervisors, and the senior management of the Company guarantee the Annual Report does not have any fake record, misleading statement, or major omission, and assume individual and joint liabilities for the truthfulness, accuracy, and completeness of the Report.

II. The Company is not profitable at the time of listing and has not yet achieved profitability.

☐ Yes ☒ No

III. Major risk warning

The Company has described the possible risks in this Report. Please refer to the "IV. Risk Factors" of "Section III Discussions & Analysis by the Management". Investors are advised to pay attention to investment risks.

IV. All directors of the Company attended the meeting of the Board of Directors.

V. KPMG Huazhen LLP has provided a standard and unqualified audit report for the Company.

VI. Li Gongyan, the leader of the Company, Yao Yi, the principal of accounting work, and Zou Xi, the person in charge of the accounting firm (accountant officer) declare, "We guarantee the truthfulness, accuracy, and completeness of financial accounts in the Annual Report."

VII. Profit distribution plans or plans of share capital increase from accumulation fund in the reporting period adopted by the Board of Directors.

As audited by KPMG Huazhen LLP, in 2022, Wayzim Technology Co., Ltd. (hereinafter referred to as the "Company") achieved a net profit attributable to shareholders of the listed company of CNY -118,719,653.61, and a net profit attributable to the parent company of CNY -177,456,839.10. The parent company's accumulated undistributed profits at the beginning of the period for FY2022 were CNY 371,450,291.33, and after deducting the shareholders' dividend of CNY 78,965,218.80 for the year, the accumulated undistributed profits at the end of the period were CNY 115,028,233.43.

The profit distribution proposal of the Company is that no cash dividend is proposed to be paid, and no capital reserve will be transferred to capital or other forms of distribution in 2022. The proposal still needs to be submitted for review at the 2022 Annual General Meeting.

VIII. Are there any important matters such as special arrangements for corporate governance?

☐ Applicable ☒ Not applicable

IX. Risk statement for forward-looking descriptions

☒ Applicable ☐ Not applicable

The forward-looking descriptions such as future plans and development strategies involved in this Report do not constitute the Company's substantive commitment to investors, so please always note the investment risks.

X. Is there any non-operating capital occupation by the controlling shareholder and its affiliates?

No

XI. Is there any external guarantee violating the specified decision-making procedures?

No

XII. Whether more than half of the directors cannot guarantee the truthfulness, accuracy, or completeness of the Annual Report disclosed by the Company

No

XIII. Miscellaneous

☐ Applicable ☒ Not applicable

Contents

Section I Interpretations	5
Section II Company Profile and Key Financial Indicators	9
Section III Discussions & Analysis by the Management	18
Section IV Corporate Governance.....	101
Section V Environment, Social Responsibility, and Other Corporate Governance	134
Section VI Important Matters.....	143
Section VII Changes in Shares and Shareholders.....	188
Section VIII Preferred Shares	201
Section IX Bonds	202
Section X Financial Reports	204

Document available for reference	Financial statements containing the signatures and seals of the head of the Company, the person in charge of accounting work, and the person in charge of the accounting firm
	Audit report containing the seal of the accounting firm, and the signature and seal of the CPA
	Original documents and announcements of the Company publicly disclosed on the website specified by China Securities Regulatory Commission (CSRC) within the reporting period

Section I Interpretations

I. Interpretations

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

Definitions of common terms		
Company/Wayzim Technology	Refers to	Wayzim Technology Co., Ltd.
Wayzim Limited	Refers to	Wayz Intelligent Manufacturing Technology Co. Ltd., the predecessor of the Company
Wayzim Anhui	Refers to	Anhui Wayzim Logistics Equipment Manufacturing Co., Ltd., a wholly-owned subsidiary of the Company
Wayzim Guangdong	Refers to	Guangdong Wayzim Intelligent Manufacturing Technology Co., Ltd., a wholly-owned subsidiary of the Company
Wayzim R&D	Refers to	Wayzim Artificial Intelligence Technology R&D (Jiangsu) Co., Ltd., a wholly-owned subsidiary of the Company
Wayzim Chengdu	Refers to	Wayzim Automation Technology (Chengdu) Co., Ltd., a wholly-owned subsidiary of the Company
Wayzim Jiangxi	Refers to	Wayzim Automation Technology (Jiangxi) Co., Ltd., a wholly-owned subsidiary of the Company
Zhongke Guanwei	Refers to	Jiangsu Zhongke Guanwei Automation Technology Co., Ltd., a wholly-owned subsidiary of the Company
Intelligent Sensing	Refers to	Wayzim Intelligent Sensing Technology (Hangzhou) Co., Ltd., a wholly-owned subsidiary of the Company
Zhitong Intelligent	Refers to	Zhitong Intelligent Technology (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company
Jiangxi Zhongwei	Refers to	Jiangxi Zhongwei Intelligent Equipment Co., Ltd., a wholly-owned secondary subsidiary of the Company
Jiangsu Power	Refers to	Wayzim Power Technology (Jiangsu) Co., Ltd., a holding subsidiary of the Company
Anhui Power	Refers to	Anhui Wayzim Power Technology Co., Ltd., a secondary subsidiary controlled by the Company
YG Magnet	Refers to	Jiangxi YG Magnet Co., Ltd., a joint stock company of the Company
Jiangxi REEMOON	Refers to	Jiangxi REEMOON Technology Holdings Co., Ltd., a joint stock company of the Company

Anhui Zhongwei	Refers to	Anhui Zhongwei Intelligent Equipment Co., Ltd., a wholly-owned secondary subsidiary of the Company
Jiangxi Zhongwei	Refers to	Jiangxi Zhongwei Intelligent Equipment Co., Ltd., a wholly-owned secondary subsidiary of the Company
Weizhizhi Automation	Refers to	Shanghai Weizhizhi Automation System Co., Ltd., a wholly-owned subsidiary of the Company
Wayzim Singapore	Refers to	WAYZIM TECHNOLOGY PTE. LTD., a wholly-owned subsidiary of the Company
Wayzim Malaysia	Refers to	WAYZIM TECHNOLOGY SDN. BHD., a wholly-owned secondary subsidiary of the Company
Wayzim Russia	Refers to	LIMITED LIABILITY COMPANY <WAYZIM TECHNOLOGE>, a wholly-owned secondary subsidiary of the Company
Wayzim Thailand	Refers to	WAYZIM TECHNOLOGY (THAILAND) CO., LTD., a wholly-owned secondary subsidiary of the Company
Wayzim UK	Refers to	WAYZIM TECHNOLOGY LTD, a wholly-owned secondary subsidiary of the Company
Wayzim Hungary	Refers to	WAYZIM HUNGARY KFT., a wholly-owned secondary subsidiary of the Company
Wayzim Germany	Refers to	WAYZIM TECHNOLOGY GmbH, a wholly-owned secondary subsidiary of the Company
Wayzim USA	Refers to	WAYZIM TECHNOLOGY INC., a wholly-owned secondary subsidiary of the Company
Suzhou Branch	Refers to	Suzhou Branch of Wayzim Technology Co., Ltd.
Chongqing Branch	Refers to	Chongqing Branch of Wayzim Technology Co., Ltd.
Zhengzhou Branch	Refers to	Zhengzhou Branch of Wayzim Technology Co., Ltd.
Shenzhen Branch	Refers to	Shenzhen Branch of Wayzim Technology Co., Ltd.
Wayzim Yuanchuang	Refers to	Wuxi Wayzim Yuanchuang Investment Enterprise (limited partnership), a shareholder of the Company
Qunchuang Zhongda	Refers to	Wuxi Qunchuang Zhongda Investment Partnership (limited partnership), a shareholder of the Company
IoT Innovation Center	Refers to	Wuxi IoT Innovation Center Co., Ltd., a shareholder of the Company
Zhongke Weizhi	Refers to	Beijing Zhongke Weizhi Intellectual Property Service Co., Ltd.

SCGC	Refers to	Shenzhen Capital Group Co., Ltd., a shareholder of the Company
Talent Innovation and Enterprise No. 1	Refers to	Shenzhen Talent Innovation and Enterprise No. 1 Equity Investment Fund (L.P.), a shareholder of the Company
Zhongke Chuangxing	Refers to	Beijing Zhongke Chuangxing Hard Technology Venture Capital Partnership (L.P.), a shareholder of the Company
Xinchao Technology	Refers to	Jiangsu Xinchao Technology Group Co., Ltd., a shareholder of the Company
Zhongjin Qichen	Refers to	Zhongjin Qichen (Suzhou) Industry Equity Investment Fund Partnership (Limited Partnership), a shareholder of the Company
IoT Industry Investment	Refers to	Wuxi IoT Industry Investment Management Partnership (Limited Partnership), a shareholder of the Company
Songhe Growth No. 4	Refers to	Shenzhen Songhe Growth No. 4 Equity Investment Partnership (Limited Partnership), a shareholder of the Company
Fangteng Financial	Refers to	Shenzhen Fangteng Financial Holding Co., Ltd., a shareholder of the Company
Zhongshen Xinchuang	Refers to	Shenzhen Zhongshen Xinchuang Equity Investment Partnership (Limited Partnership), a shareholder of the Company
Zhongke Micro Investment	Refers to	Beijing Zhongke Micro Investment Management Co., Ltd., a shareholder of the Company
IMECAS	Refers to	Institute of Microelectronics of the Chinese Academy of Sciences
ZTO Express	Refers to	ZTO Express (Cayman) Inc. and its controlled subsidiaries
CIC	Refers to	China Insights Consultancy
WCS	Refers to	Warehouse Control System, which can coordinate the operation of various logistics equipment such as conveyors, stackers, shuttles, robots, automatic guided carriers, and other logistics equipment. It is mainly used to optimize and decompose tasks, analyze execution paths, and provide execution support and optimization for scheduling instructions in the upper system through task engines and message engines, achieving integration, unified scheduling, and monitoring of various device system interfaces.
WMS	Refers to	Warehouse Management System, which is a management system that integrates batch management, material correspondence, inventory counting, quality inspection management, virtual warehouse management and real-time inventory management through functions such as inbound business, outbound business, warehouse transfer, inventory transfer and virtual warehouse management, to effectively control and track the entire logistics and cost management process of warehouse business, and achieve comprehensive enterprise warehouse information management.

<i>Articles of Association</i>	Refers to	<i>Articles of Association of Wayzim Technology Co., Ltd.</i>
SSE	Refers to	Shanghai Stock Exchange
<i>Company Law</i>	Refers to	<i>Company Law of the People's Republic of China</i>
<i>Securities Law</i>	Refers to	<i>Securities Law of the People's Republic of China</i>
Audit firm	Refers to	KPMG Huazhen LLP
Sponsor	Refers to	CITIC Securities Co., Ltd.
CNY (1 or 10,000)	Refers to	Renminbi (1 or 10,000)
Reporting period	Refers to	January 1, 2022 - December 31, 2022

Section II Company Profile and Key Financial Indicators

I. Company Profile

Company name	Wayzim Technology Co., Ltd.
Company name in short	Wayzim
Legal Representative of the Company	Li Gongyan
Registered address of the Company	No. 979, Antai 3rd Road, Xishan District, Wuxi
Change in the registered address	None
Office address of the Company	No. 979, Antai 3rd Road, Xishan District, Wuxi
Postal code of the office address	214000
Company website	www.wayzim.com
E-mail	investor_relationships@wayzim.com

II. Contacts and Contact Details

	Secretary of the Board of Directors (domestic representative of information disclosure)	Representative of the security affairs
Name	Xi Yuxiang	Zhang Die
Contact address	No. 979, Antai 3rd Road, Xishan District, Wuxi	No. 979, Antai 3rd Road, Xishan District, Wuxi
Tel.	0510-82201088	0510-82201088
Fax.	0510-82201088	0510-82201088
E-mail	investor_relationships@wayzim.com	investor_relationships@wayzim.com

III. Information Disclosure and Archiving Place

Names and websites of the media selected by the Company to disclose the Annual Report	<i>Securities Daily</i> (www.zqrb.cn) <i>Securities Times</i> (www.stcn.com) <i>China Securities Journal</i> (www.cs.com.cn) <i>Shanghai Securities News</i> (www.cnstock.com)
Website of the stock exchange where the Company discloses the Annual Report	www.sse.com.cn

Archiving place for the Annual Report of the Company	Office of the Board of Directors of the Company
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IV. Profile of the Company's Stocks/Depository Receipts

(I) Profile of the Company's stocks

☒ Applicable ☐ Not applicable

Profile of the Company's Stocks				
Types of stocks	Stock exchange and board where the stock is listed	Stock abbreviation	Stock code	Stock abbreviation prior to the change
CNY ordinary shares (A shares)	STAR Market of Shanghai Stock Exchange	Wayzim Technology	688211	N/A

(II) Profile of the Company's depository receipts

☐ Applicable ☒ Not applicable

V. Other Relevant Information

Accounting firm engaged by the Company (domestic)	Name	KPMG Huazhen LLP
	Office address	8/F, KPMG Building, Oriental Plaza, No. 1, Changan Street East, Beijing
	Name of signed accountant	Zhou Xuchun, Huang Xiaodong
Sponsor performing the continuous supervision responsibility in the reporting period	Name	CITIC Securities Co., Ltd.
	Office address	25/F, CITIC Securities Building, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Name of the signed sponsor representative	Liang Yong, Kang Haoyu
	Period for continuous supervision	October 26, 2021 to December 31, 2024

VI. Main Accounting Data and Financial Indicators in Recent Three Years

(I) Main accounting data

Unit: CNY

Main accounting data	2022	2021	YoY increase or decrease (%)	2020
Operating revenue	2,314,895,871.41	2,209,625,669.26	4.76	1,204,415,341.11
Operating revenue after deducting business income unrelated to the main business and income without commercial substance	2,194,941,056.07	2,200,702,082.33	-0.26	1,198,820,330.60
Net profits attributed to shareholders of the listed company	-118,719,653.61	259,207,152.43	-145.80	213,268,940.48
Net profit attributable to shareholders of the listed company net of non-recurring profit or loss	-190,761,076.90	236,528,966.66	-180.65	193,615,134.19
Net cash flow from operating activities	-37,440,908.80	-421,334,271.86	91.11	12,310,559.78
	End of 2022	End of 2021	Increase/decrease at the end of current period compared with at the end of the previous period (%)	End of 2020
Net assets attributable to shareholders of the listed company	3,569,230,294.50	3,852,835,454.21	-7.36	794,644,701.84
Total assets	5,553,468,596.01	6,137,175,656.32	-9.51	2,328,582,270.99

(II) Major financial indicators

Major financial indicators	2022	2021	YoY increase or decrease (%)	2020
Basic earnings per share (CNY/share)	-0.90	2.49	-136.14	2.16
Diluted earnings per share (CNY/share)	-0.90	2.49	-136.14	2.16

Basic earnings per share net of non-recurring profit or loss (CNY/share)	-1.45	2.27	-163.88	1.96
Weighted average return on equity (%)	-3.15	18.44	A decrease of 21.59%	32.77
Weighted average return on net asset net of non-recurring profit or loss (%)	-5.06	16.83	A decrease of 21.89%	29.75
Proportion of R&D investment in operating revenue (%)	8.93	6.06	An increase of 2.87 %	8.91

Explanations for main accounting data and financial indicators of the Company for the last three years as of the end of the reporting period

√ Applicable □ Not applicable

1. During the reporting period, the net profit attributable to shareholders of the listed company decreased by 145.80% YoY, mainly due to:

(1) Impact from main business

During the reporting period, due to the macroeconomic downturn and other factors, the Company's revenue growth slowed down, with a longer revenue recognition cycle. The Company lowered the product prices to adapt to the competition changes in the market. The gross profit margin was 14.78% in 2022, with a YoY decrease of 13.79%.

(2) Impact from period expenses

During the reporting period, based on the future long-term development, the Company further strengthened the construction of a team of highly qualified personnel and actively expanded the management, sales and R&D teams, as well as the sales and after-sales service teams for overseas business, etc. The Company ended the year with 1,526 employees, an increase of 21.50% YoY, and a YoY increase of CNY 66,132,500 in salaries and wages.

Meanwhile, the Company continued to attach importance to R&D investment and layout a series of product lines. The cost of R&D testing materials and testing line construction increased by CNY 43,953,700 YoY, an increase of approximately 135.54 percentage points YoY; R&D expenses accounted for 8.93% of operating revenue, an increase of approximately 2.87 percentage points YoY. The high intensity of R&D investment laid the foundation for the sustainable development of the Company, with a greater focus on long-term quality development in the future.

(3) Impact from credit impairment losses

As the Company's accounts receivable of CNY 267,166,700 formed in Q4 of 2021 were not collected in time for 2022 and were instead converted to accounts receivable of one to two years of age, resulting in an increase in the bad debt accrual ratio from 5% to 30%, corresponding to an increase in the bad debt accrual amount of CNY 66,791,700 and an increase in credit impairment loss of CNY 45,138,900 YoY, up 100.55% YoY.

(4) Impact from asset impairment losses

Asset impairment losses increased by CNY 35,211,200 YoY, representing an increase of 88.96% YoY, mainly due to the provision of CNY 32,503,700 for the decline in value of raw materials

expected to be difficult to consume in the future and CNY 38,829,400 for the decline in value of in-process products expected to cost more than the expected economic benefits.

2. During the reporting period, the net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss decreased by 180.65% YoY. The main reason is that the company's net profit decreased by 145.80% YoY, and non-recurring profit or loss increased by 217.67% YoY. Among them, financial management income increased by CNY 44,900,800 YoY, an increase of 538.21% YoY, and government subsidies increased by CNY 16,634,700 YoY, an increase of 89.54% YoY.

3. During the reporting period, net cash flow from operating activities increased by 91.11% YoY, mainly due to the decrease in cash paid for the purchase of goods and the receipt of labour services.

4. During the reporting period, the Company's basic and diluted earnings per share decreased by 136.14% YoY, mainly due to a 145.80% decrease in net profit for the year as compared to the previous year.

5. During the reporting period, the basic earnings per share after deducting non-recurring profit or loss decreased by 163.88% YoY, mainly due to a 180.65% YoY decrease in net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss this year.

VII. Differences in Accounting Data under Domestic and Foreign Accounting Standards

(I) Discrepancy between net profit and net assets attributable to shareholders of the listed company in Financial Report disclosed under both international and Chinese accounting standards

☐ Applicable ☒ Not applicable

(II) Discrepancy between net profit and net assets attributable to shareholders of Listed Company in Financial Report disclosed under both overseas and Chinese accounting standards

☐ Applicable ☒ Not applicable

(III) Statement on the discrepancy between overseas and Chinese accounting standards:

☐ Applicable ☒ Not applicable

VIII. Quarterly Key Financial Data in 2022

Unit: CNY

	Q1 (January - March)	Q2 (April - June)	Q3 (July- September)	Q4 (October December)
Operating revenue	74,585,850.15	612,203,071.25	380,923,051.22	1,247,183,898.79
Net profits attributed to shareholders of the listed company	-10,692,103.68	42,585,452.69	-13,142,745.97	-137,470,256.65
Net profit attributable to shareholders of the listed company net of non-recurring profit or loss	-38,436,740.63	28,457,076.35	-24,291,069.94	-156,490,342.68

Net cash flow from operating activities	-48,461,632.56	-17,635,292.77	138,742,519.64	-110,086,503.11
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Explanation for discrepancy between quarterly data and those in periodic report disclosed

☐ Applicable ☒ Not applicable

IX. Items and Amounts of Non-recurring Profit or Loss

☒ Applicable ☐ Not applicable

Unit: CNY

Non-recurring profit or loss item	Amount of 2022	Note (if applicable)	Amount of 2021	Amount of 2020
Profits/losses on the disposal of non-current assets	-622,365.88	Listed by pre-tax amount	-493,510.94	4,151,649.04
Tax refund or exemption out of authorization, with absence of official approval document or accidentally				
Government subsidies recognized in the current period, excluding grants entitled to in quota or ration according to certain criteria under national policies and which are closely relevant to Company's normal business operations	35,212,756.09	Listed by pre-tax amount	18,578,074.73	8,509,884.69
Fund possession cost recorded in current profit & loss charged to non-financial companies				
Income generated due to the fact that, investment cost for acquiring investments in subsidiaries, associates or joint ventures is less than the fair value of share in recognizable net asset of the investee when the investment is conducted				4,914,729.89
Gain/loss from non-monetary assets exchange				
Gains and losses from entrusting others with investment or asset management				
Provision for impairment of various assets due to force majeure, such as				

natural disaster				
Gains and losses related to debt restructuring				
Business restructuring expenses, such as staff resettlement expenses, integration costs, etc.				
Gain/loss from the part over fair value generated by a transaction with apparently unfair transaction price				
Current net profit/loss of a subsidiary established by business combination under common control from the beginning of the period to the date of combination				
Gain/loss from contingency irrelevant with the normal operations of the Company				
Profits or losses arising from changes in fair value of the financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment incomes from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and other debt investment, excluding the effective hedging businesses related to the normal operation businesses of the Company	53,243,408.46	Listed by pre-tax amount	8,342,577.60	6,427,906.84
Return from receivables and contractual assets impairment provisions tested with impairment solely	20,900.00	Listed by pre-tax amount		
Profits and losses from external entrusted loans				
Profits and losses from changes in fair value of investing real estate of which the subsequent measurement is carried out by adopting the fair value method				
Impact of one-time adjustments to current profit and loss in accordance with tax, accounting, and other laws				

and regulations on current profit and loss				
Income from entrusted custody operation				
Other non-operating income and expenditure except for the aforementioned items	-1,724,369.37	Listed by pre-tax amount	884,378.88	-1,120,000.00
Other gain/loss items conforming to the definition of non-recurring profit or loss				
Less: Affected amount of income tax	14,088,906.01		4,633,334.50	3,230,364.17
Amount of affected minority shareholders' equity (after tax)				
Total	72,041,423.29		22,678,185.77	19,653,806.29

It is necessary to make an explanation for non-recurring profits or losses determined based on definitions in *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profit or Loss* and the reason why non-recurring profit or loss listed in *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profit or Loss* are determined as recurring profits or losses.

☐ Applicable ☒ Not applicable

X. Items Measured at Fair Value

☒ Applicable ☐ Not applicable

Unit: CNY

Name of item	Beginning balance	Ending balance	Change in current period	Affected amount to current profit
Trading financial assets	996,789,577.20	1,248,763,114.45	251,973,537.24	53,243,408.46
Receivables-based financing	1,281,800.00	200,000.00	-1,081,800.00	-
Investment in other equity instruments	-	20,000,000.00	20,000,000.00	-
Total	998,071,377.20	1,268,963,114.45	270,891,737.24	53,243,408.46

XI. Description of Performance Indicators for Accounting Standards for Non-Business Enterprises

☐ Applicable ☒ Not applicable

XII. Description of Information Suspension and Exemption Due to Reasons Such As National Secrets and Trade Secrets

☐ Applicable ☒ Not applicable

Section III Discussions & Analysis by the Management

I. Discussion and Analysis of Operations

In 2022, the deviation from the normal growth trajectory of international and domestic macroeconomic operations and the contraction of downstream demand posed multiple challenges to the development of the industry beyond expectations. In the face of a complex domestic and international environment full of uncertainties, the Chinese economy still demonstrated strong resilience and vitality, which is the initial manifestation of the effectiveness of the transition to high-quality development. The scale of domestic industrial enterprises and social retail continues to expand, while the new energy industry is developing rapidly, injecting vitality into the development of the intelligent logistics equipment industry. In addition, technological innovation continues to advance, the Internet of Things, artificial intelligence and other technologies have been more widely recognized and applied, promoting the evolution of intelligent logistics equipment from automation to intelligence. As the demand for enterprises in various downstream industries to enhance production and system efficiency and reduce storage and logistics costs becomes more and more prominent, the importance and investment in automated and intelligent logistics equipment systems is also steadily increasing, contributing to the continued construction of intelligent sorting systems, intelligent storage systems, etc.

In 2022, as a leading provider of comprehensive solutions for intelligent logistics systems in China, the Company initially established a strategic pattern of "One Focus with Two Wings", with intelligent logistics equipment as the main body, industrial sensors mainly based on intelligent vision, and power technology including servo, drive, motorized roller, etc. as the two wings. In the pattern of "One Focus with Two Wings", the Company continuously enriched the series combination of products at the product level, deepened the vertical integration layout of the industrial chain, and strengthened the R&D of key components and systems. In terms of customers, while expanding to top domestic industry customers, the Company's overseas sales centers and customers covered multiple countries and regions around the world, such as Asia, the Americas, Europe, and Africa. Actively adapting to the complex and ever-changing market environment, the Company achieved revenue growth in the past year. During the reporting period, the Company achieved total operating revenue of CNY 2,314,895,900, a YoY increase of 4.76%; realized operating profit of CNY -151,756,800, a YoY decrease of 149.27%. The total profit achieved was CNY -154,101,300, a YoY decrease of 149.94%. The net profit attributable to the owners of the parent company was CNY -118,719,700, a YoY decrease of -145.80%. The net profit attributable to the owner of the parent company after deducting non-recurring profit or loss was CNY -190,761,100, a YoY decrease of 180.65%.

The Company continued to focus on the strategic core efforts of "One Focus with Two Wings". In terms of intelligent logistics equipment systems, the Company is committed to continuously improving product performance in traditional advantageous fields and enriching product matrices. While further improving and optimizing sorting system efficiency, space utilization, and other indicators, it has further expanded the space for cost reduction by optimizing product layout and enriching industrial chain partner resources. Moreover, it further optimizes and enriches the intelligent warehousing system solutions, which can meet the warehousing integration needs of more customers in different industries. In addition, the Company has continued to break through key technologies of key components through self-research technology and localized substitution through self-research technology to reduce the cost of comprehensive solutions for customers while ensuring the stability of the supply chain. Taking cameras as an example, the Company has independently developed an adaptive focus high-speed code reading system based on 8K line array image sensors, a 3D volume measurement system based on diffractive optical elements (DOE) and a system for automatic identification of stacked parcels based on deep learning. Taking motorized rollers as an example, the Company has effectively solved technical challenges such as high power density and high efficiency motors, integrated transmission and sealed heat dissipation. The product line of motorized rollers has achieved a series layout, and the products can be applied to the logistics express industry and intelligent warehousing industry.

In terms of customers, the Company continued to consolidate its dominant position in the express sorting and e-commerce sectors and continued to expand the breadth and depth of its business, while making progress in fast-growing industries such as new energy, expanding its headline customers in the industry and making progress in areas such as machine vision.

In terms of external investment, as of the disclosure date of this Report, the Company has successfully completed its investment in Jiangxi Reemooon and YG Magnet, further expanding its advantages in the intelligent sorting field to the agricultural field, and completing the layout of the permanent magnet material industry upstream of the motor industry. Both Jiangxi Reemooon and YG Magnet are national high-tech enterprises and national specialized and sophisticated small giant enterprises, with rich technical accumulation and industry-leading product capability in their fields.

In the future, we will increase our investment in technology, R&D and talents by further exploring the broad market demand in the express, e-commerce, civil aviation, food, pharmaceutical, household and manufacturing industries, focusing on the frontiers of development of technologies such as conveying and sorting, intelligent warehousing, heavy-duty robots and intelligent sensing and motion control, and devoting ourselves to building the Company into a world-leading intelligent logistics equipment and intelligent manufacturing enterprise.

II. Description of the Main Business, Business Model, Industry Situation and R&D Engaged in by the Company during the Reporting Period

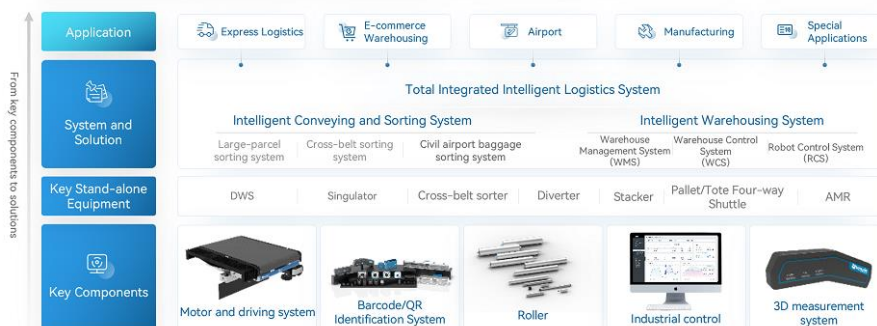
(I) Main business, main products or services

Wayzim offers customers integrated solutions of intelligent logistics systems of conveying, sorting, and warehousing and has realized the layout of the intelligent logistics equipment system industry chain via independent R&D and partial production of cameras, sorting carriers, dynamic weighing equipment, motorized rollers, and other key components. Moreover, Wayzim is one of the few companies in China that has the ability to integrate the development, design and production of intelligent logistics equipment systems and their key components.

PRODUCTS SYSTEM



Wayzim has independently developed key technologies such as image barcode identification, visual position detection, and sorting control systems. It is one of the few technical innovation enterprises in the same industry in China which can provide a full range of intelligent logistics conveying and sorting systems in the industrial chain from key software and hardware to system integration.



Wayzim's Product Matrix

Adhering to the spirit of "technological innovation and craftsmanship", Wayzim leads the industry in technological innovation and provides customers with comprehensive solutions for intelligent logistics systems for conveying, sorting, and warehousing. The Company's cross-belt sorter, pivot wheel sorter, narrow-belt sorter, and other stand-alone equipment for sorting have achieved comprehensive sorting from small and large parcels to heavy-duty parcels. Supporting stand-alone equipment such as stacked-parcel singulator, single-parcel singulator, and centering machines have achieved full automation of the sorting process. Moreover, stackers, shuttles, heavy-duty robots, and other stand-alone equipment for warehousing can achieve full automation of the integrated warehouse configuration process.

- 1) Cross-belt sorter system for small parcels of express delivery. By using the Company's independently developed visual recognition device, it can achieve a high-speed reading of barcode/QR code information and has a good response-ability to problems such as barcode fouling, wrinkling, deformation, tilting, and blurring.
- 2) Large parcel sorting system for express and express delivery of large parcels. Taking the pivot wheel type large parcel sorting system as an example, it consists of key components such as dynamic weighing equipment, a 3D size measuring instrument, high precision barcode recognition system, and a sorting pivot wheel, with the ability to support high-speed transmission for medium to large parcels.
- 3) Total integrated sorting system includes a comprehensive conveying and sorting system composed of multiple product combinations such as a cross-belt sorter system, large parcel sorting system, dynamic weighing equipment, conveying equipment, single-parcel singulator, etc., providing customers with a total integrated sorting system that integrates conveying, unstacking, sequencing, distancing, parcel infeed, data acquisition, sorting, and parcel collection.
- 4) The intelligent warehouse system is aimed at industries such as e-commerce, food, medicine, home furnishing, and manufacturing. Its products include key stand-alone equipment hardware for warehousing, such as stackers, shuttles, and heavy-duty robots. Combined with software systems such as WCS and WMS, it can achieve full automation of the warehousing and distribution process for customers.
- 5) The baggage sorting system for civil aviation airports provides solutions for international, regional, and regional hub airports, with main products including ICS baggage handling systems, round cross-belt sorters, narrow-belt sorter systems, etc.
- 6) Stand-alone equipment and key components: The Company provides stand-alone equipment and key components for intelligent logistics equipment. Stand-alone equipment includes a sorting carrier, dynamic weighing, stacked-parcel singulator, single-parcel singulator, centering machine, pivot wheel, etc. The key components include industrial sensors based on intelligent vision and power technology including servo, drive, motorized roller, etc., which are mainly the industrial sensors and power technology components of the "Two Wings" in the "One Focus with Two Wings" strategy. Among them, the layout of industrial sensors is mainly in the field of machine vision. As one of the most closely integrated artificial intelligence technologies with express logistics, machine vision provides logistics equipment with powerful recognition and analysis capabilities through intelligent analysis of images. It has now penetrated into various scenarios in the logistics industry and become an important supporting force for intelligent logistics. With the increasing application of machine vision in the field of logistics at the level of automation, deep learning algorithms have now replaced traditional algorithms in many application scenarios. The Company has developed a series of algorithms for logistics industry applications, and based on this, has independently developed an adaptive focus high-speed code reading system based on 8K line array image sensors, a 3D volume measurement system based on diffractive optical elements (DOE) and a system for automatic identification of stacked parcels based on deep learning. The layout of power technology includes servo, motor, motorized roller, etc. Taking motorized rollers as an example, the Company has effectively solved technical challenges such as high power density and high-efficiency motors, integrated transmission and sealed heat dissipation. The product line of motorized rollers has achieved a series layout, and the products can be applied to the logistics express industry and intelligent warehousing industry.

(II) Major business modes

During the reporting period, there were no significant changes in the Company's business mode. The Company has an independent R&D, procurement, production, and sales system, with the main business modes as follows:

1. Sales mode

The Company is mainly engaged in the R&D, design, manufacturing, and sales services of intelligent logistics sorting systems, and takes customized sales modes according to the needs of different customers.

(1) Sales channel mode

During the reporting period, the Company adopted the sales mode of direct sales as the main business and distribution as the supplement according to the characteristics of downstream customers.

Under the direct sales mode, the Company's sales team directly participated in the centralized procurement of domestic logistics group-type enterprises, such as ZTO Express, SF Express, and J&T Express, as well as other integrated suppliers of intelligent logistics equipment, and responds quickly and precisely to various demands made by them. Meanwhile, the Company arranged experienced marketing teams to participate in various industry exhibitions at home and abroad to expand overseas markets.

The distribution mode, as a supplement to the direct sales mode, mainly targets the network franchisees of express logistics group enterprises scattered in various regions, helping the Company expand the coverage of its sales network.

(2) Sales process

The Company mainly wins intelligent logistics sorting system projects through negotiation, bidding, and other methods.

For projects obtained through negotiation, the customer sends product requirements to the Company, and the Company will then initiate and design the project. After the design is completed, the Company calculates and determines the project quotation and then provides feedback to the customer, and the price of the product is determined and a contract is signed after negotiations between the two parties.

For projects won by bidding, after receiving the project information, the Company sets up a project team including sales, planning and design, software, mechanical and electronic control, and other professional and technical personnel to discuss the program from the technical, commercial, and financial perspectives and form a tender or quotation. Finally, the customer will determine the winning supplier.

(3) After-sales and return policy

In the sales contract between the Company and the customer, both parties mainly make agreements on the return and exchange of goods in the event of product quality issues, with the following main contents:

Main processing methods	Typical contract terms
Timely replacement Compensation in serious cases	During the warranty period, Party B is responsible for solving all quality issues of the equipment for free, including the replacement of parts, and mechanical and electrical failures. If there are quality issues during the warranty period, Party B shall repair or replace them for free. If they cannot be used after replacement, Party A is entitled to request a return and require Party B to undertake corresponding compensation responsibilities.

According to the contract, in the event of quality issues with the product, the Company mainly adopts the treatment of timely repair. During the reporting period, the Company did not experience large-scale product returns or exchanges and maintained good customer cooperation relationships. Moreover, there was no case of termination of cooperation due to product quality issues.

2. Production mode

The Company's products are customized products and adopt the production mode of "production based on sales", which is designed, manufactured and installed according to customers' needs. Usually, after receiving the customer's order, the Company will design according to the customer's requirements and obtain the required parts through external procurement or independent production, and finally complete the installation and commissioning at the project site. The production process of the Company mainly includes the steps of software and hardware collaborative design, parts production, and on-site installation, as follows:

(1) Software and hardware collaborative design

The Company will design product parameters based on customer needs and initiate product project approval after defining the product direction to determine the required software and hardware requirements for the product. The Software R&D Department of the Company is responsible for the design and development of PLC, WCS, and core algorithms, mainly based on the existing software system to revise and change parameters. In terms of hardware, R&D departments such as E&M System R&D Center and Electrical R&D Department are responsible for the structural design of key components and management of the manufacturing process.

According to the parameters of different products, the Company enters the designed software into the hardware and conducts small-scale batch trial production. The trial products will adjust the corresponding hardware and software design according to the test effect. The Company carries out mass production after the trial products are evaluated.

(2) Component production

The raw materials required for the Company's products are mainly divided into mechanical, electrical, sheet metal, etc. The key raw materials mainly include sorting carriers, motorized rollers, cameras, parcel feeders, pivot wheel sorters, module sorters, dynamic scales, single-parcel singulator, centering machines, etc. Among them, the key raw materials such as sorting carriers, parcel feeders, motorized rollers, cameras, pivot wheel sorters, single-parcel singulator, centering machines, and customized parts such as feeding ports are independently developed and designed by the Company.

(3) On-site installation

The Project Manager conducts on-site positioning and drawing work based on the project drawings to determine the installation position of the equipment. After the equipment installation location is determined, the Company transports self-produced and purchased components to the project site for mechanical installation work. Upon the mechanical installation is completed, electrical engineers and software technical support engineers will carry out electrical commissioning, software entry, and commissioning of the equipment. On-site trial operation and project self-inspection are carried out after commissioning, and joint commissioning of equipment is carried out at the same time. The customer will be coordinated to carry out the initial inspection of the project after the joint commissioning of the equipment, and after the initial inspection is completed, a certain period of operational testing will be carried out, and the customer will carry out the final inspection after the testing is passed. On-site installation is completed by the installation team at the customer's designated site.

3. Procurement mode

The Company's products are customized products and adopt the procurement mode of "procurement based on production". The raw materials procured mainly include sorting carriers, parcel feeders, motorized rollers, servo motors, steel platforms, and belt conveyors.

Based on past sales and future orders, the Company determines the scope and price of procurement and signs procurement framework agreements with major suppliers at the beginning of the year. If the raw materials provided by a supplier are used for the first time, the Company will consider the plan as immature, and the Company will require the supplier to produce samples for testing. After passing the testing, the raw materials will be tested in small

batches to determine whether they are qualified. After obtaining an order, the Company will determine the supplier through inquiry and price comparison based on the procurement content, and then sign a purchase order or contract with the supplier. Since the servo motors, isolated conductor rails, communication components, etc. purchased by the Company are standard components, the suppliers will stock them in small quantities to meet the company's production requirements. For customized components, the Company will determine the specifications and price of raw materials to the supplier according to the customer's requirements and the drawings provided by the R&D Department. The supplier transports raw materials to the designated location within the specified delivery time, and the Company's staff conducts on-site inspections. After passing the inspection, payment will be made within the agreed time in the contract.

4. R&D mode

To continuously develop new-generation technologies and products, and consolidate and enhance the Company's technological advantages, the Company has established a wholly-owned subsidiary, Wayzim R&D, to coordinate various R&D departments and allocate R&D tasks reasonably. Its subordinate R&D departments include the Intelligent Systems Laboratory, Robot Technology R&D Center, Software R&D Center, and E&M System R&D Center.

After determining the R&D direction based on its own development strategy and customer needs, the Company holds a review meeting upon the project's approval. During the review meeting, it will determine whether to cooperate with external institutions for development according to the R&D situation. All of the company's projects involving R&D are subject to phase evaluation, which is followed by review and acceptance before the production of samples eventually begins.

(III) Industry situation

1. Development stage, basic characteristics, and main technical thresholds of the industry

The main business of the Company is the R&D, design, manufacturing, and sales service of intelligent logistics sorting systems, which is in the field of intelligent logistics equipment. According to the *Industrial Classification for National Economic Activities* (GB/T4754-2017), and the *Industry Classification Guidelines for Listed Companies (Revised in 2012)* issued by the China Securities Regulatory Commission, the industry to which the Company belongs is "C34 General Equipment Manufacturing". According to the Order No. 23 of the National Bureau of Statistics of China on *Strategic Emerging Industry Classification (2018)* released on November 7, 2018, the industry in which the Company is located belongs to the "high-end equipment manufacturing industry".

1) Intelligence is the key to driving the high-quality development of logistics and manufacturing industries, and intelligent logistics equipment is an important part of it

The impact of artificial intelligence, the Internet of Things, and other technologies on intelligent logistics equipment is far-reaching, not only improving the efficiency and quality of logistics, reducing logistics costs and risks, but also providing strong support for the innovative development of the logistics industry. In 2022, six departments including the Ministry of Science and Technology issued the *Guiding Opinions on Accelerating Scenario Innovation and Promoting High-quality Economic Development with High-level Application of Artificial Intelligence*, which clearly proposed to deeply explore the application of artificial intelligence technology in key industries such as manufacturing and logistics, and create major intelligent scenes including machine vision industrial inspection, robot sorting, material handling, intelligent three-dimensional warehousing, etc.

In the field of logistics, intelligent logistics equipment is a core component of the modern logistics industry, the foundation for organizing and implementing logistics activities, and an important condition for promoting the rapid development and efficiency upgrading of the modern logistics industry. As a prerequisite for the implementation of smart supply chains, intelligent logistics equipment is mainly applied in industrial production and commercial

distribution links. The implementation of intelligent logistics equipment can improve the efficiency of goods production and circulation, enhance refined inventory management, effectively reduce labor costs, and achieve flexible and personalized production. Specifically, the ratio of total social logistics costs to GDP is an important indicator for measuring a country's logistics efficiency and development stage. Usually, the lower the proportion of total logistics costs in society, the more mature the logistics industry in the country is. In 2022, there was greater uncertainty and volatility in the development of China's warehouse logistics, and the ratio of total social logistics costs to GDP increased. Specifically, the total cost of social logistics in 2022 was CNY 17.8 trillion, an increase of 4.4% YoY. The ratio of total social logistics costs to GDP was 14.7%, 0.1 percentage points higher than the previous year. There was much room for improvement in supply chain efficiency.

In the field of manufacturing, China's industry has a huge volume and is at a critical stage of transition to high quality, with increasing resilience in industrial development. In 2022, the added value of the manufacturing industry accounted for 27.7% of GDP, an increase of 0.2 percentage points compared to the previous year. As the main direction of building manufacturing power, the degree of development of intelligent manufacturing is directly related to the quality level of China's manufacturing industry. The development of intelligent manufacturing plays an important role in consolidating the foundation of the real economy, building a modern industrial system, and achieving new industrialization. Moreover, intelligent logistics equipment is an important force in helping to build a smart supply chain, which helps to improve the stability and flexibility of the supply chain of manufacturing industry chain.

2) The intelligent logistics equipment market will continue to develop rapidly in the future, with continuously expanding application fields

In the context of intelligence, China's intelligent logistics equipment market continues to maintain healthy and rapid growth. According to a report from CIC, the size of China's intelligent logistics equipment market reached CNY 82.99 billion in 2022, with a relatively slow growth rate of 16.1% YoY, mainly influenced by factors such as the macro environment and downstream demand in 2022, the circulation of express delivery has been restricted to some extent. Moreover, some manufacturing enterprises also faced the impact of market uncertainty, leading to the postponement of some large-scale fixed asset investments or construction plans. At the same time, lithium, photovoltaic, and other new energy industries are experiencing rapid growth in demand, playing a supportive role in the development of the overall market. In 2022, from the demand side of the market, the downstream segments of new energy, express delivery, FMCG, and medicine were the largest application scenarios, of which the new energy sector was the fastest growing.

Intelligent logistics and intelligent manufacturing have become the main directions of China's acceleration of high-quality development. The logistics equipment industry is also entering the era of intelligence from the era of automation. With artificial intelligence, big data, the Internet of Things, and other technologies, enterprises are being helped to achieve automation based on further digitalization, and network connectivity, empowering enterprises to improve quality, efficiency and effectiveness, reduce resource and energy consumption, and smooth the supply chain. In this context, China's intelligent logistics equipment market is expected to continue to maintain rapid growth. According to a report by CIC, the market size is expected to reach CNY 192.02 billion in 2027, with a compound annual growth rate of up to 18.3% in the next five years. The development of express delivery and e-commerce in the future is expected to continue to be the largest demand hotspot in the intelligent logistics equipment industry. At the same time, the automation and intelligence trends in areas such as lithium batteries, photovoltaics, new energy vehicles, and high-end manufacturing will provide new momentum for the sustained growth of the intelligent logistics equipment industry. Moreover, driven by policies and the development of various industries towards intelligence and informatization, the market demand for intelligent logistics equipment is expected to be rapidly released.

3) High-end intelligent logistics equipment has a high technical threshold, requires core software and hardware capabilities and requires high manufacturing and delivery capabilities from suppliers

In view of the intelligent logistics equipment system requires a large amount of R&D investment, integrates numerous functional modules including storage, transmission, sorting, sensors, etc., and requires the integration of software systems such as WCS and WMS on the basis of hardware equipment systems, high requirements are put forward for the software and hardware strength of suppliers. At present, only a few head enterprises have the integrated capability of independent R&D, production, and system integration of key systems such as sensors, drive systems, and key components. The localization opportunities for high-end equipment such as high-precision and high-speed industrial cameras, high-speed barcode recognition equipment, and LiDAR are expected to gradually be released.

In the era of intelligent logistics and intelligent manufacturing, the strong demand of downstream customers for intelligent and flexible warehousing and logistics solutions has led to higher requirements for suppliers' technical R&D capabilities and product capabilities. At the same time, suppliers are required to have a deep understanding and case accumulation of the specific and complex application scenarios of downstream customers' field operations and goods flow. In addition, higher demands are placed on the manufacturing capabilities of intelligent logistics equipment suppliers, requiring them to be able to transform industry-leading innovative technologies and R&D results from the laboratory into products that meet design conditions and achieve mass production more quickly and effectively, so as to give full play to the economic benefits of R&D results.

2. Analysis of the industry position of the Company and its changes

Wayzim is a leading integrated solution provider in the field of intelligent logistics sorting systems in China. According to a report by CIC, in 2022, the Company is in the first echelon of the solution provider sector in the express intelligent logistics equipment market in China and is the largest express intelligent logistics equipment integrator in China.

According to MMH's ranking of the top 20 global logistics equipment industry integrators in 2021, DAIFUKU, ranked first, had the revenue of USD 4.39 billion in 2021, a YoY decrease of 3.3%. The 18th-ranked Electric 80 had the annual revenue of USD 372 million, while the 19th-ranked AutoStore AS had the annual revenue of USD 328 million. The revenue of Wayzim in 2021 was estimated to be approximately USD 347 million (calculated based on the central parity rate of the CNY exchange rate in the interbank foreign exchange market announced by the China Foreign Exchange Trading Center authorized by the People's Bank of China, as of December 31, 2021, USD 1 to CNY 6.3757), which had reached the level of MMH's top 20 logistics equipment industry integrators in 2021. (MMH 2022 ranking data is not yet available)

3. The development status and future trends of new technologies, industries, formats, and models during the reporting period

Intelligent development is a key trend in the development of modern logistics and manufacturing industries: Currently, industrial intelligence has become a consensus for the development of manufacturing industries in various countries and a key lever for achieving strategies. With the rapid development of the industrial internet, AI, cloud computing, and other innovative technologies, intelligent logistics equipment is further developed into an era of intelligence on the basis of automation, which will enable downstream applications to achieve real-time monitoring, intelligent scheduling and unmanned operations with the help of sensors, IoT, data analysis and other technologies, thus further enhancing supply chain management efficiency and reducing manpower costs. Therefore, the trend of intelligence is expected to continue to provide momentum for the healthy and rapid development of the intelligent logistics equipment industry.

The penetration rate of intelligent logistics equipment has further increased: There is a strong demand for warehousing and logistics in industries such as the courier, express, e-commerce, pharmaceuticals, and automobiles, but at the same time, they continue to face challenges such as high logistics costs, low management efficiency, and insufficient flexibility. Intelligent logistics equipment can help enterprises cope with challenges while meeting their warehousing and logistics needs. According to a report by CIC, traditional human sorting efficiency is around 100-300 parcels per person per hour, and there are problems such as high error rates, low efficiency ceilings, and high average single parcel sorting costs. However, the efficiency of single-layer intelligent sorting can reach over 10,000 parcels per hour, while multi-layer intelligent sorting systems can even reach over 30,000 parcels per hour, significantly breaking the limits of human sorting and helping companies achieve high-quality development. In terms of storage, traditional stacking and rack modes have limited stacking height, making it difficult to efficiently use vertical storage space. With high-density storage systems such as automated warehouses, the storage space can be expanded by more than three times. In the future, as enterprises attach greater importance to efficiency, the cost and efficiency advantages of intelligent logistics equipment will further emerge, and the penetration rate is expected to rise rapidly.

The application development in new energy and other fields is rapid: Globally, countries are actively addressing the challenges of climate change and reducing carbon emissions, promoting the development of new energy-related industries worldwide. As a manufacturing powerhouse, China has achieved rapid development in the field of new energy, which has given rise to a large demand for intelligent logistics equipment. In the field of lithium batteries, GGII data shows that China shipped 655GWh of lithium batteries in 2022, up 100% YoY, of which 480GWh were shipped in the power battery market; 130GWh were shipped in the energy storage battery. According to the information of enterprises in the industry specification announcement and the industry association's estimation, the annual production of all segments of the PV industry chain in 2022 hit a new record high, and the nationwide production of polysilicon, silicon wafers, batteries, and modules reached 827,000 tons, 357GW, 318GW and 288.7GW respectively, with YoY growth of more than 55%. In addition, according to data from the China Passenger Car Association, the penetration rate of new energy passenger vehicles in China reached 27.6% in 2022, an increase of 12.6 percentage points from 2021. Driven by the continued hot market demand downstream, enterprises in the industry chain have expanded their production capacity, which has driven the demand for intelligent logistics equipment systems. According to a report by CIC, by 2027, the market size of intelligent logistics equipment in the new energy industry is expected to reach CNY 51.49 billion.

Technological applications are constantly evolving and innovating: The continuous innovation and development of technology have brought revolutionary changes to the logistics industry. The application and popularization of technologies such as artificial intelligence and the Internet of Things have greatly changed the existing modes of warehousing, transportation, distribution, and other operations. Software platforms such as warehouse management systems, transportation management systems, and order management systems related to intelligent warehousing based on machine vision, big data, and deep learning have opened up a more efficient path for information identification, storage, management, and application in the logistics industry. The application of technology has also become increasingly common. As the underlying technology continues to mature, head suppliers can productize their R&D achievements and empower the application of many scenarios. Taking machine vision as an example, GGII expects the market size to exceed CNY 120 billion by 2025, with a CAGR of about 12% from 2022 to 2025.

Domestic substitution of suppliers of intelligent logistics equipment is accelerated: In recent years, the domestic head manufacturers have accelerated the transformation of research results into products that can be oriented to different application scenarios in many fields including express, e-commerce, FMCG, new energy, etc., gradually realizing the substitution of localization of sensors, power systems, core components, and steadily reducing procurement costs and comprehensive delivery costs through the construction of industry chain clusters and

production bases. In the future, the comprehensive competitiveness of domestic head suppliers is expected to be further enhanced, and their advantages in terms of solution performance, comprehensive project cost, service capability, and R&D capability will be further highlighted. The process of domestic substitution is expected to accelerate.

(IV) Key technologies and R&D progress

1. Key technologies and their advancement and changes during the reporting period

There is no significant change in the Company's key technologies during the reporting period.

Since its establishment, the Company has adhered to the spirit of "technological innovation, craftsmanship, and quality", adhered to the business philosophy of R&D as the core and market demand-oriented, and conducted in-depth research on multiple key technologies with good development prospects in intelligent logistics and intelligent manufacturing, and achieved breakthrough progress. Emphasizing the transformation of technological achievements, in response to industry characteristics and future downstream application market development trends, the Company has applied advanced design concepts to improve the performance and operational efficiency of intelligent equipment while effectively reducing production costs, consolidating and enhancing technological advantages to ensure the sustainable development of its main business.

(1) Introduction to key technologies

Name of key technology	Features and advancements	Source of technology
High-performance general edge computing technology for industrial IoT	Based on DSP/FPGA/ARM/GPU and heterogeneous processor chips, this technology can establish an open and universal software and hardware platform integrating various functions such as front-end data acquisition (mainly image data), ISP, real-time computing, high-speed storage and Ethernet communication. The computing platform has been successfully applied to various types of high-speed image processing systems for intelligent logistics, effectively reducing the result output time delay and enhancing the real-time performance of the system; significantly reducing the long-distance transmission of raw data and reducing the reliance on network bandwidth.	Independently developed
Key equipment stand-alone equipment technology to support the comprehensive integration of intelligent logistics	<p>The Company has independently developed multiple varieties and models of key stand-alone equipment for supporting the comprehensive integration of intelligent logistics, including single-layer and multi-layer circular cross-belt sorters, linear cross-belt sorters, sequencing equipment, pivot wheel sorters, module sorters, stackers, belt conveyors, sergers, dynamic weighing equipment, etc. They can be flexibly configured and selected according to the needs of the site, effectively improving the efficiency of comprehensive integration and reducing project costs.</p> <p>High-speed pivot wheel sorting technology, based on self-developed drive units and embedded control systems, enables sorting of all categories and sizes of items, with particular advantages for difficult and miscellaneous items such as soft parcels and woven bags for parcel collection. Furthermore, its modular design and assembly allow it to be used in a wide range of applications, with sorting efficiencies of up to 10,000 parcels per</p>	Independently developed

Name of key technology	Features and advancements	Source of technology
	<p>hour.</p> <p>Integrating visual image stitching and deep learning algorithms, high-precision contour recognition algorithms, efficient parcel separation algorithms, multi-servo independent motion control technology, sensor-based distance compensation algorithm, adaptive energy-saving mode switching technology, and parcel centering technology with multiple transmission modes, the automatic separation and sequencing system achieves automatic separation, distancing, and intelligent queuing of mixed stacked parcels, allowing disorderly parcels to be output in a single column according to the specified spacing, with a separation efficiency of up to 10,000 parcels/hour.</p> <p>Integrated with high-efficiency dynamic dual scales, advanced intelligent code-reading cameras, and volume-measuring instruments, the high-speed and high-precision weighing and code-reading and dimensional measurement system applies a self-developed multi-scale high-precision dynamic sampling algorithm, adaptive dynamic filtering algorithm, and real-time detection technology of parcel position through real-time triggering and dynamic displacement meter, achieving the acquisition of weight, barcode, and volume data of parcels during high-speed operation.</p> <p>The high-speed cross-belt sorter has undergone a high-speed upgrade on the basis of integrating all the key technologies of the cross-belt sorter and has created a unique separation and flipping mechanism for the vehicle body and crane frame, as well as a special bending mechanical structure. Moreover, it integrates a self-developed non-contact permanent magnet linear motor, non-contact power supply, energy-saving driver, high-speed motorized roller, high-speed barcode scanning camera, high-speed parcel feeder, and electrically driven tidal sorting outlet, with a running speed of up to 3.5m/s, greatly improving sorting efficiency.</p> <p>The narrow-belt sorter integrates a self-developed permanent magnet linear motor, motorized roller, and infrared communication technology, which is characterized by a compact structure, fast speed, strong load-bearing capacity, energy conservation, and greatly reduces wiring harness and maintenance costs, improving stability.</p>	
High-precision barcode/QR code recognition algorithm technology based on high-resolution images	<p>The barcode/QR code recognition algorithm adopts fully self-developed technology, with built-in unique technologies such as "horizontal and vertical bidirectional barcode splicing", "super-resolution reconstruction", and "pixel lossless rotation", which can achieve a high-speed reading of barcode/QR code information. At the same time, it has good adaptability to problems such as barcode fouling, wrinkling deformation, tilting, and blurring, and the recognition accuracy can reach over 99%.</p>	Independently developed
Visual localization	<p>This technology is a lightweight deep-learning parcel location, classification, and instance segmentation technology. By combining</p>	Independently developed

Name of key technology	Features and advancements	Source of technology
and object detection technology based on deep learning	built-in technologies such as "multi-camera image stitching technology", "stacked object detection technology", "target tracking and matching technology", "point cloud plane fitting clustering and outlier filtering algorithm", and "spatial pose calculation", it can achieve accurate and fast positioning and separation of parcels, detection of parcel stacking status, and classification of various types of parcels in logistics scenarios, with an overall accuracy rate of over 99%;	
Image sensing and processing technology for intelligent logistics and intelligent manufacturing	The image sensing and processing system includes the area array 2 million/5 million/12 million/2 million pixels omnidirectional barcode recognition system with a large depth of field, bar code recognition system based on adaptive focusing high-resolution 8K linear array image sensor, volume measurement system based on image and diffraction optical system fusion, volume measurement system based on laser triangulation, image recognition system for parcel position detection, parcel classification recognition system based on AI algorithm, automatic parcel infeed system based on deep learning image processing and robotic arm combination, and static volume measurement system based on deep learning. Among them, the recognition rate and stability of the bar code recognition system based on adaptive focusing high-resolution 8K linear array image sensors have reached the industry's advanced level. For logistics items in motion, the system has achieved accurate image information collection with a maximum line scanning frequency of 35KHz at a motion speed of ≥ 4.5 meters/second. The single recognition time of a million-pixel perception image is ≤ 150 ms and the automatic omnidirectional recognition accuracy of logistics item barcodes/QR codes is greater than 99%.	Independently developed
3D volume measurement technology for dynamic and static objects	The technology includes high-precision object dynamic volume measurement and positioning algorithm technology based on speckle structure coding and line structured light, and RGBD static volume measurement algorithm technology based on active binocular vision. The dynamic volume measurement algorithm adopts a three-dimensional geometric monocular vision triangulation algorithm with built-in self-developed technologies such as "highly robust dictionary design", "inter-frame coding matching", "laser line fast tracking and extraction", "iterative filtering fitting", and "multi angle correction". It can complete the size measurement, volume calculation, and positioning of parcels, and perform integral volume fitting on objects such as irregular parcels, soft parcels, woven parcels, etc., achieving high-precision real-time measurement and positioning of ± 5 mm. The static volume measurement technology incorporates deep learning segmentation and 3D point cloud segmentation algorithms, with built-in "contour smoothing algorithm" and "flying point denoising algorithm", and is able to cope with envelopes, black parcels, etc.	Independently developed
Technology for measuring logistics	Based on a reflective optoelectronic light curtain system, this technology integrates photosensitive chips, conditioning circuits, and low-power processors into an integrated system for measuring	Independently developed

Name of key technology	Features and advancements	Source of technology
parcels	the position, shape, size, and other information of logistics parcels.	
Integrated drive and control technology for servo-type motors	<p>The integrated drive and control system integrates the traditional control and drive components into one. The drive is controlled by a high-speed DSP + ARM dual-core. The ARM core is responsible for handling the interaction with the upper system, decoding and logic control of command information, processing peripheral signals and other coordination work, and interacting with the DSP core in real-time. The DSP core is responsible for the digital vector control algorithm of the permanent magnet servo motor, the sampling of the high-speed AD, the motor encoder resolution, the PWM output, etc. The driving section adopts isolated driving, and the module adopts a high-efficiency integrated IGBT, with low heat generation. The power supply section uses a flyback type on board multiple isolation power supply with a wide input voltage range. The overall structure of the system is compact, with strong anti-interference ability. The system adopts multiple protections to adapt to complex environments such as high voltage fluctuations and lightning strikes.</p> <p>The integration and control technology of the motorized roller integrates the motor and reducer into the drum, making it compact and integrated and easy to install. The motorized roller is controlled by a servo frequency converter and features a fast start/stop speed, a large load capacity, and a strong overload capability.</p>	Independently developed
Electrical control system technology based on a modular, distributed architecture	The Company's existing sorting products all contain complex control systems, which are designed in a distributed and modular way to ensure continuous technological advancement. The main control system architecture is "PLC + embedded system + industrial computer", achieving efficient division of labor and cooperation in security mechanisms, control instruction execution and communication protocol conversion, computational decision-making, and system monitoring. The control subsystems are interconnected by means of Ethernet, CAN, RS485, leakage and other multi-media communication methods, which facilitates the free tailoring and expansion of the system and realizes the flexible configuration of the control system.	Independently developed
Remote fault diagnosis technology	This technology enables log analysis, automatic monitoring, and advance warning. Specific functions include automatic monitoring, analysis, and alerting of the operation of on-site automated sorting equipment delivered by the Company, for example, analyzing whether the message-sending timing of each subsystem of various automated sorting equipment is correct, whether there are skip codes in the code reader, and whether there is an increase in mechanical resistance and other abnormal information. With this technology, it is possible to understand the fault situation of each sorter, and promptly arrange technical personnel to repair and eliminate faults just before the equipment malfunctions, to avoid equipment damage and serious faults.	Independently developed

Name of key technology	Features and advancements	Source of technology
Integrated warehousing and distribution technology	<p>The integrated warehousing and distribution technology is mainly reflected in the development and design of the WCS system, WMS system, and MES system.</p> <p>The WCS system is used to provide functions such as information collection, operational decision-making, and status monitoring, and adopts a C/S architecture to receive real-time information from various subsystems, achieving system state calculation and sorting task decision-making. It monitors the operational status of various systems in real-time and visually displays various faults or potential faults of components or subsystems.</p> <p>The WMS system is used to provide functions such as order management, outbound/inbound management, inventory management, storage space optimization, and robot path optimization, and adopts a B/S architecture. It can improve inventory turnover rate, outbound/inbound efficiency, and system accuracy, and ultimately achieve flexible and efficient warehouse management.</p> <p>The MES system is used to establish a unified production and operation collaborative control platform for express hub transfer centers or warehouse distribution centers. With a B/S architecture, the system enables real-time monitoring and data analysis of on-site production operations, as well as remote operation and control of a centralized equipment control system. Users can view the production operation situation on site in real-time through the central large screen and make timely control responses. The equipment centralized control system is customized for the express hub transfer center or warehouse distribution center, allowing real-time collection of sorting information, sorting rates, recognition rates and abnormal alarms, and visualization of the collected information to facilitate timely handling of abnormalities on site. By comparing historical data, it achieves dynamic analysis and early warning alerts on information such as total sorting volume, sorting rate, recognition rate, abnormal conditions, and item video tracking.</p> <p>The four-way shuttle technology integrates a self-developed advanced intelligent traffic dynamic management and control system, with built-in warehouse maps to achieve functions such as automatic information recording and feedback, autonomous route optimization and update, and real-time feedback of warehouse and equipment status. The industry-leading ultra-thin body design enables higher-density storage. Based on self-developed embedded control systems and visual systems, combined with RFID, servo motors, high-precision sensors, etc., it can achieve precise positioning and stable control of carriers, greatly improving the accuracy and efficiency of goods transportation in the intelligent warehouse. Moreover, Multi-layer human-machine interaction interface design increases the flexibility of control scheduling.</p>	Independently developed
Design methodology	In terms of planning and design methodology, the Company has mastered customer demand-oriented integrated solution planning	Independently

Name of key technology	Features and advancements	Source of technology
and application technology for integrated solution planning of intelligent logistics	<p>and design, planning and design scheme simulation, feasibility demonstration, and optimization design based on 3D simulation and virtual reality technology, as well as the analysis and research on the integration of multiple types of logistics equipment and equipment into BIM (Building Information Modeling).</p> <p>In the technical application of specific projects, through the whole process of information technology supervision means, the technology can realize transparent management of the engineering refinement design, stand-alone equipment R&D, supply chain management, on-site construction management, project acceptance and rectification, equipment use and training processes of logistics integrated projects.</p>	developed
ICS intelligent sorting technology for airports	<p>The ICS system is an airport intelligent baggage handling system, which mainly includes SMCS, SCADA, MIS, CCTV, MES, EBS, TMS, MMIS, etc. SMCS is responsible for determining parcel destinations and movement paths based on parcel flight information, sorting plans, parcel and pallet binding relationships, and equipment status, notifying the underlying equipment to perform sorting actions and forwarding parcels and equipment status to the database and other systems. SCADA is responsible for obtaining parcels and equipment status from the sorting system and displaying them; generating alarm alerts and displaying monitoring videos; and setting common parameters. MIS is responsible for displaying real-time information such as flight information, KPI, system occupancy, sorting plan management, querying and generating statistical reports for parcels and equipment, and managing equipment and pallets. CCTV is responsible for video monitoring of all equipment on site. MES is responsible for operations such as barcode complement, outlet complement, and rejection of abnormal parcels. EBS is the Early Arrival Baggage Storage System, responsible for the management and storage of early arrivals, providing an interface for parcel access and a link to the management pages. TMS is responsible for displaying information about the pallets that need to be maintained and recording the results. MMSI is responsible for integrating into MIS for managing the equipment (and pallets).</p> <p>High-speed conveyor technology allows luggage to run quickly within the system, improving sorting speed and efficiency, with the fastest speed of up to 10m/s, suitable for long-distance inter-corridor parcel transfer. Automation technology integrates RFID and vision systems for automated baggage identification, sorting, picking, loading, and full process tracking.</p> <p>Through a redundant backup system, the ICS system provides redundancy for software servers, power supplies, controllers, and communication, combined with path planning functions, effectively improving the accuracy of sorting.</p>	Independently developed
Intelligent cloud monitoring	CloudMonitor enables monitoring, data analysis, traffic analysis, fault analysis operation status monitoring of on-site equipment in the cloud by collecting the equipment's operation data. This	Independently developed

Name of key technology	Features and advancements	Source of technology
technology	technology achieves centralized management of products deployed domestically and internationally, with visual map guidance configured to visually indicate areas of severe faults and equipment modules. Data analysis can also achieve prediction of future faults and traffic.	
Visual-disordered grasping technology for robotic arms	The visual-disordered grasping technology for robotic arms is a technology based on the 3D vision to guide robots to complete object grasping without a fixed grasping order. It can realize the recognition grasping of static stacked items, and also the dynamic grasping of items moving on the conveyor belt. At present, this technology can be applied to parcel feeding in the sorting line to realize automatic parcel feeding in the cross-belt sorter.	Independently developed
Key technologies for high-efficiency, high-density automated warehouse key equipment	The high-speed stacker, combined with shuttles and dense storage racks, can achieve more efficient material inbound, storage, and outbound operations within limited storage space, greatly improving warehouse space utilization. Based on the positioning technology of bus form, speed loop and position loop double closed-loop S-curve, the high-speed stacker achieves high-precision and high-speed positioning of $\pm 5\text{mm}$ for traveling and lifting, and $\pm 3\text{mm}$ for forks.	Independently developed
Fork application technology for multiple occasions and models	In high-rise automated warehouses, forks serve as load-bearing and handling equipment for overall lightweight optimization and modular design, achieving their own stability, accuracy, and safety. In terms of motion control technology, dual encoders are used to achieve PID adjustment and positioning control of the fork position, achieving real-time adjustment of the fork movement position and ensuring the stability and accuracy of the fork operation.	Independently developed

(2) Intellectual property protection of key technologies

The patents involved in the Company's major key technologies and their stages are as follows:

Key technology	Patent involved	Current stage
High-performance general edge computing technology for industrial IoT	A barcode complement method, barcode complement device, and sorting system (patent for invention); QR code recognition method based on image processing (patent for invention); adaptive task scheduling method based on multi-core DSP (patent for invention); a one-dimensional barcode recognition method based on DaVinci technology (patent for invention); barcode recognition method based on multi-core DSP (patent for invention); image data acquisition method and device (patent for invention); and a parcel transportation control method and system (patent for invention);	Industrial application
Key equipment stand-alone	A large parcel sorting method, device and system (patent for invention); a modular sorting pivot wheel device (utility model); an	Industrial

Key technology	Patent involved	Current stage
equipment technology to support the comprehensive integration of intelligent logistics	automatic parcel loader for cross-belt sorter (utility model); an express pallet sorting device (utility model); a rotary linkage double-layer cross-belt sorter system (utility model); a double-layer vertical circulation-type cross-belt sorter system (utility model); a mechanical structure that can be used for the buffer chute of a single track double layer logistics sorter (utility model); a visual recognition-based single-parcel singulation system (utility model); a pivot wheel sorter (utility model); curved track for high-speed cross-belt sorter (utility model); roller type grounding device for wireless power supply of cross-belt sorter (utility model); efficient circular cross-belt sorting device (utility model); PSS single-parcel singulation system (software copyright); and DWS dynamic weighing system V1.0 (software copyright);	application
High-precision barcode/QR code recognition algorithm technology based on high-resolution images	QR code recognition method based on image processing (patent for invention); a one-dimensional barcode recognition method for real-time embedded systems (patent for invention); a visible-infrared dual-pass camera (patent for invention); method for manufacturing focal plane arrays for light-modulated thermal imaging (patent for invention); image data acquisition method and device (patent for invention); a barcode tilt correction method based on multitask object detection (patent for invention); and a fast barcode detection method for express parcels (patent for invention);	Industrial application
Visual localization and object detection technology based on deep learning	image data acquisition method and device (patent for invention); method, device, equipment and storage medium for detecting object surface defects (patent for invention); a method and system for real-time detection of parcel position based on image processing (patent for invention)	Industrial application
Image sensing and processing technology for intelligent logistics and intelligent manufacturing	A logistics parcel scanning system based on an image barcode recognizer (utility model); a one-dimensional barcode recognition method for real-time embedded systems (patent for invention); method for manufacturing focal plane arrays for light-modulated thermal imaging (patent for invention); method for improving the flatness of reflective plates in micromechanical uncooled infrared imaging chips (patent for invention); image data acquisition method and device (patent for invention); method, device, equipment and storage medium for detecting object surface defects (patent for invention); FPGA-based RS485 interface signal deburring method, receiving method, and FPGA (patent for invention); a self-learning industrial camera autofocus method, device, and system (patent for invention); a method and system for real-time detection of parcel position based on image processing (patent for invention)	Industrial application
3D volume measurement technology for dynamic and static objects	image data acquisition method and device (patent for invention); method, device and system for measuring parcel volume based on speckle-coded structured light (patent for invention);	Industrial application

Key technology	Patent involved	Current stage
Technology for measuring logistics parcels	Express parcel sorting information recognition system (utility model); image data acquisition method and device (patent for invention).	Industrial application
Integrated drive and control technology for servo-type motors	An external rotor servo motorized roller (utility model); control method for parcel infeed station (patent for invention); an internal rotor servo motorized roller (utility model); a motor laminating fixture (utility model); a servo drive control system and control method for a parcel pivot wheel sorting module (patent for invention); a detachable encoder servo motorized roller (utility model); and a fatigue testing device for a motorized roller motor (utility model).	Industrial application
Electrical control system technology based on a modular, distributed architecture	An external rotor servo motorized roller (utility model); control method for parcel infeed station (patent for invention); an internal rotor servo motorized roller (utility model); preliminary secondary dual module block permanent magnet synchronous linear motor (utility model); and permanent magnet segmented synchronous linear motor based on switch Hall effect sensor (utility model).	Industrial application
Remote fault diagnosis technology	Wayzim cross-belt automatic sorting system barcode complement software (software copyright); a logistics automatic sorting remote diagnosis system and its method (patent for invention).	Industrial application
Integrated warehousing and distribution technology	Self-balancing lifting device (utility model); Wayzim Technology cross-belt express parcel sorting system control platform software (software copyright); Wayzim Technology cross-belt automatic sorting system barcode complement software (software copyright); Wayzim Technology intelligent warehouse control system software (software copyright); Wayzim Technology intelligent warehouse management system software (software copyright); WMS Cloud warehouse management system (software copyright); MCS barcode complement system (software copyright); TMS transportation management system (software copyright); OCP order collaboration platform (software copyright); OMS order management system (software copyright); WMS RFID identification system (software copyright); WMS DEC data exchange center platform (software copyright); WCS system (software copyright); Wayzim Technology electrical control system for intelligent warehouse double column stacker (software copyright); Wayzim Technology intelligent warehouse 3D real-time monitoring system software (software copyright).	Industrial application and testing stage
Design methodology and application technology for integrated solution planning of intelligent	Omnidirectional mobile platform (utility model); pallet lifting device (utility model); chain-driven narrow-belt sorter (utility model); a carrier for narrow-belt sorters (utility model).	Industrial application and testing stage

Key technology	Patent involved	Current stage
logistics		
Visual-disordered grasping technology for robotic arms	A suction cup structure for enhancing suction (utility model).	Industrial application and testing stage
Key technologies for high-efficiency, high-density automated warehouse key equipment	A dual-column multifunctional roller stacker (utility model); a single-column stacker (utility model); a single-column type high-speed stacker carry-deck anti-fall mechanism (utility model); a single-column type high-speed stacker anti-tipping self-regulating mechanism (utility model); a single-column high-speed stacker (utility model); and a tote stacker carry-deck (utility model).	Industrial application
Fork application technology for multiple occasions and models	A telescopic fork for tote rapid handling of stacker (utility model).	Industrial application

(3) Roles of key technologies in the intelligent logistics system

The Company produces customized intelligent logistics systems according to the customer's demand, and the key technologies are mainly reflected in software development, software design, hardware design, and system integration.

① Software development

Based on industry trends and customer needs, the Company has developed high-performance general edge computing technology for industrial IoT related to intelligent logistics systems. This technology is applied to high-speed image processing systems, can effectively shorten the output time delay, enhance the real-time performance of the system, and reduce the dependence on network bandwidth. For the barcode/QR code recognition algorithm, the self-developed technology is used to enhance the accuracy, efficiency, and security of image data acquisition and processing. In addition, the control system of the Company's products adopts a distributed and modular design concept, which not only enables efficient division of labor and collaboration of the entire system, but also facilitates the free cutting and expansion of the system, achieving flexible configuration of the control system.

② Software design

The Company's software design is reflected in adjusting specific software parameters according to customer customization needs. The Company's software related to integrated warehousing and distribution technology includes the WCS system, WMS system, and MES system. The above logistics systems cover the whole process coverage from

information collection, computing decision, and status monitoring to order management, inbound and outbound management, and inventory management.

③ Hardware design

The Company has the key stand-alone equipment technology to support the comprehensive integration of intelligent logistics and has independently developed many varieties and models of key stand-alone equipment to support the comprehensive integration of intelligent logistics, which can be flexibly configured and selected according to the needs of the site, effectively improving the efficiency of comprehensive integration.

④ System integration

The Company's measuring logistics parcel technology is an integrated system designed with light-sensitive chips, conditioning circuits, and low-power processors for measuring the location, form, and size of logistics parcels. In addition, the Company's servo-type motor drive and control integration technology integrates and optimizes the traditional control and drive, enhancing the efficiency of the entire intelligent logistics system and strengthening the equipment's anti-interference capability.

National science and technology awards

☐ Applicable ☒ Not applicable

Recognition of national specialized and sophisticated small giant enterprises and "individual champions" in the manufacturing industry

☒ Applicable ☐ Not applicable

Recognized title	Year	Product name
National Specialized and Sophisticated Small Giant Enterprise	2022	Cross-belt intelligent sorting equipment

2. R&D achievements during the reporting period

During the reporting period, the Company added 47 patents, including 4 patents for inventions, 38 utility model patents, 4 design patents, and 1 software copyright.

List of intellectual property acquired during the reporting period

	New additions this year		Accumulated quantity	
	Number of applications	Number of acquired	Number of applications	Number of acquired
Patent for invention	20	4	104	22
Patent for utility model	17	38	84	82

Design patent	3	4	8	5
Software copyright	1	1	29	29
Others	0	0	0	0
Total	41	47	225	138

Note: During the reporting period, the Company's patent statistics are based on Wayzim and its subsidiaries and branches.

3. Details of R&D investment

Unit: CNY

	Current year	Previous year	Rate of change (%)
Expensed R&D investment	206,675,881.05	133,894,164.99	54.36
Capitalized R&D investment			
Total R&D investment	206,675,881.05	133,894,164.99	54.36
Ratio of total R&D investment to operating revenue (%)	8.93	6.06	An increase of 2.87 %
Ratio of R&D investment capitalized (%)	-	-	-

Reasons for significant changes in total R&D investment compared to the previous year

☒ Applicable ☐ Not applicable

During the reporting period, the Company's R&D expenses amounted to CNY 206,675,900, a YoY increase of CNY 72,781,700, and a YoY increase of 54.36 percentage points. The increase in R&D expenses was mainly in two aspects:

The first is the increase in investment in R&D personnel, which is mainly due to the fact that the Company has further strengthened the construction of a team of high-quality talents based on its future long-term development and actively expanded its R&D team, with an increase of 244 R&D personnel and a YoY increase of CNY 33,734,000 in salary and remuneration.

The second is the increase in investment in R&D materials, which is mainly due to the Company's continued emphasis on R&D investment and layout of serialized product lines, with an increase of CNY 43,953,700 YoY in R&D test materials and test line construction costs, representing an increase of 135.54 percentage points YoY.

During the reporting period, the R&D expenses accounted for 8.93% of operating revenue, an increase of 2.87 percentage points YoY. The high intensity of R&D investment laid the foundation for the sustainable development of the Company, with a greater focus on long-term quality development in the future.

Reasons and rationality explanation for significant changes in the capitalization proportion of R&D investment

☐ Applicable ☒ Not applicable

4. Projects under research

√ Applicable □ Not applicable

Unit: CNY

No.	Name of item	Estimated total investment scale	Current investment amount	Accumulated investment amount	Progress or phased achievements	Objectives to be achieved	Technical level	Specific application prospects
1	Key technology R&D of logistics intelligent sorting system based on machine vision	128,862,520.59	15,818,550.93	43,667,637.55	<p>1. M-type vision system for large parcel 6-sided barcode scanning tunnel has passed customer acceptance on October 8, 2022, and has been included in the customer's supplier list.</p> <p>2. The high-speed (3.5m/s) cross-belt sorter vision system for large parcel 5-sided barcode scanning tunnel has been developed and tested on-site and is currently awaiting trial testing on the site.</p> <p>3. H-type vision system for large parcel 6-sided barcode scanning tunnel has completed the customer's factory</p>	<p>1. M-type vision system for large parcel 6-sided barcode scanning tunnel has completed site acceptance, entered the customer's supplier list, and achieved batch sales.</p> <p>2. The high-speed (3.5m/s) cross-belt sorter 5-sided barcode scanning tunnel has completed site trial acceptance and achieved mass sales.</p> <p>3. H-type vision system for large parcel 6-sided barcode scanning tunnel has completed site acceptance, entered the customer's supplier list, and achieved batch sales.</p> <p>4. AI parcel classification visual system has completed</p>	Barcode scanning products are tracked through data used by customers on-site. Compared to the on-site use of similar application-type products from competitors (imported brands), this product is already at the international advanced level.	It can be widely used in the logistics sorting line of domestic and foreign express delivery companies.

					<p>inspection and is awaiting trial use on the customer's high-speed line site.</p> <p>4. The AI parcel classification visual system has completed factory inspection and is currently in trial use at the customer's site. On March 30, 2023, the testing data for one month was provided to the customer for technical confirmation.</p>	<p>site acceptance, entered the customer's supplier list, and achieved batch sales.</p>		
2	R&D and industrialization of high-end intelligent sorting systems for the logistics express industry	852,837,137.63	113,892,839.44	335,807,267.61	<p>Progress: R&D completed, first-generation machine completed equipment finalization, pending mass production in Yubei, Chongqing.</p> <p>R&D and design of 3.5m/s line speed 600 pitch high-speed cross-belt sorter system</p> <p>1. The R&D design, sample line testing, and equipment finalization of the first generation 3.5m/s line speed 600 pitch high-speed cross-</p>	<p>1. The 600-pitch cross-belt sorter can reliably pass the bend and not dump the parcel under the operating condition of mainline speed of 3.5m/s.</p> <p>2. Paired with the newly developed high-speed parcel feeder, high-speed 5-sided scanning camera system, permanent magnet linear motor, wireless power supply, and all-electric drive swing feeding outlet, a new cross-belt sorter system is formed. It has improved the theoretical sorting efficiency from 12,000 parcels/h (2m/s</p>	<p>The main line operating speed and sorting efficiency of the 3.5m/s line speed 600 pitch high-speed cross-belt sorter system are significantly ahead of the current conventional 2.5m/s cross-belt sorters in the industry. The design of its mainline and</p>	<p>As an upgraded product of the current 2.5m/s cross-belt sorter, the 3.5m/s line speed 600 pitch high-speed cross-belt sorter system can provide a solution for further speed and efficiency</p>

					<p>belt sorter system have been completed. Mass production is under preparation.</p> <p>2. The R&D sample line has been running for over 4,800 hours with a mileage of 61,000km for reliability testing, verifying the strength and reliability of each part.</p> <p>3. Two national patents for invention and 4 utility model patents have been applied for. Another 1 patent for invention and 1 patent for utility model are in the process of filing.</p>	<p>line speed, single-layer loop, single parcel infeed area) to 21,000 parcels/h (3.5m/s line speed, single-layer loop, single parcel infeed area).</p> <p>3. Two national patents for invention and four utility model patents have been applied for key technologies.</p>	<p>tidal outlet, as well as the design of sorting logic, are both industry firsts and have been applied for patents. The overall technology has reached an international leading level.</p>	<p>improvement of the sorting line in the future. In terms of intensive use of the site, reduction of labor costs, and improvement of sorting efficiency, it has obvious advantages and is predicted to have strong competitiveness in the overall integration project.</p>
3	Research and development of a large parcel automatic sorting system based on automatic weighing and	56,983,126.80	1,366,657.70	28,173,603.78	<p>Progress: R&D completed.</p> <p>1. The dynamic DWS 5-sided/6-sided barcode scanning tunnel has been applied in batches to multiple express delivery companies.</p>	<p>The dynamic DWS 5-sided/6-sided barcode scanning tunnel has been industrialized.</p> <p>1. Complete the R&D of hardware and software for each piece of stand-alone equipment in the system, and</p>	<p>The dynamic DWS 5-sided/6-sided barcode scanning tunnel is tracked through data used by customers on-site. Compared</p>	<p>It can be widely used in large parcel dynamic weighing sorting lines for domestic and foreign</p>

	scanning				<p>2. The dynamic DWS 5-sided/6-sided barcode scanning speed has been increased from 1.5m/s to 2m/s, and in some cases, it has been increased to 2.3m/s, greatly improving the sorting efficiency of customers on site.</p> <p>3. Motorized roller structure, electromagnetic, and driving technology of key components have been proficiently mastered, and have been applied to high-speed pivot wheel products for widespread use and market acceptance.</p> <p>The pivot wheel sorter and single-parcel singulation system have achieved the efficiency target of 6,000 parcels per hour, and the sorting software has been verified by the market. The entire large parcel sorting system has been put into mass use in the market, with over 5,000 high-speed pivot wheel</p>	<p>put them into market use for verification.</p> <p>2. System sorting accuracy of 99.99%, system sorting efficiency \geq 6000 parcels/hour.</p> <p>3. During the R&D period, there were a total of 2 patents for invention and 12 utility model patents, exceeding the goal of intellectual property rights.</p>	<p>to the on-site use of similar application-type products from competitors (domestic mainstream brands), this product is already at an advanced level in China.</p> <p>In view of the ability to independently complete the whole set of high-speed and high-efficiency systems, the Company's level has reached the leading level at home and abroad.</p>	<p>express delivery companies and in large-scale logistics sorting centers for large parcels. The efficient, fast, and accurate effect can achieve rapid throughput for customers while greatly saving space and equipment costs. It has a great market prospect in the accelerating development of intelligent logistics.</p>
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					sorters and over 1,000 single-parcel singulation systems. The parcel identification and system sorting effects have been widely recognized in the market.			
4	Intelligent warehouse R&D project	85,179,912.41	32,718,645.16	67,139,840.82	<p>1. Intelligent warehouse R&D project - The iterative upgrade R&D of stackers for multiple scenarios has completed the stand-alone equipment and joint debugging of a 28-meter ultra-high stacker, and has completed acceptance and delivery to customers for use.</p> <p>The stand-alone equipment and joint debugging of the duplex stacker have been completed, and it has entered the trial operation phase.</p> <p>The testing of the traveling dual drive ultra-high-speed stacker has been completed, achieving synchronous traveling driving of the</p>	<p>1. Intelligent Warehouse R&D Project - R&D for iterative upgrading of stacker for multi-scenario applications: Key parameters for electrical control of stacker at low and high temperatures.</p> <p>master the key parameters for the safety, practicality, and durability of electrical components at low and high temperatures.</p> <p>master the material and installation processes of the stacker at low and high temperatures.</p> <p>and realize the technological autonomy of multi-temperature zones for the stacker, reduce costs, and improve efficiency.</p> <p>2. Intelligent Warehouse R&D Project - R&D of a tote</p>	<p>1. Intelligent Warehouse R&D Project - R&D for iterative upgrading of stacker for multi-scenario applications: The R&D technology has reached the upper level in China and the updated stacker has been applied in multiple projects, currently operating well.</p> <p>2. Intelligent Warehouse R&D Project - R&D of a tote four-way shuttle system of a multi-shuttle automated</p>	<p>1. Intelligent Warehouse R&D Project - R&D for iterative upgrading of stacker for multi-scenario applications: It can be applied in multi-scenario projects such as cold warehouses and high-temperature warehouses.</p> <p>2. Intelligent warehouse R&D project -</p>

					<p>dual motors, with a speed of up to 240m/min.</p> <p>The new energy explosion-proof stacker has completed 100% design, with new suppliers of automatic fire extinguishers and roll-up doors.</p> <p>Single-column pallet stacker has completed 100% design and has been successfully applied in three actual projects, with good operating conditions.</p> <p>The design of the double-column turntable stacker has been completed 100%, pending verification by the actual project.</p> <p>The design of the synchronous motor drive scheme for the upper and lower rails of the stacker has been completed, and the installation of the testing prototype has been completed. It is in the process of electrical</p>	<p>four-way shuttle system of a multi-shuttle automated warehouse: Achieve the same level of technology in the industry and meet the requirements of mass production; and realize independent integration, R&D, production, and implementation of pallet shuttle automated warehouse and multi-shuttle warehouse systems.</p> <p>3. Intelligent Warehouse R&D Project - Technology R&D of narrow-aisle single-steering wheel stacking robot WZ-FS1400: Develop a stacking forklift AGV specifically designed for narrow aisle warehouse environments, which can achieve automatic handling and stacking in narrow aisle environments.</p> <p>4. Intelligent Warehouse R&D Project - Technology R&D of FC1530 counterbalanced forklift AGV: Develop a counterbalanced forklift AGV with a lift of 3m and a load of 1.5t and achieve the</p>	<p>warehouse: It replaces the market demands for the existing model in the market. The highest technical level in the industry has been reached or exceeded.</p> <p>3. Intelligent warehouse R&D project - Technology R&D for the narrow channel single steering wheel stacking robot WZ-FS1400</p> <p>Compared with the conventional forklift structure, the stacking AGV developed for narrow aisle environments is more compact and requires smaller motion space.</p>	<p>R&D of a tote four-way shuttle system of a multi-shuttle automated warehouse</p> <p>It meets the various application needs of domestic and foreign automated warehouse systems of pallet four-way shuttles and multi-shuttle warehouse systems.</p> <p>3. Intelligent warehouse R&D project - Technology R&D for the narrow channel single steering wheel</p>
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					<p>commissioning.</p> <p>2. Intelligent warehouse R&D project - R&D of a tote four-way shuttle system of a multi-shuttle automated warehouse</p> <p>The trial production of two tote shuttles has been completed, and the operational performance meets the requirements.</p> <p>The construction of the testing automated warehouse and the small-scale trial production and stand-alone equipment testing of shuttles have been completed, and fatigue testing is currently underway.</p> <p>The tote four-way shuttle has been applied in practical projects and is currently in the trial operation and acceptance stage.</p> <p>3. Intelligent warehouse R&D project - Technology R&D for the narrow channel single steering wheel stacking</p>	<p>goals of labor reduction, improvement of stability and trafficability, comprehensive safety protection, and visual management.</p> <p>5. Intelligent Warehouse R&D Project - Technology R&D of FDT2016 dual lift pallet handling AGV: Develop a dual lift pallet handling AGV with a lift of 1.6m, a load of 2t, and the ability to transport 2 pallets at once and achieve the goals of high handling efficiency and long range according to issues such as low handling efficiency and short range of conventional AGVs.</p> <p>6. Intelligent Warehouse R&D Project - general navigation controller for forklift AGVs:</p> <p>Master the key technology of forklift AGVs and the common technology of mobile robots and develop a navigation controller suitable for different types of forklift AGVs.</p> <p>7. Intelligent Warehouse R&D Project - R&D for</p>	<p>4. Intelligent Warehouse R&D Project - Technology R&D of FC1530 counterbalanced forklift AGV: Three-wheel rear-drive chassis, two-stage lifting gantry, adjustable forging fork structure, and integrated electronic control drive system are designed to improve the adaptability of AGVs to pallets.</p> <p>5. Intelligent Warehouse R&D Project - Technology R&D of FDT2016 dual lift pallet handling AGV: According to the requirements of</p>	<p>stacking robot WZ-FS1400</p> <p>First, with warehousing as the starting point, it is combined with other warehouse equipment of the Company to implement the AGV applications in intelligent warehouse environments, and then it can be expanded to applications in industries such as logistics, manufacturing, electronics, and automobiles.</p> <p>4. Intelligent</p>
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				<p>robot WZ-FS1400</p> <p>The FS1400 robot and FT2000 robot have completed the design, processing, assembly, and testing of the first prototype body, and have autonomous navigation functions. Stability testing is underway.</p> <p>4. Intelligent warehouse R&D project - Technology R&D of FC1530 counterbalanced forklift AGV: The design of the R&D mechanical structure has been completed, and the prototype is being processed.</p> <p>5. Intelligent warehouse R&D project - Technology R&D of FDT2016 double lifting pallet handling AGV: The design of the R&D mechanical structure has been completed, and the prototype is being processed.</p> <p>6. Intelligent Warehouse R&D Project - The</p>	<p>iterative upgrading of conveying equipment for multi-scenario and multi-model applications:</p> <p>Develop various types of conveying equipment according to tote and pallet transport packaging models, such as straight-line conveyors, bend conveyors, pop-up sorters, confluence conveyors, elevators, unstackers/stackers, turn tables, pop-up tables, reciprocating elevators, three-pronged roller table elevators, AGV inspection conveyor, and RGVs to realize multi-scenario applications.</p> <p>8. Intelligent Warehouse R&D Project - R&D of a pallet four-way shuttle: Develop the Company's first pallet four-way shuttle to fill in this blank.</p> <p>9. Intelligent Warehouse R&D Project - R&D of an ultra-thin pallet four-way shuttle: Achieve the same level of technology in the industry and meet the</p>	<p>a non-standard vehicle model with a lift of 1.6m, a load of 2t, and the ability to transport 2 pallets at once, a dual lift pallet handling AGV is designed with shock absorbing steering wheel, three-stage lifting gantry, and independent hydraulic-control double-fork structure, with the handling efficiency leading in China.</p> <p>6. Intelligent Warehouse R&D Project - general navigation controller for forklift AGVs: It integrates motion control, SLAM navigation, and</p>	<p>Warehouse R&D Project - Technology R&D of FC1530 counterbalanced forklift AGV: It is widely applied to handle and stack pallets of various specifications in fields such as warehousing, logistics, and manufacturing.</p> <p>5. Intelligent Warehouse R&D Project - Technology R&D of FDT2016 dual lift pallet handling AGV: It can</p>
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					<p>software and hardware architecture of the general navigation controller system of forklift AGV has been determined and the key software system framework has been created. In addition, the key software system has implemented such functions as vehicle motion control, laser SLAM navigation, and multi-robot scheduling and has been applied in a small number of actual projects.</p> <p>7. Intelligent Warehouse R&D Project - R&D of tote conveyor line for iterative upgrading of conveying equipment for multi-scenario and multi-model applications: The pop-up sorter has been improved in design, the driving cam has been optimized, and pop-up and conveying actions operate smoothly and stably; the tote shuttle elevator has been applied</p>	<p>requirements of mass production; and realize independent integration, R&D, production, and implementation of pallet shuttle automated warehouse and multi-shuttle warehouse systems.</p> <p>10. Intelligent Warehouse R&D Project - R&D of a mechanical pallet four-way shuttle: Achieve the leading level in the market of ultra-low mechanical shuttles and meet the market's demand for this shuttle.</p> <p>11. Intelligent Warehouse R&D Project - R&D for iterative upgrading of forks for multi-scenario and multi-model applications: Develop a heavy-load dual-station plate-type mini fork (1.5t, single motor, double-extension telescopic forks, and totes).</p> <p>develop a variable pitch mechanism suitable for forks.</p> <p>and realize the technological autonomy of forks, reduce costs, and improve</p>	<p>multi-robot scheduling and has been applied in a small number of projects.</p> <p>7. Intelligent Warehouse R&D Project - R&D for iterative upgrading of conveying equipment for multi-scenario and multi-model applications: The upper middle level in China has been reached in terms of the conveyor line and the equipment is universal and suitable for most customer sites, very helpful for our later project design.</p> <p>8. Intelligent Warehouse R&D Project - R&D of a pallet four-way</p>	<p>handle two pallets at once, which significantly improves efficiency compared to conventional forklifts, meeting the application scenarios where customers have high requirements for handling efficiency.</p> <p>6. Intelligent Warehouse R&D Project - general navigation controller for forklift AGVs:</p> <p>Integrating navigation, motion control, and function</p>
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				<p>in an actual project, stand-alone equipment and joint commissioning has been completed, and it is in the stage of project test run and acceptance; the continuous tote elevator has been developed and designed and has been applied in an actual project, which is in the stage of joint commissioning and test run.</p> <p>Pallet conveyor line: The rotary conveyor has been designed and is in the production and manufacturing stage; both chain drive and rack and pinion drive shuttle elevators have been developed and designed and applied in actual projects, the former is in the stage of joint commissioning, and the latter is already in the stage of test run and acceptance; The clean conveyor line of new energy has been developed and designed</p>	<p>efficiency.</p> <p>12. Intelligent Warehouse R&D Project - R&D of automated warehouse equipment for the fruit and vegetable industry: Develop a set of stackers suitable for the fruit and vegetable industry, take single-column form as the main type, reduce costs by optimizing the structural forms of the stackers, and enhance the equipment's competitiveness.</p> <p>Develop and test a comprehensive plan for automatic conveying and handling of loading and unloading materials with AGV equipment, realize the overall technological autonomy of equipment, reduce costs, and improve efficiency.</p>	<p>shuttle: The level has been the middle and upper level of shuttles in the market, it meets the market demands, and it has been applied in many projects.</p> <p>9. Intelligent Warehouse R&D Project - R&D of an ultra-thin pallet four-way shuttle: It replaces the market demands for the existing model in the market. The highest technical level in the industry has been reached or exceeded.</p> <p>10. Intelligent Warehouse R&D Project - R&D of a mechanical pallet four-way shuttle: It meets the requirements</p>	<p>safety, the controller can provide basic functions such as map building, positioning, and navigation for AGVs, as well as advanced functions such as automatic charging, multi-level obstacle avoidance, and multi-robot scheduling. As the brain of mobile robots, it can be applied to various types of forklift AGVs.</p> <p>7. Intelligent</p>
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					<p>and is in the production and manufacturing stage.</p> <p>8. Intelligent Warehouse R&D Project - R&D of a pallet four-way shuttle: 180 four-way shuttle has been developed, the goal of stable mass production has been achieved, and it has been used in projects and is in the stage of test run and acceptance.</p> <p>9. Intelligent Warehouse R&D Project - R&D of an ultra-thin pallet four-way shuttle: The first generation of 124 four-way shuttle has entered the stage of stability and durability testing.</p> <p>10. Intelligent Warehouse R&D Project - R&D of a mechanical pallet four-way shuttle: The first generation of prototypes of 140 pallet four-way shuttle has already been put into production.</p> <p>11. Intelligent Warehouse R&D Project - R&D for iterative upgrading of forks for multi-scenario</p>		<p>for zero oil, low-temperature resistance, and cleanliness in unique market scenarios and reaches the leading level in the industry with the smallest height of pure mechanical carriers.</p> <p>11. Intelligent Warehouse R&D Project - R&D for iterative upgrading of forks for multi-scenario and multi-model applications: The fork structure and control have reached the top level in the industry.</p> <p>12. Intelligent Warehouse R&D Project - R&D of automated warehouse equipment for</p>	<p>Warehouse R&D Project - R&D for iterative upgrading of conveying equipment for multi-scenario and multi-model applications: The conveying equipment can be used in all conveying scenarios in all industries, not only for ordinary industrial production, but also for the new energy industry, 3C industry, chip industry, etc.</p>
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					<p>and multi-model applications: Single fork and double forks have been applied in actual projects and have entered the heavy-load joint commissioning and testing. They operate well at present and have been delivered to customers for use; machinery has been assembled for Miniload double forks and electrical wires are being connected.</p> <p>12. Intelligent Warehouse R&D Project - R&D of automated warehouse equipment for the fruit and vegetable industry: The single-fork and double-fork stackers have been developed and designed, the AGV-connected conveyor line has been designed, and stand-alone equipment and joint commissioning has been completed;</p>		<p>the fruit and vegetable industry: Guided by modularization, generalization, and mass production, a complete set of equipment suitable for the fruit and vegetable industry has been developed and designed.</p>	<p>8. Intelligent Warehouse R&D Project - R&D of a pallet four-way shuttle: It meets the various application needs of domestic and foreign automated warehouse systems of pallet four-way shuttles.</p> <p>9. Intelligent Warehouse R&D Project - R&D of an ultra-thin pallet four-way shuttle: It meets the various application needs of domestic and foreign</p>
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								<p>automated warehouse systems of pallet four-way shuttles and multi-shuttle warehouse systems.</p> <p>10. Intelligent Warehouse R&D Project - R&D of a mechanical pallet four-way shuttle: It meets the usage requirements of special scenarios in the market, including medical treatment, fruits & vegetables, cold chain, etc.</p> <p>11. Intelligent</p>
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								<p>Warehouse R&D Project - R&D for iterative upgrading of forks for multi-scenario and multi-model applications: Forks are autonomously produced, reducing costs and improving efficiency.</p> <p>They are applied for tote stackers and pallet stackers.</p> <p>12. Intelligent Warehouse R&D Project - R&D of automated warehouse equipment for the fruit</p>
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								and vegetable industry: The automated warehouse is applied in the fruit and vegetable industry and its related industries.
5	R&D of an automatic separation and sequencing system	66,348,575.81	5,700,233.77	24,977,725.44	<p>The single-parcel singulation function is further upgraded, reducing costs and improving the efficiency of the system. The Linux application deployment for the single-parcel singulation function has been preliminarily completed and more functions are being developed.</p> <p>1. For the separation efficiency and success rate of low-voltage Hall motorized roller, 6k, 7, and 2K indicators have been obtained, the performance has been</p>	<p>Get the parcel position through visual recognition, control the motion of each small belt module through algorithms to achieve stable and efficient sequencing and separation of parcels, and ensure the success rate of parcel separation</p> <p>1. Develop and design a single-parcel singulation version of the low-voltage servo motorized roller to meet the customer's usage needs.</p> <p>2. Design a distribution mechanism driven by a servo motor to reduce the module failure rate and improve</p>	<p>The single-parcel singulation system integrates algorithms such as visual image stitching, deep learning, and driving control algorithms, to accurately locate the positions of parcels and evenly convey them in sequence at intervals.</p>	<p>With the explosive development of e-commerce and express delivery, there are broad application prospects for efficient, stable, and low-cost automatic separation and sequencing systems for large sorting</p>

					<p>basically optimized, and small-scale mass production has been started and it has been put into use in ZTO sites.</p> <p>2. The new coupler has been developed and tested.</p> <p>3. The 10K single item separator for small parcels has been developed, meeting the customer's use requirements, which has passed the customer's acceptance criteria. Cost reduction, efficiency improvement, and optimization will be subsequently completed.</p> <p>4. The small parcel one-for-four model has been sent to the site for installation and commissioning.</p> <p>5. The large parcels 7 and 2K have been developed and are being used on the customer's site.</p> <p>6. The system has been installed for the</p>	<p>stability.</p> <p>3. Develop a 10k-level single-parcel singulation system to meet customers' requirements.</p> <p>4. Reduce the costs of sequencing equipment.</p>		centers.
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					<p>replacement of the customer's fast conveying sample line and is being tested.</p> <p>7. The embedded cost reduction plan has been completed and the electric cabinet combination and control combination have been completed for stacked parcels and single items in the automatic small parcel infeed plan.</p> <p>8. The sampling of the 150-wide distribution area has been completed. A performance test will be conducted subsequently.</p>			
6	R&D project of one-carrier double-belt sorting system for airports	18,600,000.00	1,040,434.93	14,946,162.86	<p>R&D has been completed:</p> <p>The one-carrier double-belt sorting system for airports has been developed and passed relevant certifications of CAAC. It is being promoted in the market.</p>	Develop "a one-carrier double-belt sorting system for airports", pass the overall tests of prototype equipment and relevant qualification certifications, promote it in the market, and finally realize industrialization.	It is at the leading level in China.	It is suitable for new/renovated/expanded large and medium-sized airports (annual passenger throughput of more than

								<p>8 million) with high sorting demand and high operational requirements for automatic sorting equipment.</p> <p>This system features advantages in technology, price, after-sales service, brand, and other aspects in the Chinese market and the market demand is large, with a very promising market prospect.</p>
7	R&D of MES	2,800,000.0	531,019.92	1,947,208.49	At the end of 2022, this	Develop a customized MES	A mainstream	It is suitable

	based on IoT technology	0			project was put into on-site use. After a period of use and adjustment, there have been significant changes in on-site requirements. In order to better meet the requirements, this project has been closed and a new version has been developed and used based on the previous system.	for the production requirements of the roller production workshop in the Nanling Processing Plant to meet the on-site control of production data.	system architecture is employed, cloud server + BS mode + mobile APP method are combined for data acquisition and display, and ERP is connected to implement data synchronization.	for process tracking and data control in production workshops, which is reusable and can be used in multiple types of production, processing, and manufacturing plants.
8	R&D of high-end intelligent sorting system for agricultural products	8,097,715.33	469,823.75	1,820,352.31	<p>Progress: R&D completed.</p> <p>Staged achievements:</p> <p>1. A sorting line for fruits of various varieties has been developed, realizing damage-free conveying, internal quality inspection, dynamic weighing, and precise sorting, which has been put into the market.</p> <p>2. A certain fruit grabbing and packaging equipment has been</p>	Develop sorting equipment or related key equipment for commercially valuable fruits and vegetables of various varieties and realize damage-free conveying, internal quality inspection, dynamic weighing, and precise sorting.	The comprehensive technology of sorting equipment has reached a leading level in China.	High-quality and cost-effective sorting equipment is provided for large-scale fruit and vegetable producers or sellers.

					<p>developed, the design of a highly reliable adsorption system has been mastered, and a prototype has been created.</p> <p>3. An orange rolling-over and packaging equipment has been developed, with a prototype already created.</p> <p>4. A sweet potato sorting equipment has been designed.</p> <p>5. A strawberry sorting equipment has been designed.</p> <p>6. Flexible apple packaging equipment has been designed.</p>			
9	R&D of key technologies of dedicated controllers for logistics equipment	4,293,669.36	562,238.01	707,581.96	<p>1. Narrow-belt controllers based on the wireless communication function are being used in batches at customers' sites.</p> <p>2. A camera trigger has been developed and is under small batch production.</p> <p>3. The infeed station and</p>	<p>1. Develop a narrow-belt controller with a wireless communication function that is suitable for narrow-belt sorters, improve the stability of system communication, and realize industrialization.</p> <p>2. Develop an IOT controller pluggable for external terminals without the need</p>	<p>The ARM microcontroller is used as the key and mature solutions and chips are used to achieve an infrared wireless communication function. Compared to</p>	<p>It is applied for logistics and warehousing equipment such as cross-belt sorters, one-vehicle and double-belt sorting</p>

					<p>balance wheel controllers have been localized and put into use.</p> <p>4. An one-for-one control card benchmarking Interroll 50 roller has been developed and put into use.</p> <p>5. ASI one-for-two and CAN one-for-two control cards are being developed.</p> <p>6. An one-for-four control card of 50 roller is being developed using networks.</p> <p>7. A shuttle controller is being developed;</p>	<p>for tools, convenient and fast; realize flexible and convenient rail mounting; add an IOT module via the layout on the SCADA interface at the software level and implement the data transmission of the IOT module and SCADA, thus implementing visual monitoring and setting of the IOT module.</p> <p>3. Develop a camera-dedicated trigger controller to achieve a trigger delay function and drive multiple cameras; implement stable and reliable 100 Mbps network communication; and support remote update of programs, convenient and fast.</p> <p>4. Use domestic materials to lower dependence on imported materials and reduce unstable supply factors in the later stage. In addition, use domestic materials to reduce costs and improve efficiency.</p> <p>5. Develop a TM50 controller used to benchmark</p>	<p>similar products, this product is more flexible, stable, and reliable.</p>	<p>equipment for airports, narrow-belt sorting equipment, sequencing equipment, and shuttles.</p>
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						<p>the original Interroll control card; with domestic chips and self-developed programs, Interroll products can be replaced completely and customers can replace them one-on-one.</p> <p>6. Develop two types of one-for-two controllers and a general CAP protocol, with a low cost; use the ASI chip in one type and implement a slave mode with strong scalability.</p> <p>7. Develop one type of one-for-four controller and use flat cables, fast in installation; adopt network communication at a faster rate; and use one controller for four TM50 rollers, with more convenient and beautiful wiring.</p> <p>8. Develop a shuttle-dedicated controller pluggable for external terminals, convenient for wiring and use; be pluggable for flash and convenient for replacement; implement stable and reliable 100 Mbps network communication.</p>		
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10	R&D of intelligent passenger inspection passage system for airport security inspection	5,246,124.57	448,918.77	1,506,914.71	<p>Being developed continuously:</p> <p>The basket recovery system of Changzhou Benniu Airport has been researched, the preliminary design has been completed, and the next step is to conduct sample testing.</p> <p>An automatic intelligent security inspection system is being developed simultaneously and 70% of the 3D design has been completed.</p>	Develop an intelligent passenger inspection passage system for airport security inspection, pass the overall tests of prototype equipment and relevant qualification certifications, promote it in the market, and finally realize industrialization.	It is at the leading level in China.	<p>The civil aviation carousel is suitable for scenarios such as baggage reclaim, flight loading, and sorting loops; It is suitable for civil aviation check-in sections and small/medium/large airports with passenger departure halls.</p> <p>This system features advantages in technology, price, after-sales service, brand, and other</p>
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								aspects in the Chinese market and the market demand is large, with a very promising market prospect.
11	R&D of key technologies of dedicated drive for low-voltage servo motors	9,440,661.00	2,838,139.15	3,131,448.35	<p>1. 72v/750w drive and dedicated drive for airport parcel sorters have been developed and they are currently used in projects in Malaysia and Zhangjiajie Airport.</p> <p>2. 50 roller all-in-one machine has been put into small batch use.</p> <p>3. The low-voltage servo drive has been used for sequencing equipment and a small batch of 1,050 sets has been produced for the roller sequencing equipment project.</p> <p>4. Wireless power supply is being put into use at the Heyuan STO outlets</p>	<p>1. The 72v drive adopts sine wave drive to meet the sorting requirements of heavy-duty cross-belt sorters.</p> <p>2. The 50 roller drive benchmarks Interroll and is built in the 50 roller, meeting the use requirements of the 50 roller.</p> <p>3. The low-voltage servo drive adopts Hall sine wave drive to meet the use requirements of the roller sequencing equipment.</p> <p>4. The wireless power supply is used for cross-belt sorters for vehicle charging in replacement of isolated conductor rail.</p> <p>5. The narrow-belt drive</p>	<p>1. The 72v drive meets the use scenarios of ordinary heavy-duty cross-belt sorters and airport baggage sorting.</p> <p>2. The 50 roller drive reaches the level of Interroll drives and meets the use requirements of the 50 roller.</p> <p>3. The low-voltage servo drive adapts to the Hall encoder and meets the usage scenarios of roller</p>	The drive and wireless power supply are widely applied in various kinds of sorting equipment.

					<p>and ZTO Jinhua outlets and the wireless power supply for the Yiwu Post Project and the project of cross-belt sorter with a speed of 3.5m/s is currently in production.</p> <p>5. A small batch of 1,500 sets of narrow-belt infrared drives has been produced for verification and 500 sets have been shipped to ZTO outlet projects.</p> <p>6. A swing arm drive has been developed and a small batch of 1,200 sets has been produced for the feeding port of the cross-belt sorter with a speed of 3.5m/s.</p> <p>7. A 750W servo drive for shuttles is being developed.</p>	<p>adopts IRDA communication and sine wave drive to drive narrow-belt rollers.</p> <p>6. The swing arm drive matches the roller and replaces the inner rotor servo motor, used for the feeding port of the cross-belt sorter with a speed of 3.5m/s.</p> <p>7. The shuttle drive replaces the Kinco servo drive, meeting the shuttle use requirements.</p>	<p>sequencing equipment.</p> <p>4. Wireless power supply is the non-contact power supply with the magnetic field coupling principle.</p> <p>5. The narrow-belt infrared drive adopts IRDA communication, meeting the use requirements of narrow-belt sorters.</p> <p>6. The swing arm drive matches the roller and adopts a sine wave to achieve rapid reciprocating motion.</p> <p>7. The shuttle drive matches the inner rotor servo and adopts a sine wave</p>	
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							drive, meeting the use scenarios of the shuttles.	
12	Automatic baggage sorting system for civil aviation	16,586,623.99	16,352,339.57	16,586,623.99	The system has been developed and a R&D scheme has been issued: The Phase I ICS testing sample line has been established, preliminary joint commissioning has been completed, and it has been correspondingly optimized and improved according to the testing results. In Phase II, further tests and upgrading will be completed in the R&D project of the automatic passenger baggage sorting system with cross-belt sorters.	Develop "an automatic baggage sorting system for civil aviation", pass the overall tests of prototype equipment and relevant qualification certifications, promote it in the market, and finally realize industrialization.	The skill reaches the industrial advanced level.	It is suitable for new large hub airports (terminal clusters) and new large airports (single terminals) with high sorting demand and high operational requirements for automatic sorting equipment. This system features advantages in technology, price, after-sales service, brand, and

								other aspects in the Chinese market and the market demand is large, with a very promising market prospect.
13	R&D of key equipment and key technologies for high-efficiency sorting of large parcels	64,850,265.87	14,052,193.49	14,052,193.49	<p>1. Standardization R&D of 6k balance wheel cabinet: The case of the cabinet has been designed and the sorting effect of the new swing electric cabinet needs to be verified.</p> <p>2. Standardization and optimization R&D of rubber-wrapped balance wheel structure: the motorized roller interface and sub-drive have been transferred, easy to install. All bearing seats and related machined parts of the balance wheel have been optimized in design in a unified manner.</p>	<p>1. Self-develop 6k balance wheel, research the reliability of balance wheel cabinet, and be able to produce in batch.</p> <p>2. Optimize the balance wheel structure and model, transform it to adapt to the motorized roller and sub-drive, provide convenience for plugging, and shorten the maintenance time.</p> <p>3. Optimize the wear parts of rubber-wrapped friction wheel unit support and achieve stable results.</p> <p>4. Conduct targeted R&D for automatic parcel infeed for customers' projects.</p> <p>5. Solve the problems of</p>	It is at the leading level in China.	It is suitable for the large batch production of rubber-wrapped balance wheels, which can greatly improve production efficiency and reduce production costs. In addition, the balance wheel structure is optimized and the

					<p>3. Optimization R&D of rubber-wrapped friction wheel unit support.</p> <p>4. Targeted R&D of rubber-wrapped balance wheel for automatic parcel infeed of customer.</p> <p>5. Optimization R&D of transmission mechanical structure of rubber-wrapped balance wheel.</p> <p>6. Optimization R&D of balance wheel convenience.</p>	<p>wear and frequent replacement in a targeted manner.</p> <p>6. Make a model for photoelectric support and fix the mountain position to facilitate commissioning; standardize servo parameters and download software and standardized tools in advance; and simplify other commissioning flows.</p>		<p>maintenance time of balance wheels can be shortened. At present, there is a large market demand for balance wheels, with broad prospects.</p>
14	R&D of multi-level intelligent warehouse shuttle system	3,500,000.00	374,062.22	374,062.22	<p>1. R&D project of intelligent warehouse shuttle system - R&D of a clamping-type four-way shuttle:</p> <p>The prototype has been manufactured and the idle running test has been completed; and it undergoes electrical commissioning on the track.</p> <p>2. R&D project of intelligent warehouse shuttle system - R&D of a two-way shuttle: The</p>	<p>1. R&D project of intelligent warehouse shuttle system - R&D of a clamping-type four-way shuttle: Develop a system suitable for various specifications of cases and cover common case types in the market.</p> <p>2. R&D project of intelligent warehouse shuttle system - R&D of a two-way shuttle: Meet the use requirements and efficiency requirements of airport pallets.</p>	<p>1. R&D project of intelligent warehouse shuttle system - R&D of a clamping-type four-way shuttle: It is of high compatibility and a large scope of application, enhancing the market competitiveness.</p> <p>2. R&D project of intelligent warehouse</p>	<p>1. R&D project of intelligent warehouse shuttle system - R&D of a clamping-type four-way shuttle: It is suitable for automated warehouses that require storage of multiple</p>

					prototype has been manufactured, the idle running test has been completed, and the small-batch trial production has been completed; and it will be launched for testing after the airport project is restarted in the Phase II.		shuttle system - R&D of a two-way shuttle: The highest technical level in the industry has been reached or exceeded.	case types with significant differences in case sizes. 2. R&D project of intelligent warehouse shuttle system - R&D of a two-way shuttle: It is suitable for scenarios with large case sizes and high efficiency requirements such as airport luggage.
15	R&D of automatic sorting system with cross-belt sorters	13,000,000.00	509,784.24	509,784.24	1. The testing sample line has been established. 2. The efficiency of each piece of stand-alone equipment has been self-measured and the target	1. Establish a verification sample line, pass the qualification inspection and certification of special equipment for civil airports, and obtain certificates, 2. Establish a more	The skill reaches the industrial advanced level.	It is suitable for new large hub airports (terminal clusters) and new large

					achievement rate is 90%.	comprehensive sample line, simulate actual scenarios, test corresponding functions and efficiency, and meet the requirements of ICS standards and specifications.		airports (single terminals) with high sorting demand and high operational requirements for automatic sorting equipment. This system features advantages in technology, price, after-sales service, brand, and other aspects in the Chinese market and the market demand is large, with a very promising market prospect.
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Tot al	/	1,336,626,3 33.36	206,675,881.05	555,348,407. 82	/	/	/	/
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Notes

None

5. Information on R&D personnel

Unit: CNY 10,000

Basic information		
	Amount of current period	Amount of previous period
Number of R&D personnel of the Company (counts)	594	350
Percentage of R&D personnel in total employees of the Company (%)	38.93	27.87
Total remuneration of R&D personnel	9,096.75	5,723.34
Average remuneration of R&D personnel	15.31	16.35

Educational structure of R&D personnel	
Type	Number of persons
Ph.D.	1
Master	153
Bachelor	383
College degree	51
Senior middle school or below graduates	6
Age structure of R&D personnel	
Age	Number of persons
Under 30 (30 excluded)	411
30-40 (30 included, 40 excluded)	163
40-50 (40 included, 50 excluded)	19
50-60 (50 included, 60 excluded)	1
60 and above	0

Reasons for major changes in the composition of R&D personnel and their impact on the future development of the Company

√ Applicable ☐ Not applicable

During the reporting period, the Company has further strengthened the development of a high-quality talent team and actively expanded its R&D team. The number of R&D personnel has increased from 350 in the previous period to 594, an increase of 244 people. The number of R&D personnel has increased compared to the end of last year mainly because the Company's products from logistics equipment systems and solutions to key components, cover a wide range and broadness, the Company's R&D has always been market-oriented, great importance is attached to independent innovation, the in scientific and technological R&D investment is further increased, and the number of R&D projects is increased.

6. Other notes

☐ Applicable ☒ Not applicable

III. Analysis of Key Competitiveness during the Reporting Period

(I) Analysis of key competitiveness

☒ Applicable ☐ Not applicable

1. Leading customer resources

The Company's customers include major domestic express delivery, logistics, and e-commerce enterprises such as ZTO, SF Express, J&T Express, China Post, JD, STO, Yunda, and Deppon. The Company's products have undergone the rigorous tests of the "Double Eleven" from 2016 to 2022 and have performed excellently. As of the end of 2022, the total contract amount of the Company's existing orders is approximately CNY 1.762 billion. The existing orders of the top five customers account for 20.13%, 12.58%, 9.12%, 7.29%, and 5.70%, respectively. In the contract number of existing orders, the Chinese market accounts for 80.35%, while the overseas market accounts for 19.65%.

2. Product advantages

Wayzim offers customers integrated solutions of intelligent logistics systems of conveying, sorting, and warehousing and has realized the layout of the intelligent logistics equipment system industry chain via independent R&D and partial production of cameras, sorting carriers, dynamic weighing equipment, motorized rollers, and other key components. Moreover, Wayzim is one of the few companies in China that has the ability to integrate the development, design and production of intelligent logistics equipment systems and their key components. See details in "(I) Main business, main products or services" in "II. Description of the Main Business, Business Model, Industry Situation and R&D Engaged in by the Company during the Reporting Period" in "Section III Discussions & Analysis by the Management".

During the reporting period, the general assembly project and the cross-belt sorter system account for high proportions in the Company's income structure, accounting for 40.32% and 39.75% respectively in the main business income. The products hold a leading position in the industry in key technical indicators such as operational stability, sorting efficiency, sorting accuracy, and operation noise. The Company has delivered over 840 sets of cross-belt sorter systems to customers in total. In terms of key components, the Company sold 3,900 sets of cameras in 2022, with a contract amount of CNY 35.4 million.

3. Advantages of talent team

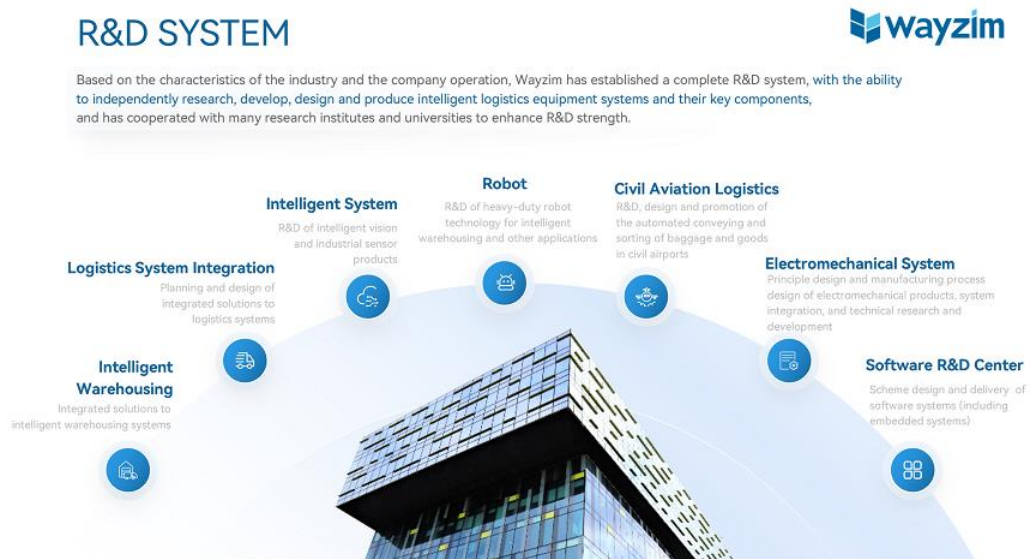
Emphasizing R&D and respecting talents are Wayzim's inherent genes and unwavering beliefs. Attaching great importance to talent training, the Company actively introduces high-level talents. Currently, it has established mature and stable management and R&D teams. The Company has established the Intelligent Logistics Equipment and Robotics Industry Research Institute and has gathered a large number of high-quality R&D personnel in such fields as image processing, AI, optics, computers, robots, microelectronics, etc. As of the end of December 2022, the Company

owned 1,526 employees, including 190 employees with master's degrees and above, accounting for 12.45% of the total employees, and 594 R&D talents, accounting for 38.93% of the total employees. Emphasizing the development of the talent system, the Company has established relatively complete systems in target management, compensation, incentives, training, promotion, etc.

4. Powerful R&D strengths

Wayzim offers integrated solutions of intelligent logistics systems for conveying, sorting, and warehousing to customers. The Company independently develops key technologies such as image barcode recognition technology, visual position detection technology, and sorting control system software. It is one of the few innovative companies in the same industry in China that can provide intelligent logistics conveying and sorting equipment industry chain technology from key software and hardware to system integration. The Company has been comparatively engaged in the underlying technology and key component levels. In the future, it is expected to rely on accumulated technologies to extend to other product and application levels.

Wayzim has defined the key common technology platform architecture for the new generation of intelligent logistics systems and solutions. On the basis of this technology architecture, the Company has developed key components such as motor and drive system, barcode/QR code recognition system, and precision roller. The ideas of distributed and modular design are employed in the control systems to ensure the continuous technological progressiveness of the systems. The products can be widely promoted to multiple application fields such as express & logistics, e-commerce, warehousing, airports, etc. The modular and component-based design of the products reduces the customization degree of projects, shortens the installation time of projects, ensures the stability and reliability of the delivered systems, and also lowers the difficulty of product operation and maintenance.



Wayzim R&D Architecture

5. Global operation capability

After rapid international development, the Company has established a product system suitable for the international market in order to adapt to the characteristics and requirements of global sales, transportation, on-site installation, and after-sales services. As of the disclosure date of this Report, the Company had established branches in Singapore, the United States, Malaysia, and other places to provide localized services to overseas customers. In addition, the Company's products are exported to many countries and regions such as Thailand, Indonesia, the Philippines, Singapore, Russia, the United Kingdom, America, Hong Kong, India, Belgium, and Malaysia.

(II) Events with serious impacts on the Company's key competitiveness during the reporting period, impact analysis, and countermeasures

☐ Applicable ☒ Not applicable

IV. Risk Factors**(I) Risks of no profits**

☐ Applicable ☒ Not applicable

(II) Risks of a significant decline in performance or loss

☒ Applicable ☐ Not applicable

The Company's operating revenue mainly comes from the sales of the automatic sorting system and the Company's gross profit margin of main business was 38.34%, 28.54%, and 14.45% in 2020, 2021, and 2022, respectively. The Company's gross profit margin was mainly influenced by such factors as market demand, unit price of sales, production costs, and product structure. The Company faces risks of a significant decline in performance or loss if there are significant adverse changes in macroeconomics, market competition, raw material prices, etc., and the Company cannot reduce production costs and maintain its competitive advantages through measures such as technological innovation, process innovation, and expansion of production scale.

(III) Risks from key competitiveness

☒ Applicable ☐ Not applicable

The Company is technology-driven, so the R&D skill directly impacts the Company's competitiveness. On the basis of rapid business expansion, the Company continues to increase R&D investment since its establishment and recruits a large number of outstanding R&D talents. On its key common technology platform, the Company has developed integrated solutions of intelligent logistics systems for conveying, sorting, and warehousing. The Company continuously supplies customers with more efficient products with lower prices that are easier to operate and maintain through R&D innovation.

1. Risk of intensified market competition

In recent years, the logistics equipment market has grown rapidly, with an increasing number of new competitors and more intense industry competition. If the Company is unable to continuously maintain its competitive advantages in new product R&D, technological innovation, and quality control in the future, it may lead to a decline in the Company's market position and market share, thereby affecting its future development.

2. Risk of less-than-expected R&D progress

The Company's main product, the intelligent logistics sorting system, is a piece of modern equipment that integrates optical, mechanical, electrical, and information technologies. It has a wide technological extension, covering many fields such as AI, image recognition, microelectronics, optics, computers, and robots, requiring a high requirement for technology integration. The customization for intelligent logistics sorting systems from customers is also constantly increasing. Therefore, the technical R&D and development of new products of intelligent logistics sorting systems play a critical role in the market competitiveness and sustainable development of the Company. During the R&D of new technologies and products, there will be inevitable changes in technology and customer demand trends. If the Company's R&D of new technologies and products cannot continuously meet customer demands, the Company's market competition position and future business performance will be adversely affected. In addition, the Company is utilizing some of the funds raised from this issuance to invest in the construction of a research and development center to further enhance its

R&D capabilities in terms of intelligent logistics sorting systems. If the Company fails to develop new products or technologies, the funds invested by the Company cannot bring benefits, reducing the overall operating results of the Company.

3. Risk of key technical personnel outflow

The intelligent logistics equipment industry is technology-intensive, involving many disciplines. Excellent talents are a key factor influencing the future development of the Company. Along with the upgrading of technology and the intensification of competition in the industry, the competition for professional and technical personnel in the industry is becoming increasingly fierce. If the Company cannot continuously introduce, train, and encourage key technical personnel in the future, the Company will face the risks of talent outflow and shortage, which will adversely affect subsequent production and operation.

(IV) Operational risks

√ Applicable □ Not applicable

1. Risk of market demand fluctuations

The market demand of the logistics equipment industry in which the Company operates mainly depends on the scale and growth of fixed assets investment in downstream application fields such as e-commerce, express & logistics, clothing, medicine, tobacco, new retail, and intelligent manufacturing. During the reporting period, the Company's downstream customers were mainly express & logistics enterprises and the Company's business scale grew rapidly due to the rapid growth in the scale of the express & logistics industry and the demand for automatic logistics equipment. If there are significant changes in the domestic and foreign macro-economy, economic growth slows down or periodic fluctuations occur, they may cause the business scale of downstream express & logistics customers to decline and the scale of fixed assets investment to decrease or the express & logistics enterprises gradually complete the investment in the automatic logistics equipment, and reduce the procurement demand for the relevant equipment, which will have a negative impact on the production and operation of the Company.

2. Risk of intensified market competition

In recent years, the logistics equipment market has grown rapidly, with an increasing number of new competitors and more intense industry competition. If the Company is unable to continuously maintain its competitive advantages in new product R&D, technological innovation, and quality control in the future, it may lead to a decline in the Company's market position and market share, thereby affecting its future development.

3. Risk of relative concentration of downstream customers

In 2020, 2021, and 2022, the Company's sales income from the top five customers accounted for 90.19%, 95.21%, and 79.09% of the current main business income, respectively. The sales revenue from ZTO accounted for 64.86%, 69.68%, and 27.94% of the current main business income, respectively. During the reporting period, the Company's major customers were logistics express enterprises. Due to the high concentration of China's logistics express industry, the Company's sales income from the top five customers accounted for a high proportion of operating revenue in each period. Adverse impacts will occur on the Company's operation if the Company's main customers are poor in operations in the future, reduce the purchase of the Company's products, incur problems such as overdue loan recovery and low gross profit margin of sales, or the Company's products cannot continuously meet the customers' business development needs.

4. Risk of supply and price fluctuations of raw materials

The main raw materials required in the production and operation of the Company include sorting carriers, parcel feeders, feeding ports, steel platforms, and motorized rollers, accounting for a large proportion of the operating costs of the Company. Changes in the macroeconomic situation and unexpected events may cause adverse impacts on the supply and prices of raw materials. If there is a supply shortage of main raw materials or the internal procurement management system is not

effectively executed, it may lead to the Company being unable to timely purchase the main raw materials required for production, thereby affecting the Company's lead time.

5. Risk of seasonal fluctuations of business performance

The Company's business performance is subject to a risk of seasonal fluctuations. The main downstream industries of the Company are the express & logistics industries. Due to the influences of the e-commerce industry, the peak of logistics sorting appears in the second half of the year. Express & logistics enterprises generally require that the purchased sorting equipment should be installed and commissioned before the peak sorting period arrives. Therefore, the equipment acceptance time of the Company is mostly concentrated in the second half of the year, resulting in certain seasonal fluctuations in the Company's main business income.

(V) Financial risks

√ Applicable □ Not applicable

1. Risk of changes in preferential tax policies

The Company was approved as a high-tech enterprise and obtained the high-tech enterprise certificate in November 2021, with a validity period of three years. In accordance with the relevant provisions of the *Law of the People's Republic of China on Enterprise Income Tax* and the *Rules for Implementation of the Law of the People's Republic of China on Enterprise Income Tax*, the Company will enjoy a preferential policy of 15% enterprise income tax for high-tech enterprises starting from 2021. Certain adverse impacts will be caused on the Company's business performance if the Company cannot maintain the high-tech enterprise certificate in the future or if there are adverse adjustments to the tax preferential policy for high-tech enterprises.

2. Risk of large number of accounts receivable

During the reporting period, the Company's income continued to increase and the number of accounts receivable increased correspondingly. At the end of 2020, 2021, and 2022, the book balances of the Company's accounts receivable were CNY 372.9278 million, CNY 884.3212 million, and CNY 1.0172594 billion, respectively, accounting for 30.96%, 40.02%, and 43.94% of the operating revenue, respectively. The accounts receivable within one year accounted for 94.03%, 90.13%, and 64.06% of the ending balance, respectively. In the future, if the major customers with arrears are subject to deteriorated financial conditions, business crises, or significant changes in credit conditions, the Company will face the risk of bad debts, which will cause certain adverse impacts on the Company's business performance.

3. Risk of large inventory and inventory impairment

At the end of 2020, 2021, and 2022, the book values of the Company's inventory were CNY 1.2579979 billion, CNY 1.9775866 billion, and CNY 150 million, respectively, accounting for 54.02%, 32.22%, and 27.01% of the total assets, respectively, with high proportions. The Company's inventory is mainly composed of work in process. The work in process is mainly the equipment that is being assembled, commissioned, and not yet accepted at the customer's sites. Because a period of time is required for the assembly of the Company's equipment to final acceptance, certain adverse impacts will be caused on the Company's business performance if the Company's equipment is unable to be accepted in a timely manner because that changes in the market environment and additional raw material inputs due to continuous adjustments of plans result in inventory costs exceeding the net realizable value, or delivered products do not meet customers' expectations.

The net realizable value of the Company's inventory is affected by the downstream market conditions. In the future, if the demands of the Company's downstream customers and the market competition climate change or the Company are unable to effectively expand sales channels and optimize inventory management, the inventory may not be sold smoothly and the Company may face the risk of inventory impairment, which will cause certain adverse impacts on the Company's business performance.

4. Risk of decrease in gross profit margin

The Company's operating revenue mainly comes from the sales of the automatic sorting system and the Company's gross profit margin of main business was 38.34%, 28.54%, and 14.45% in 2020, 2021, and 2022, respectively. The Company's gross profit margin was mainly influenced by such factors as market demand, unit price of sales, production costs, and product structure. The Company will face the risk of a decrease in gross profit margin if there are significant adverse changes in future macroeconomics, market competition, raw material prices, etc., and the Company cannot reduce production costs and maintain its competitive advantages through measures such as technological innovation, process innovation, and expansion of production scale.

5. Risk of exchange rate fluctuation

During the reporting period, the Company actively expanded overseas markets. In addition, the Company's products are exported to many countries and regions such as Thailand, Indonesia, the Philippines, Singapore, Russia, the United Kingdom, America, Hong Kong, India, Belgium, and Malaysia. As the proportion of overseas sales revenue gradually increases, the Company will face the risk of exchange loss caused by fluctuations in the CNY exchange rate.

(VI) Industrial risks

☒ Applicable ☐ Not applicable

The market demand of the logistics equipment industry in which the Company operates mainly depends on the scale and growth of fixed assets investment in downstream application fields such as e-commerce, express & logistics, clothing, medicine, tobacco, new retail, and intelligent manufacturing. During the reporting period, the Company's downstream customers were mainly express & logistics enterprises and the Company's business scale grew rapidly due to the rapid growth in the scale of the express & logistics industry and the demand for automatic logistics equipment. If there are significant changes in the domestic and foreign macro-economy, economic growth slows down or periodic fluctuations occur, they may cause the business scale of downstream express & logistics customers to decline and the scale of fixed assets investment to decrease or the express & logistics enterprises gradually complete the investment in the automatic logistics equipment, and reduce the procurement demand for the relevant equipment, which will have a negative impact on the production and operation of the Company.

(VII) Macro environmental risks

☒ Applicable ☐ Not applicable

At present, the global economy is still in cyclical fluctuations. There is no trend of comprehensive economic recovery yet and there is still a possibility of decline. In addition, the global economic slowdown may have some adverse impacts on the intelligent logistics equipment industry, which may indirectly impact the Company's performance.

In addition, various conflicts and games in the world are still intensifying. The situation in some regions is tense and the global geopolitical landscape is slowly changing. In addition to causing fluctuations in the Russian and European markets, the Russia-Ukraine conflict has also exacerbated the instability of the global market. These risks of uncertainty may bring certain impacts on the Company's overseas market and there is a risk that changes in overseas market demands will impact the Company's performance.

(VIII) Risks related to depository receipts

☐ Applicable ☒ Not applicable

(IX) Other major risks

☐ Applicable ☒ Not applicable

V. Main Business in the Reporting Period

During the reporting period, the Company achieved total operating revenue of CNY 2.3148959 billion, with a YoY increase of 4.76%; realized operating profit of CNY -151,756,800, a YoY decrease of 149.27%. The total profit achieved was CNY -154,101,300, a YoY decrease of 149.94%. The net profit attributable to the owners of the parent company was CNY -118,719,700, a YoY decrease of -145.80%. The net profit attributable to the owners of the parent company after deducting non-recurring profit or loss was CNY -190761,100, with a YoY decrease of 180.65%. The basic earnings per share were CNY -0.90, with a YoY decrease of 136.14%.

(I) Analysis of main business

1. Analysis of Changes in Relevant Items of Income Statement and Cash Flow Statement

Unit: CNY

Item	Amount of current period	Amount of the same period last year	Change proportion (%)
Operating revenue	2,314,895,871.41	2,209,625,669.26	4.76
Operating cost	1,972,674,097.81	1,578,369,972.13	24.98
Selling expenses	111,309,776.53	68,161,102.99	63.30
Management expenses	88,972,623.64	52,135,077.05	70.66
Financial expenses	-7,517,578.67	-2,710,708.51	-177.33
R&D expenses	206,675,881.05	133,894,164.99	54.36
Net cash flow from operating activities	-37,440,908.80	-421,334,271.86	91.11
Net cash flow from investing activities	-765,151,752.16	-1,026,868,211.55	25.49
Net cash flow from financing activities	-250,551,827.90	2,872,207,238.79	-108.72

Note of reason for change in operating revenue: The operating revenue increased by 4.76% compared to the previous year, with a stable increase in revenue.

Note of reason for change in operating cost: The operating cost increased by 24.98% compared to the previous year, mainly due to an increase in acceptance projects this year.

Note of reasons for change in selling expenses: The selling expenses increased by 63.30% compared to the same period last year and the main reason was that, based on long-term development in the future, the Company further strengthened the construction of a high-quality talent team, actively expanded the sales team, and also expanded the sales and after-sales service teams for overseas businesses. The wages and salaries increased by CNY 11.2378 million YoY, with a YoY increase of 58.93%. The after-sales service fee increased by CNY 5.2354 million YoY, with a YoY increase of 18.91% and the sales promotion fee increased by CNY 12.5791 million YoY, with a YoY increase of 317.92%.

Note of change in management expenses: The management expenses increased by 70.66% compared to the same period last year and the main reason was that the Company further expanded the high-quality management team, the Company's management increased by 50%, and the wages and salaries increased by CNY 21.1607 million YoY, with a YoY increase of 89.02%.

Note of change in financial expenses: The financial expenses decreased by 177.33% compared to the same period last year, mainly due to an increase in interest income this year.

Note of change in R&D expenses: The R&D expenses increased by 54.36% compared to the same period last year and the main reason was that the Company continued to attach great importance to R&D investment and actively arranged a series of product lines. The cost of R&D testing materials and testing line construction increased by CNY 43.9537 million YoY, with a YoY increase of 135.54%. At the end of 2022, the number of R&D personnel increased by 244 compared to the same period last year, and the wages and salaries increased by CNY 33.734 million YoY, with a YoY increase of 58.94%.

Note of change in net cash flow from operating activities: The net cash flow from operating activities was CNY -37.4409 million, with a YoY increase of 91.11% mainly due to a decrease in cash payments for purchasing goods and receiving services in the current period.

Note of change in net cash flow from investing activities: The net cash flow from investing activities was CNY -765.1518 million, with a YoY increase of 25.49% mainly due to an increase in cash received from investments and financial returns.

Note of change in net cash flow from financing activities: The net cash flow from financing activities was CNY -250.5518 million, with a YoY decrease of 108.72% mainly due to the receipt of funds raised from the Company's initial public offering of stocks in 2021 and there was no such cash inflow in 2022.

Details about material changes in the Company's business type, profit structure, or sources during the current period

☐ Applicable ☒ Not applicable

2. Income and cost analysis

☒ Applicable ☐ Not applicable

During the reporting period, the Company achieved total operating revenue of CNY 2.3148959 billion, with a YoY increase of 4.76%, with stable revenue growth. During the reporting period, the Company lowered the product prices to adapt to the competition changes in the market. The gross profit margin was 14.78% in 2022, with a YoY decrease of 13.79%.

(1). Performance of main business by industry, product and region

Unit: CNY

Main business by product						
By product	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease of operating revenue compared with the previous year (%)	Increase/decrease of operating cost compared with the previous year (%)	Increase/decrease of gross profit margin compared with that of previous year (%)
Total integrated sorting	884,931,128.54	822,985,345.00	7.00	17.18	37.48	A decrease of 13.73%

system						
Cross-belt sorter system	872,529,590.65	683,908,203.49	21.62	-16.53	2.05	A decrease of 14.27%
Large parcel sorting system	152,570,084.90	122,745,142.96	19.55	-43.82	-34.68	A decrease of 11.26%
Single-parcel singulator	147,625,068.14	124,534,952.14	15.64	1,483.86	1,741.13	A decrease of 11.79%
Intelligent warehouse system	45,889,281.27	35,275,841.76	23.13	390.51	434.87	A decrease of 6.37%
Conveying equipment	36,629,511.02	37,943,265.75	-3.59	-48.35	-45.20	A decrease of 5.97%
Dynamic weighing equipment	24,419,829.80	23,140,462.16	5.24	-34.18	-27.00	A decrease of 9.32%
Others	30,346,561.75	27,348,381.01	9.88	1,480.13	1,536.11	A decrease of 3.08%
Main business by region						
By region	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease of operating revenue compared with the previous year (%)	Increase/decrease of operating cost compared with the previous year (%)	Increase/decrease of gross profit margin compared with that of previous year (%)
Chinese Mainland	2,037,791,434.47	1,738,209,427.22	14.70	-5.40	13.37	A decrease of 14.12%
Overseas	277,104,436.94	234,464,670.59	15.39	495.16	494.67	An increase of 0.07%

Notes on performance of main business by product and region

By product:

During the reporting period, the operating revenue of the total integrated sorting system increased by 17.18% compared to the same period last year mainly because the Company's technology and products were increasingly mature, the Company's products had good scalability and adaptability, and various stand-alone equipment could be integrated with software systems so that the Company

could obtain multiple customer orders and deliver them for acceptance. The operating revenue of single-parcel singulator and the operating revenue of intelligent warehouse increased by 1,483.86% and 390.51% compared to the same period last year, respectively, and the main reason was that the Company actively explored the market, explored potential customer needs, orders increased rapidly, and the project accepted increased.

During the reporting period, the Company's main business was remarkable, the gross profit margin of sales mainly came from the main business, and the Company lowered the product prices to adapt to the competition changes in the market. The gross profit margin was 14.78% in 2022, with a YoY decrease of 13.79%.

By region:

During the reporting period, the gross profit margin in the Chinese Mainland decreased obviously and the main reason was that the Company lowered the product prices to adapt to the competition changes in the market. The gross profit margin was 14.70% in 2022, with a YoY decrease of 14.12%. The gross profit margin in overseas regions was relatively stable.

(2). Analysis of production and sales

☐ Applicable ☒ Not applicable

(3). Performance of major purchase and sales contracts

☐ Applicable ☒ Not applicable

(4). Cost analysis statement

Unit: CNY

Products							
By product	Cost item	Current amount	Share in total costs (%) - current period	Amount in the same period of previous year	Share in total costs (%) - same period of previous year	Change in amount compared with same period of previous year (%)	Note
Total integrated sorting system	Direct material	738,760,309.42	89.77	548,122,328.64	91.56	34.78	
	Direct labor	36,413,314.88	4.42	21,228,663.02	3.55	71.53	
	Manufacturing expense	47,811,720.70	5.81	29,291,165.35	4.89	63.23	

	Sub-total	822,985,345.00		598,642,157.01		37.48	
Cross-belt sorter system	Direct material	564,158,206.43	82.49	606,851,557.27	90.55	-7.04	
	Direct labor	58,973,113.60	8.62	27,723,409.19	4.14	112.72	
	Manufacturing expense	60,776,883.46	8.89	35,610,522.56	5.31	70.67	
	Sub-total	683,908,203.49		670,185,489.02		2.05	
Large parcel sorting system	Direct material	109,419,016.12	89.14	169,401,849.11	90.15	-35.41	
	Direct labor	6,379,548.92	5.20	9,082,980.49	4.83	-29.76	
	Manufacturing expense	6,946,577.92	5.66	9,420,408.08	5.01	-26.26	
	Sub-total	122,745,142.96		187,905,237.68		-34.68	
Single-parcel singulator	Direct material	108,570,162.06	87.18	5,936,969.16	87.77	1,728.71	
	Direct labor	6,316,226.89	5.07	362,565.76	5.36	1,642.09	
	Manufacturing expense	9,648,563.19	7.75	464,502.31	6.87	1,977.18	
	Sub-total	124,534,952.14		6,764,037.23		1,741.13	
Intelligent warehouse system	Direct material	32,690,911.76	92.67	6,389,870.74	96.89	411.61	
	Direct labor	470,196.14	1.33	30,593.53	0.46	1,436.91	
	Manufacturing expense	2,114,733.86	5.99	174,798.08	2.65	1,109.82	
	Sub-total	35,275,841.76		6,595,262.35		434.87	
Conveying equipment	Direct material	34,771,567.20	91.64	66,917,635.31	96.65	-48.04	
	Direct labor	1,125,721.43	2.97	65,752.92	0.09	1,612.05	
	Manufacturing expense	2,045,977.12	5.39	2,253,900.62	3.26	-9.23	

	Sub-total	37,943,265.75		69,237,288.85		-45.20	
Dynamic weighing equipment	Direct material	21,886,045.19	94.58	30,560,654.30	96.41	-28.38	
	Direct labor	-	-	9,440.00	0.03	-100.00	
	Manufacturing expense	1,254,416.97	5.42	1,127,620.39	3.56	11.24	
	Sub-total	23,140,462.16		31,697,714.69		-27.00	
Others	Direct material	22,238,150.17	81.31	1,275,638.25	76.31	1,643.30	
	Direct labor	2,490,581.99	9.11	164,132.05	9.82	1,417.43	
	Manufacturing expense	2,619,648.85	9.58	231,775.55	13.87	1,030.25	
	Sub-total	27,348,381.01		1,671,545.85		1,536.11	

Notes for other information about cost analysis

During the reporting period, the elements of production costs of the Company's main products were relatively stable, with direct material expenses as the main element. Among them, the labor cost was the cost paid for the installation service company hired for each project. The labor and manufacturing costs fluctuated during the reporting period mainly due to the gradual diversification of the Company's product types and downstream customers, the increase in complexity of installation in the Company's projects, the increase in on-site management costs, and the increase in labor and manufacturing costs due to the high cost of overseas labor and transportation.

(5). Changes in consolidation scope caused by changes in equity of major subsidiaries during the reporting period

☐ Applicable ☒ Not applicable

(6). Major changes or adjustments in the Company's business, products or services during the reporting period

☐ Applicable ☒ Not applicable

(7). Major customers and suppliers

A. Major customers of the Company

☒ Applicable ☐ Not applicable

The sales from the top five customers were CNY 1,735,982,777.62, accounting for 74.99% of the total annual sales. The sales from affiliates of that of the top five customers were CNY 0, accounting for 0% of the total annual sales.

Top five customers of the Company

√ Applicable ☐ Not applicable

Unit: CNY

No.	Customer	Sales	Percentage in total annual sales (%)	Related to a listed company
1	A	665,078,418.83	28.73	No
2	B	613,250,139.58	26.49	No
3	C	190,474,188.80	8.23	No
4	D	146,136,938.44	6.31	No
5	E	121,043,091.97	5.23	No
Total	/	1,735,982,777.62	74.99	/

During the reporting period, the proportion of sales to a single customer exceeded 50% of the total. Among the top five customers, there were new customers or heavily dependent on a few customers.

☐ Applicable √ Not applicable**B. Major suppliers of the Company**√ Applicable ☐ Not applicable

The procurement amount of the top five suppliers was CNY 373,676,666.72, accounting for 27.22% of the total annual procurement amount. The procurement number of affiliates of that of the top five suppliers was CNY 0, accounting for 0% of the total annual procurement amount.

Top five suppliers of the Company√ Applicable ☐ Not applicable

Unit: CNY

No.	Supplier	Procurement amount	Percentage in total annual procurement amount (%)	Related to a listed company
1	A	118,727,373.42	8.65	No
2	B	85,972,410.30	6.26	No
3	C	72,033,636.28	5.25	No
4	D	57,677,398.03	4.20	No
5	E	39,265,848.69	2.86	No

Total	/	373,676,666.72	27.22	/
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During the reporting period, the proportion of purchases from a single supplier exceeded 50% of the total, and there were new suppliers among the top five suppliers or serious dependence on a few suppliers.

☐ Applicable ☒ Not applicable

3. Expenses

☒ Applicable ☐ Not applicable

See details in the form and notes of Analysis of Changes in Relevant Items of 1. Income Statement and Cash Flow Statement in (I) Analysis of main business in V. Main Business in the Reporting Period in Section III.

4. Cash flow

☒ Applicable ☐ Not applicable

See details in the form and notes of Analysis of Changes in Relevant Items of 1. Income Statement and Cash Flow Statement in (I) Analysis of main business in V. Main Business in the Reporting Period in Section III.

(II) Notes to material change of profit resulting from non-main businesses

☐ Applicable ☒ Not applicable

(III) Analysis of assets and liabilities

☒ Applicable ☐ Not applicable

1. Assets and liabilities

Unit: CNY

Name of item	Ending balance of the current period	Percentage of ending balance in the current period in total assets (%)	Ending balance in the previous period	Percentage of ending balance in the previous period in total assets (%)	Change in ending balance in the current period compared with the previous period (%)	Notes
Monetary funds	461,257,642.63	8.31	1,497,805,281.99	24.41	-69.20	Mainly due to the purchase of wealth management products and payment of

						materials
Notes receivable	-	-	2,020,000.00	0.03	-100.00	Mainly due to a decrease in notes receivable received this year
Receivables-based financing	200,000.00	0.00	1,281,800.00	0.02	-84.40	Mainly due to the maturity of notes receivable
Advance payment	70,610,295.10	1.27	103,290,082.40	1.68	-31.64	Mainly due to a decrease in advance payment for goods
Other receivables	10,996,165.20	0.20	5,514,811.91	0.09	99.39	Mainly due to an increase in bidding securities
Contractual assets	134,561,871.18	2.42	62,005,958.10	1.01	117.01	Mainly due to an increase in quality security deposits receivable this year
Non-current assets due within one year	238,000.00	-	700,000.00	0.01	-66.00	Mainly due to the maturity of employee loans
Long-term receivables	5,941,988.00	0.11	3,422,000.00	0.06	73.64	Mainly due to an increase in employee housing loan benefits provided by the Company
Investment in other equity instruments	20,000,000.00	0.36	-	-	N/A	Mainly due to an increase in strategic outward investment this year

Investment real estate	29,201,201.61	0.53	-	-	N/A	Mainly due to an increase in purchases of investment real estate this year
Construction in progress	380,829,616.86	6.86	17,348,655.94	0.28	2,095.15	Mainly due to an increase in the Company's factories and equipment in progress
Intangible assets	150,103,685.56	2.70	41,950,167.13	0.68	257.81	Mainly due to an increase in the Company's land use rights
Deferred income tax assets	119,529,021.93	2.15	74,154,373.52	1.21	61.19	Mainly due to a decrease in inventory value, an increase in bad debt reserves and tax losses of the Company this year, resulting in an increase in deferred income tax assets
Contractual liabilities	636,982,480.50	11.47	917,410,550.57	14.95	-30.57	Mainly due to an increase in contractual advance prepayments received from customers this year
Payroll payable	58,299,517.64	1.05	44,163,992.33	0.72	32.01	Mainly due to an increase in the number of employees of the Company and an

						increase in the per capita salary this year
Taxes payable	27,923,177.83	0.50	78,689,762.95	1.28	-64.51	Mainly due to a decrease in income taxes payable this year
Non-current liabilities due within one year	3,667,799.81	0.07	2,115,035.24	0.03	73.42	Mainly due to the increase in lease liabilities in the current year
Long-term payables	39,045,936.29	0.70	500,000.00	0.01	7,709.19	Mainly due to an increase in quality security deposits
Accrued liabilities	42,629,389.03	0.77	25,692,969.26	0.42	65.92	Mainly due to an increase in revenue recognition and corresponding provision for quality security deposits
Deferred income	126,013,706.04	2.27	73,742,253.84	1.20	70.88	Mainly due to an increase in government subsidies that have not yet been recognized as benefits

Other notes

None

2. Overseas assets

√ Applicable □ Not applicable

(1) Asset size

Including: overseas assets of CNY 4,728,205.61, accounting for 0.09% of the total assets.

(2) Relevant notes for a relatively high proportion of overseas assets

☐ Applicable ☒ Not applicable

3. Restrictions on major assets by the end of the reporting period

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Beginning balance	Increase in current year	Decrease in current year	Ending balance	Restriction reasons
Other monetary funds	11,917,932.24	34,385,452.51	42,202,885.52	4,100,499.23	Security deposit
Other monetary funds	10,000,000.00	30,000,000.00	10,000,000.00	30,000,000.00	Certificate of deposit of bank
Other monetary funds	-	2,800,000.00	-	2,800,000.00	Frozen capital
Total	21,917,932.24	67,185,452.51	52,202,885.52	36,900,499.23	/

4. Other notes

☐ Applicable ☒ Not applicable

(IV) Analysis of operation information of the industry

☒ Applicable ☐ Not applicable

See details of operation information of the industry during the reporting period in "II. Description of the Main Business, Business Model, Industry Situation and R&D Engaged in by the Company during the Reporting Period" in "Section III Discussions & Analysis by the Management".

(V) Investment analysis**Overall analysis of external equity investment**

√ Applicable □ Not applicable

Unit: CNY

Amount of investment in the reporting period (CNY)	Amount of investment in same period of the previous year (CNY)	Change (%)
326,102,809.22	125,939,250.00	158.94%

The outward investments of the Company and its subsidiaries during the reporting period are as follows:

- (1) On April 24, 2022, the *Proposal on Establishing Subsidiary Wayzim Technology Jiangxi* was reviewed and approved at the 17th Meeting of the First Board of Directors. The Company established a wholly-owned subsidiary Wayzim Jiangxi with its own funds of CNY 100 million and completed the industrial and commercial registration in May 2022.
- (2) On November 12, 2022, the *Proposal on Project Cooperation and Affiliate Transactions* was reviewed and approved at the 22nd Meeting of the First Board of Directors and the 10th meeting of the First Board of Supervisors. The Company, along with related natural persons Ms. Ke Li, Mr. Ouyang Qingsheng, and Mr. Miao Yanhui, jointly invested CNY 10 million to establish Jiangsu Power. In the investment, the Company invested CNY 5.1 million, Ms. Ke Li invested CNY 1.9 million, Mr. Ouyang Qingsheng invested CNY 2.95 million, and Mr. Miao Yanhui invested CNY 50,000. The specific information is detailed in the *Announcement of Wayzim on Outward Investment for the Establishment of Subsidiaries and Affiliate Transactions* (Announcement No. 2022-033) disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on November 15, 2022. The Company completed the industrial and commercial registration in November 2022.
- (3) In October 2022, in order to strengthen the business in the motorized roller motor industry chain, based on the Articles of Association, the chairman approved the Company's investment of CNY 20 million to subscribe to a new registered capital of CNY 2.14346 million for YG Magnet. The Company completed the industrial and commercial change registration in December 2022.
- (4) In June 2022, Wayzim Jiangxi invested to establish a wholly-owned subsidiary, Jiangxi Zhongwei, with a registered capital of CNY 100 million.
- (5) In August 2022, Wayzim Anhui invested to establish a wholly-owned subsidiary, Anhui Zhongwei, with a registered capital of CNY 10 million.
- (6) In March 2022, Wayzim Singapore invested to establish a wholly-owned subsidiary, Wayzim Malaysia, with a registered capital of MYR 100.
- (7) In March 2022, Wayzim Singapore invested to establish a wholly-owned subsidiary, Wayzim USA, with a registered capital of USD 20,000.

(8) In June 2022, Wayzim Singapore invested to establish a wholly-owned subsidiary, Wayzim Russia, with a registered capital of RUB 10,000.

(9) In August 2022, Wayzim Singapore invested to establish a wholly-owned subsidiary, Wayzim Hungary, with a registered capital of HUF 3 million.

(10) In October 2022, Wayzim Singapore invested to establish a wholly-owned subsidiary, Wayzim Thailand, with a registered capital of THB 1,000,000.

(11) In December 2022, Wayzim Singapore invested to establish a wholly-owned subsidiary, Wayzim Germany, with a registered capital of EUR 25,000.

(12) In December 2022, Wayzim Singapore invested to establish a wholly-owned subsidiary, Wayzim UK, with a registered capital of EUR 50,000.

1. Material equity investment

☐ Applicable ☒ Not applicable

2. Material non-equity investment

☐ Applicable ☒ Not applicable

3. Financial assets measured at fair value

☒ Applicable ☐ Not applicable

Unit: CNY

Name of item	Beginning balance	Ending balance	Change in current period	Impact on current profits
Trading financial assets	996,789,577.20	1,248,763,114.45	251,973,537.25	53,243,408.46
Receivables-based financing	1,281,800.00	200,000.00	-1,081,800.00	-
Investment in other equity instruments	-	20,000,000.00	20,000,000.00	-
Total	998,071,377.20	1,268,963,114.45	270,891,737.25	53,243,408.46

Security investments

☐ Applicable ☒ Not applicable

Private equity fund investments

☒ Applicable ☐ Not applicable

Unit: CNY

Private equity fund	Signing date of investment agreement	Investment amount as of end of reporting period	controlling shareholders or affiliates involved or not	Fund investments during reporting period	Accounting subject	Profit and loss within reporting period
Wuhuaguo Zhiyuan No.1 Private Equity Investment Fund	2022/1/4	30,000,000.00	No	As of December 31, 2022, the Company held 29,791,543.66 shares with a net value of CNY 30,199,687.81	Trading financial assets	199,687.81
Total	/	30,000,000.00	/	/	/	199,687.81

Investment in derivatives

☐ Applicable ☒ Not applicable

4. Specific progress of major asset restructuring and integration during the reporting period

□ Applicable √ Not applicable

(VI) Sales of material assets and equities

□ Applicable √ Not applicable

(VII) Analysis of major holding and controlling shareholders

√ Applicable □ Not applicable

Unit: CNY 10,000

Company name	Main business	Registered capital	Shareholding ratio	Total assets	Net asset	Operating revenue	Net profit
Wayzim Anhui	Main production base	1,000	100%	82,996.85	14,247.41	89,981.67	2,890.17
Wayzim Guangdong	South China Regional Sales and Aftersales Service Center	5,000	100%	3,860.27	3,618.78	1,563.22	58.56
Wayzim R&D	Artificial Intelligence Technology R&D Center	10,000	100%	22,178.38	7,308.40	5,857.66	579.66
Zhongke Guanwei	Production and manufacturing of	1,000	100%	7,628.53	5,873.97	6,162.95	230.35

	cameras						
Intelligent Sensing	R&D, production, and manufacturing of industrial sensors	10,000	100%	14,835.79	9,946.65	99.97	-53.67
Zhitong Intelligent	Overseas market	1,000	100%	752.59	58.63	11.85	-1.47
WAYZIM TECHNOLOGY PTE.LTD.	Southeast Asian Market Sales and Aftersales Service Center	USD 100	100%	908.64	29.57	444.00	26.02
Wayzim Chengdu	Southwest China Regional Sales and Aftersales Service Center	5,000	100%	4,696.26	4,569.16	362.10	-30.84
Wayzim Jiangxi	South China Manufacturing Center	10,000	100%	7,332.36	5,550.14	13.39	-9.86
Jiangsu Power	Market business of power technology components, including motorized rollers	1,000	51%	0.00	0.00	0.00	0.00

(VIII) Structured entities controlled by the Company

☐ Applicable ☒ Not applicable

VI. Discussion and Analysis of the Future Development of the Company

(I) Industry structure and trends

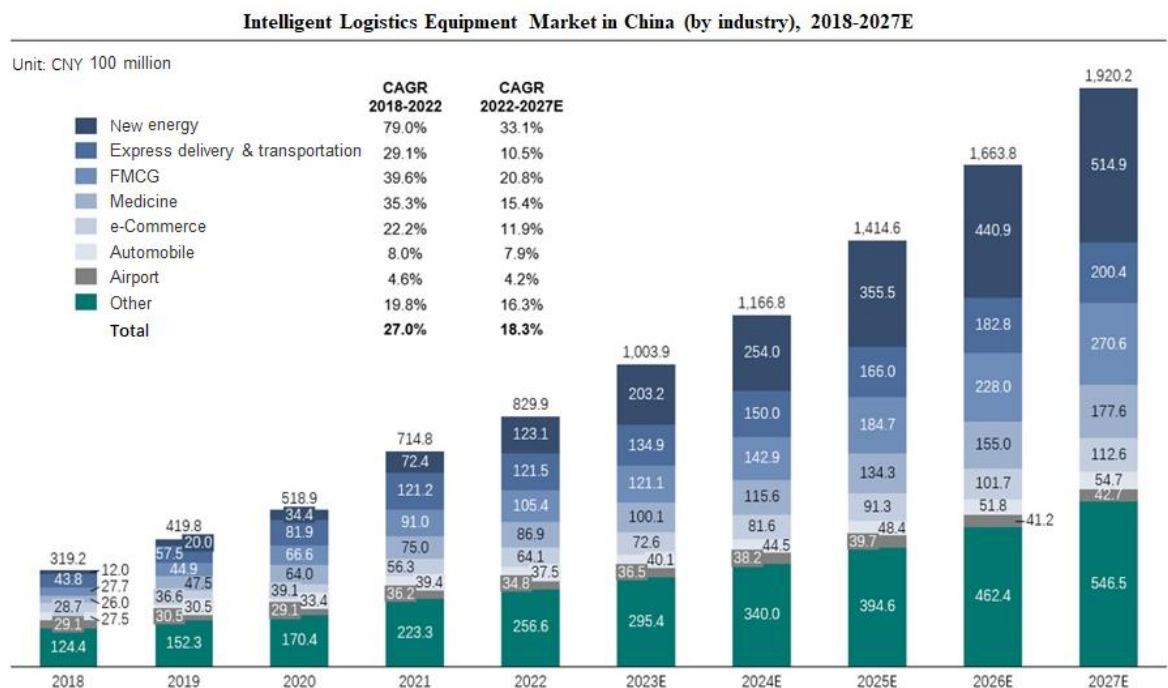
√ Applicable □ Not applicable

The upstream of the intelligent logistics equipment industry chain involves equipment manufacturers and software developers, the midstream involves system integrators, and the downstream involves various application industries. The Company's products include the key components of intelligent logistics equipment, high-end equipment, and comprehensive integrated solutions and the Company is at the key position of the intelligent logistics equipment industry chain.

Leading enterprises in the industry are currently fully leveraging their technological innovation capabilities and continuously making a series of arrangements in the industry chain. Some leading enterprises are currently continuously expanding vertically from their key product categories, such as key components and equipment, to system-level solution products, while also expanding to other scenarios such as conveying, sorting, picking, and handling.

In 2021, the impacts of global macro uncertainty were gradually dissipating, but there were still extensions of supply chain and logistics turnover time and obstructions. In addition, global concerns about high inflation continued and the Russia-Ukraine conflict also brought more uncertainty and challenges to the supply chain. In this context, the world's leading logistics equipment integrators still achieved strong growth. According to MMH, an American journal of material handling, the total revenue of the top 20 global logistics equipment industry integrators increased by 23% in 2021, up to USD 31.9 billion. Among them, the revenue of Daifuku ranking first in 2021 decreased to USD 4.39 billion, a YoY decrease of 3.3%. The revenue of Dematic ranking second in 2021 was USD 4.3 billion and that of Schaefer ranking third in 2021 was USD 3.73 billion. Many of the top 20 companies focused on providing systems, automation, and software.

According to CIC's report, the market demand for intelligent logistics equipment in China increased by 16.1% YoY in 2022, up to CNY 82.99 billion. The segment market size in the express delivery field reached CNY 12.15 billion, which was still one of the largest segmented application fields. Despite facing macro uncertainty challenges, it still demonstrated strong resilience. Meanwhile, the market size in the new energy field grew fastest, with a YoY growth rate of about 70.0%.



In 2023, the scale of express parcels in China continues to grow, which will drive the market demand for new and upgraded intelligent sorting systems. According to the monitoring data of the State Post Bureau, as of 8:00 am on April 6, 2023, China's express delivery volume in 2023 reached 30 billion parcels and it took 96 days to reach this volume, 99 days ahead compared to the time of reaching 30 billion parcels in 2019 and 18 days ahead of that in 2022. Furthermore, with the development of cross-border e-commerce and international supply chains, it is becoming increasingly common for Chinese enterprises to establish overseas warehousing and logistics systems, which also creates new opportunities for enterprises in the Chinese intelligent logistics equipment industry to expand overseas. Meanwhile, with the drive from strong terminal demand, there is a strong demand for new energy industry chain companies to expand their production capacity and greater emphasis will be generally paid on automation and intelligence in new production capacity to meet the development needs of enterprises. Therefore, the penetration rate of intelligent logistics equipment in the new energy field is expected to increase rapidly and drive the overall market for development. In terms of policies, intelligent logistics and intelligent warehouse are indispensable for the state to develop modern logistics and fields greatly supported by the state. According to CIC's report, the market size of China's intelligent logistics equipment industry is expected to exceed CNY 190 billion by 2027 and the compound growth rate from 2022 to 2027 is expected to be 18.3%.

Downstream demands are becoming increasingly diverse. There is a wide range of downstream customers of intelligent logistics equipment and the range is increasing, including logistics, express, e-commerce, medical care, automotive, lithium batteries, PV, etc. However, due to different application scenarios and logistics demands of industrial customers, they propose different requirements for warehousing and logistics operations in terms of warehousing, handling, sorting, and connection, thus creating diverse demands for intelligent logistics equipment.

The demand for flexible supply chains drives the penetration rate of intelligent logistics equipment to increase. Facing challenges such as diversified market demands, shortened product lifecycle, and increased supply chain uncertainty, enterprises are required to be able to adjust production plans more flexibly and quickly adjust the supply chains according to demands at any time. Therefore, the demand for flexible and intelligent supply chains is becoming clearer. With the help of sensor technology, AI, big data, and other technologies, refined, dynamic, and visual management of various logistics links can be realized by intelligent logistics equipment, meeting the needs of enterprises to improve the decision-making and execution efficiency of logistics systems and the penetration rate is expected to further increase.

Technological innovation continues to drive the industry for development. Moreover, as China's manufacturing industry continues to develop toward high quality, manufacturing enterprises are increasingly emphasizing operational efficiency and development quality. The development and application of automation and unmanned technology can effectively help enterprises solve pains. For example, machine vision technology can effectively assist enterprises in cargo inspection, quality inspection, barcode recognition, and other functions. In addition, it can be applied to cooperate with robots or systems to complete automatic sorting, palletizing, and unstacking, improving logistics efficiency while reducing labor costs. Moreover, for example, such technologies as AGV and AMR can avoid excessive construction of fixed conveying belts, sorting belts, and other system equipment. Furthermore, with the help of automatic carriers, operations such as inbound and outbound cargo warehousing, production line connection, and material handling can be achieved. While reducing space occupation, they can help enterprises achieve more flexible capacity regulation and production line layout, significantly improving the flexibility and freedom of production processes.

(II) Development strategy of the Company

√ Applicable □ Not applicable

The Company plans to further enrich its product matrix, enhance customer coverage, and strengthen production, manufacturing, and supply chain capabilities. Meanwhile, the Company is committed to building Wayzim into a world-leading intelligent logistics equipment and intelligent manufacturing

enterprise by focusing on strengthening the layout of technologies, R&D, talents, investments, mergers, acquisitions, and external cooperation.

1. Enrich the product matrix, increase the penetration rate in advantageous fields, and actively expand new fields and overseas markets

Around the architecture "One Focus with Two Wings", the Company plans to further enrich and improve its product layout, strengthen the layout of the integrated industrial chain, further explore customer needs in segmented fields, expand sales networks, and enrich customer acquisition channels. While further improving the penetration rate of conventional advantageous areas such as express & logistics and e-commerce, the Company will actively explore new customers in new fields such as new energy, clothes, shoes, hats, and other large consumer categories, and explore new customers in international and overseas markets. Specific information is as follows:

Product serialization: Wayzim offers customers integrated solutions of intelligent logistics systems for conveying, sorting, and warehousing. While strengthening the product layout of systems and solutions, the Company will also focus on the layout of the key components of intelligent logistics equipment around sensors, power systems, and other directions. The Company has independently developed and partially produced cameras, sorting carriers, dynamic weighing equipment, and motorized rollers, thus achieving the Company's industrial chain strategy layout of product serialization and integration. See details in "(I) Main business, main products or services" in "II. Description of the Main Business, Business Model, Industry Situation and R&D Engaged in by the Company during the Reporting Period" in "Section III Discussions & Analysis by the Management".

Customer diversification: Wayzim will increase its coverage and penetration rate in advantageous fields such as express sorting and e-commerce, and achieve a strategy of customer diversification by increasing the application and sales of the Company's products in new fields.

Business internationalization: The Company plans to cover the countries and regions along the "Belt and Road", and then establish a global marketing, operation management, and product service system, create a marketing and after-sales service network globally, and promote business internationalization strategy.

2. Maintain R&D investment in key technologies and key fields, improve R&D efficiency, and provide support for high-quality development

Technical innovation leads all aspects of the Company's products, services, and management. With breakthroughs in key common technologies, the Company can further enhance product competitiveness with standardized solutions and digital operations and expand its businesses in a more efficient manner. Wayzim offers integrated solutions of intelligent logistics systems for conveying, sorting, and warehousing to customers. The Company independently develops key technologies such as image barcode recognition technology, visual position detection technology, and sorting control system software. It is one of the few innovative companies in the same industry in China that can provide intelligent logistics conveying and sorting equipment industry chain technology from key software and hardware to system integration. The Company has been comparatively engaged in the underlying technology and key component levels. In the future, it is expected to rely on accumulated technologies to extend to other product and application levels. In the future, the Company will increase the R&D investment in the key common technology platform, key components, and application scenarios. In addition, key components can also serve as the basic components of intelligent manufacturing and will be promoted to the intelligent manufacturing industry for occupying a larger market share.

Meanwhile, the Company plans to further optimize the innovation R&D process and management, and improve R&D efficiency and the efficiency in transforming R&D achievements into products. The Company plans to further improve the R&D system such as version control and work process management, enhance the R&D support software toolbox, create an automated and intelligent modern R&D management system, and accelerate the transformation efficiency and return rate of R&D achievements.

3. Further enhance manufacturing capabilities and integrated industry chain capabilities and enrich ecological resources upstream and downstream of the industry chain

Production and manufacturing capabilities and stable and efficient supply chains stand as key factors for the improvement of enterprises' competitiveness. Therefore, the Company plans to continuously optimize its production capability, build a lean production scheduling system featuring automatic information flow and execution flow from order to outbound delivery, create a flexible production line capable of rapidly switching production capacity and products, and optimize the efficiency of integrated supply chain management with the help of information-based and intelligent production and logistics management platform. In addition, the Company plans to continuously enrich the resources of upstream and downstream ecological partners in the industry chain and establish symbiotic relationships with upstream parts and equipment suppliers in order to gain more efficient and stable supply chain management, thereby reducing production and manufacturing costs and increasing the gross profit margin.

4. Selectively arrange investments, mergers, acquisitions, and external cooperation

The Company focuses on investment opportunities in companies of the intelligent logistics equipment and intelligent manufacturing industry chain and is open to minority equity investments, mergers, and acquisitions. And, the Company hopes to arrange for leading technologies, markets, brands, and channels with investments, mergers, and acquisitions. In addition, the Company will seek cooperation opportunities with well-known research institutes and industry chain companies at home and abroad to jointly build a win-win ecological chain for the intelligent logistics equipment and intelligent manufacturing industry.

(III) Business plan

☒ Applicable ☐ Not applicable

The Company will continue to enhance its sustainable development capability and improve its key competitive advantages at multiple levels including product technology development, capacity expansion, brand business development, human resources integration, and financing in order to further enhance its profitability and risk resistance and better meet its future development needs.

1. Technical innovation and product R&D

The Company is engaged in a technology-intensive industry, in which continuous innovation ability is the driving force for the Company's development. Moreover, the Company will further improve the key common technology platform and put more into technical R&D of such systems as express sorting, intelligent warehouse, and baggage sorting in civil airports and key components such as visual sensors, industrial sensors, motorized rollers, drives, and controls. By further upgrading its existing R&D Technology Center, constructing laboratories, and upgrading software and hardware, the Company will improve its R&D environment to comprehensively enhance its R&D and innovation capabilities.

On the basis of consolidating conventional advantage fields such as express delivery and intelligent sorting systems for logistics, the Company will vigorously explore the applications of intelligent sorting systems in such fields as airports, tobacco, food, and drugs, while seizing the investment peak of new infrastructure and logistics equipment upgrading and transformation, and developing new businesses such as intelligent warehouses. By strengthening technical R&D, market promotion, and demonstration projects, the Company strives to achieve the promotion and application of the Company's products in new fields and create new growth points for the Company's businesses.

2. Capacity expansion plan

To meet its business development needs in the next 3-5 years, the Company commenced the construction of the Nanling Phase II Manufacturing Base Project for capacity expansion during the reporting period. The Nanling Manufacturing Base Project will strengthen the production capacity of the Company's logistics equipment and key components by building new production workshops and

purchasing advanced production and supporting equipment. Meanwhile, the Company established the Wayzim Intelligent Equipment Industry Cluster (South China) Base Project in Ganzhou, Jiangxi. After each project is implemented, the Company's production capacity will be further improved, and resources such as venues, equipment, and personnel will be better optimized and configured, thereby enhancing its overall competitiveness.

3. Operation network development plan

Exerting its advantages in technology R&D, product manufacturing, and operational service systems, the Company will strengthen overseas market channels in countries and regions including Southeast Asia, Russia, the Middle East, Europe, and America and strengthen communication and cooperation with foreign enterprises. On this basis, the Company will continuously expand new markets, actively seize market share in the field of overseas intelligent logistics sorting equipment, use the development of overseas business to drive its performance growth, and build "Wayzim" into the world's leading brand of intelligent logistics equipment. As of the disclosure date of this Report, the Company had established branches in multiple countries and regions such as Singapore, the United States, Russia, Hungary, Thailand, Germany, and the United Kingdom.

In China, the Company will increase its operation network construction efforts, establish regional branches, improve the quality of operation and maintenance services, and consolidate and increase its market share in the Chinese market. The Company has established a nationwide operation network with Wuxi Headquarters, Anhui Production Base, Jiangxi Production Base, and Zhejiang Tonglu Intelligent Sensing Base, with market and technical support in such places as Shanghai, Guangdong, Sichuan, and Shenyang.

4. Management improvement plan

With the rapid expansion of business scale, the Company will further improve its corporate governance structure, perfect its internal management system, and comprehensively enhance its management. On the basis of constantly improving the current management system, the Company promotes the development of a modern enterprise management system and strengthens internal control management and continuously optimizes enterprise management processes to further enhance team execution and enterprise operation efficiency. In addition, the Company will also strengthen management training, improve the management levels of middle and senior managers, improve the management skills of grassroots managers, and improve internal operational efficiency. Moreover, the Company will continuously conduct skill and management training, enhance the overall quality of the team and team members' forward-looking awareness of development strategies, and promote the efficient integration of internal and external resources of the Company to meet the management system requirements from the Company's rapid growth in the future.

5. Human resources development plan

By introducing and training talents at multiple levels, the Company enhances the overall professionalism of its personnel and improves the R&D innovation, business management, and production management of its talents.

In terms of talent introduction, the Company will continue to introduce highly educated talents in relevant fields and further enhance its technical R&D strength by recruiting high-level technical talents in such fields as AI, image recognition, microelectronics, optics, computers, and robots. The Company will establish a stable R&D team with high innovation spirit by seeking to establish long-term cooperation mechanisms with higher education institutions and improving various welfare benefits and incentives for R&D personnel.

In order to meet the needs of capacity expansion, the Company has recruited a group of equipment manufacturing workers with certain skills, steadily increased the number of persons in the operation and manufacturing department, ensured the processing level and ability of key components, and strengthened the quality control of products to meet the needs of capacity expansion.

In addition, the Company attaches importance to talent growth, adheres to the enterprise values of "humility, sincerity, honesty, dedication, teamwork, truth, and innovation", and takes enterprise

culture, development, and achievements to build a platform and continue to improve the human resource development system and meet the rapid increasing talent requirements in the future.

(IV) Others

☐ Applicable ☒ Not applicable

VII. Notes for matters undisclosed according to standards due to the inapplicability of provisions in the standards or special causes such as national secrets and business secrets, and reasons.

☐ Applicable ☒ Not applicable

Section IV Corporate Governance

I. Relevant Information on Corporate Governance

☒ Applicable ☐ Not applicable

In strict accordance with the requirements of laws and regulations such as the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, and other normative documents related to corporate governance issued by the China Securities Regulatory Commission (CSRC), the Company continuously improves its corporate governance structure, creates a harmonious development environment for the enterprise, correctly handles communication and interaction with investors, establishes a sound internal control system, further promotes the standardized operation of the Company, and improves the governance level to provide guarantees for its development. During the reporting period, the Company presented standardized overall operation, strong independence, and standardized information disclosure and the actual conditions of corporate governance met the requirements of normative documents for the governance of listed companies. The specific information is as follows:

1. Shareholders and General Meeting

During the reporting period, the Company held one annual general meeting and one extraordinary general meeting. In strict accordance with the requirements in relevant provisions of relevant laws, regulations, the *Articles of Association*, and the *Rules of Procedure for General Meetings of Wayzim Technology Co., Ltd.*, the Company convened and held general meetings to conduct standardized voting on matters to be deliberated at the general meetings and ensure that all shareholders fully exercise their legitimate rights.

2. Directors and Board of Directors

During the reporting period, the Board of Directors of the Company held six meetings. The First Board of Directors of the Company had nine directors, including three independent directors. The number of directors and composition of the Board of Directors met the requirements of laws, regulations, and the *Articles of Association*. All directors of the Company carefully attended the meetings of the Board of Directors, attended the general meetings, continuously strengthened their learning of relevant laws and regulations, and fulfilled their corresponding responsibilities with integrity, diligence, and conscientiousness. In strict accordance with the relevant provisions of the *Articles of Association* and the *Rules of Procedure for Meetings of the Board of Directors of Wayzim Technology Co., Ltd.*, the Board of Directors convened and held the meetings of the Board of Directors, implemented the resolutions of the general meetings, and exercised their powers in accordance with the law. The Board of Directors of the Company consisted of Audit Committee, Strategy Committee, Nomination Committee, and Remuneration and Assessment Committee, with great significance for the Company to improve its operation and management capabilities and ensure scientific investment decisions.

3. Supervisors and Board of Supervisors

During the reporting period, the Board of Supervisors of the Company held five meetings. The Third Board of Supervisors of the Company had three supervisors, including one employee representative supervisor. The number of supervisors and composition met the provisions of laws, regulations, and the *Articles of Association*. In strict accordance with the *Company Law* and the *Rules of Procedure for Meetings of the Board of Supervisors of Wayzim Technology Co., Ltd.*, the Company standardized the convening, holding, and voting procedures of the meetings of the Board of Supervisors and all supervisors conscientiously fulfilled their duties and attended the meetings of the Board of Directors and general meetings of the Company as nonvoting delegates. The Board of Supervisors of the Company was able to independently and effectively supervise the Company's financial affairs and the legality and compliance of the duties of its directors and senior management and safeguard the legitimate rights and interests of the Company and its shareholders.

4. Information disclosure

The Company fulfills the information disclosure obligations in accordance with the relevant provisions of the *Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board* and the *Articles of Association*. During the reporting period, the Company disclosed its information truthfully, accurately, completely, and timely. The Company fairly treated all shareholders and ensured their equal right to know. In addition, the Company made efforts to improve its information transparency to ensure that investors could obtain the Company's information in a timely, accurate, and comprehensive manner.

5. Investor relations management

The Company's Board of Directors is committed to creating a harmonious development environment and it properly handles communication and interaction with investors. During the reporting period, the Company strengthened investor relations management and maintained communication and exchanges with investors. The Company attached importance to the concerns and suggestions raised by investors during calls or visits and actively accepted the supervision from investors.

6. Internal control specifications

During the reporting period, the Company established an internal control system that was suitable for its business development needs in accordance with relevant national requirements and regulations and in combination with its own actual conditions. In addition, the Company sorted out and optimized relevant management systems and processes in order to improve its risk prevention abilities and standardized operation.

7. Inside information management

In strict accordance with relevant regulations, the Company standardizes inside information management and the registration and filing of information submitted to external parties. By formulating the *Management System for Insiders of Inside Information* and carefully following this system, the Company has further standardized the Company's management of information insiders. During the preparation and disclosure of regular reports, the Company has established an insider registration form for inside information to truthfully and completely record the list of all insiders of inside information before the disclosure of inside information and the archives of insiders of inside information to maintain the openness, fairness, and impartiality of the Company's information disclosure.

Whether the corporate governance, laws, and administrative regulations are significantly different from the regulations issued by CSRC on the governance of listed companies; if there is any, indicate the reason.

☐ Applicable ☒ Not applicable

II. Notes for the fact that the company and its controlling shareholders could not remain independent or could not maintain their operation capabilities in terms of business, staff, capital, organization, and finance.

☐ Applicable ☒ Not applicable

The controlling shareholders, actual controllers, and other entities under their control were engaged in the same or similar business as the Company, as well as the impact of peer competition or major changes in peer competition on the Company, the solution measures taken, the addressing progress, and the follow-up solution plan.

☐ Applicable ☒ Not applicable

Controlling shareholders, actual controllers, and other entities under their control engaged in peer competitions that posed significant adverse impacts on the Company

☐ Applicable ☒ Not applicable

III. Brief Introduction to General Meeting of Shareholders

Session	Date	Inquiry index of the website designated for resolution publishing	Date of disclosure of resolution publishing	Meeting resolution
General Meeting 2021	May 16, 2022	www.sse.com.cn	May 17, 2022	The <i>Proposal on the 2021 Work Report of the Board of Directors of the Company</i> , the

				<i>Proposal on the 2021 Work Report of the Board of Supervisors of the Company, the Proposal on the 2021 Work Report of Independent Directors of the Company, the Proposal on the 2021 Annual Report and Abstract of the Company, and the Proposal on the 2021 Final Accounts Report of the Company</i> were reviewed and approved
The First Extraordinary General Meeting in 2022	November 30, 2022	www.sse.com.cn	December 1, 2022	The <i>Proposal on Permanently Supplementing Working Capital with Part of the Excessive Funds Raised</i> , the <i>Proposal on Revision of Relevant Governance Systems of the Company</i> , and the <i>Proposal on Electing Supervisors</i> were reviewed and approved

The preferred shareholders with restored voting rights request the convening of an extraordinary general meeting

☐ Applicable ☒ Not applicable

Notes on General Meeting

☒ Applicable ☐ Not applicable

All the proposals of the above general meetings have been reviewed and approved and none of them are denied.

During the reporting period, the Company held two general meetings, the convening and holding procedures, qualifications of conveners, qualifications of attendees, and voting procedures of the general meetings all complied with the provisions of the *Company Law* and the *Articles of Association*, and the meeting resolutions are legal and valid.

At the 2021 Annual General Meeting of the Company, some proposals were canceled, including the *Proposal on the First Employee Stock Ownership Plan (Draft) of Wayz Intelligent Manufacturing Technology Co. Ltd. and Abstract*, the *Proposal on Management Measures for the First Employee Stock Ownership Plan of Wayz Intelligent Manufacturing Technology Co. Ltd.*, and the *Proposal on Authorizing the Board of Directors to Handle Matters Related to the First Employee Stock Ownership Plan of the Company*, and some provisional proposals were added, including the *Proposal on the First Employee Stock Ownership Plan (Draft Amendment) of Wayz Intelligent Manufacturing Technology Co. Ltd. and Abstract*, the *Proposal on Management Measures for the First Employee Stock Ownership Plan of Wayz Intelligent Manufacturing Technology Co. Ltd.*

(Amendment), and the Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Related to the First Employee Stock Ownership Plan of the Company. The specific information is detailed in the *Announcement of Wayzim Technology on Cancelling Some Proposals and Adding Provisional Proposals at the 2021 Annual General Meeting* (Announcement No.: 2022-014) disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 28, 2022.

IV. Implementation and Changes in Arrangement of Voting Rights Differences during the Reporting Period

☐ Applicable ☒ Not applicable

V. Red Chip Structure and Corporate Governance

☐ Applicable ☒ Not applicable

VI. Directors, Supervisors, and Senior Management**(I) Shareholding changes and remuneration of current and dismissed directors, supervisors, senior management, and key technical personnel during the reporting period**

√ Applicable □ Not applicable

Unit: share

Name	Title (note)	Gender	Age	Starting date of tenure	Expiration date of tenure	Beginning shares	Ending shares	Share increases or decreases during the year	Reasons for increases or decreases	Total remuneration received from the Company during the reporting period (CNY 10,000) (before taxes)	Whether or not receiving remuneration from affiliates of the Company
Li Gongyan	Chairman and key technical personnel	Male	44	March 2020	Until the appointment of the new Board of Directors	19,800,000	19,800,000	/	/	83.24	No
Yao Yi	General Manager	Male	36	March 2020	/	/	/	/	/	31.62	No
Yao Yi	Director	Male	36	May 2016	Until the appointment of the new Board of Directors	/	/	/	/		No

Shang Liwei	Director	Male	41	March 2020	Until the appointment of the new Board of Directors	/	/	/	/	0	Yes
Xi Yuxiang	Director	Male	43	March 2020	Until the appointment of the new Board of Directors	/	/	/	/	68.07	No
Xi Yuxiang	Deputy General Manager	Male	43	April 2020	/	/	/	/	/		No
Xi Yuxiang	Secretary of Board of Directors	Male	43	September 2020	/	/	/	/	/		No
Du Ping	Director	Female	37	March 2020	Until the appointment of the new Board of Directors	/	/	/	/	46.82	No
Du Ping	Deputy General Manager, key technical personnel	Female	37	March 2020	/	/	/	/	/		No
Zou Xi	Director	Female	36	December	Until the	/	/	/	/	24.81	No

				2021	appointment of the new Board of Directors						
Zou Xi	Chief Financial Officer	Female	36	March 2020	/	/	/	/	/		No
Chen Yunsen	Independent Director	Male	38	March 2020	Until the appointment of the new Board of Directors	/	/	/	/	10.00	No
Chen Mingfei	Independent Director	Male	44	March 2020	Until the appointment of the new Board of Directors	/	/	/	/	6.00	No
Feng Jiachun	Independent Director	Male	56	March 2020	Until the appointment of the new Board of Directors	/	/	/	/	8.00	No
Du Wei	Supervisor	Female	39	March 2020	Until the appointment of the new Board of Supervisors	/	/	/	/	31.92	No

Zhong Jianpeng	Employee Representative Supervisor	Male	33	March 2020	Until the appointment of the new Board of Supervisors	/	/	/	/	29.58	No
Lyu Meiya	Supervisor	Female	35	November 2022	Until the appointment of the new Board of Supervisors	/	/	/	/	11.40	No
Ke Li	Deputy General Manager	Female	42	March 2020	/	/	/	/	/	52.61	No
Li Xiaobing	Deputy General Manager	Male	55	March 2020	/	/	/	/	/	69.83	No
Liu Yu	Key technical personnel	Male	35	July 2019	/	/	/	/	/	51.47	No
Wang Yifeng	Key technical personnel	Male	44	August 2019	/	/	/	/	/	37.32	No
Wang Xi	Key technical personnel	Male	36	August 2019	/	/	/	/	/	44.29	No
Ouyang Qingsheng	Key technical personnel	Male	52	July 2017	/	/	/	/	/	46.25	No
Zuo	Key technical	Female	36	March	/	/	/	/	/	42.06	No

Xiaofang	personnel			2020							
Chen Rong	Supervisor (resigned)	Female	47	March 2020	November 2022					-	Yes
Total	/	/	/	/	/	19,800,000	19,800,000		/	695.29	/

Note: The term of the First Board of Directors and the First Board of Supervisors will expire on March 25, 2023. In consideration that the nomination of candidates for the new board of directors and board of supervisors of the Company is still busily progressing, in order to ensure the continuity and stability of the related work of the Company's Board of Directors and Board of Supervisors, the term of the first Board of Directors and Board of Supervisors of the Company will be extended, and the terms of office of the special committees of the Board of Directors and senior management appointed by the Board of Directors will also be correspondingly extended. The specific information is detailed in the *Announcement of Wayzim on the Extension of the Term of the Board of Directors and the Board of Supervisors* (Announcement No. 2023-008) disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on March 21, 2023.

Name	Major working experiences
Li Gongyan	Mr. Li Gongyan, born in June 1979, Chinese, without permanent overseas residency, graduated from the Institute of Automation of the Chinese Academy of Sciences, with a doctoral degree, and is a researcher and doctoral supervisor. He served as an Assistant Researcher at the Institute of Automation of the Chinese Academy of Sciences from July 2008 to July 2010 and Assistant Researcher, Associate Researcher, and Researcher at IMECAS from August 2010 to May 2016. Since June 2016, he has served as the Director of the Intelligent Manufacturing Electronics R&D Center and the Director of the Intelligent Logistics Equipment System Engineering Laboratory at IMECAS. From October 2012 to September 2019, he served as the Technical Director of the Intelligent Transportation Research Center and the Deputy Director of the Laboratory of the Information Recognition and System Control Research Center at Jiangsu IoT Research and Development Center. He served as the Chairman of Wayzim Limited from May 2016 to March 2020 and the Manager of Wayzim Limited from May 2016 to May 2019. He has been serving as the Chairman of the Company since March 2020. He has been serving as the Executing Partner of Wayzim Yuanchuang since April 2018 and the Executing Partner of Qunchuang Zhongda since January 2019.
Shang Liwei	Mr. Shang Liwei, born in May 1982, Chinese, without permanent overseas residency, graduated from the University of Chinese Academy of Sciences, with a doctoral degree, and is a professorate senior engineer. Since July 2009, he has served as Assistant Researcher, Associate Researcher, Secretary to the Director, Project Supervisor of the Science and Technology Department, Project Supervisor of the Industrialization Department, Deputy Director of the Industrialization Promotion Center, and Director of the Industrialization Promotion Center at IMECAS. He served as a Director of Wayzim Limited from May 2016 to March 2020 and has been serving as a Director of the Company since March 2020, Director, Manager, and Chairman of Zhongke Weizhi since December 2017, a Manager and Director of Zhongke Micro Investment since July 2018, the Director of Jiangsu IoT Research and Development Center since January 2020, and a Director of the IoT Innovation Center since May

	2020.
Yao Yi	Mr. Yao Yi, born in December 1987, Chinese, without permanent overseas residency, graduated from University of Birmingham in the UK, with a master's degree. He served as an Investment Consultant for China Merchants Securities Co., Ltd. from April 2012 to May 2014. He has been serving as the General Manager of Zhongke Guanwei since June 2014. He served as a director and manager assistant of Wayzim Limited from May 2016 to May 2019 and a director and manager of Wayzim Limited from May 2019 to March 2020. He has been serving as a director and General Manager of the Company.
Du Ping	Ms. Du Ping, born in October 1986, Chinese, without permanent overseas residency, graduated from Beijing University of Posts and Telecommunications, with a master's degree. She is a doctorate candidate at the Institute of Microelectronics of the Chinese Academy of Sciences. She served as a Hardware Engineer at Changshuo Technology (Shanghai) Co., Ltd. from July 2008 to November 2009. She studied at Beijing University of Posts and Telecommunications from September 2010 to March 2013 and obtained a Master's Degree in Testing Technique and Automation Equipment. She served as the Director of the Information Recognition and System Control Research Center at Jiangsu IoT Research and Development Center from April 2013 to June 2019. She served as a Director of Wayzim from May 2019 to March 2020 and a Hardware Engineer at Wayzim Limited from July 2019 to March 2020. She has served as a Director and Deputy General Manager of the Company since March 2020.
Xi Yuxiang	Mr. Xi Yuxiang, born in April 1980, Chinese, without permanent overseas residency, graduated from Cheung Kong Graduate School of Business with a Master's Degree in Business Administration. He served as a Programmer at Shanghai Shimaotong Information Network Co., Ltd. from July 2001 to September 2002, an Architect at Wanyu System Software (Shanghai) Co., Ltd. from March 2003 to January 2004, Project Manager of Shanghai Meile Economic Development Co., Ltd. from February 2004 to December 2005, and General Manager Assistant of Shanghai Tianhesheng Information Technology Development Co., Ltd. from January 2006 to August 2007. From October 2007 to November 2008, he studied at Cheung Kong Graduate School of Business and obtained a Master's Degree in Business Administration; He served as an Investment Manager of Shanghai Pudong Science and Technology Investment Co., Ltd. from July 2009 to February 2010, an Investment Manager of IDG Capital Investment Consultant (Beijing) Co., Ltd. Shanghai Branch from February 2010 to June 2012, a Vice President of IDG Investment Consultant (Shanghai) Co., Ltd. from June 2012 to July 2017, and a Partner of Dinghui Equity Investment Management (Tianjin) Co., Ltd. from December 2017 to March 2020. He has been serving as a Director of the Company since March 2020, a Deputy General Manager of the Company since April 2020, and the Secretary of the Board of Directors of the Company since September 2020.
Zou Xi	Ms. Zou Xi, born in November 1987, Chinese, without permanent overseas residency, graduated from Wuhan University of Science and Technology, with a bachelor's degree, and is an intermediate accountant. She served as a Cost Accountant at Changzhou Kanghui Medical Devices Co., Ltd. from August 2010 to March 2015, the Financial Director of China Electronics Innovation Environmental Technology Co., Ltd. from May 2015 to April 2017, the Financial Manager of Jiangsu Telilan Coating Technology Co., Ltd. from May 2017 to August 2018, and the Financial Manager of Wayzim Limited from August 2018 to March 2020. She has been serving as the Financial Director of the Company since March 2020.

	and a Director of the Company since December 2021.
Chen Yunsen	Mr. Chen Yunsen, born in May 1985, Chinese, without permanent overseas residency, graduated from Tsinghua University, with a doctoral degree, and is a professor and doctoral supervisor. He has served as a Lecturer, Associate Professor, and Professor at the Central University of Finance and Economics since July 2011. And he has been serving as the Deputy Head of the Graduate Work Department and Vice Dean of the Graduate School of the Central University of Finance and Economics since December 2020. He has been serving as an Independent Director of the Company since March 2020.
Chen Mingfei	Mr. Chen Mingfei, born in October 1979, Chinese, without permanent overseas residency, graduated from Southwest University of Political Science and Law, with a master's degree. He served as a Lawyer at Shanghai Joinway Law Firm from July 2005 to May 2008, a Lawyer at Shanghai Zhanghong Law Firm from May 2008 to February 2015, and a Partner at Shanghai Keen Right Law Firm from February 2015 to October 2018. He has served as a partner of Boss & Young Attorneys at Law since October 2018. He has been serving as an Independent Director of the Company since March 2020.
Feng Jiachun	Mr. Feng Jiachun, born in November 1967, Chinese, without permanent overseas residency, holds a doctoral degree and is a professor and doctoral supervisor. From July 1991 to September 1999, he served as an Assistant Engineer and Engineer at the Petrochemical Research Institute of PetroChina Lanzhou Petrochemical Company. From September 1999 to June 2002, he studied at the Institute of Chemistry of the Chinese Academy of Sciences and obtained a Doctoral Degree in Polymer Chemistry and Physics. He acted as a postdoctoral fellow at Fudan University from June 2002 to July 2004. He has served as a Lecturer, Associate Researcher, and Professor at Fudan University since July 2004. He has been serving as an Independent Director of the Company since March 2020.
Du Wei	Ms. Du Wei, born in August 1984, Chinese, without permanent overseas residency, graduated from Jiangnan University, with a college degree. She served as the Administrative Director of MacroCloud Corporation from November 2010 to July 2016. He served as a Supervisor of Wayzim Limited from May 2016 to March 2020 and the Director of the Management Department of Wayzim Limited from August 2016 to March 2020. She has served as the Chairwomen of the Board of Supervisors and the Director of the Management Department of the Company since March 2020.
Lyu Meiya	Ms. Lyu Meiya, born in January 1988, Chinese, without permanent overseas residency, holds a bachelor's degree. She served as a Legal Specialist at Wuxi Sanying Investment Guarantee Co., Ltd. from January 2010 to February 2014, a Legal Specialist at Jiangsu Finawin Wealth Management Consulting Co., Ltd. from May 2014 to September 2014, a Legal Specialist at Beijing Hengchang Huicheng Information Consulting Co., Ltd. Wuxi Branch from November 2014 to August 2019, and a Legal Specialist at Dongzhu Ecological Environment Protection Co., Ltd. from October 2019 to March 2020. She has been serving as a Legal Specialist in the Company since June 2020 and a Supervisor of the company since December 2022.
Zhong	Mr. Zhong Jianpeng, born in September 1990, Chinese, without permanent overseas residency, graduated from Jiangxi Environmental Engineering Vocational College, with a college degree. He served as an Electronics Engineer at the Institute of Automation of the Chinese Academy of Sciences

Jianpeng	from September 2012 to March 2013 and an Electrical Engineer at the Jiangsu IoT Research and Development Center from April 2013 to June 2019. He served as the Director of Project Department I of Wayzim Limited from July 2016 to March 2020 and has been serving as an Employee Representative Supervisor, the Director of the Integrated Division of Civil Aviation, and the Head of the Logistics System Integration Design Center (Project Management) of the Company.
Ke Li	Ms. Ke Li, born in November 1981, Chinese, without permanent overseas residency, graduated from Nankai University, with a bachelor's degree. She served as a civil servant in the People's Government of Yijiang Town, Nanling County, Anhui Province from February 1999 to June 2006, a civil servant of the CYL Nanling County Committee from June 2006 to July 2014, and a civil servant at Anhui Nanling Economic Development Zone from July 2014 to September 2017. She served as the Director of Marketing Department I of Wayzim Limited from September 2017 to March 2020 and has been serving as a Deputy General Manager of the Company since March 2020.
Li Xiaobing	Mr. Li Xiaobing, born in February 1968, Chinese, without permanent overseas residency, graduated from Xi'an Jiaotong University, with a master's degree. He served as an Engineer at the Institute of Automation of the Ministry of Chemical Industry from July 1990 to July 1993 and an Engineer at Lanzhou Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd. from August 1993 to August 1996. He studied at Xi'an Jiaotong University from August 1996 to March 1999 and obtained a Master's Degree in Industrial Automation Instrumentation and Devices. He served as an Engineer, General Representative of the Mexican Representative Office, and Director of Government Affairs at ZTE Corporation from March 1999 to March 2016. He served as the Director of Government Affairs at Shenzhen ZTE Microelectronics Technology Co., Ltd. from March 2016 to November 2018 and a Vice President of Shanghai Chuangyuan Instrument Technology Co., Ltd. from November 2018 to March 2020. He has served as a Deputy General Manager of Wayzim Limited and a Deputy General Manager of the Company since March 2020.
Ouyang Qingsheng	Mr. Ouyang Qingsheng, born in October 1971, Chinese, without permanent overseas residency, graduated from Zhejiang University, with a bachelor's degree. He served as a Technician at Hangzhou Hengtai Building Materials Equipment Manufacturing Co., Ltd. from July 1994 to December 1997, an Engineer at Hangzhou Chengdong Packaging Equipment Co., Ltd. from January 1998 to March 2005, an Engineer at Toplens (Hangzhou). Inc. from April 2005 to March 2013, and an Engineer at the Jiangsu IoT Research and Development Center from April 2013 to June 2019. He served as the Director of the Mechanical Design and Manufacturing Innovation Department of Wayzim Limited from July 2017 to March 2020 and has been serving as the person in charge of the Electromechanical System Research and Development Center of the Company.
Liu Yu	Mr. Liu Yu, born in November 1988, Chinese, without permanent overseas residency, graduated from Beijing Jiaotong University, with a master's degree. He served as a Research Intern and Assistant Researcher at IMECAS from July 2012 to August 2020. He served as an R&D Engineer of Machine Vision and Image Algorithms at Wayzim Limited from July 2019 to March 2020 and has been serving as the Deputy Director of the Intelligent System Laboratory of the Company since March 2020.
Wang Xi	Mr. Wang Xi, born in October 1987, Chinese, without permanent overseas residency, graduated from University of Science & Technology Beijing, with a master's degree. He served as an Assistant Researcher at IMECAS from July 2015 to October 2019. He served as the Deputy Director of the

	Large Parcel Sorting Division of Wayzim Limited from August 2019 to March 2020 and has been the person in charge of the Software Research and Development Center of the Company since March 2020.
Wang Yifeng	Mr. Wang Yifeng, born in July 1979, Chinese, without permanent overseas residency, graduated from Beijing Institute of Technology, with a master's degree. He served as an Automation Engineer at Nayur Technology (Beijing) Co., Ltd. from March 2013 to June 2015, an Electrical Engineer at Beijing Corona Science & Technology Co., Ltd. from June 2015 to April 2016, and an Electrical Engineer at IMECAS from May 2016 to October 2019. He served as the Director of the Electrical R&D Department of Wayzim Limited from August 2019 to March 2020 and has been serving as the leader of the Electrical R&D Team of the Intelligent System Laboratory of the Company since March 2020.
Zuo Xiaofang	Ms. Zuo Xiaofang, born in March 1987, Chinese, without permanent overseas residency, graduated from Jiangnan University, with a master's degree. She served as a Mechanical Engineer at China Security & Surveillance Technology, Inc. from July 2014 to September 2015, a Mechanical Engineer at the Jiangsu IoT Research and Development Center from September 2015 to November 2018, the Director of the Mechanical Design and Manufacturing Innovation Department of Wayzim Limited from July 2017 to March 2020, a Logistics System Planning Engineer at Wuxi Zhongding Integration Technology Co., Ltd. from November 2018 to May 2019, and a Mechanical Engineer at the Jiangsu IoT Research and Development Center from May 2019 to March 2020. She has served as the Director of the Logistics System Planning and Design Center of the Company, the Person in Charge of the Mechanical and Electrical System R&D Department of the Intelligent Warehouse Division, and the Person in Charge of the Warehousing System Integration Design Department since March 2020.
Chen Rong (resigned)	Ms. Chen Rong, born in July 1976, Chinese, without permanent overseas residency, graduated from Macquarie University in Australia, with a master's degree, and is an intermediate economist. She served as an Environmental Engineer at Jiangxi Copper Corporation from July 1995 to June 1999 and a Business Secretary of Shenzhen Yuesi Clothing Co., Ltd. from July 1999 to June 2001. She studied at Xi'an Jiaotong University from September 2001 to December 2003 and obtained a Master's Degree in Business Administration. She served as the General Manager Assistant of Embry (China) Garments Ltd. from February 2004 to June 2008. She studied at Macquarie University from February 2009 to April 2010 and obtained a Master's Degree in International Business. She served as the General Manager Assistant of Shenzhen Fuanna Bedding and Furnishing Co., Ltd. from August 2010 to June 2012, the Sales Director of Shenzhen CKing Communications Technology Limited from July 2012 to June 2014, and the Sales Director of Shenzhen Jiulei Technology Co., Ltd. from August 2014 to July 2015. She has been serving as the General Manager of Shenzhen UBank Technology Co., Ltd. since September 2015 and a Senior Investment Manager at SCGC since December 2016. She served as a Supervisor of the Company from March 2020 to November 2022.

Other notes

√ Applicable □ Not applicable

Li Gongyan indirectly holds 27,360,000 shares of the Company through Qunchuang Zhongda and Wayzim Yuanchuang; Yao Yi indirectly holds 810,000 shares of the Company through Qunchuang Zhongda; Du Ping indirectly holds 1,215,000 shares of the Company through Qunchuang Zhongda; Du Wei indirectly holds 180,000 shares of the Company through Qunchuang Zhongda; Zhong Jianpeng indirectly holds 1,215,000 shares of the Company through Qunchuang Zhongda; Ke Li indirectly holds 450,000 shares of the Company through Qunchuang Zhongda; Liu Yu indirectly holds 1,215,000 shares of the Company through Qunchuang Zhongda; Wang Yifeng indirectly holds 360,000 shares of the Company through Qunchuang Zhongda; Wang Xi indirectly holds 630,000 shares of the Company through Qunchuang Zhongda; Ouyang Qingsheng indirectly holds 1,215,000 shares of the Company through Qunchuang Zhongda; Zuo Xiaofang indirectly holds 450,000 shares of the Company through Qunchuang Zhongda.

(II) Positions of current and dismissed directors, supervisors, and senior management during the reporting period**1. Job titles in the shareholder companies**

√ Applicable □ Not applicable

Name of relevant personnel	Name of shareholder company	Job title	Starting date of tenure	Expiration date of tenure
Li Gongyan	Wayzim Yuanchuang	Executing Partner	April 2018	/
Li Gongyan	Qunchuang Zhongda	Executing Partner	January 2019	/
Shang Liwei	Zhongke Micro Investment	Director & General Manager	July 2018	/
Shang Liwei	IoT Innovation Center	Director	May 2020	/
Chen Rong (resigned)	SCGC	Investment Manager	December 2016	/
Note for job titles in shareholder companies	None			

2. Job title in other companies

√ Applicable □ Not applicable

Name of relevant personnel	Name of other entity	Job title	Starting date of tenure	Expiration date of tenure
Li Gongyan	Wayzim Anhui	Executive Director & General Manager	May 2017	/
Li Gongyan	Wayzim R&D	Executive Director & General Manager	November 2019	/
Li Gongyan	Wayzim Guangdong	Executive Director	November 2019	/
Li Gongyan	Wayzim Chengdu	Executive Director	January 2022	/
Li Gongyan	Wayzim Jiangxi	Executive Director	May 2022	/
Yao Yi	Intelligent Sensing	Executive Director & General Manager	August 2021	/
Yao Yi	Zhongke Guanwei	Executive Director & General Manager	June 2014	/
Yao Yi	Zhitong Intelligent	Executive Director	April 2021	/

		& General Manager		
Yao Yi	Chongqing Branch	Person in charge	June 2021	/
Yao Yi	Jiangxi Zhongwei	Executive Director & General Manager	June 2022	
Yao Yi	Anhui Zhongwei	Executive Director & General Manager	August 2022	/
Yao Yi	Jiangsu Power	Executive Director	November 2022	/
Yao Yi	Weizhizhi Automation	Executive Director & General Manager	March 2023	/
Yao Yi	Anhui Power	Executive Director	January 2023	/
Yao Yi	Shanghai Zhike Power Technology Co., Ltd.	Executive Director	March 2023	/
Yao Yi	Wayzim Singapore	Director	June 2021	/
Yao Yi	Zhengzhou Branch	Person in charge	June 2021	/
Yao Yi	Wayzim Malaysia	Director	March 2022	/
Yao Yi	Wayzim USA	Director	March 2022	/
Yao Yi	Wayzim Hungary	Director	August 2022	/
Yao Yi	Wayzim Thailand	Director	October 2022	/
Yao Yi	Wayzim Germany	Director	December 2022	/
Yao Yi	Wayzim UK	Director	December 2022	/
Yao Yi	Wayzim Russia	Director	June 2022	/
Shang Liwei	Beijing Zhongke Tailong Electronic Technology Co., Ltd.	Director	June 2018	/
Shang Liwei	Beijing Zhongke Newmicrot Technology Co., Ltd.	Director	September 2016	
Shang Liwei	Hangzhou Zhongke Microelectronics Co., Ltd.	Director	July 2016	/
Shang Liwei	Jiangsu CAS Internet- of-things Technology	Chairman	June 2018	/

	Venture Capital Co., Ltd.			
Shang Liwei	IMECAS	Director of Industrialization Promotion Center	July 2018	/
Shang Liwei	Suzhou Mordo IoT Technology Co., Ltd.	Director	March 2011	/
Shang Liwei	Beijing Laser Technology And Applications., Ltd.	Director	April 2018	/
Shang Liwei	Jiangsu Ysphototech Integrated Circuit Equipment Co., Ltd.	Director	August 2014	/
Shang Liwei	Jiangsu Leuven Instruments Co., Ltd.	Director	September 2015	/
Shang Liwei	Xinjiang CIT-SR IoT Technology Co., Ltd.	Director	February 2016	/
Shang Liwei	ZKX Era Technology Co., Ltd.	Director	April 2017	/
Shang Liwei	Beijing Zhongke Saiwei Electronic Technology Co., Ltd.	Director	August 2017	/
Shang Liwei	SMIC Future Microelectronics Technology Chengdu Co., Ltd.	Director	August 2017	/
Shang Liwei	Beijing Zhongke Weizhi Intellectual Property Service Co., Ltd.	Chairman and General Manager	December 2017	/
Shang Liwei	Fuzhi China Technology Industry (Beijing) Co., Ltd.	Manager	January 2019	/
Shang Liwei	Guangdong Zhongkexin Development Technology Co., Ltd. (canceled in November 2022)	Chairman	July 2019	November 2022
Shang Liwei	Zhongke Zhuzhao (Beijing) Technology Co., Ltd.	Director	October 2019	/
Shang Liwei	Jiangsu IoT Research	Director	January 2020	/

	and Development Center			
Shang Liwei	Beijing Xinwei Investment Management Co., Ltd.	Executive Director	March 2020	/
Shang Liwei	Jiangyin Integrated Circuit Design Innovation Center Co., Ltd.	Chairman and General Manager	May 2020	/
Shang Liwei	Beijing Xinwei Technology Center (Limited Partnership)	Executing Partner	May 2020	/
Shang Liwei	Jiangyin Xinchao Integrated Circuit Industrial Park Management Co., Ltd.	Director	May 2020	/
Shang Liwei	Beijing Electronic City Integrated Circuit Design Service Co., Ltd.	Director	June 2020	/
Shang Liwei	Jiangyin Xinwei Technology Center (Limited Partnership)	Executing Partner	June 2020	/
Shang Liwei	Chengdu Konggang Yuanchuang Private Equity Fund Management Co., Ltd.	Director	December 2020	/
Shang Liwei	Xinli (Beijing) Technology Co., Ltd.	Executive Director	July 2021	/
Shang Liwei	Shanghai Ncatest Technologies Co., Ltd.	Director	July 2021	
Shang Liwei	National Center for Advanced Packaging Co., Ltd.	Chairman	January 2022	/
Du Ping	Shenzhen Branch	Person in charge	March 2023	/
Zou Xi	Wayzim Singapore	Director	June 2021	/
Zou Xi	Wayzim Malaysia	Director	March 2022	
Chen Yunsen	Central University of Finance and Economics	Deputy Head of Graduate Work Department and Vice Dean of Graduate School	December 2020	/

Chen Yunsen	Beijing Huaru Technology Co., Ltd.	Independent Director	October 2017	September 2023
Chen Yunsen	CITIC Metal Co., Ltd.	Independent Director	July 2021	July 2024
Chen Mingfei	Shanghai Boss & Young Law Firm	Partner	October 2018	/
Feng Jiachun	Fudan University	Lecturer, Associate Researcher, and Professor	July 2004	
Zhong Jianpeng	Wuxi Zhongke Jinghui Automation Technology Co., Ltd.	Executive Director & General Manager	November 2014	/
Chen Rong	Shenzhen UBank Technology Co., Ltd.	General Manager	September 2013	/
Chen Rong	IC Seal Co. LTD	Supervisor	March 2022	/
Chen Rong	Youli (Shenzhen) E-commerce Co., Ltd.	Supervisor	January 2016	/
Chen Rong	Shinemax Advanced Materials Co., Ltd.	Director	January 2023	/
Li Xiaobing	Wayzim Chengdu	General Manager	January 2022	/
Ke Li	Suzhou Branch	Person in charge	April 2020	/
Ke Li	Jiangsu Power	General Manager	November 2022	/
Ke Li	Shanghai Zhike Power Technology Co., Ltd.	General Manager	March 2023	
Xi Yuxiang	Xiang Xin (Shanghai) Information Technology Co., Ltd. (canceled in October 2022)	Supervisor	August 2019	October 2022
Xi Yuxiang	Naifen Information Technology (Shanghai) Co., Ltd.	Supervisor	May 2021	/
Xi Yuxiang	Shanghai Fujie Information Technology Co., Ltd.	Supervisor	May 2021	/
Xi Yuxiang	Shanghai Congrong Information Technology Co., Ltd.	Supervisor	May 2021	/

Xi Yuxiang	Beijing Weijin Information Technology Co., Ltd.	Supervisor	July 2019	/
Xi Yuxiang	Guangzhou Yuanneng Logistics Automation Equipment Technology Co., Ltd.	Supervisor	August 2015	/
Xi Yuxiang	IC Seal Co. LTD	Director	March 2022	/
Notes for job titles in other entities	None			

(III) Remunerations of directors, supervisors, senior management, and key technical personnel

√ Applicable □ Not applicable

Unit: CNY 10,000

Decision-making procedure for remunerations of directors, supervisors, and senior management	After being reviewed and confirmed by the Remuneration and Assessment Committee, the allowances for directors and supervisors shall be submitted to the Board of Directors/Board of Supervisors and General Meeting for approval. The remuneration of senior management shall be determined by the Board of Directors.
Basis for determining the remuneration of directors, supervisors, and senior management	The remunerations of non-independent directors shall be paid based on their specific positions in the Company and non-independent directors do not receive additional director allowances. Independent directors receive allowances.
Actual payment of remuneration of directors, supervisors, and senior management	The remunerations of directors, supervisors, and senior management have been paid according to relevant regulations.
Total remunerations actually paid to all directors, supervisors, and senior management at the end of the reporting period	473.90
Total remunerations actually paid to key technical personnel at the end of the reporting period	221.39

(IV) Changes of directors, supervisors, senior management, and key technical personnel of the Company

√ Applicable □ Not applicable

Name	Position	Change	Reason for change
Chen Rong	Supervisor	Resignation	Resignation due to personal reasons
Lyu Meiya	Supervisor	Election	Election of General Meeting

(V) Information on Penalties by Securities Regulators in Recent Three Years

□ Applicable √ Not applicable

(VI) Others

□ Applicable √ Not applicable

VII. Meetings of the Board of Directors Held during the Reporting Period

Session	Date	Meeting resolution
The 17th Meeting of the First Board of Directors	April 24, 2022	The <i>Proposal on the 2021 Work Report of the General Manager of the Company</i> , the <i>Proposal on the 2021 Work Report of the Board of Directors of the Company</i> , the <i>Proposal on the 2021 Annual Report and Abstract of the Company</i> , the <i>Proposal on the 2021 Work Report of Independent Directors of the Company</i> , and the <i>Proposal on the 2021 Performance Report of Independent Directors of the Company</i> were reviewed and approved.
The 18th Meeting of the First Board of Directors	April 26, 2022	The <i>Proposal on the First Employee Stock Ownership Plan (Draft Amendment) of Wayz Intelligent Manufacturing Technology Co. Ltd. and Abstract</i> , the <i>Proposal on Management Measures for the First Employee Stock Ownership Plan of Wayz Intelligent Manufacturing Technology Co. Ltd. (Amendment)</i> , the <i>Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Related to the First Employee Stock Ownership Plan of the Company</i> , and the <i>Proposal on Revising the Relevant Content of Using Own Funds for Entrusted Wealth Management in 2022</i> were reviewed and approved.
The 19th Meeting of the First Board of Directors	August 7, 2022	The <i>Proposal on Project Cooperation and Affiliate Transactions</i> was reviewed and approved.
The 20th Meeting of the First Board of Directors	August 27, 2022	The <i>Proposal on the Semi-annual Report and Abstract of the Company in 2022</i> and the <i>Proposal on the Semi-annual Special Report on the Deposition and Actual Use of Funds Raised for the Company in 2022</i> were reviewed and approved.
The 21st Meeting of the First Board	October 28,	The <i>Proposal on the Q3 Report of the Company in 2022</i> was

of Directors	2022	reviewed and approved.
The 22nd Meeting of the First Board of Directors	November 12, 2022	The <i>Proposal on Permanently Supplementing Working Capital with Part of the Excessive Funds Raised</i> , the <i>Proposal on Using Excessive Funds Raised and Part of Idle Funds Raised for Cash Management</i> , the <i>Proposal on Adding Implementation Entities and Sites for Some Fundraising and Investment Projects</i> , the <i>Proposal on Revision of Relevant Governance Systems of the Company</i> , and the <i>Proposal on the Scheme for Repurchasing Company Shares through Centralized Price Bidding</i> were reviewed and approved.

VIII. Performance of Duties by Directors

(I) Attendance of directors at the meetings of the Board of Directors and general meetings

Name of director	Independent director or not	Attendance at the meetings of the Board of Directors						Attendance at the general meetings
		Number of the meetings of the Board of Directors that should be attended this year	Attendances in person	Attendances by means of communication	Attendances by proxy	Number of absence	Presence by proxy for two consecutive times or not	Number of attendances at general meetings
Li Gongyan	No	6	6	5	0	0	No	2
Yao Yi	No	6	6	5	0	0	No	2
Shang Liwei	No	6	6	6	0	0	No	2
Du Ping	No	6	6	5	0	0	No	2
Xi Yuxiang	No	6	6	5	0	0	No	2
Zou Xi	No	6	6	4	0	0	No	2

Chen Yunsen	Yes	6	6	6	0	0	No	2
Chen Mingfei	Yes	6	6	6	0	0	No	2
Feng Jiachun	Yes	6	6	6	0	0	No	2

Reasons for absences at the meetings of the Board of Directors for two successive times

☐ Applicable ☒ Not applicable

Number of meetings of the Board of Directors held during the year	6
Including: Number of on-site meetings	0
Number of meetings held in communication mode	0
Number of on-site meetings held in communication mode	6

(II) Objections raised by directors to relevant affairs of the Company

☐ Applicable ☒ Not applicable

(III) Others

☐ Applicable ☒ Not applicable

IX. Special Committees under the Board of Directors

☒ Applicable ☐ Not applicable

(1) Members of the special committees under the Board of Directors

Type of special committee	Names of members
Audit Committee	Chen Yunsen, Chen Mingfei, and Li Gongyan
Nomination Committee	Chen Mingfei, Feng Jiachun, and Li Gongyan
Remuneration and Assessment Committee	Chen Yunsen, Chen Mingfei, and Li Gongyan

Strategy Committee	Chen Yunsen, Feng Jiachun, and Li Gongyan
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(2) During the reporting period, the Audit Committee held a total of four meetings

Date	Content	Important comments and suggestions	Other performance of duties
April 24, 2022	The <i>Proposal on the 2021 Annual Report and Abstract of the Company</i> , the <i>Proposal on the 2021 Performance Report of the Audit Committee of the Board of Directors</i> , the <i>Proposal on the Annual Special Report on the Deposition and Actual Use of Funds Raised for the Company in 2022</i> , the <i>Proposal on the 2021 Final Accounts Report of the Company</i> , and the <i>Proposal on the 2021 Annual Audit Report of the Company</i> were reviewed.	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A
August 27, 2022	The <i>Proposal on the Semi-annual Report and Abstract of the Company in 2022</i> and the <i>Proposal on the Semi-annual Special Report on the Deposition and Actual Use of Funds Raised for the Company in 2022</i> were reviewed.	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A
October 28, 2022	The <i>Proposal on the Q3 Report of the Company in 2022</i> was reviewed.	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A
November 12, 2022	The <i>Proposal on Recruiting the Person in Charge of the Internal Audit Department of the Company</i> was reviewed.	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A

(3) During the reporting period, the Strategy Committee held a total of one meeting

Date	Content	Important comments and suggestions	Other performance of duties
April 24, 2022	The <i>Proposal on the 2021 Performance Report of the Strategy Committee of the Board of</i>	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A

	<i>Directors of the Company, the Proposal on Applying for General Credit Limit from Banks and Providing Guarantee for Wholly-owned Subsidiaries in 2022, and the Proposal on Using Own Funds for Entrusted Wealth Management in 2022 were reviewed.</i>		
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(4) During the reporting period, the Nomination Committee held one meeting

Date	Content	Important comments and suggestions	Other performance of duties
April 24, 2022	<i>The Proposal on the 2021 Performance Report of the Nomination Committee of the Board of Directors was reviewed.</i>	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A

(5) During the reporting period, the Remuneration and Assessment Committee held one meeting

Date	Content	Important comments and suggestions	Other performance of duties
April 24, 2022	<i>The Proposal on the 2021 Performance Report of the Remuneration and Assessment Committee of the Board of Directors of the Company, the Proposal on the Remuneration Plan for Directors and Senior Management of the Company in 2022, and the Proposal on Revising the</i>	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A

	<i>Remuneration Management System for Directors, Supervisors, and Senior Management of the Company</i> were reviewed.		
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(6) Specific circumstances of objections

☐ Applicable ☒ Not applicable

X. Statement of the Board of Supervisors on the Company's Risks

☐ Applicable ☒ Not applicable

The Board of Supervisors voiced no objections to the supervisory matters during the reporting period.

XI. Employees of Parent Company and Major Subsidiaries at the End of the Reporting Period**(I) Employees**

Number of current employees of the parent company	722
Number of current employees of major subsidiaries	804
Total number of current employees	1,526
Number of retired employees requiring subsidies from the parent company and major subsidiaries	0
Professional composition	
Type	Number of employees
Production personnel	692
Sales personnel	111
Technical personnel	594
Financial personnel	15
Administrative personnel	64
Management personnel	50
Total	1,526
Education background	

Type	Number of employees (person)
Doctor	1
Master	189
Bachelor	674
Junior college degree	389
Senior middle school or below graduates	273
Total	1,526

(II) Remuneration policy√ Applicable ☐ Not applicable

The Company has developed a remuneration system that is competitive in the market and in line with the Company's strategic development requirements, established different position levels based on the job characteristics and capability requirements of different positions, and gradually improved the remuneration level of employees based on the results of employee performance evaluation to stimulate their initiative and creativity. The Company has formulated budget management methods for remuneration, benefits, and labor costs based on strategic development plans, continuously optimizing staffing and improving personnel efficiency.

(III) Training plan√ Applicable ☐ Not applicable

The Company has developed a training system tailored to the professional and technical requirements of different positions and prepared employee career plans based on strategic development requirements and employees' development intentions. The Company combines internal and external training. Internal training means that each department regularly prepares plans, organizes professional technical training within the department and across departments, and promotes continuous learning, feedback, and improvement in work. External training means that technical personnel is selected to participate in external technical training for understanding technical development and trends in a real-time manner, internalizing, and sharing within the team. In addition, the Company promotes training in management and sharing of work methods to promote the continuous development of management skills among management personnel.

(IV) Labor outsourcing√ Applicable ☐ Not applicable

Total working hours of labor outsourcing	N/A
Total remuneration paid for labor outsourcing	CNY 7,337,986.44

XII. Plans for Profit Distribution and Conversion of Capital Reserve into Share Capital**(I) Formulation, implementation and adjustments of cash dividend policy**√ Applicable ☐ Not applicable

In accordance with relevant provisions of *Guideline No. 3 for the Supervision and Administration of Listed Companies* and *Self-Regulatory Guidelines No. 1 for Listed Companies of Science and Technology Innovation Board - Standardized Operation*, the Company has specified the basic principles of the Company's profit distribution policy, the form of profit distribution, the specific conditions for cash dividends, the proportion of cash dividends, the conditions for stock dividend distribution, and the decision-making process for the Company's profit distribution plan in the Articles of Association.

The *Proposal on the 2021 Profit Distribution Plan of the Company* was reviewed and approved at the 17th Meeting of the First Board of Directors, the Sixth Meeting of the First Board of Supervisors, and the 2021 Annual General Meeting. The Company distributed a cash dividend of CNY 6 (including tax) per 10 shares to all shareholders registered as of December 31, 2021, based on a total of 131,608,698 shares. On June 23, 2022, a total of CNY 78,965,218.80 (including tax) was distributed.

The *Proposal on the 2022 Profit Distribution Plan of the Company* was reviewed and approved at the 25th Meeting of the First Board of Directors and the 12th Meeting of the First Board of Supervisors, it was agreed that the Company will not distribute cash dividends in 2022, nor will it convert capital reserve into share capital or make other forms of distribution. This profit distribution plan shall be submitted to the General Meeting for review. The specific information is detailed in the *Announcement of Wayzim on the 2022 Profit Distribution Plan* (Announcement No. 2023-012) disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 21, 2023.

(II) Special notes for cash dividend policy√ Applicable ☐ Not applicable

Whether it complies with provisions of the Articles of Association or resolution of General Meeting	√ Yes <input type="checkbox"/> No
Whether the dividend standards and proportions are specific and clear	√ Yes <input type="checkbox"/> No
Whether relevant decision-making procedures and mechanisms are completed	√ Yes <input type="checkbox"/> No
Whether the independent directors perform their responsibilities or not	√ Yes <input type="checkbox"/> No
Whether medium and small shareholders fully raise their opinions and demands, and whether their lawful rights and interests are protected fully	√ Yes <input type="checkbox"/> No

(III) Where no proposal for distribution of cash profits is presented in the existence of profits and positive profits available for distribution by the parent company to shareholders during the reporting period, the Company shall give detailed reasons and provide the purpose and plan for use of those undistributed profits

☐ Applicable √ Not applicable

(IV) Profit distribution or conversion of capital reserve into share capital in the reporting period

☐ Applicable √ Not applicable

XIII.Share Incentive Plan, Employee Stock Ownership Plan, or Other Employee Incentives and Effects thereof

(I) Overall information on equity incentives

☐ Applicable ☒ Not applicable

(II) Incentives disclosed in the temporary announcements and without progresses or changes in the follow-up implementation process

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

Employee stock ownership plan

☒ Applicable ☐ Not applicable

1. On April 24, 2022, the Company held the 17th Meeting of the First Board of Directors and the Sixth Meeting of the First Board of Supervisors, at which the *First Employee Stock Ownership Plan (Draft) of Wayz Intelligent Manufacturing Technology Co. Ltd.*, the *Management Measures for the First Employee Stock Ownership Plan of Wayz Intelligent Manufacturing Technology Co. Ltd.*, and relevant proposals were reviewed and approved.
2. The Company held the 18th Meeting of the First Board of Directors and the Seventh Meeting of the First Board of Supervisors On April 26, 2022 and the 2021 Annual General Meeting on May 16, 2022, at which the *Proposal on the First Employee Stock Ownership Plan (Draft Amendment) of Wayz Intelligent Manufacturing Technology Co. Ltd. and Abstract* and other relevant proposals were reviewed and approved.
3. On May 7, 2022, the Company held the *First Employee Representative Meeting 2022, at which the Proposal on the First Employee Stock Ownership Plan (Draft Amendment) of Wayz Intelligent Manufacturing Technology Co. Ltd. and Abstract* and the *Proposal on Management Measures for the First Employee Stock Ownership Plan of Wayz Intelligent Manufacturing Technology Co. Ltd. (Amendment)* were reviewed and approved.
4. On June 29, 2022, the bank accounts and securities accounts for the Phase I Employee Stock Ownership Plan of the Company have been opened, for which the stocks of the Company have not been purchased yet.
5. On July 13, 2022, the Company held the first holders' meeting for the Phase I Employee Stock Ownership Plan, at which relevant proposals were approved, including the *Proposal on Establishing the Management Committee of Phase I Employee Stock Ownership Plan of the Company*, and the *Proposal on Electing Members for the Management Committee of Phase I Employee Stock Ownership Plan of the Company*.
6. On July 29, 2022, the purchase of stocks of the Company was completed for the Phase I Employee Stock Ownership Plan. The underlying stocks purchased as per the Employee Stock Ownership Plan were unlocked successively in ten periods after 12 months from the date of announcement, with 12 months for each period, totaling 120 months.

Other incentives

☐ Applicable ☒ Not applicable

(III) Stock ownership incentives granted to the directors, senior management and key technical personnel during the reporting period**1. Stock options**

☐ Applicable ☒ Not applicable

2. Class I restricted stocks

☐ Applicable ☒ Not applicable

3. Class II restricted stocks

☐ Applicable ☒ Not applicable

(IV) Establishment and implementation of assessment system and incentive system for senior management during the reporting period

☒ Applicable ☐ Not applicable

According to the *Articles of Association* and *Compensation Management System* of the Company, the Company has established a scientific and reasonable salary and performance assessment and evaluation system to maximize the enthusiasm, initiative, and creativity of employees. The incentive system was well implemented during the reporting period. The compensation plan for senior management of the Company is developed by the Compensation and Performance Assessment Committee and executed with the approval of the Board of Directors. The compensation for senior management mainly consists of basic salary and performance bonuses, and is approved and paid based on the annual business operation of the Company, personal job responsibilities, and achievement of goals.

XIV. Construction and Implementation of Internal Control System during the Reporting Period

☒ Applicable ☐ Not applicable

During the reporting period, the Company gradually established an internal control system covering all business activities and a long-term internal control supervision mechanism, and continued to dynamically refine relevant systems and mechanisms by taking into account the characteristics of the industry and the actual status of business development of the Company in strict accordance with relevant laws and regulations, normative documents, e.g. the *Company Law*, the *Securities Law*, the *Basic Standard for Enterprise Internal Control*, as well as the requirements of the *Articles of Association* and the *Internal Audit System* of the Company.

Given the operational characteristics of the Company, a risk control framework was established, consisting of corporate governance structures, such as the General Meeting, Board of Directors, and Board of Supervisors, as well as Audit Committees and Internal Audit Department. In the framework, the functions of risk assessment and risk treatment at each level are clearly divided, and relevant response strategies are comprehensively leveraged to achieve effective risk control.

The *2022 Internal Control Evaluation Report* of the Company accurately reflects the facts concerning construction and implementation of internal control of the Company in an all-round way during the reporting period. According to the identification of deficiencies in the internal control of the Company, no material weaknesses or significant deficiencies were identified for the Company in the year of 2022. In the future, the Company will continue to improve its internal control system, normalize its execution, intensify its internal control supervision and inspection, so as to facilitate the healthy and sustainable development of the Company.

Explanation on presence of material weaknesses in internal control during the reporting period

☐ Applicable ☒ Not applicable

XV. Management and Control of Subsidiaries during the Reporting Period√ Applicable ☐ Not applicable

The Company practiced management and control of its subsidiaries in accordance with the systems and provisions as set forth in the *Articles of Association*, the *Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board*, and the *Measures for the Management of Subsidiaries* during the reporting period.

XVI. Explanation of Relevant Information of Internal Control Audit Report√ Applicable ☐ Not applicable

For details on the internal control audit report, please refer to the *Internal Control Audit Report* disclosed by the Company on April 21.

Has the Company disclosed the internal control audit report: Yes

Type of opinion in internal control audit report: Standard unqualified opinion

XVII. Rectification of Self-inspected Problems in the Special Action for Corporate Governance of Listed Companies

There was no self-inspected problems or rectification for the Company.

XVIII. Miscellaneous☐ Applicable √ Not applicable

Section V Environment, Social Responsibility, and Other Corporate Governance

I. Statement by the Board of Directors on the ESG

In order to improve corporate governance, meet regulatory requirements, and assume corporate social responsibility, the Board of Directors of the Company has been fully supporting the execution of ESG related work. In terms of improving corporate governance, the Company established and continuously improved the modern corporate governance structure, and constantly perfect the operational mechanisms of the General Meeting, Board of Directors, Board of Supervisors, and the Management. When it comes to employee training, two employee stock ownership platforms, Qunchuang Zhongda and Wayzim Yuanchuang, were established successively. The management and backbone employees of the Company are the holders of the stocks, fully mobilizing the enthusiasm and initiative of core employees, and striving to cultivate a group of outstanding management and technical talents in the Company. On protection of the rights and interests of investors, the Company effectively conveyed its business highlights and development prospects via information disclosure, research, and SSE E-interactive, fully safeguarding the right to know and interests of all shareholders and relevant investors.

II. Environmental Information

Whether environmental protection mechanisms are established	Yes
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Investment in environmental protection during the reporting period (unit: CNY 10,000)	114.14
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(I) Is it a key pollution-discharging units announced by the environmental protection authorities.

☐ Yes ☒ No

(II) Administrative penalties due to environmental issues during the reporting period

No administrative penalties occurred to the Company due to environmental issues during the reporting period.

(III) Resource and energy consumption and emissions

☒ Applicable ☐ Not applicable

The Company industry is not a heavy pollution industry, and the main pollutants generated during the production of the Company include exhaust gas, wastewater, noise, and solid waste. According to the national environmental protection law and relevant regulations on energy conservation and emission reduction, the Company strictly implements national and local laws and regulations during construction and operation, and executes project environmental assessment and environmental management systems to the letter.

The Company has established relevant management mechanisms in line with the ISO14001 Environmental Management System and has been certified by the above system. During the reporting period, the Company abided by environmental laws and regulations. Neither environmental pollution accident in its production or operation, nor violation of environmental laws and regulations happened to the Company, let alone punishment by relevant administrative authorities.

1. Greenhouse gas emission

☐ Applicable ☒ Not applicable

2. Energy and resource consumption

☒ Applicable ☐ Not applicable

Electricity and natural gas consumption in production and office of the Company dominates its energy and resource consumption. The Company advocates resource conservation and the use of energy-saving equipment. By optimizing product design and manufacturing processes, the Company reduces energy losses in the production, continuously improves the utilization of energy and resources, and calls on employees to save water and electricity, practice green office, refine office processes, reduce paper consumption or raise recycle rates.

3. Waste and pollutant discharge

☒ Applicable ☐ Not applicable

The main pollutants generated during the production of the Company include wastewater, exhaust gas, noise, and solid waste.

1. Wastewater

The wastewater of the Company mainly refers to production sewage and domestic sewage of employees. The production sewage is pretreated by water treatment equipment and then connected to the sewage treatment plant through the municipal pipe network for centralized treatment, which will not be discharged until it satisfies the *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015) and the *Discharge Standard of Main Water Pollutants for Municipal Wastewater Treatment Plant & Key Industries of Taihu Area*.

2. Exhaust gas

The Company strictly controls the uncontrolled emission of exhaust gas, ensuring that the collection and treatment efficiency of various process exhaust gases, as well as the height of exhaust funnels, meet environmental requirements. After effective collection and treatment, the exhaust gas is emitted through a 15-meter-high exhaust funnel. The emission concentration and rate of volatile organic compounds (VOCs) at the outlet of exhaust funnel comply with the *Emission Control Standard of Volatile Organic Compounds for Industrial Enterprises* (DB12/524-2020); the particulate matter beyond the plant boundary meets the maximum concentration limit requirements of the monitoring points in the *Integrated Emission Standard of Air Pollutants* (GB16297-1996).

3. Noise

The Company selects low noise equipment, reasonably arranges and takes effective noise reduction measures such as vibration reduction and sound insulation to ensure that the equivalent sound levels of the noise monitoring points around the plant boundary during the day and night conform to the Class III standard limit requirements in the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB 12348-2008).

4. Solid waste

The Company implements measures for the collection, disposal, and comprehensive utilization of various types of solid waste in accordance with the disposal principles of "reduction, resource utilization, and harmlessness", entrusts the Environmental Sanitation Department to handle household waste; performs comprehensive utilization and disposal of general waste; and commissions qualified units to dispose of wastes such as scrap rubber, spent activated carbon, and waste filter cotton. Before transferring the wastes, the transfer procedures must be handled with the environmental protection administrative department. The stacking, storage, and transfer of solid waste in the plant area shall comply with the relevant requirements of the *Standard for Pollution Control of General Industrial Solid Waste Storage and Disposal Sites* (GB18599-2020) and the *Standard for Pollution Control on Hazardous Waste Storage* (GB18597-2001), without generating secondary pollution.

Environmental protection management system of the Company

√ Applicable □ Not applicable

The Company has been certified by ISO 14001:2015 Environmental Management System, faithfully implements environmental protection laws and regulations, such as the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on Environmental Impact Assessment* in daily production and operation, and consciously fulfills its social responsibility for ecological environment protection. The Company has established a sound environmental protection management system, and issued relevant regulations inclusive of the *Waste Management Regulations*, the *Wastewater and Noise Management Procedures*, the *Hazardous Chemical Management Procedures*, the *Procedures for Identification, Evaluation and Update of Environmental Factors*, the *Management Procedures for Monitoring and Measurement of Environment and Occupational Health and Safety*, and the *Management Procedures for Objectives, Indicators, and Plan of Environment and Occupational Health and Safety*. Furthermore, the Company inspects and patrols important environmental factors such as exhaust gas, wastewater, solid waste, noise, etc., and organizes environmental training to raise employees' environmental awareness.

(IV) Measures taken to reduce carbon emission and their effects during the reporting period

Whether to take carbon reduction measures	Yes
Reduction of carbon dioxide equivalent (unit: ton)	124
Types of carbon reduction measures (e.g. clean energy power generation, carbon reduction technologies in production, research and development of new products for carbon reduction)	The Company is committed to reducing the impact of products and production processes on the environment, and has taken multiple measures to achieve this goal. This includes installation of rooftop photovoltaics, as well as regular repair and maintenance of equipment such as air compressors and central air conditioning to ensure stable energy utilization of equipment.

Detailed description

☒ Applicable ☐ Not applicable

The Company industry is not a high-energy consuming industry, and energy consumption mainly involves electricity, gasoline, and natural gas. The Company reduces greenhouse gas emissions per unit of product through scientific energy-saving measures and production technology optimization and upgrading.

(V) New technologies, products, and services in carbon emission reduction

☐ Applicable ☒ Not applicable

(VI) Information conducive to ecological protection, pollution prevention, and performance of environmental responsibility

☒ Applicable ☐ Not applicable

1. Establish and improve the environmental protection management system of the Company

The Company strictly observes the laws and regulations, for instance, the *Environmental Protection Law*, the *Law on Environmental Impact Assessment*, and the *Law on the Prevention and Control of Environmental Pollution by Solid Waste*, and continuously reinforces environmental risk management to ensure that the production and operation of the Company comply with relevant laws, regulations, and standards. According to the national and local government requirements, the Company formulates and strictly practices internal systems, including the *Exhaust Gas Emission Management System*, the *Domestic Sewage Discharge Management System*, and the *Waste Management Procedure* to ensure that all emissions reach the standards, and develops emission reduction paths based on facts of the Company.

2. Identify significant environmental factors

The Company identified major environmental factors in various regions and departments, and employed a series of control measures, for example, selecting flame-retardant materials to reduce toxic gas emissions, classifying hazardous waste for unified recycling, and continuously carrying out recycling of recyclable packing barrels. Besides, corresponding targets were set, and the results were tested and measured to control environmental risks.

3. Launch hazardous waste management plan

The Company launched a hazardous waste management plan and appointed the General Manager as the person in charge to effectively advance the plan. The Company analyzed the overview of hazardous waste generation, set the annual target of hazardous waste generation, and reduced the environmental hazard of toxic and harmful substances from the source by purchasing low toxic raw and auxiliary materials, selecting materials that are easy to degrade and recycle, and eliminating and updating equipment.

III. Social Responsibilities

(I) Social contribution and key industry indicators of main business

Please refer to "I. Discussion and Analysis of Operations" and "II. Description of the Main Business, Business Model, Industry Situation and R&D Engaged in by the Company during the Reporting Period" under the "Section III Discussions & Analysis by the Management"

(II) Types and contributions of public welfare projects and charity activities

Type	Amount	Notes
Donations contributed		
Including: Fund (in CNY 10,000)	-	N/A
Amount of goods and materials (in CNY 10,000)	7.5	Including CNY 15,000 of protective clothing, gloves, and other materials donated to Changchun University of Science and Technology; and CNY 60,000 of materials donated to rural schools in remote areas.
Public welfare projects		
Including: Fund (in CNY 10,000)	-	N/A
Number of beneficiaries (person)	-	N/A
Rural revitalization		
Including: Fund (in CNY 10,000)	-	N/A
Amount of goods and materials (in CNY 10,000)	-	N/A
Quantity of employment (person)	-	N/A

1. Specific public welfare projects and charitable activities

√ Applicable □ Not applicable

In addition to developing its business, the Company actively engaged in various social welfare and charitable causes, shouldering its corporate responsibility, contributing to society, and spreading

positive energy through actions. During the reporting period, materials of CNY 60,000 were donated to rural primary and secondary schools in remote areas in Jiangxi and Anhui, and protective clothing, gloves, and other materials, worth CNY 15,000, were donated to Changchun University of Science and Technology in the face of material shortages in Changchun.

2. Consolidating the achievements in fighting against poverty and in rural vitalization

☐ Applicable ☒ Not applicable

(III) Protection of the rights and interests of shareholders and creditors

During the reporting period, the Company continuously improved its corporate governance structure and focused on standardized operations in accordance with relevant laws, regulations, and normative documents such as the *Company Law* and the *Securities Law*. Based on the *Articles of Association*, the Company established and bettered various internal management systems, and set up a decision-making and operating system with the General Meeting, Board of Directors, and Board of Supervisors as the main structure. The convening, holding, and voting procedures of the General Meeting, Board of Directors, and Board of Supervisors of the Company all complied with relevant regulations.

The Company strictly fulfilled its information disclosure obligations, and guaranteed the truthfulness, accuracy, timeliness, and completeness of information disclosure during the reporting period. At the same time, the Company publicly disclosed information to all investors, ensuring that all shareholders have equal opportunities to access information. In addition, the Company interacted and communicated with investors by multiple means, including announcements, the General Meeting, investor research (including but not limited to telephone consultation, email communication, on-the-spot communication, etc.), and SSE E-interactive.

(IV) Protection of the rights and interests of employees

The Company signed labor contracts with employees in strict accordance with the *Labor Law*, effectively safeguarded their rights and interests, protected their personal privacy, continuously improved employment management, and created a harmonious office atmosphere. It attracted and retained talents depending on robust salary incentive policies and equity incentive mechanisms, and stimulated employees' enthusiasm for work. The talent development system was constantly refined, and clear career development channels were built to help employees achieve career development. An equal employment mechanism was established. Moreover, a learning and development platform was provided for employees, and internal and external training mechanisms were developed to help employees improve their professional skills and knowledge.

Stockholdings of employees

Number of stockholding employees (person)	32
Percentage of stockholding employees in the total employees of the Company (%)	2.10
Quantity of stockholdings of employees (in 10,000 shares)	2,107.35
Percentage of stockholdings of employees in the total shares (%)	16.01

Note: The above stockholdings refer to the corporate stocks indirectly held by employees (including Directors, Supervisors, Senior Management, and key technical personnel) through the stockholding platforms, Qunchuang Zhongda and Wayzim Yuanchuang, before the first issue as of the end of the reporting period, as well as that held through the Wayzim Phase I Employee Stock Ownership Plan, excluding the corporate stocks purchased from the secondary market by other employees other than the Directors, Supervisors and Senior Management.

(V) Protection of the rights and interests of suppliers, customers, and consumers

The Company, advocating the philosophy of provision of considerate service, fully respects and protects the rights and interests of partners, suppliers, and customers, and establishes and maintains long-term good cooperative and win-win relationships with them.

(VI) Product safety guarantee

As guided by the spirit of "Technological innovation and premium quality", the Company established a technology innovation system with enterprises as the main body, and continued to provide customers with first-class products and attentive professional services. According to the requirements of the quality management system, the Company executed comprehensive quality management in product production, installation, and after-sales service to manage product safety and quality in an all-round way, in order to ensure the high-speed, stable and highly reliable product operation, and better meet customer needs.

(VII) Other situations in assuming social responsibility

☐ Applicable ☒ Not applicable

IV. Other Situations of Corporate Governance

(I) Party building

☒ Applicable ☐ Not applicable

The Party branch of the Company has a total of 74 party members, consisting of 1 party branch secretary, 3 party branch committee members, 6 probationary party members, and 64 formal party members. The Company upholds the high-quality development of the industry led by the Party building under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, earnestly undertakes various themed Party activities like "Welcoming the 20th CPC National Congress" and "Following the Advanced Party Members", reinforces the building of Party branch organizations, and actively publicizes the Party branch work.

The Party branch of the Company will continue to learn Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the 20th CPC National Congress in depth, and seriously plans to promote the Party construction innovation with the characteristics of the Company according to the unified arrangement and deployment of higher-level Party committees. The Party branch attracts outstanding Party members, builds up team strength, organizes and leads Party members to play the role of a fighting fortress of the Party branch and a vanguard and exemplary role of party members to help improve the organizational strength of the Company continuously.

(II) Investor relations and protection

Type	Number of times	Details
Performance briefing	3	During the reporting period, The company held three performance briefings, namely, "2021 and 2022 Q1 Performance Briefing", "2022 Semi-annual Performance Briefing", and "2022 Q3 Performance Briefing". The performance briefings were all held by the Shanghai Stock Exchange Roadshow Center via online interaction
Investor relations management activities via new media	37	The Company presided over investor research activities and received institutional investors, including seller's securities research institutes and securities investment fund companies for research and exchange by resorting to online means like telephone conference call system.
Set-up of investor relations column on official website	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	www.wayzim.com Investor Relations Column

Specific implementation of investor relations management and protection

☒ Applicable ☐ Not applicable

According to the provisions of the *Company Law*, the *Securities Law*, the *Guidelines for the Work on Listed Companies and Investor Relations*, the *Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board*, the *Articles of Association*, and other relevant laws and regulations, the Company has developed the *Investor Relations Management System of Wayzim Technology Co., Ltd.* based on the facts of the Company to increase information communication between the Company, investors, and potential investors, effectively establish a good communication platform between the Company and investors, perfect the corporate governance structure, and faithfully protect the legitimate rights and interests of investors, so that a long-term, stable, and harmonious positive interactive relationship is formed between the Company and investors.

Communication and exchange with investors by other means

☒ Applicable ☐ Not applicable

During the reporting period, the Company also fully strengthened communication and exchange with investors via specific object research and on-site visits, company hotlines, and emails, and established a good investor interaction mechanism.

(III) Transparency of information disclosure√ Applicable ☐ Not applicable

The Company has developed relevant information disclosure management systems based on the facts of the Company in accordance with relevant laws and regulations, for instance, the *Company Law*, the *Securities Law*, the *Administrative Measures for the Disclosure of Information of Listed Companies*, the *Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board*, and the relevant provisions of the *Articles of Association*, in order to normalize the information disclosure behavior, strengthen the management of information disclosure affairs, promote the legal and regulated operation of the Company, and safeguard the legitimate rights and interests of the Company, investors and other stakeholders. The Company discloses relevant information completely in strict accordance with relevant regulations in a truthful, accurate, and timely manner, continuously improving the transparency and quality of information disclosure, and ensuring that shareholders and investors have equal access to information.

(IV) Protection of intellectual property and information security√ Applicable ☐ Not applicable

Since intellectual property is the source of enterprise innovation, the protection of intellectual property rights such as patents and trademarks is crucial for the sustainable development of a company. The Company will continue to value the protection of patents and trademarks in the future, and enhance the profitability of the Company relying on independent innovation technology and independent intellectual property rights. The Company has formulated relevant information security management systems, specified the rights and responsibilities as to information security management, and standardized detailed management procedures for information security and related equipment and facilities, and perfected the standard process for identifying information security risks and handling incidents, all of which were made to ensure the information security of the Company, normalize and manage the equipment and facilities, software systems, data information, and operations connected to the information system of the Company, and guarantee that the information system enables efficient support of business management of the Company.

(V) Participation of institutional investors in corporate governance☐ Applicable √ Not applicable**(VI) Other situations of corporate governance**☐ Applicable √ Not applicable

Section VI Important Matters

I. Fulfillment of Commitments

(I) Commitments of interested parties including the actual controllers, shareholders, affiliates, acquirers and the Company during or up to the reporting period

√ Applicable □ Not applicable

Commitment background	Type of commitment	Committing entity	Commitment	Commitment time and period	With performance period or not	Performed in a timely and strict manner or not	Explain the specific reasons if not performed in time	Make a further plan if not performed in time
Commitments related to IPO	Restricted shares	Li Gongyan	Note 1	42 months from October 26, 2021	Yes	Yes	None	None
	Restricted shares	Wayzim Yuanchuang, Qunchuang Zhongda	Note 2	42 months from October 26, 2021	Yes	Yes	None	None
	Restricted shares	Zhongke Micro Investment, Yao Yajuan	Note 3	12 months from October 26, 2021	Yes	Yes	None	None
	Restricted shares	Zhu Yi, Talent Innovation and Enterprise	Note 4	12 months from October 26, 2021	Yes	Yes	None	None

		No. 1, Zhongke Chuangxing, Xinchao Technology, Zhongjin Qichen, SCGC, IoT Industry Investment, Songhe Growth No. 4, IoT Innovation Center, Fangteng Financial, Zhongshen Xinchuang						
	Restricted shares	Yao Yi, Du Ping, Lai Qi, Du Wei, Zhong Jianpeng, Ke Li	Note 5	12 months from October 26, 2021	Yes	Yes	None	None
	Restricted shares	Li Gongyan, Du Ping, Ouyang Qingsheng, Liu Yu, Wang Xi, Wang	Note 6	12 months from October 26, 2021	Yes	Yes	None	None

		Yifeng, Zuo Xiaofang						
	Others	Li Gongyan	Note 7	Permanent	No	Yes	None	None
	Others	Wayzim Yuanchuang, Qunchuang Zhongda	Note 8	Permanent	No	Yes	None	None
	Others	Zhongke Micro Investment, Yao Yajuan	Note 9	Permanent	No	Yes	None	None
	Others	Company	Note 10	36 months from October 26, 2021	Yes	Yes	None	None
	Others	Li Gongyan	Note 11	36 months from October 26, 2021	Yes	Yes	None	None
	Others	Li Gongyan, Yao Yi, Du Ping, Xi Yuxiang, Lai Qi, Ke Li, Li Xiaobing, Zou Xi	Note 12	36 months from October 26, 2021	Yes	Yes	None	None
	Others	Company	Note 13	Permanent	No	Yes	None	None

	Others	Li Gongyan	Note 14	Permanent	No	Yes	None	None
	Others	Company	Note 15	Permanent	No	Yes	None	None
	Others	Li Gongyan	Note 16	Permanent	No	Yes	None	None
	Others	All Directors and Senior Management	Note 17	Permanent	No	Yes	None	None
	Dividends	Company	Note 18	Permanent	No	Yes	None	None
	Others	Company	Note 19	Permanent	No	Yes	None	None
	Others	Li Gongyan	Note 20	Permanent	No	Yes	None	None
	Others	Wayzim Yuanchuang, Qunchuang Zhongda, Zhongke Micro Investment, Yao Yajuan	Note 21	Permanent	No	Yes	None	None
	Others	All Directors, Supervisors, Senior Management, and key technical personnel	Note 22	Permanent	No	Yes	None	None

	Others	Li Gongyan	Note 23	Permanent	No	Yes	None	None
	Others	Li Gongyan	Note 24	Permanent	No	Yes	None	None
	Others	Li Gongyan	Note 25	Permanent	No	Yes	None	None

Note 1: Commitment of Li Gongyan, the actual controller of the issuer, on stock sale restriction

- "1. Within 36 months from the listing date of the stocks of the issuer, I will not transfer or entrust others to manage the shares, which are issued by the issuer before its IPO and shall not be repurchased by the issuer, held directly or indirectly by me, and I will handle the share lockup procedures as per law.
2. After the expiration of the aforementioned lockup period, I will not transfer the issuer's shares for more than 25% of the total number of shares held by me each year during the tenure of the issuer; and I will not transfer my issuer's shares within six months after I leave office.
3. Where my shareholdings are reduced within two years after the expiration of the lockup period, the price of reduction shall be no lower than issue price. If the closing price of the issuer's shares is lower than the issue price for 20 consecutive trading days within 6 months after the issuer goes public, or the closing price of the issuer's shares at the end of 6 months after the issuer goes public is lower than the issue price, the lockup period for the issuer's shares shall be automatically extended for at least 6 months.
4. During the period when I am identified as the actual controller of the issuer, I will declare to the issuer the shares and changes in them that I directly or indirectly hold.
5. I will also observe the laws and regulations as well as other provisions on share lockup as set forth in the Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board."

Note 2: Commitments of shareholders Wayzim Yuanchuang and Qunchuang Zhongda on stock sale restriction

- "1. Within 36 months from the listing date of the stocks of the issuer, the Company will not transfer or entrust others to manage the shares, which are issued by the issuer before its IPO and shall not be repurchased by the issuer, held directly or indirectly by the Company, and the Company will handle the share lockup procedures as per law.
2. If the closing price of the issuer's shares is lower than the issue price for 20 consecutive trading days within 6 months after the issuer goes public, or the closing price of the issuer's shares at the end of 6 months (if that day is not a trading day, it shall be the first trading day after that day) after the issuer goes public is lower than the issue price, the lockup period for the abovementioned issuer's shares held by the Company shall be automatically extended for 6 months. Where the issuer performs ex dividend and ex right including dividend payouts, stock dividends, and conversion of capital reserve to share capital after the issuer goes public, the above issue price shall be the price after ex dividend and ex right.
3. During the period when the Company acts as the persons acting in concert for the actual controller of the issuer, the Company will declare to the issuer the shares and changes in them that it directly or indirectly holds.
4. The Company will also observe the laws and regulations as well as other provisions on share lockup as set forth in the Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board."

Note 3: Commitments of shareholders Zhongke Micro Investment and Yao Yajuan on stock sale restriction

- "1. Within 12 months from the listing date of the stocks of the issuer, the Company/I will not transfer or entrust others to manage the shares, which are issued by the issuer before its IPO and shall not be repurchased by the issuer, held directly or indirectly by the Company/me, and the Company/I will handle the share lockup procedures as per law.
2. During the period of being a shareholder holding 5% or more of the issuer's shares, the Company/I will declare to the issuer the shares and changes in them that I directly or indirectly hold."

Note 4: Commitments of shareholders Zhu Yi, Talent Innovation and Enterprise No. 1, Zhongke Chuangxing, Xinchao Technology, Zhongjin Qichen, SCGC, IoT Industry Investment, Songhe Growth No. 4, IoT Innovation Center, Fangteng Financial, Zhongshen Xinchuang on stock sale restriction

"Within 12 months from the listing date of the stocks of the issuer, the Company/I will not transfer or entrust others to manage the shares, which are issued by the issuer before its IPO and shall not be repurchased by the issuer, held directly or indirectly by the Company/me, and the Company/I will handle the share lockup procedures as per law."

Note 5: Commitments of Yao Yi, Du Ping, Du Wei, Zhong Jianpeng, Ke Li and Lai Qi, the Directors, Supervisors and Senior Management, on stock sale restriction

- "1. Within 12 months from the listing date of the issuer, I will not transfer or entrust others to manage the shares, which are issued by the issuer before its IPO, held directly or indirectly by me, nor will I propose for the issuer to repurchase the same that I directly or indirectly hold.
2. After the expiration of the aforementioned lockup period, I, as the Director, Supervisor or Senior Management, will not transfer the issuer's shares held directly or indirectly by me for more than 25% of the total number of shares held by me each year during the tenure of the issuer; and I will not transfer my issuer's shares, held by me directly or indirectly, within six months after I leave office.
3. Where my shareholdings are reduced within two years after the expiration of the lockup period, the price of reduction shall be no lower than issue price. If the closing price of the issuer's shares is lower than the issue price for 20 consecutive trading days within 6 months after the issuer goes public, or the closing price of the issuer's shares at the end of 6 months after the issuer goes public is lower than the issue price, the lockup period for the issuer's shares shall be automatically extended for at least 6 months.
4. During my tenure, I will declare to the issuer the shares and changes in them that I directly or indirectly hold.
5. I will also observe the laws and regulations as well as other provisions on share lockup as set forth in the Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board."

Note 6: Commitments of Li Gongyan, Du Ping, Ouyang Qingsheng, Liu Yu, Wang Xi, Wang Yifeng and Zuo Xiaofang, the key technical personnel, on stock sale restriction

- "1. Within 12 months from the listing date of the issuer and 6 months after I leave office, I will not transfer or entrust others to manage the shares, which are issued by the issuer before its IPO, held directly or indirectly by me, nor will I propose for the issuer to repurchase the same that I directly or indirectly hold.
2. Within 4 years from the expiration of the restriction period for the issuer's shares that I hold and are issued by the issuer before its IPO, I will not transfer the same for more than 25% of the total number of pre-listing shares held by me when the issuer goes public, and the reduction ratio can be accumulated.

3. During the period when I serve as the key technical personnel of the issuer, I will declare to the issuer the shares and changes in them that I directly or indirectly hold.
4. I will also observe the laws and regulations as well as other provisions on share lockup as set forth in the Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board."

Note 7: Commitment of Li Gongyan, the actual controller of the issuer, on intention of shareholding and shareholding reduction

- "1. I will continue to be optimistic about the development prospects of the issuer and its industry in the future, and I am willing to steadily hold the issuer's shares for a long period of time. After the issuer goes public, I may reduce my holdings of the issuer's shares as needed after the lockup period expires.
2. I will abide by the requirements of the initial public offering prospectus and of the restriction period stated by various commitments made, and strictly observe relevant laws and regulations. I will not reduce my holdings of the pre-listing issuer's shares during the restriction period. After the above restriction conditions are lifted, I may make a decision to reduce my holdings, and I will announce the reduction plan three trading days before the reduction.
3. Where the issuer engages in serious illegal activities as stipulated in the *Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board*, triggering the delisting criteria, I will not reduce my holdings of the issuer's shares from the date of the relevant administrative penalty decision or judicial adjudication to the date before the listing of issuer's stocks is terminated.
4. The specific arrangement for reducing my shareholding from the date of expiration of the lockup period is as follows:
 - (1) Number of shares to be reduced: If planning to reduce my shares after the lockup period expires, I will notify the issuer in writing of my intention to reduce my shares and the number of shares to be *reduced* in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange on shareholding reduction of shareholders, and the Company will make a timely announcement.
 - (2) *Method* of reduction: The reduction of holdings may be achieved by the centralized bidding trading system and the block trading system of the stock exchange, or by transfer by agreement.
 - (3) Price of reduction: Where my shareholdings are to be reduced within two years after the expiration of the lockup period, the price of reduction shall be no lower than issue price; where the shares are to be *reduced* after 2 years from the expiration of the lockup period, the price of reduction shall conform to the relevant laws and regulations.
 - (4) Period of reduction: The period for shareholding reduction is 6 months after the announcement of the reduction plan. After the period of reduction expires, if it is still planned to continue the shareholding reduction, it is necessary to make a reduction announcement again according to the above arrangement.
5. In case of new rules and requirements for stock reduction by the China Securities Regulatory Commission or the stock exchange after the lockup period expires, I will observe these rules and requirements at the same time for my stock reduction."

Note 8: Commitments of shareholders Wayzim Yuanchuang and Qunchuang Zhongda on intention of shareholding and shareholding reduction

- "1. The Company will continue to be optimistic about the development prospects of the issuer and its industry in the future, and the Company is willing to steadily hold the issuer's shares for a long period of time. After the issuer goes public, the Company may reduce its holdings of the issuer's shares as needed after the lockup period expires.
2. The Company will abide by the requirements of the IPO prospectus and of the restriction period stated by various commitments made, and strictly observe relevant laws and regulations. The Company will not reduce its holdings of the pre-listing issuer's shares during the restriction period. After the above restriction conditions are lifted, the Company may make a decision to reduce its holdings, and the Company will announce the reduction plan three trading days before the reduction.
3. Where the issuer engages in serious illegal activities as stipulated in the *Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board*, triggering the delisting criteria, the Company will not reduce its holdings of the issuer's shares from the date of the relevant administrative penalty decision or judicial adjudication to the date before the listing of issuer's stocks is terminated.
4. The specific arrangement for reducing its shareholding from the date of expiration of the lockup period is as follows:
 - (1) Number of shares to be reduced: If planning to reduce its shares after the lockup period expires, the Company will notify the issuer in writing of its intention to reduce its shares and the number of shares to be reduced in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange on shareholding reduction of shareholders, and the Company will make a timely announcement.
 - (2) Method of reduction: The reduction of holdings may be achieved by the centralized bidding trading system and the block trading system of the stock exchange, or by transfer by agreement.
 - (3) Price of reduction: Where the pre-listing issuer's shares directly or indirectly held by the Company are to be reduced within 2 years after the lockup period expires, the price of reduction shall be determined according to the secondary market price at that time, and shall not be lower than the issue price (Where the Company performs ex dividend and ex right for the stocks, including dividend payouts, stock dividends, and conversion of capital reserve to share capital, the issue price shall be the price after ex dividend and ex right); where the shares are to be reduced after 2 years from the expiration of the lockup period, the price of reduction shall conform to the relevant laws and regulations.
 - (4) Period of reduction: The period for shareholding reduction is 6 months after the announcement of the reduction plan. After the period of reduction expires, if it is still planned to continue the shareholding reduction, it is necessary to make a reduction announcement again according to the above arrangement.
5. In case of new rules and requirements for stock reduction by the China Securities Regulatory Commission or the stock exchange after the lockup period expires, the Company will observe these rules and requirements at the same time for its stock reduction."

Note 9: Commitments of shareholders Zhongke Micro Investment and Yao Yajuan on intention of shareholding and shareholding reduction

- "1. The Company/I will continue to be optimistic about the development prospects of the issuer and its industry in the future, and the Company is/I am willing to steadily hold the issuer's shares for a

long period of time. After the issuer goes public, the Company/I may reduce its/my holdings of the issuer's shares as needed after the lockup period expires.

2. The Company/I will abide by the requirements of the IPO prospectus and of the restriction period stated by various commitments made, and strictly observe relevant laws and regulations. The Company/I will not reduce its/my holdings of the pre-listing issuer's shares during the restriction period. After the above restriction conditions are lifted, the Company/I may make a decision to reduce its/my holdings, and the Company/I will announce the reduction plan three trading days before the reduction.
3. Where the issuer engages in serious illegal activities as stipulated in the *Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board*, triggering the delisting criteria, the Company/I will not reduce its/my holdings of the issuer's shares from the date of the relevant administrative penalty decision or judicial adjudication to the date before the listing of issuer's stocks is terminated.
4. The specific arrangement for reducing its/my shareholding from the date of expiration of the lockup period is as follows:
 - (1) Number of shares to be reduced: If planning to reduce its/my shares after the lockup period expires, the Company/I will notify the issuer in writing of its/my intention to reduce its/my shares and the number of shares to be reduced in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange on shareholding reduction of shareholders, and the Company/I will make a timely announcement.
 - (2) Method of reduction: The reduction of holdings may be achieved by the centralized bidding trading system and the block trading system of the stock exchange, or by transfer by agreement.
 - (3) Price of reduction: Where the pre-listing issuer's shares directly or indirectly held by the Company/me are to be reduced after the lockup period expires, the price of reduction shall be determined according to the secondary market price at that time, and shall satisfy the relevant provisions of the China Securities Regulatory Commission and Shanghai Stock Exchange on shareholding reduction of shareholder at that time.
 - (4) Period of reduction: The period for shareholding reduction is 6 months after the announcement of the reduction plan. After the period of reduction expires, if it is still planned to continue the shareholding reduction, it is necessary to make a reduction announcement again according to the above arrangement.
5. In case of new rules and requirements for stock reduction by the China Securities Regulatory Commission or the stock exchange after the lockup period expires, the Company/I will observe these rules and requirements at the same time for its/my stock reduction."

Note 10: Measures and commitments of the Company on stabilizing stock prices

"1. Within three years after the IPO and listing of the Company on the Science and Technology Innovation Board (hereinafter referred to as the "Offering and Listing"), if the closing price of the stock of the Company has been lower than the latest audited net asset value per share of the Company for 20 consecutive trading days (after the benchmark date of the latest audit, in case of change in the net asset value of the Company due to profit distribution, conversion of capital reserve to share capital, secondary public offering and right issue, the net asset value per share shall be adjusted accordingly, the same below) (hereinafter referred to as the "Launch Conditions"), except for force majeure, the Company may stabilize the stock price of the Company by repurchasing the stocks of the Company provided that the action complies with the

relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange on stock repurchase, stockholding increase, information disclosure, etc. The specific arrangements are as follows:

- (1) Repurchase of the stocks by the Company for the purpose of stabilizing the stock price shall conform to the provisions of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Measures on Administration of Listed Company's Buying Back the Shares held by the Public* (for trial implementation), the *Supplementary Provisions on the Share Repurchase by Listed Companies by Means of Centralized Bidding*, the *Opinions on Supporting Share Repurchase by Listed Companies*, the *Detailed Rules of Shanghai Stock Exchange for the Implementation of Share Repurchase by Listed Companies*, and other relevant laws and regulations as well as normative documents, and shall ensure that the equity distribution of the Company complies with the listing conditions.
 - (2) The resolution on stock repurchase plan made by General Meeting of the Company shall be subject to more than 2/3 of the voting shares of the present shareholders at the meeting, and the actual controller of the Company promises to vote in favor of the consideration of such the stock repurchase proposal. The General Meeting of the Company may authorize the Board of Directors to make resolutions on the stock repurchase plan. The authorization proposal and the resolution of the General Meeting clearly specify the specific circumstances and duration of authorization. The resolution of the Board of Directors of the Company on the stock repurchase plan must be approved by a board meeting attended by more than two-thirds of the Directors.
 - (3) After the General Meeting discusses and approves the stock repurchase plan, the Company shall inform the creditors as per law, and shall submit the relevant materials to and handle the approval or filing formalities with the competent authorities such as China Securities Regulatory Commission and Shanghai Stock Exchange. The corresponding stock repurchase plan may be implemented only after the necessary approval, filing, information disclosure and other procedures are completed. If the stock repurchase plan fails to be approved by the General Meeting, the Company shall cause the actual controller to fulfill the obligation of increasing the holding of the stock of the Company in accordance with the commitment made by him.
 - (4) The Board of Directors of the Company shall closely attend to the financial condition, debt discharge capability, and going concern ability of the Company, and carefully develop and implement a stock repurchase plan. The number and scale of stock repurchase shall match the actual financial condition of the Company. In principle, the funds used by the Company for stock repurchase at a time shall not exceed 1% of the total share capital of the Company. The aforesaid proportion may be increased according to the authorization given by the General Meeting of the Company to the Board of Directors, and with the approval of the Board of Directors; The said stock repurchase may be achieved by the self-owned funds, funds raised through the issuance of preferred shares and bonds, excessive funds raised through the issuance of ordinary shares, surplus funds from equity investment projects, funds raised that have been legally changed to permanent supplementary working capital, loans from financial institutions, and other legitimate funds of the Company.
 - (5) Price of stock repurchase: In principle, the price of stock repurchase shall not exceed the latest audited net asset value per share of the Company.
2. After the Launch Conditions are triggered, the Company shall convene a meeting of the Board of Directors within 10 days and a General Meeting within 30 days to consider the specific stock price stability proposal, specify the implementation period of the same, and launch the implementation of the same within 5 trading days after the proposal is reviewed and approved by

the General Meeting.

3. Before or during the implementation of measures to stabilize stock prices, if the closing price of the stock of the Company is higher than the latest audited net asset value per share for 20 consecutive trading days, these measures shall be ceased, except for those that are not allowed to be ceased according to laws, regulations, and normative documents.

After the specific stock price stability proposal has been implemented or ceased, in case of any circumstances triggering the Launch Conditions, the stock price stability plan will be launched again.

4. When the Launch Conditions for the stock price stability measures are met, if the Company fails to take the above specific measures to stabilize the stock price, the Company will publicly explain the specific reasons for failure of taking such measures at the General Meeting of the Company and on the information disclosure media designated by CSRC and apologize to the shareholders of the Company and public investors; at the same time, the Company will continue to practice the specific measures to stabilize the stock price within the deadline.
5. Before appointing new Directors and Senior Management within three years after the Offering and Listing, the Company will require them to sign a commitment letter to ensure that they will fulfill the corresponding commitments made by the Directors and Senior Management at the time of this Offering and Listing."

Note 11: Measures and commitment of Li Gongyan, the actual controller, on stabilizing stock prices

"1. Within three years after the IPO and listing of the issuer on the Science and Technology Innovation Board (hereinafter referred to as the "Offering and Listing"), if the closing price of the issuer's stock has been lower than the latest audited net asset value per share of the issuer for 20 consecutive trading days (after the benchmark date of the latest audit, in case of change in the net asset value of the issuer due to profit distribution, conversion of capital reserve to share capital, secondary public offering and right issue, the net asset value per share shall be adjusted accordingly, the same below) (hereinafter referred to as the "Launch Conditions"), except for force majeure, I may stabilize the stock price of the Company by increasing the holding of the issuer's stocks provided that the action complies with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange on stock repurchase, stockholding increase, information disclosure, etc. The specific arrangements are as follows:

- (1) When the Launch Conditions for stabilizing stock price are triggered, but the issuer is unable to implement stock repurchase, I will increase my holdings of the issuer's stocks provided that the conditions and requirements of laws, regulations, and normative documents such as the *Administrative Measures on Acquisition of Listed Companies* are complied with, and that the increase in shareholding would not result in the non-compliance of the issuer's equity distribution with the listing conditions and/or the obligation of tender offer that the actual controller shall fulfill.
- (2) When the above provisions are met, I shall inform the issuer of the specific shareholding increase plan (the contents include but are not limited to shareholding increase range, planned shareholding increase price ceiling, and time limit, etc.) in writing within 10 trading days after the Launch Conditions for stock price stability are triggered, and the issuer shall make an announcement within 3 trading days before shareholding increase. I can increase my holdings of the issuer's shares by centralized bidding or other legal means in the secondary market.

- (3) I will increase my holdings of the issuer's stocks within 12 months by no more than 2% of the issued stocks of the issuer. Specifically, within the next 12 months from the date of the initial increase in shareholding, I, with the right timing, may continue to increase my holdings of the issuer's stocks in the secondary market, from which a cumulative increase in shareholding ratio shall not exceed 2% of the total issued share capital (including the initial increase in shareholding) of the issuer. Meanwhile, the stocks I increased during this period shall not be sold within 6 months after the completion of the increase.
 - (4) The total amount of funds used by me to increase the stockholdings for a single time or accumulatively within 12 months shall not exceed 50% of the cumulative after-tax cash dividends received from the issuer since its listing (in case of conflict with the aforementioned increase ratio, the above ratio limit shall prevail).
 - (5) Price of stockholding increase: In principle, the price of stocks to be increased shall not exceed the issuer's latest audited net asset value per share.
2. After the Launch Conditions are triggered, the issuer shall convene a meeting of the Board of Directors within 10 days and a General Meeting within 30 days to consider the specific stock price stability proposal, specify the implementation period of the same, and launch the implementation of the same within 5 trading days after the proposal is reviewed and approved by the General Meeting.
 3. Before or during the implementation of measures to stabilize stock prices, if the closing price of the stock of the issuer is higher than the latest audited net asset value per share for 20 consecutive trading days, these measures shall be ceased, except for those that are not allowed to be ceased according to laws, regulations, and normative documents.

After the specific stock price stability proposal has been implemented or ceased, in case of any circumstances triggering the Launch Conditions, the stock price stability plan will be launched again.

4. When the Launch Conditions for the stock price stability measures are met, if I fail to take the above specific measures to stabilize the stock price, I will publicly explain the specific reasons for failure of taking such measures at the General Meeting of the issuer and on the information disclosure media designated by CSRC and apologize to the shareholders of the issuer and public investors; at the same time, I will continue to practice the specific measures to stabilize the stock price within the deadline.

If I fail to fulfill the aforesaid shareholding increase commitment, then, the issuer may delay the payment of the cash dividends (if any) for the year when the shareholding increase obligation is triggered and the subsequent year. Meanwhile, the issuer's stocks that I hold shall not be transferred, until I take and complete the corresponding stock price stability actions according to the aforesaid plan."

Note 12: Measures and commitments of Directors Li Gongyan, Yao Yi, Du Ping, Xi Yuxiang, Lai Qi and other Senior Management Ke Li, Li Xiaobing and Zou Xi on stabilizing stock prices

- "1. Within three years after the IPO and listing of the issuer on the Science and Technology Innovation Board (hereinafter referred to as the "Offering and Listing"), if the closing price of the issuer's stock has been lower than the latest audited net asset value per share of the issuer for 20 consecutive trading days (after the benchmark date of the latest audit, in case of change in the net asset value of the issuer due to profit distribution, conversion of capital reserve to share capital, secondary public offering and right issue, the net asset value per share shall be adjusted accordingly, the same below) (hereinafter referred to as the "Launch

Conditions"), except for force majeure, I may stabilize the stock price of the Company by increasing the holding of the issuer's stocks provided that the action complies with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange on stock repurchase, stockholding increase, information disclosure, etc. The specific arrangements are as follows:

- (1) When the Launch Conditions for stabilizing stock price are triggered, but the issuer is unable to implement stock repurchase, and the actual controller is unable to increase the holdings of the issuer's stocks, I will launch the stockholding increase provided that the conditions and requirements of laws, regulations, and normative documents such as the *Administrative Measures on Acquisition of Listed Companies* and the *Rules on the Management of Company Shares Held by Directors, Supervisors and Senior Management of Listed Companies and Their Changes* are complied with, and that the increase in shareholding would not result in the non-compliance of the issuer's equity distribution with the listing conditions.
 - (2) When the above provisions are met, I shall inform the issuer of the specific shareholding increase plan (the contents include but are not limited to shareholding increase range, planned shareholding increase price ceiling, and time limit, etc.) in writing within 10 trading days after the Launch Conditions for stock price stability are triggered, and the issuer shall make an announcement within 3 trading days before shareholding increase.
 - (3) The amount of funds used by me to increase the stockholdings for a single time shall not be less than 10% of the total amount of after-tax cash dividends (if any), salaries (if any), and allowances (if any) received from the issuer in the previous year. However, the total amount of funds used to increase the holding of the issuer's stocks for a single time or accumulatively within 12 months shall not exceed 50% of the total amount of after-tax cash dividends (if any), salaries (if any), and allowances (if any) received from the issuer in the previous year.
 - (4) Price of stockholding increase: In principle, the price of stocks to be increased shall not exceed the issuer's latest audited net asset value per share.
2. After the Launch Conditions are triggered, the issuer shall convene a meeting of the Board of Directors within 10 days and a General Meeting within 30 days to consider the specific stock price stability proposal, specify the implementation period of the same, and launch the implementation of the same within 5 trading days after the proposal is reviewed and approved by the General Meeting.
 3. Before or during the implementation of measures to stabilize stock prices, if the closing price of the stock of the issuer is higher than the latest audited net asset value per share for 20 consecutive trading days, these measures shall be ceased, except for those that are not allowed to be ceased according to laws, regulations, and normative documents.

After the specific stock price stability proposal has been implemented or ceased, in case of any circumstances triggering the Launch Conditions, the stock price stability plan will be launched again.

4. When the Launch Conditions for the stock price stability measures are met, if I fail to take the above specific measures to stabilize the stock price, I will publicly explain the specific reasons for failure of taking such measures at the General Meeting of the issuer and on the information disclosure media designated by CSRC and apologize to the shareholders of the issuer and public investors; at the same time, I will continue to practice the specific measures to stabilize the stock

price within the deadline.

If I fail to fulfill the aforesaid shareholding increase commitment, then, the issuer may delay the payment of the cash dividends (if any) for the year when the shareholding increase obligation is triggered and the subsequent year, as well as 50% of the total salary and allowances for the current year. Meanwhile, the issuer's stocks that I hold shall not be transferred, until I take and complete the corresponding stock price stability actions according to the aforesaid plan."

Note 13: Share repurchase commitment of the Company on fraudulent issuance and listing

"1. The Company guarantees that there is no fraudulent issuance of this public offering and listing on the Science and Technology Innovation Board.

2. If the Company does not meet the conditions for offering and listing, has fraudulently obtained the issuance registration permit, and has already issued shares and has been listed, the Company will initiate the share repurchase procedures within five (5) working days after confirmation by the China Securities Regulatory Commission or other competent authorities to buy back the Company's all new shares of the IPO according to relevant laws, regulations and provisions of the *Articles of Association* of the Company.
3. The price of stock repurchase shall not be lower than the issue price of the stocks publicly issued by the Company plus bank deposit interest for the same period."

Note 14: Share repurchase commitment of Li Gongyan, the actual controller of the Company, on fraudulent issuance and listing

- "1. I guarantee that there is no fraudulent issuance of this public offering and listing of the issuer on the Science and Technology Innovation Board.
2. If the issuer does not meet the conditions for offering and listing, has fraudulently obtained the issuance registration permit, and has already issued shares and has been listed, the issuer will initiate the share repurchase procedures within five (5) working days after confirmation by the China Securities Regulatory Commission or other competent authorities to buy back the issuer's all new shares of the IPO according to relevant laws, regulations and provisions of the *Articles of Association*.
3. The price of stock repurchase shall not be lower than the issue price of the stocks publicly issued by the issuer plus bank deposit interest for the same period."

Note 15: Measures and commitments of the Company to fill in the diluted immediate returns

"1. Measures to fill in the diluted immediate returns

In order to reduce the dilution impact of this issuance on the immediate returns of the Company, the Company plans to enhance the overall strength of the issuer, increase future earnings, achieve sustainable development, and fill in returns by strengthening the management of funds raised, accelerating the investment progress of equity investment projects, improving the profitability of the issuer, and reinforcing the investor return mechanism. The Company will take the following measures:

(1) Strengthening the management of funds raised

The Company has developed management measures for funds raised. As long as the funds are in place, they will be deposited in a special account designated by the Board of Directors. The Company will regularly inspect the use of the funds raised to intensify the supervision of equity investment projects and ensure the reasonable, standard, and effective use of the funds raised.

(2) Accelerating the investment progress of equity investment projects

After the funds raised in this issuance are in place, the Company will allocate various internal resources, accelerate the implementation of equity investment projects, improve the efficiency of the use of funds raised, strive to cause the equity investment projects to reach design capacity as soon as possible and achieve expected benefits, in order to enhance the profitability of the issuer. Before the funds raised are in place, in order to achieve profitability of the equity investment projects as soon as possible, the Company plans to actively raise funds through various channels, reasonably allocate resources, carry out preliminary preparation work for the equity investment projects, raise shareholder returns, and reduce the risk of dilution of immediate returns caused by this issuance.

(3) Improving the profitability of the Company

The Company will continuously improve its service quality, expand its brand influence, and enhance its overall profitability. While actively promoting cost management, the Company strictly controls cost expenses, and improve the profitability of the issuer. In addition, the Company will increase its efforts in talent introduction, enhance its attractiveness to high-quality talents by bettering employee compensation assessment and incentive mechanisms, and provide guarantees for sustainable development of the Company.

(4) Reinforcing the investor return mechanism

The Company implements an active profit distribution policy, focuses on reasonable returns on investment by investors with guaranteed sustainability and stability. The Company has worked out the applicable articles of association (draft) of the issuer after listing in accordance with the relevant regulations and regulatory requirements of the China Securities Regulatory Commission, made detailed provisions and public commitments on profit distribution policies, and developed a shareholder return plan of the Company for the next three years, fully safeguarding the rights of the issuer's shareholders to legally enjoy returns on assets and other rights, and providing the issuer's future return ability.

2. Commitment on measures to fill in the diluted immediate returns

The Company is committed to actively fulfilling the measures to fill in the diluted immediate returns. In case of failure to maintain the aforementioned commitments, the Company will promptly announce the facts and reasons for the failure. Except for force majeure or other reasons not attributable to the Company, the Company shall make an apology to its shareholders and public investors, propose supplementary or alternative commitments to investors to protect their interests to the largest extent, and execute the supplementary or alternative commitments after approval by the General Meeting of the Company."

Note 16: Measures and commitment of Li Gongyan, the actual controller of the Company, to fill in the diluted immediate returns

- "1. I undertake not to exceed the authority to intervene in the issuer's operation and management activities and not to encroach on the issuer's interests.
2. I undertake to fulfill this commitment and I am willing to bear any legal liability arising from my breach of the above commitment."

Note 17: Measures and commitments of all Directors and Senior Management to fill in the diluted immediate returns

- "1. I undertake not to offer benefits to any other entities or individuals at no cost or upon unfair conditions, nor jeopardize the issuer's interest in other ways.
2. I undertake to restrain my position-related consumptions.
3. I undertake not to use the issuer's assets to engage in investment or consumption activities unrelated to the performance of my duties.

4. I undertake that the remuneration system formulated by the Board of Directors or the Compensation Committee and the compensation system is linked with implementation of the issuer's return measures.
5. I undertake that, if the issuer launches subsequent equity incentive plans, the vesting conditions of the equity incentive will be linked to the implementation of return measures of the issuer.
6. I undertake to fulfill this commitment and I am willing to bear any legal liability arising from my breach of the above commitment."

Note 18: Commitment of the Company on profit distribution policy

The Company will strictly comply with the provisions of the *Articles of Association* and relevant laws and regulations regarding profit distribution policies, and fulfill the dividend obligations in accordance with the *Three-Year Dividend Return Plan for Shareholders after Listing of Wayz Intelligent Manufacturing Technology Co. Ltd.* After this issuance and listing, when making profit distribution decisions and arguments, the Board of Directors, the Board of Supervisors, and General Meeting of the Company shall fully take into consideration the opinions of independent directors and public investors, in order to protect the interests of minority shareholders and public investors.

Note 19: Commitment of the Company on performing restraints for public commitments

- "1. The Company guarantees to strictly fulfill the commitments disclosed in the IPO and listing prospectus, and undertakes to strictly comply with the following restraints:
 - (1) Where the Company fails to fulfill the relevant commitments disclosed in this prospectus, the Company will publicly explain the specific reasons for the failure to fulfill the commitments, as well as the remedies and corrections at the General Meeting and on the newspapers designated by the China Securities Regulatory Commission, and make an apology to the shareholders and public investors.
 - (2) Where the investors suffer losses in securities trading due to the Company's failure to fulfill relevant commitments, the Company will compensate the investors for the relevant losses as per law.
 - (3) The Company will take measures such as reducing or suspending the payment of salaries or allowances to the Directors, Supervisors, and Senior Management who are personally responsible for such the failure to fulfill the commitments (if they receive salaries from the Company).
2. If the Company fails to fulfill, certainly fails to fulfill, or fails to fulfill on schedule the commitments made by the Company due to objective reasons beyond its control such as changes of relevant laws, regulations and policies, natural disaster and other force majeure, the Company will take the following actions:
 - (1) Disclose specific reasons why the Company fails to fulfill, certainly fails to fulfill, or fails to fulfill on schedule the commitments.
 - (2) Make a supplementary commitment or an alternative commitment to the investors of the Company (Relevant commitments require to perform relevant approval procedures according to the provisions of laws, regulations and the Articles of Association), in order to protect the interests of the investors as much as possible."

Note 20: Commitment of Li Gongyan, the actual controller, on performing restraints for public commitments

- "1. I undertake to strictly fulfill the commitments disclosed in the Offering and Listing prospectus of

the Company, and undertake to strictly comply with the following restraints:

- (1) Where I fail to fulfill the relevant commitments disclosed in the prospectus, I will publicly explain the specific reasons for the failure to fulfill the commitments, as well as the remedies and corrections at the General Meeting and on the newspapers designated by the China Securities Regulatory Commission, and make an apology to the shareholders and public investors.
 - (2) Where the investors suffer losses in securities trading due to my failure to fulfill relevant commitments, I will compensate the investors for the relevant losses as per law. If I fail to bear the aforementioned liability for compensation, the issuer has the right to deduct the cash dividends to be paid to me to bear the aforementioned liability for compensation on behalf of me. Meanwhile, during the period when I have not borne the aforementioned liability for compensation, I am not allowed to transfer the issuer's shares directly or indirectly held by me.
 - (3) During my tenure as the actual controller of the issuer, if the issuer fails to fulfill the commitments disclosed in the prospectus and causes losses to investors, I undertake to bear the liability for compensation as per law.
2. If I fail to fulfill, certainly fail to fulfill, or fail to fulfill on schedule the commitments made by me due to objective reasons beyond my control such as changes of relevant laws, regulations and policies, natural disaster and other force majeure, I will take the following actions:
- (1) Disclose specific reasons why I fail to fulfill, certainly fail to fulfill, or fail to fulfill on schedule the commitments.
 - (2) Make a supplementary commitment or an alternative commitment to the investors of the Company (Relevant commitments require to perform relevant approval procedures according to the provisions of laws, regulations and the Articles of Association), in order to protect the interests of the investors as much as possible."

Note 21: Commitments of shareholders Wayzim Yuanchuang, Qunchuang Zhongda, Zhongke Micro Investment and Yao Yajuan on performing restraints for public commitments

"1. The Company/I guarantees/guarantee to strictly fulfill the commitments disclosed in the Offering and Listing prospectus of the Company, and undertakes/undertake to strictly comply with the following restraints:

- (1) Where the Company/I fails/fail to fulfill the relevant commitments disclosed in the prospectus, the Company/I will publicly explain the specific reasons for the failure to fulfill the commitments, as well as the remedies and corrections at the General Meeting and on the newspapers designated by the China Securities Regulatory Commission, and make an apology to the shareholders and public investors.
 - (2) Where the investors suffer losses in securities trading due to the Company's/my failure to fulfill relevant commitments, the Company/I will compensate the investors for the relevant losses as per law. If the Company/I fails/fail to bear the aforementioned liability for compensation, the Company has the right to deduct the cash dividends to be paid to the Company/me to bear the aforementioned liability for compensation on behalf of the Company/me. Meanwhile, during the period when the Company/I has/have not borne the aforementioned liability for compensation, the Company/I is/am not allowed to transfer the issuer's shares directly or indirectly held by the Company/me.
2. If the Company/I fails/fail to fulfill, certainly fails/fail to fulfill, or fails/fail to fulfill on schedule the commitments made by the Company/me due to objective reasons beyond its/my control

such as changes of relevant laws, regulations and policies, natural disaster and other force majeure, the Company/I will take the following actions:

- (1) Disclose specific reasons why the Company/I fails/fail to fulfill, certainly fails/fail to fulfill, or fails/fail to fulfill on schedule the commitments.
- (2) Make a supplementary commitment or an alternative commitment to the investors of the Company (Relevant commitments require to perform relevant approval procedures according to the provisions of laws, regulations and the Articles of Association), in order to protect the interests of the investors as much as possible."

Note 22: Commitments of all Directors, Supervisors, Senior Management, and key technical personnel on performing restraints for public commitments

"1. I undertake to strictly fulfill the commitments disclosed in the Offering and Listing prospectus of the Company, and undertake to strictly comply with the following restraints:

- (1) Where I fail to fulfill the relevant commitments disclosed in the prospectus, I will publicly explain the specific reasons for the failure to fulfill the commitments, as well as the remedies and corrections at the General Meeting and on the newspapers designated by the China Securities Regulatory Commission, and make an apology to the shareholders and public investors.
- (2) Where the investors suffer losses in securities trading due to my failure to fulfill relevant commitments, I will compensate the investors for the relevant losses as per law. If I fail to bear the aforementioned liability for compensation, the issuer has the right to stop paying the wages and salaries to be received by me from the issuer during the period from the date the relevant investors suffer losses until I fulfill the liability for compensation. Meanwhile, during the period when I have not borne the aforementioned liability for compensation, I am not allowed to transfer the issuer's shares (if any) directly or indirectly held by me.

2. If I fail to fulfill, certainly fail to fulfill, or fail to fulfill on schedule the commitments made by me due to objective reasons beyond my control such as changes of relevant laws, regulations and policies, natural disaster and other force majeure, I will take the following actions:

- (1) Disclose specific reasons why I fail to fulfill, certainly fail to fulfill, or fail to fulfill on schedule the commitments.
- (2) Make a supplementary commitment or an alternative commitment to the investors of the Company (Relevant commitments require to perform relevant approval procedures according to the provisions of laws, regulations and the Articles of Association), in order to protect the interests of the investors as much as possible."

Note 23: Commitment of Li Gongyan, the actual controller, on avoiding horizontal competition

- "1. Except for the issuer and its subsidiaries, I currently do not engage in any the same business or any similar business, self-operated, jointly operated with others or operated for others, as/to that of the issuer and its subsidiaries. No horizontal competition is present between me and other enterprises under my control and the issuer and its subsidiaries.
2. During the period when I directly or indirectly hold the issuer's shares and I am confirmed as the actual controller of the issuer in accordance with Chinese laws and regulations, other enterprises under my control and I will not directly or indirectly engage in any business which is consistent with, similar to or substantially competes with the business of the issuer and its subsidiaries

through minority equity participation, holding, joint operation, JV and cooperation or otherwise.

3. Where I or any other enterprises under my control obtain a business opportunity or engage in a business that is consistent with, similar to or substantially competes with the main business of the issuer and its subsidiaries, I agree to stop operating the competitive business, or bring the competitive business under the control of the issuer, or transfer the competitive business to an unrelated third party at the request of the issuer, so as not to damage the interests of the issuer and its shareholders.
4. If I fail to fulfill the above commitments, all relevant interests obtained as a result will belong to the issuer, and any losses caused to the issuer and its shareholders as a result shall be borne by me."

Note 24: Commitment of Li Gongyan, the actual controller, on reducing affiliate transactions

- "1. I strictly abide by the *Articles of Association* of the issuer and other affiliate transaction management systems at present, and I will do the same in the future, perform my information disclosure obligations and handle relevant approval procedures according to relevant laws, regulations, and stock exchange rules, ensuring not to damage the legitimate rights and interests of the issuer and its shareholders by any affiliate transaction.
2. I will do my best to reduce and regulate the affiliate transactions with the issuer. In case of any affiliate transaction with the issuer that cannot be avoided or for reasonable reasons, I undertake to proceed with the affiliate transaction in accordance with the principles of fairness, justice, and compensation of equal value, sign an agreement as per law, and undergo legal procedures, in order to ensure not to transfer and transport interests to or jeopardize the legitimate rights and interests of the issuer and other shareholders.
3. As to the affiliate transactions between myself and the issuer, I will strictly comply with the requirements of the *Articles of Association* and relevant normative and legal documents, avoid voting at the relevant meeting of the Board of Directors and General Meeting, and not secure illegitimate benefits from the affiliate transactions with the issuer by taking advantage of my position as the actual controller.
4. In case of breach of any of the above commitments, I am willing to bear the direct or indirect economic losses, claims for compensation, and related expenses arising therefrom to the issuer and its shareholders."

Note 25: Commitment of Li Gongyan, the actual controller, on the payment of social insurance and housing provident fund of the Company

"If the issuer and its subsidiaries are deemed by relevant government departments or judicial authorities to be required to make a supplementary payment for social insurance premiums (including endowment insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident fund at any time, or are punished for social insurance premiums and housing provident fund matters, or are legally claimed by any relevant party in any way regarding social insurance premiums and housing provident fund, I will unconditionally and fully bear all social insurance premiums, housing provident fund, fines or compensation amounts recognized by relevant government departments or judicial authorities that need to be paid by the issuer and its subsidiaries, and also fully bear all social insurance premiums, housing provident fund or compensation amounts required by any relevant party in any way, as well as all related expenses incurred by the issuer and its subsidiaries due to the above matters.

(II) If there is a profit forecast for the assets or projects of the Company, and the reporting period is still in the profit forecast period, the Company shall explain whether the assets or projects have reached the original profit forecast and the reasons for it

☐ Yes ☐ No ☒ Not applicable

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

☐ Applicable ☒ Not applicable

II. Non-operating Utilization of Funds by Controlling Shareholders and Other Affiliates during the Reporting Period

☐ Applicable ☒ Not applicable

III. Illegal Guarantee

☐ Applicable ☒ Not applicable

IV. Explanation of the Board of Directors of the Company on the "Audit Report of Non-standard Opinions" of Accounting Firms

☐ Applicable ☒ Not applicable

V. Analysis and Explanation of the Company on Significant Changes in Accounting Policies, Accounting Estimates or Reasons and Impacts of Correcting Major Accounting Errors

(I) Analysis and explanation of the Company on reasons and impacts of changes in accounting policies and accounting estimates

☒ Applicable ☐ Not applicable

Please refer to "Note V.44. Changes in significant accounting policies and accounting estimates" of Section X for details

(II) Analysis and explanation of the Company on reasons and impacts of correcting major accounting errors

☒ Applicable ☐ Not applicable

Structured deposits purchased by the Company using the funds raised are classified to be the trading financial assets, and the relevant income shall be reported under the item of non-recurring profit and loss according to the description of "Non-recurring profit and loss usually include profit and loss from changes in fair value arising from the holding of trading financial assets and trading financial liabilities, and income on investments from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, in addition to the effective hedging business related to the normal operations of the company" as stated in Paragraph 14 of Article 2 in the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profit or Loss*. The Company found that the relevant income from structured deposits purchased using funds raised was not listed under the item of non-recurring profit or loss in the *2022 Semi-annual Report* and *2022 Q3 Report* during the review of periodic reports. From January to June 2022, an income on investment of CNY 21,388,995.67 (listed by pre-tax amount) was obtained from structured deposits purchased using funds raised. From January to September 2022, an income on investment of CNY 37,695,195.79 (listed by pre-tax amount) was obtained from structured deposits purchased using funds raised. From July to September 2022, an income on investment of CNY 16,306,200.12 (listed by pre-tax amount) was obtained from structured deposits purchased using funds raised. So, the items in the financial statements affected by them include: The amount that is included in non-recurring profit or loss of the current period, the net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss, and relevant financial indicators, rate of change, notes, and explanations.

The Company held the 23rd Meeting of the First Board of Directors and the 11th Meeting of the First Board of Supervisors on February 26, 2023. All directors and supervisors considered and

unanimously approved the *Proposal on the Correction of Accounting Errors in the Previous Period and of Periodic Reports*, which corrected the aforementioned accounting errors in the previous period and retroactively adjusted the affected consolidated financial statements and corporate financial statements of each period. The correction of accounting errors of the Company this time does not need to be submitted to the General Meeting for review. The independent directors have expressed their clear agreement on this proposal.

This correction affects the item of "Amount that is included in non-recurring profit or loss of the current period", the item of "Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss", and relevant financial indicators, rate of change, notes, and explanations of the Company, and would not affect the Balance Sheet, Income Statement, and Cash Flow Statement. The specific information is detailed in the *Announcement on the Correction of Accounting Errors in the Previous Period and of Periodic Reports* (Announcement No. 2023-005) disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on February 28, 2023.

(III) Communication with the previous accounting firm

☐ Applicable ☒ Not applicable

(IV) Other notes

☐ Applicable ☒ Not applicable

VI. Appointment and Dismissal of Accounting Firm

Unit: CNY

	Current appointment
Name of domestic accounting firm	KPMG Huazhen LLP
Remuneration of domestic accounting firms	1,450,000.00
Audit term of domestic accounting firm	2
Name of the certified public accountant of the domestic accounting firm	Zhou Xuchun, Huang Xiaodong
Audit service years of certified public accountant of domestic accounting firm	1, 2

	Name	Compensation
Accounting firm for internal control audit	KPMG Huazhen LLP	350,000.00

Explanation on appointment and dismissal of accounting firm

☒ Applicable ☐ Not applicable

On April 24, 2022, Wayzim held the 17th Meeting of the First Board of Directors and the 6th Meeting of the First Board of Supervisors. On May 16, 2022, Wayzim held the 2021 Annual General Meeting, and reviewed and approved the *Proposal on the Further Appointment of Accounting Firm in 2022* with a term of one year.

Explanation for changing accounting firm during the audit

☐ Applicable ☒ Not applicable

VII. Risk of Delisting

(I) Reasons for leading to delisting risk warning

☐ Applicable ☒ Not applicable

(II) Countermeasures to be taken by the Company

☐ Applicable ☒ Not applicable

(III) Conditions and reasons for termination of listing

☐ Applicable ☒ Not applicable

VIII. Matters Concerning Bankruptcy and Restructuring

☐ Applicable ☒ Not applicable

IX. Major Lawsuit and Arbitration Matters

☐ The Company has major lawsuit and arbitration matters this year

☒ The Company has no major lawsuit and arbitration matters this year

X. Suspected Violations, Penalties and Rectification of the Listed Company and Its Directors, Supervisors, Senior Management, Controlling Shareholders and Actual Controllers

☐ Applicable ☒ Not applicable

XI. Credit Conditions of the Company and Its Controlling Shareholders and Actual Controller during the Reporting Period

☒ Applicable ☐ Not applicable

During the reporting period, the controlling shareholders of the Company, the Company and the actual controller of the Company maintain a good credit standing, without a bad credibility record of failure to carry out the valid court decision or any overdue debt with significant amount.

XII. Material Affiliate Transaction

(I) Affiliate transaction related to the Company's day-to-day operation

1. Matters disclosed in the interim announcement and without progresses or changes in the follow-up implementation process

☐ Applicable ☒ Not applicable

2. Matters disclosed in the temporary announcement, but with progresses or changes during the follow-up implementation process

☒ Applicable ☐ Not applicable

On April 24, 2022, the Company held the 17th Meeting of the First Board of Directors and the 6th Meeting of the First Board of Supervisors. On May 16, 2022, the Company held the 2021 Annual General Meeting, and reviewed and approved the *Proposal on Expected Day-to-day Affiliate Transactions in 2022*. The *Announcement on Expected Day-to-day Affiliate Transactions in 2022* (Announcement No.: 2022-006) was disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn). The follow-up development of the above related matters is as follows:

(Unit: CNY 10,000)

Type of transaction	Affiliates	Estimated amount for 2022	Actual amount in 2022
Purchase of goods/acceptance of labor service	Jiangsu Carnival Technology Co., Ltd.	3,000.00	3,521.02
	Kunshan Meibang Environmental Technology Co., Ltd.	300.00	8.10

Type of transaction	Affiliates	Estimated amount for 2022	Actual amount in 2022
	Wuxi Machinery Co., Ltd.	2,000.00	886.10
	Lianshun Equipment		
	Institute of Microelectronics of the Chinese Academy of Sciences	150.00	150.00
Lease of affiliates	Beijing Zhongke Micro Investment Management Co., Ltd.	168.57	38.04
Reimbursed expenses of affiliates	Institute of Microelectronics of the Chinese Academy of Sciences	50.00	49.13

3. Matters undisclosed in the temporary announcement

☐ Applicable ☒ Not applicable

(II) Affiliate transactions during sales and equity acquisition

1. Matters disclosed in the interim announcement and without progresses or changes in the follow-up implementation process

☐ Applicable ☒ Not applicable

2. Matters disclosed in the temporary announcement, but with progresses or changes during the follow-up implementation process

☐ Applicable ☒ Not applicable

3. Matters undisclosed in the temporary announcement

☐ Applicable ☒ Not applicable

4. Matters concerning performance achievement during the reporting period should be disclosed if performance agreement is involved

☐ Applicable ☒ Not applicable

(III) Significant affiliate transactions for joint external investments**1. Matters disclosed in the interim announcement and without progresses or changes in the follow-up implementation process**

☐ Applicable ☒ Not applicable

2. Matters disclosed in the temporary announcement, but with progresses or changes during the follow-up implementation process

☒ Applicable ☐ Not applicable

On November 12, 2022, the *Proposal on Establishing Subsidiaries through Foreign Investment and Affiliate Transactions* was reviewed and approved at the 22nd Meeting of the First Board of Directors and the 10th Meeting of the First Board of Supervisors. The Company, along with related natural persons Ms. Ke Li, Mr. Ouyang Qingsheng, and Mr. Miao Yanhui, jointly invested CNY 10 million to establish Wayzim Power Technology (Jiangsu) Co., Ltd. In the investment, the Company invested CNY 5.1 million, Ms. Ke Li invested CNY 1.9 million, Mr. Ouyang Qingsheng invested CNY 2.95 million, and Mr. Miao Yanhui invested CNY 50,000. The specific information is detailed in the *Announcement of Wayzim on Outward Investment for the Establishment of Subsidiaries and Affiliate Transactions* (Announcement No. 2022-033) disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on November 15, 2022. During the reporting period, Wayzim Power Technology (Jiangsu) Co., Ltd. completed industrial and commercial registration in November 2022 and obtained the business license.

3. Matters undisclosed in the temporary announcement

☐ Applicable ☒ Not applicable

(IV) Transactions of related creditor's rights and debts**1. Matters disclosed in the interim announcement and without progresses or changes in the follow-up implementation process**

☐ Applicable ☒ Not applicable

2. Matters disclosed in the temporary announcement, but with progresses or changes during the follow-up implementation process

☐ Applicable ☒ Not applicable

3. Matters undisclosed in the temporary announcement

☐ Applicable ☒ Not applicable

(V) Financial transactions between the Company and the associated finance companies, or between the holding finance companies and affiliates

☐ Applicable ☒ Not applicable

(VI) Others

☒ Applicable ☐ Not applicable

On August 7, 2022, the *Proposal on Project Cooperation and Affiliate Transactions* was reviewed and approved at the 19th Meeting of the First Board of Directors. The Company and IMECAS cooperated on the project of "Sensing, Storage and Computing Integrated Optoelectronic Fusion Chip Technology and signed relevant agreements. IMECAS was responsible for the research and coordinated implementation of the Sensing, Storage and Computing Integrated Optoelectronic Fusion Chip Technology Project. For the project, the Company was assigned to participate in and undertake the research topic 3 of "Stacking Ensemble and Application of Sensing, Storage and Computing Integrated Optoelectronic Fusion System-on-a-chip", responsible for the R&D of verification apparatus and integrated system for the sensing, storage and computing integrated optoelectronic fusion system-on-a-chip. The specific assessment indicators include: At least one technical standard or MSA proposal was completed. The total fund of this cooperation project was CNY 37 million, of which CNY 17 million was allocated by the state finance, occupying 10% of the government appropriation for the Company, and CNY 20 million was self-raised by the Company. As of the disclosure date of the Report, the Project is currently under R&D and design.

XIII. Material Contracts and Performance**(I) Trusteeship, contracting and leasing****1. Trusteeship**

☐ Applicable ☒ Not applicable

2. Contracting

☐ Applicable ☒ Not applicable

3. Leasing

☐ Applicable ☒ Not applicable

(II) Guarantee

☐ Applicable ☒ Not applicable

(III) Cash asset management entrusted to others**1. Entrusted asset management****(1) Overall situation of entrusted asset management**√ Applicable ☐ Not applicable

Unit: CNY

Type	Sources of funding	Amount incurred	Balance before maturity	Amount overdue but not recovered
Asset management product	Equity fund	390,000,000.00	292,000,000.00	-
Asset management product	Idle funds raised	1,036,390,000.00	981,000,000.00	-
Total		1,426,390,000.00	1,273,000,000.00	-

Other circumstances☐ Applicable ☒ Not applicable

(2) Individual entrusted asset management

√ Applicable □ Not applicable

Unit: CNY

Trustee	Type of entrusted asset management	Amount of entrusted asset management	Beginning date of entrusted asset management	Ending date of entrusted asset management	Source of funds	Funds invested to	Remuneration determination method	Annualized rate of return	Expected earnings (if any)	Actual earnings or losses	Actual recovery	Whether through legal procedures	Any entrusted asset management plan in the future	Amount of impairment provision (if any)
China Merchants Bank Co., Ltd. Wuxi Xidong Sub-branch	Certificate of deposit (CD)	10,000,000.00	2022/4/19	2023/4/7	Equity fund	Bank	As agreed in the contract	3.36%	329,466.67	/	Undue	Yes	Yes	/
CITIC Securities Co., Ltd.	Beneficiary certificate	50,000,000.00	2022/9/13	2023/9/13	Funds raised	Securities company	As agreed in the contract	0.1%/4.01%	/	/	Undue	Yes	Yes	/
CITIC Securities Co., Ltd.	Beneficiary certificate	50,000,000.00	2022/9/19	2023/9/19	Funds raised	Securities company	As agreed in the contract	0.1%/4.01%	/	/	Undue	Yes	Yes	/
Bank of	Structur	26,000,000	2022/9/	2023/3/	Fun	Bank	As	1.50%~3.40%	434,02	/	Undu	Yes	Yes	/

Ningbo Co., Ltd. Wuxi Xishan Sub-branch	ed deposit	0.00	16	15	ds raised		agreed in the contract		6.92		e			
CITIC Securities Co., Ltd.	Beneficiary certificate	50,000,000.00	2022/9/20	2023/9/20	Funds raised	Securities company	As agreed in the contract	0.1%/4.01%	/	/	Undue	Yes	Yes	/
Bank of Nanjing Co., Ltd. Wuxi Chengnan Sub-branch	Structured deposit	100,000,000.00	2022/10/14	2023/1/18	Funds raised	Bank	As agreed in the contract	1.65%/2.85%/3.15%	760,000.00	/	Undue	Yes	Yes	/
Bank of China Limited Wuxi Zhaqiao Sub-branch	Structured deposit	24,900,000.00	2022/10/27	2023/5/10	Equity fund	Bank	As agreed in the contract	1.6%/4.43%	212,843.84	/	Undue	Yes	Yes	/
Bank of China Limited Wuxi Zhaqiao Sub-branch	Structured deposit	25,100,000.00	2022/10/27	2023/5/8	Equity fund	Bank	As agreed in the contract	1.6%/4.43%	212,352.88	/	Undue	Yes	Yes	/
Bank of Ningbo	Structured	30,000,00	2022/11	2023/2/	Funds	Bank	As agreed in	1.00%~3.3%	249,53	/	Undue	Yes	Yes	/

Co., Ltd. Wuxi Xishan Sub-branch	deposit	0.00	/14	14	raise d		the contract		4.25		e			
Bank of Ningbo Co., Ltd. Wuxi Xishan Sub-branch	Structur ed deposit	30,000,00 0.00	2022/11 /18	2023/2/ 21	Fun ds raise d	Bank	As agreed in the contract	1.00%~3.3%	257,67 1.23	/	Undu e	Yes	Yes	/
China Everbright Bank Co., Ltd. Wuxi Branch	Structur ed deposit	50,000,00 0.00	2022/11 /16	2023/2/ 16	Fun ds raise d	Bank	As agreed in the contract	1.5%/2.85%/2 .95%	356,25 0.00	/	Undu e	Yes	Yes	/
Bank of Nanjing Co., Ltd. Wuxi Chengnan Sub-branch	Structur ed deposit	40,000,00 0.00	2022/11 /18	2023/2/ 22	Fun ds raise d	Bank	As agreed in the contract	1.65%/2.85%/ 3.15%	304,00 0.00	/	Undu e	Yes	Yes	/
Bank of Ningbo Co., Ltd. Wuxi Xishan Sub-branch	Structur ed deposit	85,000,00 0.00	2022/11 /25	2023/2/ 27	Fun ds raise d	Bank	As agreed in the contract	1.50%-3.3%	722,38 3.56	/	Undu e	Yes	Yes	/
Bank of Nanjing	Structur ed	290,000,0	2022/11	2023/1/	Fun ds	Bank	As agreed in	1.65%/2.85%/ 3.15%	803,54	/	Undu	Yes	Yes	/

Co., Ltd. Wuxi Chengnan Sub-branch	deposit	00.00	/30	4	raise d		the contract	3.15%	1.66		e			
Bank of Communic ations Co., Ltd. Wuxi Chengbei Sub-branch	Structur ed deposit	50,000,00 0.00	2022/12 /10	2023/3/ 10	Fun ds raise d	Bank	As agreed in the contract	1.69%/3.00%/ 3.2%	390,41 0.96	/	Undu e	Yes	Yes	/
Bank of Nanjing Co., Ltd. Wuxi Chengnan Sub-branch	Structur ed deposit	200,000,0 00.00	2022/12 /7	2023/1/ 9	Equi ty fund	Bank	As agreed in the contract	1.65%/2.85%/ 3.15%	522,50 0.00	/	Undu e	Yes	Yes	/
China Merchants Bank Co., Ltd. Wuxi Xidong Sub-branch	Certifica te of deposit (CD)	10,000,00 0.00	2022/12 /19	2023/11 /24	Fun ds raise d	Bank	As agreed in the contract	3.36%	312,98 6.30	/	Undu e	Yes	Yes	/
China Merchants Bank Co., Ltd. Wuxi Xidong Sub-branch	Certifica te of deposit (CD)	10,000,00 0.00	2022/12 /23	2024/1/ 7	Fun ds raise d	Bank	As agreed in the contract	3.36%	336,00 0.00	/	Undu e	Yes	Yes	/

China Everbright Bank Co., Ltd. Wuxi Branch	Structured deposit	40,000,000.00	2022/12/22	2023/3/22	Funds raised	Bank	As agreed in the contract	1.5%/3.1%/3.2%	310,000.00	/	Undue	Yes	Yes	/
China Merchants Bank Co., Ltd. Wuxi Xidong Sub-branch	Structured deposit	70,000,000.00	2022/12/30	2023/3/30	Funds raised	Bank	As agreed in the contract	1.56%/2.86%	493,643.84	/	Undue	Yes	Yes	/
Wuhuaguo Zhiyuan No.1 Private Equity Investment Fund	Fund	20,000,000.00	2022/3/8	2023/3/7	Equity fund	Bank	As agreed in the contract	/	171,505.86	/	Undue	Yes	Yes	/
Wuhuaguo Zhiyuan No.1 Private Equity Investment Fund	Fund	10,000,000.00	2022/10/13	/	Equity fund	Bank	As agreed in the contract	/	/	/	Undue	Yes	Yes	/
Bank of Nanjing Co., Ltd. Wuxi	Ririxin	2,000,000.00	2022/9/26	2023/1/31	Equity fund	Bank	As agreed in the contract	2.07%	14,406.64	/	Undue	Yes	Yes	/

Chengnan Sub-branch														
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Other circumstances

☐ Applicable ☒ Not applicable

(3) Provision for impairment of entrusted asset management

☐ Applicable ☒ Not applicable

2. Entrusted loan

(1) Overall situation of entrusted loan

☐ Applicable ☒ Not applicable

Other circumstances

☐ Applicable ☒ Not applicable

(2) Situation of single entrusted loan

☐ Applicable ☒ Not applicable

Other circumstances

☐ Applicable ☒ Not applicable

(3) Provision for impairment of entrusted loan

☐ Applicable ☒ Not applicable

3. Other circumstances

☐ Applicable ☒ Not applicable

(IV) Other material contracts

☐ Applicable ☒ Not applicable

XIV. Progress in Use of Funds Raised

√ Applicable □ Not applicable

(I) Overall use of funds raised

√ Applicable □ Not applicable

Unit: CNY

Source of funds raised	Total amount of funds raised	Net amount of funds raised after deducting issuance fees	Total committed investment amount of funds raised	Adjusted total committed investment amount of funds raised (1)	Accumulated total investment amount of funds raised as of the end of the reporting period (2)	Accumulated investment progress as of the end of the reporting period (%) (3)=(2)/(1)	Investment amount this year (4)	Proportion of investment amount this year (%) (5)=(4)/(1)
IPO by self-financing	2,976,600,000.00	2,748,557,661.34	2,748,557,661.34	2,748,557,661.34	1,653,914,588.46	60.17	622,579,533.18	22.65

(II) Details of equity investment projects

√ Applicable □ Not applicable

Unit: CNY

Name of item	Whether a change in investment orientation	Source of funds raised	Total committed investment amount	Adjusted total investment amount of funds	Accumulated total investment amount of funds	Accumulated investment progress as of the	Date when the project reaches the schedule	Whether the project is finally accepted	Is the investment progress in line with the	Specific reasons for failure of investment	Benefits or R&D results achieved by the	Whether the project feasibility has changed	Amount of savings and reasons
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	on is involved		of project funds raised	raised (1)	raised as of the end of the reporting period (2)	end of the reporting period (%) (3)=(2)/(1)	d usable state		schedule	progress to reach the schedule	project	significa ntly? If yes, please state the details	
Intellige nt Equipme nt Manufac turing Center Project	N/A	IPO	292,521, 749.00	292,521, 749.00	38,265,4 57.73	13.08	2023/4/2 6	No	Yes	N/A	N/A	No	N/A
Nanling Manufac turing Base Digital Worksho p Construc tion Project	N/A	IPO	180,288, 098.00	180,288, 098.00	83,602,9 29.00	46.37	2023/10/ 26	No	Yes	N/A	N/A	No	N/A
Intellige nt Equipme nt and Artificial	N/A	IPO	225,938, 725.00	225,938, 725.00	42,483,8 04.19	18.80	2023/10/ 26	No	Yes	N/A	N/A	No	N/A

Intelligence R&D Center Project													
Market Sales and Product Service Base Construction Project	N/A	IPO	140,680,500.00	140,680,500.00	4,085,197.54	2.90	2023/10/26	No	Yes	N/A	N/A	No	N/A
Supplementary working capital	N/A	IPO	500,000,000.00	500,000,000.00	500,000,000.00	100	N/A	No	Yes	N/A	N/A	No	N/A
Use of excessive funds raised													
Permanent supplementation of working capital	N/A	IPO	845,477,200.00	845,477,200.00	845,477,200.00	100	N/A	No	Yes	N/A	N/A	No	N/A

Excessive funds raised	N/A	IPO	423,651,389.34	423,651,389.34	-	-	N/A	No	Yes	N/A	N/A	No	N/A
Share repurchase	N/A	IPO	140,000,000.00	140,000,000.00	140,000,000.00	100	N/A	No	Yes	N/A	N/A	No	N/A
Total		-	2,748,557,661.34	2,748,557,661.34	1,653,914,588.46	60.17	-	No	Yes	-	-	-	-

(III) Changes in equity investment during the reporting period

☐ Applicable ☒ Not applicable

(IV) Other situations regarding the use of funds raised during the reporting period**1. Upfront investment and replacement of projects invested by funds raised**√ Applicable ☐ Not applicable

To ensure the smooth execution of the equity investment project, the Company invested its own funds into the fundraising project before the funds raised are available. On November 17, 2021, at the 12th Meeting of the First Board of Directors of the Company, the *Proposal on Using Funds Raised to Replace Self-raised Funds for Pre-invested Raised Projects and Paid Issuance Fees* was reviewed and approved. It was agreed to use funds raised to replace self-raised funds of CNY 108,605,055.28 for pre-invested fund raising projects, and to use funds raised to replace self-raised funds of CNY 5,151,702.21 for paid issuance fees. The status of the above investment has been reviewed by KPMG Huazhen LLP and issued the *Verification Report on Pre-invested Raised Projects and Paid Issuance Fees using Self-raised Funds by Wayz Intelligent Manufacturing Technology Co. Ltd.* (BMWHZZZ No. 2101351).

2. Temporary supplementation of working capital with idle funds raised☐ Applicable √ Not applicable**3. Cash management of idle funds raised and investment in related products**√ Applicable ☐ Not applicable

In order to improve the service efficiency of the funds raised, the Company purchased wealth management products or deposit products of banks, or beneficiary certificates of securities companies, with high safety and good liquidity (including but not limited to wealth management products, agreement deposits, structured deposits, fixed time deposits, negotiable certificate of deposits, beneficiary certificates of securities companies, etc.) with a part of temporarily idle funds raised.

On November 17, 2021, at the 12th Meeting of the First Board of Directors and the 5th Meeting of the First Board of Supervisors of the Company, the *Proposal on Using Excessive Funds Raised and Part of Temporarily Idle Funds Raised for Cash Management* was reviewed and approved. It was agreed that the Company would use part of the temporarily idle funds raised with a limit not exceeding CNY 1710 million (inclusive) for cash management, with a usage period of 12 months from the date of review and approval by the Board of Directors. Within the above limit and period, funds can be used in a rolling manner.

On November 12, 2022, at the 22nd Meeting of the First Board of Directors and the 10th Meeting of the First Board of Supervisors of the Company, the *Proposal on Using Excessive Funds Raised and Part of Idle Funds Raised for Cash Management* was reviewed and approved. It was agreed that the Company would use part of the temporarily idle funds raised with a limit not exceeding CNY 1100 million (inclusive) for cash management, with a usage period of 12 months from the date of review and approval by the Board of Directors. Within the above limit and period, funds can be used in a rolling manner.

In 2022, the Company accumulated a rolling purchase of such wealth management products as structured deposits, certificates of deposit, call deposits, and beneficiary certificates of CNY 11,619,950,000.00 from China Everbright Bank, China Merchants Bank, Bank of Nanjing, Bank of Ningbo, Bank of Communications, and CITIC Securities within the above-mentioned limit, and obtained the maturity income of CNY 38,608,839.71. As of December 31, 2022, except for the structured deposits, certificates of deposit, call deposits, and beneficiary certificates as mentioned in (II) and (III), all wealth management products purchased by the Company using idle funds raised have matured, and the principal and income of the wealth management products have been returned to the funds raised account of the Company.

4. Permanent supplementation of working capital or repayment of bank loans with excessive funds raised

√ Applicable ☐ Not applicable

The Company held the 16th Meeting of the First Board of Directors and the 5th Meeting of the First Board of Supervisors on November 17, 2021, and the Third Extraordinary General Meeting of 2021 on December 3, 2021. The *Proposal on Using Part of the Excessive Funds Raised to Permanently Supplement Working Capital* was reviewed and approved. It was agreed that the Company would use a total of CNY 422,738,600.00 of the excessive funds raised to permanently supplement working capital for production and operation related to the main business of the Company, and would not directly or indirectly invest in companies unrelated to its main business.

The Company held the 22nd Meeting of the First Board of Directors and the 10th Meeting of the First Board of Supervisors on November 12, 2022, and the First Extraordinary General Meeting of 2022 on November 30, 2022. The *Proposal on Using Part of the Excessive Funds Raised to Permanently Supplement Working Capital* was reviewed and approved. It was agreed that the Company would use a total of CNY 422,738,600.00 of the excessive funds raised to permanently supplement working capital for production and operation related to the main business of the Company, and would not directly or indirectly invest in companies unrelated to its main business.

As of December 31, 2022, the Company has permanently supplemented its working capital with the excessive funds raised of CNY 845,477,200.00.

5. Miscellaneous

√ Applicable ☐ Not applicable

On November 12, 2022, the *Proposal on Adding Implementation Entities and Sites for Some Fundraising and Investment Projects* was reviewed and approved at the 22nd Meeting of the First Board of Directors and the 10th Meeting of the First Board of Supervisors of the Company, agreeing to increase Guangdong Wayzim Intelligent Manufacturing Technology Co., Ltd., Wayzim Automation Technology (Chengdu) Co., Ltd., and WAYZIM TECHNOLOGY PTE LTD., the wholly-owned subsidiaries of the Company, as the implementation entities of the "Market Sales and Product Service Base Construction Project", with new implementation locations including Chengdu, Kuala Lumpur Malaysia, Georgia USA, Eschborn Germany, Budapest Hungary, and Mexico City, the United Mexican States. The addition of implementation locations and entities would not have any adverse impact on the implementation of the project. The purpose and orientation of the funds raised of the Company have not been changed, and the total investment amount, the investment amount of funds raised, and the implementation method of the equity investment project remained unchanged.

On November 12, 2022, the Company held the 22nd Meeting of the First Board of Directors and the 10th Meeting of the First Board of Supervisors, reviewing and approving the *Proposal on the Scheme for Repurchasing Company Shares through Centralized Price Bidding*. It's agreed that the Company would repurchase part of the CNY ordinary shares (A shares) issued by the Company through centralized bidding from the trading system of the Shanghai Stock Exchange with the initial excessive funds raised. The repurchased shares are planned to be fully used for employee stock ownership plan or equity incentive plan at an appropriate time in the future. The total amount of funds for this repurchase shall not be less than CNY 75 million (inclusive) and shall not exceed CNY 140 million (inclusive). The price of stock repurchase shall not exceed CNY 56.39 per share (inclusive), and shall not be higher than 150% of the average trading price of the stock of the Company on the 30 trading days prior to the approval of the repurchase resolution by the Board of Directors of the Company. The repurchase period shall be 12 months from the date of approval of this repurchase plan by the Board of Directors of the Company.

As of December 31, 2022, the Company has repurchased 2,880,000 shares via centralized bidding of the trading system of the Shanghai Stock Exchange, accounting for 2.1883% of the total capital stock (131,608,698 shares) of the Company. The highest transaction price for the repurchase was CNY 44.21 per share, and the lowest one was CNY 40.70 per share. The aggregate net amount of funds

paid was CNY 123,983,785.93 (including transaction costs such as commission and transfer fee, as well as current interest).

XV. Description of Other Major Matters that Have a Significant Impact on Investors' Value Judgment and Investment Decision

☐ Applicable ☒ Not applicable

Section VII Changes in Shares and Shareholders

I. Changes in Share Capital

(I) Changes in shares

1. Changes in shares

Unit: share

	Before the change		Increase/decrease (+, -)						After the change	
	Amount	Proportion (%)	New issue	Bonus issue	Shares converted from reserves	Others	Sub-total	Amount	Proportion (%)	
I. Shares subject to sales restrictions	100,111,725	76.07				- 32,625,725	- 32,625,725	67,486,000	51.2778	
1. State-owned shares										
2. Shares held by state-owned legal persons	14,869,566	11.30				- 14,869,566	- 14,869,566	0	0	
3. Shares held by other domestic investors	85,236,572	64.77				- 17,750,572	- 17,750,572	67,486,000	51.2778	
Including: Shares held by domestic non-state-owned legal persons	55,536,572	42.20				-7,850,572	-7,850,572	47,686,000	36.2332	
Shares held by domestic natural persons	29,700,000	22.57				-9,900,000	-9,900,000	19,800,000	15.0446	
4. Shares held by foreign investors	5,587	0.00				-5,587	-5,587	0	0	
Including: Shares held	5,587	0.00				-5,587	-5,587	0	0	

by foreign legal persons									
Shares held by foreign natural persons									
II. Tradable shares without limited sales conditions	31,496,973	23.93				32,625,725	32,625,725	64,122,698	48.7222
1. CNY ordinary shares	31,496,973	23.93				32,625,725	32,625,725	64,122,698	48.7222
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total shares	131,608,698	100.00					0	131,608,698	100.0000

2. Notes on changes in shares

√ Applicable □ Not applicable

- There was no change in the total shares of the Company during the reporting period.
- On April 26, 2022, a total of 1,401,927 IPO restricted shares that were placed offline of the Company became circulating. For specific details, please refer to the *Announcement of Wayzim on Circulation of IPO Restricted Shares by Offline Placement* (Announcement No. 2022-002) that was disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 21, 2022.
- On October 26, 2022, a total of 32,008,698 restricted shares from 13 shareholders, a part of the IPO restricted shares of the Company, became circulating. For specific details, please refer to the *Announcement of Wayzim on Circulation of a Part of IPO Restricted Shares* (Announcement No. 2022-026) that was disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on October 18, 2022.
- CITIC Securities Investment Co., Ltd. obtained 990,000 shares of the Company's placed shares during its initial public offering. According to relevant regulations such as the *Implementation Rules for Refinancing Securities Lending and Refinancing Securities Business on the Science and Technology Innovation Board*,

it lent some of its restricted shares through refinancing. As of December 31, 2022, it had lent 104,000 shares.

3. Effect of equity change on financial indicators including earnings per share and net asset per share in recent year and period (if any)

☐ Applicable ☒ Not applicable

4. Other contents to be disclosed as the Company deems it necessary or at the request of the securities regulators

☐ Applicable ☒ Not applicable

(II) Changes in restricted shares

☒ Applicable ☐ Not applicable

Unit: share

Name of shareholder	Number of shares subject to restrictions on sale at the beginning of the year	Number of shares relieved from restrictions in the current year	Increase of shares subject to restrictions on sale in the current year	Number of shares subject to restrictions on sale at the end of the year	Reasons for restriction on sale	Date of relieving the restriction on sale
Offline placement	1,401,927	1,401,927	0	0	IPO	April 26, 2022
A part of IPO restricted shares	32,008,698	32,008,698	0	0	IPO	October 26, 2022
Total	33,410,625	33,410,625	0	0	/	/

II. Securities Issuance and Listing

(I) Securities issuance as of the reporting period

☐ Applicable ☒ Not applicable

Notes on securities issuance as of the reporting period (please specify bonds with different interest rates in duration separately):

☐ Applicable ☒ Not applicable

(II) Changes in the total shares and shareholder structure of the Company, as well as changes in the asset and liability structure of the Company

☐ Applicable ☒ Not applicable

III. Shareholders and Actual Controllers**(I) Total number of shareholders**

Total number of common shareholders as of the end of reporting period (Nos.)	14,236
Total number of common shareholders as of the end of previous month prior to the date of disclosure of annual report (Nos.)	13,779
Total number of preferred shareholders with recovered voting power at the end of the reporting period (Nos.)	0
Total number of preferred shareholders with recovered vote right as of the end of previous month prior to the date of disclosure of annual report (Nos.)	0
Total number of shareholders of special shares with voting power as of the end of the reporting period (Nos.)	0
Total number of shareholders of special shares with voting power as of the end of previous month prior to the date of disclosure of annual report (Nos.)	0

Number of holders of depository receipts

☐ Applicable ☒ Not applicable

(II) Shareholding of top ten shareholders and top ten floating stockholders (or unrestricted shareholders) as of the end of the reporting period

Unit: share

Shareholding of top ten shareholders								
Name of shareholder (full name)	Increase/decrease in the reporting period	Number of shares held as of the end of the period	Proportion (%)	Number of shares held with restrictions on sale	Number of restricted shares including refinancing and loaning shares	Pledge, marking or freezing		Nature of shareholder
						Status of shares	Amount	

Wuxi Wayzim Yuanchuang Investment Enterprise (Limited Partnership)	0	27,000,000	20.52	27,000,000	27,000,000	None	0	Others
Li Gongyan	0	19,800,000	15.04	19,800,000	19,800,000	None	0	Domestic natural person
Wuxi Qunchuang Zhongda Investment Partnership (Limited Partnership)	0	19,800,000	15.04	19,800,000	19,800,000	None	0	Others
Beijing Zhongke Micro Investment Management Co., Ltd.	0	13,500,000	10.26	0	0	None	0	State-owned legal person
Yao Yajuan	0	5,400,000	4.10	0	0	None	0	Domestic natural person
Zhu Yi	0	4,500,000	3.42	0	0	None	0	Domestic natural person
Wang Weizhong	1,227,937	1,227,937	0.93	0	0	None	0	Domestic natural person

Beijing Zhongke Chuangxing Venture Capital Management Partnership (Limited Partnership) - Beijing Zhongke Chuangxing Hard Technology Venture Capital Partnership (Limited Partnership)	0	1,173,915	0.89	0	0	None	0	Others
Guangdong Hongtu Venture Capital Management Co., Ltd. - Shenzhen Talent Innovation and Enterprise No. 1 Equity Investment Fund (L.P.)	-5,000	1,168,915	0.89	0	0	None	0	Others
Wang Jichao	993,829	993,829	0.76	0	0	None	0	Domestic natural person

Shareholding of top ten unrestricted shareholders

Name of shareholder	Number of unrestricted tradable shares held	Type and number of share	
		Type	Amount
Beijing Zhongke Micro Investment Management Co., Ltd.	13,500,000	CNY ordinary shares	13,500,000
Yao Yajuan	5,400,000	CNY ordinary shares	5,400,000
Zhu Yi	4,500,000	CNY ordinary shares	4,500,000
Wang Weizhong	1,227,937	CNY ordinary shares	1,227,937

Beijing Zhongke Chuangxing Venture Capital Management Partnership (Limited Partnership) - Beijing Zhongke Chuangxing Hard Technology Venture Capital Partnership (Limited Partnership)	1,173,915	CNY ordinary shares	1,173,915
Guangdong Hongtu Venture Capital Management Co., Ltd. - Shenzhen Talent Innovation and Enterprise No. 1 Equity Investment Fund (L.P.)	1,168,915	CNY ordinary shares	1,168,915
Wang Jichao	993,829	CNY ordinary shares	993,829
Wuxi Chanye Jufeng Investment Management Co., Ltd. - Wuxi IoT Industry Investment Management Partnership (Limited Partnership)	978,264	CNY ordinary shares	978,264
Shenzhen Capital Group Co., Ltd.	943,977	CNY ordinary shares	943,977
Wang Weihou	864,421	CNY ordinary shares	864,421
Special accounts for repurchase by top ten shareholders	As of December 31, 2022, the Company has repurchased 2,880,000 shares via centralized bidding of the trading system of the Shanghai Stock Exchange, accounting for 2.1883% of the capital stock (131,608,698 shares) of the Company. The highest transaction price for the repurchase was CNY 44.21 per share, and the lowest one was CNY 40.70 per share. The aggregate amount of funds paid was CNY 123,972,751.81 (excluding transaction costs such as commission and transfer fee).		
Explanation of the above shareholders on delegating/receiving/waiving voting power	N/A		
Description for related relationship or acting in concert of the above shareholders	<p>1. Li Gongyan is the Executing Partner of Qunchuang Zhongda and Wayzim Yuanchuang.</p> <p>2. It is unknown whether or not the above-said other shareholders of the Company are correlated with each other or the persons acting in concert as specified in the <i>Administrative Measures on Acquisition of Listed Companies</i>.</p>		
Description of preferred shareholders with recovered voting power and number of shares held	N/A		

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

√ Applicable □ Not applicable

Unit: share

No.	Name of shareholders with restrictions on sale	Number of shares held with restrictions on	Tradable conditions for shares with restrictions on sale	Restrictions on sale
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		sale	Tradable time	Number of new tradable shares	
1	Wuxi Wayzim Yuanchuang Investment Enterprise (Limited Partnership)	27,000,000	April 26, 2025	0	Lockup for 42 months from the date of company listing
2	Li Gongyan	19,800,000	April 26, 2025	0	Lockup for 42 months from the date of company listing
3	Wuxi Qunchuang Zhongda Investment Partnership (Limited Partnership)	19,800,000	April 26, 2025	0	Lockup for 42 months from the date of company listing
4	CITIC Securities Investment Co., Ltd.	886,000	October 26, 2023	0	Lockup for 24 months from the date of company listing
Description for related relationship or acting in concert of the above shareholders		Li Gongyan is the Executing Partner of Qunchuang Zhongda and Wayzim Yuanchuang.			

Table of the top ten domestic depository receipt holders of the Company as of the end of the reporting period

☐ Applicable ☒ Not applicable

Number of shares held by top ten depository receipt holders with restrictions on sale and the restrictions on sale

☐ Applicable ☒ Not applicable

(III) Top ten shareholders with voting power as of the end of the reporting period

☐ Applicable ☒ Not applicable

(IV) Strategic investors or general legal persons being the top ten shareholders due to rights issue/depository receipt

☐ Applicable ☒ Not applicable

(V) IPO strategic placement

1. Senior management and key employees establish a special asset management plan and participate in the IPO strategic placement and shareholding

☐ Applicable ☒ Not applicable

2. Relevant subsidiaries of the Sponsor participate in the IPO strategic placement and shareholding√ Applicable ☐ Not applicable

Unit: share

Name of shareholder	Relation with the Sponsor	Number of rights issue/depository receipt	Tradable time	Increase/decrease of shares during the reporting period	Number of holdings including refinancing and loaning shares/depository receipts at the end of the period
CITIC Securities Investment Co., Ltd.	Wholly-owned subsidiary	990,000	2023.10.26	784,900	990,000

IV. Controlling Shareholders and Actual Controllers**(I) Controlling shareholders****1 Legal person**☐ Applicable ☒ Not applicable**2 Natural person**☐ Applicable ☒ Not applicable**3 Special explanations to absence of controlling shareholder**√ Applicable ☐ Not applicable

The shareholding ratio of Wayzim Yuanchuang, the largest shareholder of the Company, Li Gongyan, the second largest shareholder, and Qunchuang Zhongda, the third largest shareholder, is relatively close, and is not more than 30%, respectively, so the Company has no controlling shareholder.

4 Explanation to changes in controlling shareholders during the reporting period☐ Applicable ☒ Not applicable**5 Block diagram for the property and control relations between the Company and the controlling shareholders**☐ Applicable ☒ Not applicable**(II) Actual controllers****1 Legal person**☐ Applicable ☒ Not applicable**2 Natural person**√ Applicable ☐ Not applicable

Name	Li Gongyan
Nationality	China
Obtaining right of residence in other countries or regions or not	No
Main profession and position	Chairman of Wayzim
Information on other domestic and overseas listed companies holding equity in past 10 years	None

3 Special explanations to absence of actual controller

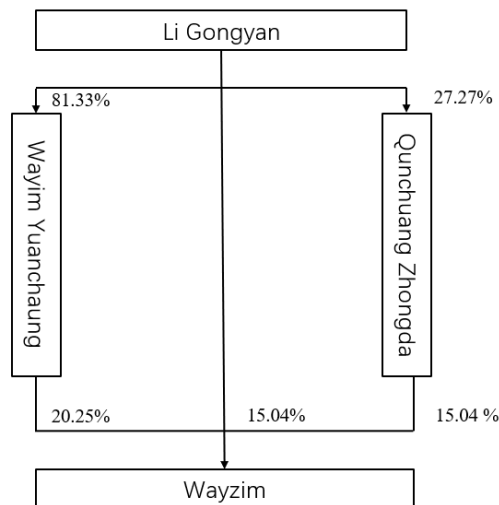
☐ Applicable ☒ Not applicable

4 Explanations to changes in the Company's control during the reporting period

☐ Applicable ☒ Not applicable

5 Block diagram for the property and control relation between the Company and its actual controller

☒ Applicable ☐ Not applicable



6 Actual controller controlling the Company through trust or other asset management methods

☐ Applicable ☒ Not applicable

(III) Introduction to other information on controlling shareholders and actual controllers

☐ Applicable ☒ Not applicable

V. The Cumulative Number of Pledged Shares of the Company's Controlling Shareholder or the Largest Shareholder and Its Concerted Actors Accounts for More Than 80% of That of the Company's Shares

☐ Applicable ☒ Not applicable

VI. Other Corporate Shareholders with At Least 10% Shares

☒ Applicable ☐ Not applicable

Unit: CNY 10,000

Name of corporate shareholder	Person in charge or legal representative	Date of establishment	Code of organization	Registered capital	Main business or management activities
Beijing Zhongke Micro Investment Management Co., Ltd.	Shang Liwei	August 5, 2011	58086712-8	CNY 14.8188 million	Investment management; copyright trade; trademark agency; technical development, technical consultation; technical services; conference services; undertaking of exhibition and display activities; and renting out commercial premises. (The market entity may lawfully and independently choose its business items and carry out relevant operating activities; regarding items requiring approval according to laws, the operating activities shall be carried out in accordance with the approved contents with the approval of the department concerned; the market entity is

					not allowed to be engaged in operating activities prohibited and restricted by the national and municipal industrial policies.)
Notes	None				

VII. Information on Restricted Share/Depository Receipt Selling

☐ Applicable ☒ Not applicable

VIII. Specific Implementation of Share Repurchase during the Reporting Period

☒ Applicable ☐ Not applicable

Unit: CNY 10,000

Name of share repurchase plan	Plan of Wayzim Technology on Company Share Repurchase through Centralized Bidding
Disclosure time of share repurchase plan	November 15, 2022
Number of shares to be repurchased and their proportion to the total share capital (%)	According to the maximum amount of the repurchase of CNY 140 million and the maximum price of the repurchase of CNY 56.39/share, it is estimated that the number of shares to be repurchased is about 2,482,710 shares, and the proportion of repurchased shares accounts for 1.89% of the total share capital of the Company. According to the minimum amount of the repurchase of CNY 75 million and the maximum price of the repurchase of CNY 56.39/share, it is estimated that the number of shares to be repurchased is about 1,330,023 shares, and the proportion of repurchased shares accounts for 1.01% of the total share capital of the Company.
Proposed amount of repurchase	The total amount of funds used for repurchase this time shall not be less than CNY 75 million (inclusive) and shall not exceed CNY 140 million (inclusive)
Proposed repurchase period	Within 12 months from the date of approval of this repurchase plan at the 22nd Meeting of the First Board of Directors of the Company
Purpose of repurchase	The shares repurchased this time are intended to be fully used for the employee stock ownership plan or equity incentives at an appropriate time in the future, and will be transferred within 36 months after the date of announcement of the repurchase results and changes in the shares; if the Company fails to completely

	utilize the repurchased shares within 36 months after the date of announcement of share repurchase results and changes in the shares, and the unused repurchased shares will be written off. In case of any national adjustment to relevant policies, this repurchase plan will be implemented according to the adjusted policies.
Number of shares repurchased (shares)	2,880,000
Proportion of the number of shares repurchased to the underlying shares involved in the equity incentive plan (%) (if any)	/
Progress of shares reducing and repurchase by means of centralized bidding by the Company	/

Section VIII Preferred Shares

☐ Applicable ☒ Not applicable

Section IX Bonds

I. Enterprise Bonds, Corporate Bonds and Debt Financing Instruments of Non-financial Enterprises

☐ Applicable ☒ Not applicable

II. Convertible Corporate Bonds

☐ Applicable ☒ Not applicable

Section X Financial Reports

I. Audit Report

√ Applicable ☐ Not applicable

Audit Report

BMWHZSZ No. 2305188

All the shareholders of Wayzim Technology,

I. Audit Opinion

We have audited the attached financial statements of Wayzim Technology (hereinafter referred to as "Wayzim"), including the consolidated and parent company balance sheet as of December 31, 2022, the consolidated and parent company income statement, consolidated and parent company cash flow statement, consolidated and parent company shareholders' equity change statement and relevant notes to the financial statements in 2022.

We think that the attached financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the People's Republic of China in all major aspects (hereinafter referred to as "Accounting Standards for Business Enterprises"), and fairly reflect the merger of Wayzim as of December 31, 2022 and the financial status of the parent company, as well as the merger in 2022 and the operating results and cash flows of the parent company.

II. Basis for the Opinion

We conducted our audit work in accordance with the Auditing Standards of Chinese Certified Public Accountants (hereinafter referred to as "Auditing Standards"). The "CPA's Responsibility for Auditing Financial Statements" section in the Audit Report further explains our responsibilities under those standards. According to the code of professional ethics for Chinese CPAs, we are independent of Wayzim and have fulfilled other responsibilities in terms of the professional ethics. We believe that the audit evidence received by us is adequate and appropriate, which provides basis for offering audit opinions.

Audit Report (Continued)

BMWHZSZ No. 2305188

III. Key Audit Matters

Key audit matters are those which we consider to be the most important for the audit of the current financial statements based on our professional judgment. Those matters are handled in the context that we audit the financial statements as a whole and form an audit opinion, and we do not express a separate opinion on these matters.

Revenue recognition on sales of goods	
Please refer to the accounting policies of Note 38 under "V. Significant Accounting Policies and Accounting Estimates of the Company" and Note 61 under "VII. Notes to Items of Consolidated Financial Statements".	
Key audit matters	How key audit matters were handled in the audit

Wayzim Technology and its subsidiaries (hereinafter referred to as "Wayzim Technology Group") are mainly engaged in comprehensive solutions to intelligent warehouse and logistics automation systems. In 2022 (hereinafter referred to as the "reporting period"), the operating revenue generated from selling goods was CNY 2,314,895,871.41.

Wayzim Technology Group recognized the revenue at a time point when the customer obtained the control right of the relevant goods. Wayzim Technology Group evaluated the contract terms and business arrangements, identified the performance obligations in the contract, and determined whether the performance obligations were fulfilled at a certain time point or within a certain period of time.

The time point of sales recognition by Wayzim Technology Group was that Wayzim Technology Group delivered the goods to the place designated by the customers, completed the installation and commissioning, and recognized the revenue while obtaining final acceptance certificate from the customers according to the sales contract.

The audit procedures related to the evaluation of the recognition of revenue from sales of goods mainly include the following:

- Understand and evaluate the design and operational effectiveness of key financial reporting internal controls related to revenue recognition.
- Select samples to inspect the sales contracts signed between Wayzim Technology Group and customers, identify the main terms related to the risk and reward transfer or control right transfer, and evaluate whether the accounting policies of the revenue recognition meet the requirements of the Accounting Standards for Business Enterprises;
- Select specific customers and take a site visit to the office or place of production and operation of the customers, observe the production and operation activities of relevant customers, and interview their staff to inquire about their business dealings with Wayzim Technology Group and to check if there are any abnormal situations;
- Select major customers and access information on their shareholders, directors, and supervisors by querying publicly available industrial and commercial information (such as, by means of the "National Enterprise Credit Information Publicity System"), and compare it with the information provided by Wayzim Technology Group to check if there is any affiliate relationship.

Audit Report (Continued)

BMWHZSZ No. 2305188

III. Key Audit Matters (Continued)

Revenue recognition on sales of goods (continued)	
Please refer to the accounting policies of Note 38 under "V. Significant Accounting Policies and Accounting Estimates of the Company" and Note 61 under "VII. Notes to Items of Consolidated Financial Statements".	
Key audit matters	How key audit matters were handled in the audit

Since revenue recognition is one of the key performance indicators of Wayzim Technology Group, and there is an inherent risk that the Management will control the timing of revenue recognition on sales of goods in order to achieve specific goals or expectations, we identify the revenue recognition on the sales of goods as a key audit matter.

- Check the revenue during the reporting period against relevant supporting documents, such as sales contracts, acceptance certificates, and sales invoices, based on audit sampling to evaluate whether the relevant revenue has been recognized in accordance with the accounting policies of Wayzim Technology Group.
- Execute confirmation procedure for the balance of accounts receivable and contractual liabilities at the balance sheet date and the sales transaction amount during the reporting period based on audit sampling.
- Select sales transactions close to the balance sheet date and check them against relevant supporting documents such as sales contracts, acceptance certificates, and sales invoices to evaluate whether the relevant revenue has been properly recorded in the appropriate accounting period.
- Check if there are sales returns after the balance sheet date. In case of sales returns, check them against relevant supporting documents to evaluate whether the revenue has been properly recorded in the appropriate period; and
- Select revenue accounting entries that meet specific risk standards, and check relevant supporting documents.

Audit Report (Continued)

BMWHZSZ No. 2305188

III. Key Audit Matters (Continued)

Work-in-progress inventory falling price reserves	
Please refer to the accounting policies of Note 15 under "V. Significant Accounting Policies and Accounting Estimates of the Company" and Note 9 under "VII. Notes to Items of Consolidated Financial Statements".	
Key audit matters	How key audit matters were handled in the audit
<p>The inventories of Wayzim Technology Group mainly included the work in progress that was still awaiting customer acceptance during the installation process. As of December 31, 2022, the book balance of work in progress was CNY 1,275,498,705.62, accounting for 80% of the inventory balance.</p> <p>At the balance sheet date, inventories were measured at the lower of cost and net realizable value. The net realizable value was determined as the estimated sale price of inventories less the estimated costs to be incurred upon completion (if any), estimated sale expenses and related taxes of inventories. When determining the net realizable value, the Management made judgments and estimates by taking into account the expected contract price, work-in-progress status, average acceptance period, historical cost forecast, and estimated costs to be incurred upon completion (if any).</p> <p>Due to the fact that significant judgments and estimates by the Management are involved in determining the work-in-progress inventory falling price reserves, we identify the work-in-progress inventory falling price reserves as a key audit matter.</p>	<p>The audit procedures related to the evaluation of the work-in-progress inventory falling price reserves mainly include the following:</p> <ul style="list-style-type: none"> • Understand and evaluate the design and operational effectiveness of key financial reporting internal controls related to inventory management (including evaluating inventory falling price reserves). • Evaluate whether the inventory falling price reserve policies of Wayzim Technology Group comply with the requirements of the Accounting Standards for Business Enterprises, and check the accuracy of the calculation for the amount of inventory falling price reserves based on the inventory falling price reserve policies. • Select samples, check the relevant supporting materials such as raw material delivery notes corresponding to the work in progress at the balance sheet date, and evaluate the accuracy of the inventory age information provided by the Management. • Select samples and take a site visit the customers' premises to inspect the work-in-progress status at the end of the year,

	interview relevant staff of the customers and inquire about the installation, commissioning, trial operation, and acceptance process of work in progress with a long inventory age, and check if there are any situations that may prevent the final sales of the work in progress;
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Audit Report (Continued)

BMWHZSZ No. 2305188

III. Key Audit Matters (Continued)

Work-in-progress inventory falling price reserves (continued)	
Please refer to the accounting policies of Note 15 under "V. Significant Accounting Policies and Accounting Estimates of the Company" and Note 9 under "VII. Notes to Items of Consolidated Financial Statements".	
Key audit matters	How key audit matters were handled in the audit
	<ul style="list-style-type: none"> • Understand the reasons for long-term non-acceptance as to the work in progress with a long acceptance period based on the inventory age, check the key terms of the corresponding sales contract, analyze any circumstances resulting in failure to meet the final acceptance conditions, in order to evaluate the rationality of the estimates made by the Management in the calculation of net realizable value; and • Select samples, and compare the estimates used in determining the net realizable value of the work in progress with the actual completion cost and actual selling price of the work in progress that occurred subsequently, in order to evaluate whether there are any signs of Management bias.

Audit Report (Continued)

BMWHZSZ No. 2305188

IV. Other Information

The Management of Wayzim is responsible for other information. Other information includes those covered by the Annual Report 2022 of Wayzim, but excludes the Financial Statements and our Audit Report.

Our audit opinion on financial statements does not include other information, and no authentication conclusion on other information has been made by us in any form.

Our responsibility is to read such other information together with our audit of financial statements. In this process, we consider whether there is any material inconsistency or other material misstatement between other information and the financial statements or what we have learned during the audit process.

If we determine that there is a material misstatement in such other information based on the work we have performed, we should report such material misstatement. In this regard, we have nothing to report.

V. Responsibilities of the Management and the Governance Team for the Financial Statements

The responsibilities of the Management include preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation; designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the Financial Statements, the Management is responsible for assessing the ability for continuous operations of Wayzim, disclosing matters relating to continuous operations (if applicable) and applying the assumption of going concern unless there is plan to liquidate, terminate operations or have no other realistic options.

The Governance Team is responsible for overseeing the financial reporting process of Wayzim.

Audit Report (Continued)

BMWHZSZ No. 2305188

VI. CPA's Responsibility for Auditing Financial Statements

Our goal is to obtain reasonable assurance as to whether the entire financial statements are free from any material misstatement due to frauds or errors, and to issue an audit report containing audit opinions. The reasonable assurance is a high level of assurance, but it does not guarantee that the audit conducted in accordance with the auditing standards can always identify all material misstatements. Misstatement may be caused by frauds or errors. And it is generally considered that the misstatement is significant if it is reasonably expected that the misstatement alone or aggregated may affect the economic decision made by the financial statement users based on the financial statements.

In the course of carrying out audit work in accordance with the auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

- (1) Identify and assess risks of material misstatement of financial statements due to frauds or errors, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence as a basis for expressing audit opinions. Since frauds may involve collusion, falsification, intentional omission, misrepresentation or override of internal controls, the risk of failing to identify a material misstatement due to frauds is higher than that of failing to identify a material misstatement due to errors.
- (2) Understand audit-related internal controls to design appropriate audit procedures.
- (3) Assess the appropriateness of the accounting policies selected and the reasonableness of the accounting estimates and relevant disclosures made by the Management.
- (4) Draw conclusion on the appropriateness of going-concern assumption used by the Management. Meanwhile, we conclude whether material uncertainties in matters or circumstances may cast significant doubt on Wayzim's ability to continue as a going concern based on the audit evidence acquired. If we conclude that there is material uncertainty, the auditing standards require us to draw the statement user's attention in the audit report to relevant disclosures in the financial statements; and if the disclosure is inadequate, we shall give non-unqualified opinions. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may impair Wayzim's ability to continue as a going concern.

- (5) Evaluate the overall presentation (including disclosures), structures and contents of the financial statements, and whether the financial statements fairly reflect relevant transactions and matters.

Audit Report (Continued)

BMWHZSZ No. 2305188

VI. CPA's Responsibility for Auditing Financial Statements (Continued)

- (6) Obtain sufficient and appropriate audit evidence for the financial information of the entities or business activities of Wayzim to express our audit opinions on the financial statements. We are responsible for guiding, supervising and executing the group audit, and take full responsibility for our audit opinion.

We communicate with the Governance Team on the planned audit scope, timing, and major audit findings, including communication on the noteworthy internal control deficiencies that we identified during the audit.

We also provide a statement to the Governance Team that we have complied with the professional ethics requirements related to our independence, and communicate with the Governance Team all relationships and other matters that may reasonably be considered to affect our independence as well as relevant preventive measures (if applicable).

From the matters on which we communicate with the Governance Team, we determine which matters are the most important for the audit of the financial statements for the current period and thus constitute the key audit matters. We describe these matters in our audit report, and unless laws and regulations prohibit the public disclosure of these matters or in rare cases, if it is reasonably expected that the negative consequence of communicating certain matters in the audit report will outweigh the benefits in the public interest, we determine that such matters shall not be communicated in the audit report.

KPMG Huazhen LLP
(Official seal)

Chinese Certified Public Accountant

Zhou Xuchun (Project Partner)

Beijing, China

Huang Xiaodong

April 19, 2023

II. Financial Statements**Consolidated Balance Sheet**

December 31, 2022

Prepared by: Wayzim Technology

Unit: CNY

Item	Notes	December 31, 2022	December 31, 2021
Current assets:			
Monetary funds	VII. 1	461,257,642.63	1,497,805,281.99
Trading financial assets	VII. 2	1,248,763,114.45	996,789,577.20
Notes receivable	VII. 4	-	2,020,000.00
Accounts receivable	VII. 5	858,201,489.85	814,788,342.09
Receivables-based financing	VII. 6	200,000.00	1,281,800.00
Advance payment	VII. 7	70,610,295.10	103,290,082.40
Other receivables	VII. 8	10,996,165.20	5,514,811.91
Inventory	VII. 9	1,499,999,976.30	1,977,586,634.83
Contractual assets	VII. 10	134,561,871.18	62,005,958.10
Non-current assets due within one year	VII. 12	238,000.00	700,000.00
Other current assets	VII. 13	25,786,064.72	20,600,513.18

Total current assets		4,310,614,619.43	5,482,383,001.70
Non-current assets:			
Long-term receivables	VII. 16	5,941,988.00	3,422,000.00
Investment in other equity instruments	VII. 18	20,000,000.00	-
Investment real estate	VII. 20	29,201,201.61	-
Fixed assets	VII. 21	333,737,235.67	302,094,473.47
Construction in progress	VII. 22	380,829,616.86	17,348,655.94
Right-of-use assets	VII. 25	8,264,183.41	8,616,344.00
Intangible assets	VII. 26	150,103,685.56	41,950,167.13
Long-term deferred expenses	VII. 29	3,325,290.91	3,075,774.41
Deferred income tax assets	VII. 30	119,529,021.93	74,154,373.52
Other non-current assets	VII. 31	191,921,752.63	204,130,866.15
Total non-current assets		1,242,853,976.58	654,792,654.62
Total assets		5,553,468,596.01	6,137,175,656.32
Current liabilities:			
Short-term borrowings	VII. 32	124,692,342.70	165,650,166.70
Accounts payable	VII. 36	623,404,298.69	726,844,678.79
Contractual liabilities	VII. 38	636,982,480.50	917,410,550.57
Payroll payable	VII. 39	58,299,517.64	44,163,992.33
Taxes payable	VII. 40	27,923,177.83	78,689,762.95
Other payables	VII. 41	295,705,175.04	243,106,980.03
Non-current liabilities due within one year	VII. 43	3,667,799.81	2,115,035.24
Total current liabilities		1,770,674,792.21	2,177,981,166.61
Non-current liabilities:			
Lease liabilities	VII. 47	5,874,477.94	6,423,812.40

Long-term payables	VII. 48	39,045,936.29	500,000.00
Accrued liabilities	VII. 50	42,629,389.03	25,692,969.26
Deferred income	VII. 51	126,013,706.04	73,742,253.84
Total non-current liabilities		213,563,509.30	106,359,035.50
Total liabilities		1,984,238,301.51	2,284,340,202.11
Owner's (or shareholders') equity:			
Paid-in capital (or share capital)	VII. 53	131,608,698.00	131,608,698.00
Capital reserve	VII. 55	3,136,873,589.95	3,222,307,183.41
Less: Treasury stock	VII. 56	2,880,000.00	-
Other comprehensive income	VII. 57	10,492.26	-
Special reserves	VII. 58	2,382,813.90	-
Surplus reserve	VII. 59	39,327,753.08	39,327,753.08
Undistributed profits	VII. 60	261,906,947.31	459,591,819.72
Total owner's (or shareholders') equity attributable to the parent company		3,569,230,294.50	3,852,835,454.21
Total owner's (or shareholders') equity		3,569,230,294.50	3,852,835,454.21
Total liabilities and owner's (or shareholders') equity		5,553,468,596.01	6,137,175,656.32

Person in charge of the Company: Li Gongyan, Person in charge of accounting: Yao Yi, Person in charge of accounting body: Zou Xi

Balance Sheet of Parent Company

December 31, 2022

Prepared by: Wayzim Technology

Unit: CNY

Item	Notes	December 31, 2022	December 31, 2021
Current assets:			

Monetary funds		435,053,398.28	1,412,307,620.47
Trading financial assets		1,246,752,110.45	946,788,571.49
Notes receivable		-	2,020,000.00
Accounts receivable	XVII. 1	833,135,986.49	825,222,138.89
Receivables-based financing		200,000.00	1,281,800.00
Advance payment		42,953,436.24	64,491,519.55
Other receivables	XVII. 2	162,108,695.56	88,951,232.15
Inventory		1,334,093,292.03	1,869,346,537.49
Contractual assets		134,561,871.18	62,005,958.10
Non-current assets due within one year		238,000.00	700,000.00
Other current assets		1,196,490.09	9,074,080.63
Total current assets		4,190,293,280.32	5,282,189,458.77
Non-current assets:			
Long-term receivables		4,057,988.00	2,138,000.00
Long-term equity investment	XVII. 3	333,767,862.88	103,143,300.00
Investment in other equity instruments		20,000,000.00	-
Fixed assets		129,096,891.68	125,401,696.48
Construction in progress		77,377,463.90	13,732,246.06
Right-of-use assets		7,936,528.38	7,922,618.05
Intangible assets		28,126,500.00	25,610,888.92
Long-term deferred expenses		1,735,309.37	2,493,879.11
Deferred income tax assets		73,470,816.26	26,646,747.88
Other non-current assets		123,760,482.41	122,285,720.48
Total non-current assets		799,329,842.88	429,375,096.98
Total assets		4,989,623,123.20	5,711,564,555.75

Current liabilities:			
Short-term borrowings		124,692,342.70	165,650,166.70
Accounts payable		345,253,349.57	566,970,544.16
Contractual liabilities		630,276,021.80	917,399,931.10
Payroll payable		36,311,510.45	25,613,676.76
Taxes payable		18,145,870.86	45,873,315.40
Other payables		331,209,548.50	181,491,034.91
Non-current liabilities due within one year		3,334,331.89	1,739,970.81
Total current liabilities		1,489,222,975.77	1,904,738,639.84
Non-current liabilities:			
Lease liabilities		5,874,477.94	6,131,328.28
Long-term payables		19,425,936.29	-
Accrued liabilities		42,629,389.03	25,692,969.26
Deferred income		10,082,797.55	10,307,692.55
Total non-current liabilities		78,012,600.81	42,131,990.09
Total liabilities		1,567,235,576.58	1,946,870,629.93
Owner's (or shareholders') equity:			
Paid-in capital (or share capital)		131,608,698.00	131,608,698.00
Capital reserve		3,136,920,048.21	3,222,307,183.41
Less: Treasury stock		2,880,000.00	-
Special reserves		2,382,813.90	-
Surplus reserve		39,327,753.08	39,327,753.08
Undistributed profits		115,028,233.43	371,450,291.33
Total owner's (or shareholders') equity		3,422,387,546.62	3,764,693,925.82
Total liabilities and owner's (or shareholders') equity		4,989,623,123.20	5,711,564,555.75

Person in charge of the Company: Li Gongyan, Person in charge of accounting: Yao Yi, Person in charge of accounting body: Zou Xi

Consolidated Income Statement

January to December 2022

Unit: CNY

Item	Notes	Year 2022	Year 2021
I. Gross operating revenue	VII. 61	2,314,895,871.41	2,209,625,669.26
Including: Operating revenue		2,314,895,871.41	2,209,625,669.26
II. Total operating costs	VII. 61	2,390,283,208.75	1,843,881,489.74
Including: Operating costs		1,972,674,097.81	1,578,369,972.13
Taxes and surcharges		18,168,408.39	14,031,881.09
Selling expenses	VII. 62	111,309,776.53	68,161,102.99
Management expenses	VII. 63	88,972,623.64	52,135,077.05
R&D expenses	VII. 64	206,675,881.05	133,894,164.99
Financial expenses	VII. 65	-7,517,578.67	-2,710,708.51
Including: Interest expenses		3,671,841.88	8,069,425.57
Interest income		5,720,953.25	1,652,423.57
Plus: Other income	VII. 67	35,212,756.09	18,578,074.73
Investment income (loss expressed with "-")	VII. 68	26,215,147.97	7,009,624.89
Gains from the changes in fair value (loss expressed with "-")	VII. 70	27,028,260.49	1,332,952.71
Credit impairment losses (losses expressed with "-")	VII. 71	-90,030,130.37	-44,891,169.25
Asset impairment loss (loss expressed with "-")	VII. 72	-74,793,260.47	-39,582,108.30
Income from asset disposal (loss expressed with "-")	VII. 73	-2,204.85	-210,352.33
III. Operating profit (loss expressed		-151,756,768.48	307,981,201.97

with “-”)			
Plus: Non-operating revenue	VII. 74	572,907.39	984,378.88
Less: Non-operating expenses	VII. 75	2,917,437.79	383,158.61
IV. Total profit (total loss expressed with “-”)		-154,101,298.88	308,582,422.24
Less: Income tax expenses	VII. 76	-35,381,645.27	49,375,269.81
V. Net profit (net loss expressed with “-”)		-118,719,653.61	259,207,152.43
(I) Classification by operation continuity:			
1. Net profit from continuing operations (net loss expressed with “-”)		-118,719,653.61	259,207,152.43
2. Net profit from discontinued operations (net loss expressed with “-”)		-	-
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company (net loss expressed with “-”)		-118,719,653.61	259,207,152.43
2. Minority interest income (net loss expressed with “-”)		-	-
VI. After-tax net amount of other comprehensive income		10,492.26	-
VII. Total comprehensive income		-118,709,161.35	259,207,152.43
(I) Total comprehensive income attributable to the owner of the parent company		-118,709,161.35	259,207,152.43
(II) Total comprehensive income attributable to minority shareholders		-	-
VIII. Earnings per share:			
(I) Basic earnings per share (CNY/share)		-0.90	2.49
(II) Diluted earnings per share (CNY/share)		-0.90	2.49

Person in charge of the Company: Li Gongyan Person in charge of accounting: Yao Yi Person in charge of accounting body: Zou Xi

Income Statement of Parent Company

January to December 2022

Unit: CNY

Item	Notes	Year 2022	Year 2021
I. Operating revenue	XVII. 4	2,240,623,665.34	2,218,372,016.85
Less: Operating costs	XVII. 4	1,999,504,956.79	1,666,178,045.12
Taxes and surcharges		8,619,519.97	7,063,859.44
Selling expenses		121,384,045.81	70,431,929.22
Management expenses		72,942,655.46	44,854,127.53
R&D expenses		193,163,682.59	124,574,992.00
Financial expenses		-9,585,406.84	-1,420,103.55
Including: Interest expenses		5,178,390.39	9,481,291.69
Interest income		9,295,873.45	1,675,362.40
Plus: Other income		23,952,573.52	13,791,339.57
Investment income (loss expressed with "-")	XVII. 5	25,526,975.78	6,377,151.82
Gains from the changes in fair value (loss expressed with "-")		26,841,768.99	899,242.09
Credit impairment losses (losses expressed with "-")		-88,572,881.05	-44,986,765.92
Asset impairment loss (loss expressed with "-")		-64,866,968.39	-43,143,934.38
Income from asset disposal (loss expressed with "-")		-1,704.56	524.35
II. Operating profit (loss expressed with "-")		-222,526,024.15	239,626,724.62
Plus: Non-operating revenue		542,393.43	984,378.88
Less: Non-operating expenses		2,297,276.76	100,000.00

III. Total profit (total loss expressed with “-”)		-224,280,907.48	240,511,103.50
Less: Income tax expenses		-46,824,068.38	32,540,324.36
IV. Net profit (net loss expressed with “-”)		-177,456,839.10	207,970,779.14
(1) Net profit on continuing operations (net loss expressed with “-”)		-177,456,839.10	207,970,779.14
(II) Net profit from discontinued operation (net loss expressed with “-”)		-	-
V. After-tax net amount of other comprehensive income		-177,456,839.10	207,970,779.14

Person in charge of the Company: Li Gongyan, Person in charge of accounting: Yao Yi, Person in charge of accounting body: Zou Xi

Consolidated Cash Flow Statement

January to December 2022

Unit: CNY

Item	Notes	Year 2022	Year 2021
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		2,066,733,505.06	2,188,492,135.00
Cash received from other operating activities	VII. 78(1)	109,248,560.80	71,696,059.03
Subtotal of cash inflows from operating activities		2,175,982,065.86	2,260,188,194.03
Cash paid for goods purchased and services received		1,689,194,990.39	2,292,555,305.74
Cash paid to and for employees		264,828,985.09	154,244,849.49
Tax payments		103,065,563.80	145,394,195.69
Cash paid for other operating activities	VII. 78(2)	156,333,435.38	89,328,114.97

Subtotal of cash outflows from operating activities		2,213,422,974.66	2,681,522,465.89
Net cash flow from operating activities	VII. 79(1)	-37,440,908.80	-421,334,271.86
II. Cash flows from investing activities:			
Cash received from disposal of investments		13,082,950,084.33	3,761,215,602.61
Cash received from investment income		48,269,786.88	8,710,243.73
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,929.20	114,007.18
Cash received from other investing activities	VII. 78(3)	5,720,950.51	1,652,423.57
Subtotal of cash inflows from investing activities		13,136,943,750.92	3,771,692,277.09
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		532,145,503.08	192,320,488.64
Cash paid for investment		13,369,950,000.00	4,606,240,000.00
Subtotal of cash outflows from investing activities		13,902,095,503.08	4,798,560,488.64
Net cash flow from investing activities		-765,151,752.16	-1,026,868,211.55
III. Cash flows from financing activities:			
Cash received from absorption of investments		-	2,976,600,000.00
Cash received from borrowings		39,672,766.00	330,151,020.00
Subtotal of cash inflows from financing activities		39,672,766.00	3,306,751,020.00
Cash paid for debt repayments		82,050,400.00	200,000,000.00
Cash paid for distribution of dividends and profits or payment of interests		82,397,006.42	7,837,121.88

Cash paid for other financing activities	VII. 78(6)	125,777,187.48	226,706,659.33
Subtotal of cash outflows from financing activities		290,224,593.90	434,543,781.21
Net cash flow from financing activities		-250,551,827.90	2,872,207,238.79
IV. Impact of exchange rate changes on cash and cash equivalents		1,614,282.51	-269,307.13
V. Net increase in cash and cash equivalents	VII. 79(1)	-1,051,530,206.35	1,423,735,448.25
Plus: Balance of cash and cash equivalents at the beginning of the period		1,475,887,349.75	52,151,901.50
VI. Balance of cash and cash equivalents at the end of the period	VII. 79(4)	424,357,143.40	1,475,887,349.75

Person in charge of the Company: Li Gongyan, Person in charge of accounting: Yao Yi, Person in charge of accounting body: Zou Xi

Cash Flow Statement of Parent Company

January to December 2022

Unit: CNY

Item	Notes	Year 2022	Year 2021
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		2,022,203,069.36	2,185,982,779.51
Cash received from other operating activities		64,272,778.91	30,113,846.83
Subtotal of cash inflows from operating activities		2,086,475,848.27	2,216,096,626.34
Cash paid for goods purchased and services received		1,893,997,972.48	2,474,876,153.37
Cash paid to and for employees		153,337,612.89	62,778,181.62

Tax payments		52,924,638.96	78,336,366.49
Cash paid for other operating activities		131,365,581.00	60,017,519.61
Subtotal of cash outflows from operating activities		2,231,625,805.33	2,676,008,221.09
Net cash flow from operating activities		-145,149,957.06	-459,911,594.75
II. Cash flows from investing activities:			
Cash received from disposal of investments		12,842,950,000.00	3,311,138,348.67
Cash received from investment income		47,405,205.81	6,784,811.38
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,929.20	2,656,640.09
Cash received from other investing activities		84,501,785.38	1,675,362.40
Subtotal of cash inflows from investing activities		12,974,859,920.39	3,322,255,162.54
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		80,383,193.70	83,830,574.09
Cash paid for investment		13,418,100,000.04	4,292,090,000.00
Cash paid for other investing activities		144,286,533.18	-
Subtotal of cash outflows from investing activities		13,642,769,726.92	4,375,920,574.09
Net cash flow from investing activities		-667,909,806.53	-1,053,665,411.55
III. Cash flows from financing activities:			
Cash received from absorption of investments		-	2,976,600,000.00
Cash received from borrowings		39,672,766.00	330,151,020.00

Cash received from other financing activities		60,000,000.00	40,000,000.00
Subtotal of cash inflows from financing activities		99,672,766.00	3,346,751,020.00
Cash paid for debt repayments		82,050,400.00	200,000,000.00
Cash paid for distribution of dividends and profits or payment of interests		81,674,757.15	9,252,239.85
Cash paid for other financing activities		125,359,467.44	266,625,295.51
Subtotal of cash outflows from financing activities		289,084,624.59	475,877,535.36
Net cash flow from financing activities		-189,411,858.59	2,870,873,484.64
IV. Impact of exchange rate changes on cash and cash equivalents		1,569,623.00	-265,796.60
V. Net increase in cash and cash equivalents		-1,000,901,999.18	1,357,030,681.74
Plus: Balance of cash and cash equivalents at the beginning of the period		1,400,389,688.23	43,359,006.49
VI. Balance of cash and cash equivalents at the end of the period		399,487,689.05	1,400,389,688.23

Person in charge of the Company: Li Gongyan, Person in charge of accounting: Yao Yi, Person in charge of accounting body: Zou Xi

Consolidated Statement of Changes in Owner's Equity

January to December 2022

Unit: CNY

Item	Year 2022											
	Owner's equity attributable to the parent company										Minority equity	Total owner's equity
	Paid-in capital (or share capital)	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Undistributed profits	Others	Sub-total		
I. Ending balance of the previous year	131,608,698.00	3,222,307,183.41	-	-	-	39,327,753.08	-	459,591,819.72	-	3,852,835,454.21	-	3,852,835,454.21
II. Beginning balance of the current	131,608,698.00	3,222,307,183.41	-	-	-	39,327,753.08	-	459,591,819.72	-	3,852,835,454.21	-	3,852,835,454.21

t year												
III. Increases/de creases in the amount of the current period (decrease expressed with “-”)	-	- 85,433,59 3.46	- 2,880,000.0 0	10,492. 26	2,382,8 13.90	-	-	- 197,684,872. 41		- 283,605,159.7 1		-283,605,159.71
(I) Total comprehensive income	-	-	-	10,492. 26	-	-	-	- 118,719,653. 61	-	- 118,709,161.3 5	-	-118,709,161.35
(II) Capital contributed	-	- 85,433,59 3.46	- 2,880,000.0 0	-	-	-	-	-	-	- 88,313,593.46	-	-88,313,593.46

and reduc ed by the owner												
1. Ordin ary shares invest ed by the owner	-	- 121,092,7 51.81	- 2,880,000.0 0	-	-	-	-	-	-	- 123,972,751.8 1	-	-123,972,751.81
2. Amou nt of share- based paym ents record ed in owner 's equity	-	38,481,55 8.33	-	-	-	-	-	-	-	38,481,558.33	-	38,481,558.33
4. Other s	-	- 2,822,399 .98	-	-	-	-	-	-	-	-2,822,399.98	-	-2,822,399.98
(III) Profit	-	-	-	-	-	-	-	- 78,965,218.8	-	- 78,965,218.80	-	-78,965,218.80

distrib ution								0				
1. Withd rawal of surplu s reserv e	-	-	-	-	-	-	-	-	-	-	-	-
2. Withd rawal of gener al risk reserv e	-	-	-	-	-	-	-	-	-	-	-	-
3. Distri bution to the owner (or share holder s)	-	-	-	-	-	-	-	- 78,965,218.8 0	-	- 78,965,218.80	-	-78,965,218.80
(IV) Speci al	-	-	-	-	2,382,8 13.90	-	-	-	-	2,382,813.90	-	2,382,813.90

reserv es												
1. Amou nt withd rawn in the curren t period	-	-	-	-	6,427,5 05.55	-	-	-	-	6,427,505.55	-	6,427,505.55
2. Amou nt used in the curren t period	-	-	-	-	- 4,044,6 91.65	-		-		-4,044,691.65	-	-4,044,691.65
(VI) Other s	-	-	-	-		-		-	-	-	-	-
IV. Endin g balan ce of the curren t	131,608,698 .00	3,136,873 ,589.95	- 2,880,000.0 0	10,492. 26	2,382,8 13.90	39,327,753. 08		261,906,947. 31		3,569,230,294 .50	-	3,569,230,294.50

period													
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Item	Year 2021														
	Owner's equity attributable to the parent company													Mino rity equit y	Total owner's equity
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treas ury stock	Other compreh ensive income	Spec ial reser ves	Surplus reserve	Gen eral risk reser ve	Undistrib uted profits	Oth ers	Sub-total		
		Prefe rred share s	Perpe tual bond	Oth ers											
I. Ending balance of the previous year	98,608,698.00	-	-	-	456,323,583.47	-	-	-	18,530,675.17	-	221,181,745.20		794,644,701.84	-	794,644,701.84
Plus: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of errors in the previous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

period															
Business combinations under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Beginning balance of the current year	98,608,698.00				456,323,583.47				18,530,675.17		221,181,745.20		794,644,701.84		794,644,701.84
III. Increases/decreases in the amount of the current period (decrease expressed with “-”)	33,000,000.00				2,765,983,599.94				20,797,077.91		238,410,074.52		3,058,190,752.37		3,058,190,752.37
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	259,207,152.43		259,207,152.43	-	259,207,152.43
(II) Capital contributed and reduced	33,000,000.00	-	-	-	2,765,983,599.94	-	-	-	-	-	-		2,798,983,599.94		2,798,983,599.94

by the owner															
1. Ordinary shares invested by the owner	33,000,000.00	-	-	-	2,715,557,661.34	-	-	-	-	-	-	-	2,748,557,661.34		2,748,557,661.34
2. Capital invested by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payments recorded in owner's equity		-	-	-	50,425,938.60	-	-	-	-	-	-	-	50,425,938.60		50,425,938.60
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	--	20,797,077.91		-	20,797,077.91	-	-	-
1. Withdrawal of surplus reserve	-	-	-	-	-	-	-	-	20,797,077.91		-	20,797,077.91	-	-	-
2.	-	-	-	-		-	-	-	-	-	-		-	-	-

Withdrawal of general risk reserve					-										
3. Distribution to the owner (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	--	-	
(IV) Internal carry-forward of owner's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserve converted to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	--
2. Surplus reserve converted to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3. Surplus reserves for making up losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Changes in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Amount withdrawn in the current period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2. Amount used in the current period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Ending balance of the current period	131,608,698.00	-	-	-	3,222,307,183.41	-	-	-	39,327,753.08	-	459,591,819.72	-	3,852,835,454.21	-	3,852,835,454.21

Person in charge of the Company: Li Gongyan, Person in charge of accounting: Yao Yi, Person in charge of accounting body: Zou Xi

Statement of Changes in Owner's Equity of Parent Company

January to December 2022

Unit: CNY

Item	Year 2022										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred shares	Perpetual bond	Others							
I. Ending balance of the previous year	131,608,698.00	-	-	-	3,222,307,183.41				39,327,753.08	371,450,291.33	3,764,693,925.82
Plus: Changes in	-	-		-	-	-	-	-	-	-	-

accounting policies											
Corrections of errors in the previous period	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Beginning balance of the current year	131,608,698.00	-	-	-	3,222,307,183.41	-	-	-	39,327,753.08	371,450,291.33	3,764,693,925.82
III. Increases/decreases in the amount of the current period (decrease expressed with “-”)	-	-	-	-	-85,387,135.20	-2,880,000.00	-	2,382,813.90	-	-256,422,057.90	-342,306,379.20
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-177,456,839.10	-177,456,839.10
(II) Capital contributed and reduced by the owner	-	-	-	-	-85,387,135.20	-2,880,000.00	-	-	-		-88,267,135.20
1. Ordinary shares invested by the owner	-	-	-	-	-121,092,751.81	-2,880,000.00	-	-	-		-123,972,751.81
2. Capital invested by holders of other equity instruments	-	-	-	-		-	-	-	-		
3. Amount of share-based payments recorded in	-	-	-		38,053,4	-	-	-	-		38,053,4

owner's equity				-	53.75						53.75
4. Others	-	-	-	-	- 2,347,83 7.14	-	-	-	-		- 2,347,83 7.14
(III) Profit distribution	-	-	-	-	-	-	-	-	-	- 78,965,2 18.80	- 78,965,2 18.80
1. Withdrawal of surplus reserve	-	-	-	-	-	-	-	-			
2. Distribution to the owner (or shareholders)	-	-	-	-	-	-	-	-	-	- 78,965,2 18.80	- 78,965,2 18.80
3. Others	-	-	-	-	-	-	-			-	-
(IV) Internal carry-forward of owner's equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserve converted to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserve converted to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves for making up losses	-	-	-	-	-	-	-	-	-	-	-

4. Changes in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	2,382,813.90	-	-	2,382,813.90
1. Amount withdrawn in the current period	-	-	-	-	-	-	-	4,819,051.25	-	-	4,819,051.25
2. Amount used in the current period	-	-	-	-	-	-	-	-2,436,237.35	-	-	-2,436,237.35
(VI) Others	-	-	-	-	-	-	-	-	-	-	-
IV. Ending balance of the current period	131,608,698.00	-	-	-	3,136,920,048.21	-2,880,000.00	-	2,382,813.90	39,327,753.08	115,028,233.43	3,422,387,546.62

Item	Year 2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred shares	Perpetual bond	Others							
I. Ending balance of the previous year	98,608,698.00	-	-	-	456,323,583.47				18,530,675.17	184,276,590.10	757,739,546.74
Plus: Changes in accounting policies	-	-	-	-		-	-	-	-	-	-
Corrections of errors in the previous period	-	-	-	-		-	-	-	-	-	-
Others	-	-	-	-		-	-	-	-	-	-
II. Beginning balance of the current year	98,608,698.00	-	-	-	456,323,583.47	-	-	-	18,530,675.17	184,276,590.10	757,739,546.74
III. Increases/decreases in the amount of the current period (decrease expressed with "-")	33,000,000.00	-	-	-	2,765,983,599.94	-	-	-	20,797,077.91	187,173,701.23	3,006,954,379.08
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	207,970,779.14	207,970,779.14

											14
(II) Capital contributed and reduced by the owner	33,000,000.00	-	-	-	2,765,983,599.94	-	-	-	-	-	2,798,983,599.94
1. Ordinary shares invested by the owner	33,000,000.00	-	-	-	2,715,557,661.34	-	-	-	-		2,748,557,661.34
2. Capital invested by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payments recorded in owner's equity	-	-	-	-	50,425,938.60	-	-	-	-	-	50,425,938.60
4. Others	-	-	-	-	-	-	-	-		-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	20,797,077.91	-20,797,077.91	-
1. Withdrawal of surplus reserve	-	-	-	-	-	-	-	-	20,797,077.91	-20,797,077.91	-
2. Distribution to the owner (or shareholders)	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal carry-forward of owner's equity	-	-	-	-	-	-	-	-	-	-	-

1. Capital reserve converted to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserve converted to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves for making up losses	-	-	-	-	-	-	-	-	-	-	-
4. Changes in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-
1. Amount withdrawn in the current period	-	-	-	-	-	-	-	-	-	-	-
2. Amount used in the current period	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-
IV. Ending balance of the	131,608,6	-	-	-	3,222,30	-	-	-	39,327,7	371,450,	3,764,69

Annual Report 2022

current period	98.00		-		7,183.41				53.08	291.33	3,925.82
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Person in charge of the Company: Li Gongyan, Person in charge of accounting: Yao Yi, Person in charge of accounting body: Zou Xi

III. Company Profile

1. Company profile

√ Applicable ☐ Not applicable

Wayzim Technology Co., Ltd. (formerly known as "Wayz Intelligent Manufacturing Technology Co. Ltd.", hereinafter referred to as "the Company") is a limited liability company established in Wuxi, Jiangsu Province, People's Republic of China, with its headquarters located in Wuxi, Jiangsu Province. The ultimate controller of the Company is Li Gongyan.

With the approval of the General Meeting in 2021, the Company was renamed Wayzim Technology Co., Ltd. On May 23, 2022, the Company completed the industrial and commercial registration change procedures with the approval of the Wuxi Administrative Examination and Approval Bureau.

The Company and its subsidiaries (hereinafter referred to as "the Group") are mainly engaged in the R&D, production and sales of industrial automation equipment, industrial robots, system software, computer software and electronic products, R&D of Internet of Things technology, technical consulting and services, sales of logistics automation equipment, and development of logistics information systems.

2. Scope of consolidated financial statements

√ Applicable ☐ Not applicable

The scope of consolidated financial statements is determined on the basis of control. See Note 8 for the increase or decrease in subsidiaries of the Group. Please refer to Note 9 for detailed information on the scope of the consolidated financial statements for this year.

IV. Basis for Preparation of Financial Statements

1. Basis for preparation

The financial statements of the Company are prepared on a going concern basis.

2. Going concern

√ Applicable ☐ Not applicable

There are no event or circumstance that may cast significant doubt on the Company's ability to continue as a going concern within 12 months of the end of the reporting period.

V. Significant Accounting Policies and Accounting Estimates

Hints for specific accounting policies and accounting estimates:

√ Applicable ☐ Not applicable

Relevant accounting policies for recognition and measurement of bad debt reserves for accounts receivable, measurement of inventory issued, depreciation of fixed assets, amortization of intangible

assets, capitalization conditions for R&D expenses, and recognition and measurement of revenue of the Group are formulated based on the characteristics of the relevant business operations of the Group. For specific policies, please refer to the relevant notes.

1. Statement on compliance with Accounting Standards for Business Enterprises

This Financial Statement complies with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truthfully and completely reflects the consolidated financial status and financial position of the Company as of December 31, 2022, and the consolidated operating results and operating results as well as the consolidated cash flows and cash flows for the year 2022.

In addition, the Financial Statements of the Company conform to disclosure requirements concerning Financial Statements and their notes in the *Preparation & Report Rules of Information Disclosure for Companies Publicly Issuing Securities No.15 - General Provisions for Financial Statements* amended by China Securities Regulatory Commission (hereinafter referred to as "CSRC") in 2014.

2. Accounting period

The accounting year of the Company shall start on January 1 and end on December 31 on the Gregorian calendar.

3. Business cycle

☒ Applicable ☐ Not applicable

A normal business cycle of the Company refers to a period from the purchase of assets for processing to the realization of cash or cash equivalents. The business cycle of the main business of the Company is usually less than 12 months.

4. Recording currency

Both the recording currency and the currency adopted by the Company in preparing the financial statements are CNY. The recording currency selected by the Company and its subsidiaries is based on the currency of valuation and settlement of major business receipts and payments. Some subsidiaries of the Company adopts a currency other than the recording currency of the Company as their recording currency, and the foreign currency financial statements of these subsidiaries are translated in accordance with Note V. 9 when preparing the financial statements.

5. Accounting methods for business combinations under common control and not under common control

☒ Applicable ☐ Not applicable

If the Group obtains control over one or more other enterprises (or a group of assets or net assets) which constitute its business, the transaction or event constitutes a business combination. Business combination is classified into business combination under common control and business combination not under common control.

For transactions not under common control, the acquirer will consider whether to choose the simplified judgment method of "concentration ratio test" when judging whether the acquired asset

portfolio constitutes a business. If the portfolio passes the concentration ratio test, it is judged that it does not constitute a business. If it fails the test, it shall still be judged according to the business conditions.

(1) Business combination under common control

Business combination under common control is defined as a business amalgamation where companies involved are ultimately under the common control of one party or multiple parties and the control is not temporary. The assets and liabilities acquired by the combining party from business combinations are measured at the book value in the ultimate controller's consolidated financial statements on the date of combination. As for the difference between the book value of the net assets obtained and that of the combination consideration paid (or the total par value of the shares issued), the capital premium in capital reserve shall be adjusted. If the capital premium in capital reserve is not sufficient to offset such difference, the retained earnings shall be adjusted. Relevant direct expenses incurred for business combination shall be included in the current profit or loss as incurred. Date of combination shall be the date when the combining party actually acquires the effective control over the combined party.

(2) Business combination not under common control

Business combination not under common control is defined as a business amalgamation where companies involved are ultimately not under common control of one party or multiple parties. The positive balance between the sum of the fair values, on the acquisition date, of the assets paid (including the equity of the acquiree held prior to the acquisition date), the liabilities incurred or assumed, and the equity securities issued by the Group (as the acquirer) in exchange for the control over the acquiree, and the fair value of the identifiable net assets it obtains from the acquiree shall be recognized as business reputation; If it is a negative figure, it will be included in the current profit or loss. All direct costs incurred by the Group for the business combination are recorded into the current profit or loss. The Group recognizes all identifiable assets, liabilities, and contingent liabilities obtained from the acquiree at fair value on the acquisition date that meet the recognition criteria. The acquisition date refers to the date on which the acquirer actually obtains control over the acquiree.

When the business combination not under common control is achieved through multiple transactions step by step, the acquiree's equity held before the acquisition date is re-measured at its fair value on the acquisition date by the Group, and the difference between its fair value and book value is recognized into the current investment income or other comprehensive income. Other comprehensive income and other Owner's equity changes that can be reclassified into profit and loss in the future under the equity method accounting involved in the equity of the acquiree held before the acquisition date (see Note V. 21(2)(b)) are transferred to the current investment income on the acquisition date. Where the equity of acquiree held before the acquisition date is an equity instrument investment measured at fair value through other comprehensive income, the other comprehensive income recognized before the acquisition date is transferred to retained earnings on the acquisition date.

6. Preparation method of consolidated financial statements

√ Applicable □ Not applicable

(1) General principle

The scope of consolidated financial statements is determined on the basis of control, including the Company and its subsidiaries controlled by the Company. Control refers to the Group's powers over the investee to share variable returns by participating in relevant activities of the investee and exert such influence on the investee to affect the amount of return. When judging whether the Group has the power over the investee, the Group only considers the substantive rights related to the investee (including the substantive rights enjoyed by it and the substantive rights enjoyed by other parties). As long as the control is effective, the financial position, operating results and cash flows of the subsidiaries are consolidated into the consolidated financial statements.

The equity, profit and loss, and total comprehensive income attributable to minority shareholders of the subsidiaries are listed separately in the shareholders' equity of the consolidated balance sheet and after the net profit and total comprehensive income items of the consolidated income statement.

If losses of the current period carried by minority shareholders of the subsidiaries exceed their equity in the subsidiaries at the beginning of the period, the balance still writes down minority equity.

The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and its subsidiaries. All internal transactions and balances within the Group, including unrealized internal transaction profits and losses, have been offset during the combination. Unrealized losses arising from internal transactions of the Group, if there is evidence that the losses are asset impairment losses, shall be recognized in full.

(2) Changes in minority shareholders' equity

The difference between the costs of long-term equity investment newly acquired by the Company due to acquisition of minority interest and the subsidiaries' identifiable net assets attributable to the Company and calculated at newly added shareholding ratio, as well as the difference between the disposal prices acquired through equity investment in subsidiaries due to part disposal without losing the control right and the subsidiaries' net assets attributable to the Company as a result of disposal of long-term equity investment are both adjusted to the capital reserve (capital premium) in consolidated balance sheet; if the capital reserve (capital premium) is not sufficient to be offset, it is adjusted to the retained earnings.

7. Classification of joint venture arrangement and accounting method for joint operation

☐ Applicable ☒ Not applicable

8. Determination criteria for cash and cash equivalents

Cash and cash equivalents refer to cash on hand, deposits that can be used for payment at any time and investments with short holding period, high liquidity, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

9. Foreign currency business and translation of foreign currency statements

☒ Applicable ☐ Not applicable

Investment capital supplied by investors in foreign currencies are, upon receipt, translated by the Group into CNY at the spot exchange rate on the day, while other foreign currency transactions, on initial recognition, translated into CNY by applying the spot exchange rate at the date of the transaction.

At the balance sheet date, a monetary item in foreign currency is translated at the spot exchange rate at that date. Exchange differences, other than the exchange difference arising from borrowings' principals and interests for the purchase and construction of qualifying assets (see Note V. 25), shall be recorded in current profit or loss. A non-monetary item in foreign currency that is measured at historical cost is translated at the spot exchange rate at the transaction date.

When translating the financial statements of overseas operations, assets and liabilities in the balance sheets are translated into CNY at the spot exchange rate at the balance sheet date, while the shareholders' equity items, except for the translation difference from foreign currency transactions in the financial statements under undistributed profits and other comprehensive income, are translated into CNY at the spot exchange rate at the transaction date. Income and expenses items in the income statement are translated into CNY at the spot exchange rate at the transaction date. The translation difference from foreign currency transactions in the financial statements, as calculated in the above translation, is presented in other comprehensive income. When overseas operations is disposed of, any translation difference from foreign currency transactions in the financial statements is transferred from other comprehensive income to the current profit or loss when the disposal occurs.

10. Financial instruments

☒ Applicable ☐ Not applicable

The financial instruments of the Group cover monetary funds, equity investments other than long-term ones (see Note V. 21), accounts receivable, accounts payable, borrowings, and equity.

(1) Recognition and initial measurement of financial assets and financial liabilities

All financial assets and financial liabilities are recognized on the balance sheet, when and only when, the Group becomes a party to the contractual provisions of relevant financial instrument.

Upon initial recognition, financial assets and financial liabilities are measured at their fair values. For financial assets or financial liabilities measured at fair value through profit or loss, the transaction expenses thereof are directly recorded in current profit or loss; For other categories of financial assets or financial liabilities, relevant transaction expenses are included in the initially recognized amounts. For accounts receivable that do not include material financing components or do not consider financing components in contracts that do not exceed one year, the Group initially measures them at the transaction price determined in accordance with accounting policies in Note V. 38.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets of the Group

Based on the business model for management of financial assets and the contractual cash flow characteristics of financial assets, the Group usually classifies the financial assets into the following types: The financial assets measured at amortized cost; the financial assets at fair value through other comprehensive income; and the financial assets at fair value through profit or loss.

Unless the Group changes its business mode for management of financial assets, all related financial assets subject to influence shall be reclassified on the first day during the first Reporting Period after change. Otherwise, such financial assets cannot be reclassified after initial recognition.

The Group classifies financial assets which meet the following conditions and are not measured at fair value through profit or loss as those measured at amortized cost:

- The business mode with which the Group manages the financial assets is aimed to collect the contractual cash flow.
- The contractual terms of the financial assets specify that the cash flow generated at a specific date is only the payment of principal and interest on the basis of the outstanding principal amount.

The Group classifies financial assets which meet the following conditions and are not measured at fair value through profit or loss as those measured at fair value through other comprehensive income:

- The business mode with which the Group manages the financial assets is aimed to collect the contractual cash flow and sell the financial assets.
- The contractual terms of the financial assets specify that the cash flow generated at a specific date is only the payment of principal and interest on the basis of the outstanding principal amount.

For non-marketable equity instrument investment, the Group may, at initial recognition, irrevocably designate it as the financial assets at fair value through other comprehensive income. This designation is made on the basis of a single investment and the underlying investment meets the definition of equity instrument from the perspective of the issuer.

Except for the above financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the Group classifies all the other financial assets as the financial assets at fair value through profit or loss. At initial confirmation, if the accounting mismatch can be eliminated or significantly reduced, the Group may irrevocably designate the financial assets measured at amortized cost or measured at the fair value with their changes included into other comprehensive incomes as those measured at the fair value with their changes included into the current profits and losses.

The business model of managing financial assets refers to how the Group manages financial assets to generate cash flows. The business model determines the source of cash flows from the Group's management of financial assets: the collection of contractual cash flows, sales of financial assets, or both. The Group determines the business model for managing financial assets on the basis of objective facts and specific business objectives for the management of financial assets as determined by key management personnel.

The Group evaluates the contractual cash flow characteristics of financial assets to determine whether the contractual cash flow generated by the underlying financial asset on a particular date is only the payment of the principal and the interest based on the outstanding principal amount. Wherein, the principal refers to the fair value of financial assets at initial recognition; interest shall include considerations of the time value of money, credit risk related to the amount of principal outstanding in a specific period and other basic borrowing risks, costs, and profits. Furthermore, the Group evaluates the contract terms that are likely to cause changes in distribution of time or amount of the contractual cash flow of financial assets so as to determine whether the terms satisfy the requirements of the above contractual cash flow characteristics.

(b) Subsequent measurement of the Group's financial assets

- Financial assets measured at fair value through current profit or loss

After initial recognition, such financial assets are subsequently measured at fair value, and the gains or losses (including interest and dividend income) arising therefrom are recorded into current profit or loss, unless the financial assets are part of the hedging relationship.

- Financial assets measured at amortized cost

After initial recognition, the financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from financial assets measured at amortized cost and not part of any hedging relationship are recorded into current profit or loss upon derecognition, reclassification, amortization under the effective interest method or recognition of impairment.

- Debt investments at fair value through other comprehensive income

After initial recognition, the financial assets are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains and losses calculated by the effective interest method are recorded into current profit or loss, and other gains or losses into other comprehensive income. Upon derecognition, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and recorded into current profit or loss.

- Investment in equity instruments at fair value through other comprehensive income

After initial recognition, the financial assets are subsequently measured at fair value. Dividend incomes are recorded into profit or loss, while other gains or losses are recorded into other comprehensive income. Upon derecognition, the accumulated gain or loss previously included into other comprehensive income is transferred from other comprehensive income and recorded into retained earnings.

(3) Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities into financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

- Financial liabilities at fair value through profit or loss

These financial liabilities comprise financial liabilities held for trading (including derivatives of financial liabilities) and those specified as financial liabilities at fair value through profit or loss.

After initial recognition, these financial liabilities shall be subsequently measured at fair value. Except for those related with hedge accounting, the resulting gains or losses (including interest expense) are booked into current profit or loss.

- Financial liabilities at amortized cost

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

(4) Set-off

Financial assets and financial liabilities are presented in the Balance Sheet respectively and are not offset with each other. However, the net value after set-off is presented in the Balance Sheet when the following conditions are satisfied:

- The Group has the legal right to set off the recognized amount and such right is currently enforceable.
- The Group plans to settle on a net basis or realize the financial assets and pay off the financial liabilities simultaneously.

(5) Derecognition of financial assets and financial liabilities

The Group will derecognize the financial assets when any of the following conditions is met:

- The contractual right to collect cash flow of such financial assets terminates.
- The financial assets, along with almost all the risks and returns arising from the ownership thereof, are transferred to the transferee by the Group.
- The financial assets have been transferred, but the Group had not retained the control over the financial assets, although almost all the risks and returns arising from the ownership thereof are neither transferred nor retained.

Where the transfer of financial assets as a whole meets the conditions for derecognition, the Group records in current profit or loss the difference between the following two items:

- The book value of transferred financial assets on the date of derecognition.
- The sum of the consideration received from the transfer and the amount corresponding to the derecognized portion in the accumulated amount of changes in fair value originally and directly recorded into other comprehensive income (the financial asset involved in the transfer is the debt investment at fair value through other comprehensive income).

If the current obligation of the financial liabilities (or part thereof) has been discharged, the Group shall derecognize the financial liabilities (or part thereof).

(6) Impairment

On the basis of expected credit loss, the Group performs impairment accounting and confirms the provision for loss, for the following items:

- Financial assets at amortised cost.
- Contractual assets.
- Debt investments at fair value through other comprehensive income.

The expected credit loss model does not apply to the Group's other financial assets at fair value, including investment in debt or equity instruments at fair value through profit or loss, investment in equity instruments designated to be measured at fair value through other comprehensive income, and derivative financial assets.

Measurement of expected credit loss

The expected credit loss is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the Group's difference between all contractual cash flows receivable under the contract and all cash flows expected to be received, discounted at the original effective interest rate, i.e. the present value of all cash shortages.

When measuring the expected credit loss, the maximum period to be considered by the Group is the maximum term of contract for which the enterprise is exposed to credit risks (including considering the option to renew).

The lifetime expected credit loss means the expected credit loss resulting from all the possible default events over the expected duration of financial instruments.

The expected credit loss in the next 12 months means the expected credit loss arising from the possible default events of financial instruments within 12 months (or the expected duration, if it's less than 12 months) after the Balance Sheet date. It is a part of the expected credit loss over the duration.

For accounts receivable and contractual assets, the Group always measures provisions for losses at an amount equal to the expected credit loss over the duration of the assets. The Group calculates the expected credit losses on these financial assets based on historical credit loss experience, adjusted for factors specific to the borrower at the Balance Sheet date, and an assessment of current conditions and projections of future economic conditions, using a reserve matrix.

Except for accounts receivable and contractual assets, the Group measures the loss provision of a financial instrument that meets the following circumstances according to the amount equivalent to the expected credit loss in the next 12 months, and measures the loss provision of other financial instruments according to the amount equivalent to the expected credit loss over the duration:

- The financial instruments only have low credit risks on the Balance Sheet date; or
- The credit risks of the financial instruments have not increased significantly after initial recognition.

Low credit risks

Where financial instruments have a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations, the financial instruments are considered to carry low credit risks.

Significant increase of credit risks

In order to determine the relative changes in the default risk of financial instruments during their expected duration and to assess whether the credit risk of financial instruments has increased significantly since initial recognition, the Group compares the default risk of financial instruments on the Balance Sheet date with the default risk on the initial recognition date.

In determining whether credit risk has increased significantly since initial recognition, the Group considers reasonable and evidence-based information, including forward-looking information that can be obtained without undue additional cost or effort. Information considered by the Group includes:

- The debtor fails to pay the principals and interests on the maturity date of the Contract.
- The internal or external credit rating (if any) of the accrued or expected financial instruments is deteriorated significantly.
- The accrued or expected debtor's operating results are seriously deteriorated.

- Existing or anticipated changes in the technological, market, economic or legal environment that will have a material adverse impact on the debtor's ability to repay the Group.

Depending on the nature of financial instruments, the Group assesses whether there is a significant increase in credit risks by the financial instruments alone or a portfolio of financial instruments. When the assessment is made on the basis of the portfolio of financial instruments, the Group can classify the financial instruments based on the common credit risk characteristics, such as overdue information and the credit risk rating.

If the overdue is more than 30 days, the Group recognizes the credit risks of financial instruments have been increased significantly.

Credit-impaired financial assets

At each Balance Sheet date, the Group assesses whether financial assets at amortized cost and the debt investment at fair value through other comprehensive income are credit-impaired. In case of one or more events adversely affecting the estimated future cash flows of financial assets, the financial assets become credit-impaired ones. Evidences of credit-impaired financial assets include the following observable facts:

- The issuer or debtor gets into severe financial difficulties.
- The debtor violates the contract, such as default or delinquency on interest or principal payments.
- The Group, out of financial or contractual considerations regarding the debtor's financial distress, has made a concession that would otherwise be impossible.
- The debtor is likely to go bankrupt or undergo other financial restructuring.
- Financial distress of the issuer or debtor has caused disappearance of an active market for financial assets.

Presentation of allowance for expected credit loss

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Group re-measures the expected credit loss on each Balance Sheet date, and the resulting increase or reversal in loss allowance shall be booked into the current profit or loss as impairment losses or gains. For financial assets at amortized cost, the loss allowances shall be set off against the book value of financial assets in the Balance Sheet; For debt investment at fair value through other comprehensive income, the loss allowances are recognized in other comprehensive income by the Group instead of setting off the book value of financial assets.

Write-off

When contractual cash flows of financial assets, in whole or in part, are no longer expected to be recovered, the Group writes down the book balance of such financial assets directly. Such write-

down constitutes the derecognition of financial assets. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the written-down financial assets may still be subject to the execution activities related to the overdue payment of the Group.

Subsequent recovery of financial assets previously written off is recognized as a reversal of impairment in the profit or loss in the period in which the recovery occurs.

(7) Equity instruments

The consideration received by the Company for issuing equity instruments is recorded into shareholders' equity after deducting transaction costs. It means the repurchase of the consideration and transaction costs paid by the Company's equity instruments to cut shareholders' equity.

When repurchasing shares of the Company, the repurchased shares shall be managed as treasury stocks, and all expenses incurred in repurchasing shares shall be converted to treasury stock costs, which shall be registered for future reference. Treasury stocks are not involved in profit distribution and shown as a provision for shareholders' equity in the Balance Sheet.

When treasury stocks are cancelled, the capital stock shall be reduced according to the total par value of the cancelled stocks. The part of the cost of treasury stock exceeding the total par value shall be successively deducted from the capital reserve (capital stock premium), surplus reserve and undistributed profit; where the cost of treasury stock is less than the total par value, the capital reserve (capital stock premium) shall be increased for the part less than the par value.

When the treasury stocks are transferred, the capital reserve (capital stock premium) shall be increased for the part of the transfer income higher than the cost of treasury stocks; for the part lower than the cost of treasury stocks, capital reserve (capital stock premium), surplus reserve and undistributed profit shall be written down successively.

11. Notes receivable

Recognition method and accounting treatment of expected credit losses of notes receivable

☒ Applicable ☐ Not applicable

See Note V. 10

12. Accounts receivable

Recognition method and accounting treatment of expected credit losses of accounts receivable

☒ Applicable ☐ Not applicable

See Note V. 10

13. Receivables-based financing

√ Applicable ☐ Not applicable

See Note V. 10

14. Other receivables

Recognition method and accounting treatment of expected credit losses of other receivables

√ Applicable ☐ Not applicable

See Note V. 10

15. Inventory

√ Applicable ☐ Not applicable

(1) Classification and cost of inventory

Inventory includes raw materials and goods in process.

Inventory is initially measured at cost. Inventory costs include procurement costs, processing costs and other expenses incurred to bring the inventory to its present place and condition. In addition to the procurement costs of raw materials, goods in process include direct labor and production and manufacturing costs allocated in appropriate proportions.

(2) Valuation method for issuing inventory

The actual cost of shipping inventory is measured using the method of weighted mean.

(3) Determination basis of net realizable value of inventory and provision method for inventory falling price reserves

At the Balance Sheet date, inventories are measured at the lower of cost and net realizable value.

Net realizable value refers to the differences of estimated sale price of inventories in the ordinary course of business less the estimated cost to completion, estimated sale expenses and related taxes of inventories. Net realizable value of raw materials held for production shall be determined on the basis of the net realizable value of finished products. For inventories held for performing sales or labor contracts, the net realizable value is calculated based on the contractual price. Where the quantity of inventory exceeds the quantity ordered under the contract, the net realizable value of the excess inventory shall be calculated on the basis of the general selling price.

If the cost of a single inventory item is higher than its net realizable value, the inventory falling price reserves shall be accrued and recorded into current profit or loss.

(4) Inventory system

The Group's inventory system is perpetual inventory system.

16. Contractual assets

(1). Recognition methods and standards of contractual assets

√ Applicable ☐ Not applicable

See Note V. 38

(2). Determination method and accounting treatment of expected credit loss of contractual assets

√ Applicable ☐ Not applicable

See Note V. 10

17. Held-for-sale assets

☐ Applicable √ Not applicable

18. Debt investment

(1). Recognition method and accounting treatment of expected credit loss of debt investment

☐ Applicable √ Not applicable

19. Other debt investment

(1). Recognition method and accounting treatment of expected credit loss of other debt investment

☐ Applicable √ Not applicable

20. Long-term receivables

(1). Recognition method and accounting treatment of expected credit loss of long-term receivables

√ Applicable ☐ Not applicable

See Note V. 10

21. Long-term equity investment

√ Applicable □ Not applicable

(1) Determination of long-term equity investment costs

(a) Long-term equity investment through business combination

- For the long-term equity investment in a subsidiary through business combination under the same control, the initial investment cost shall be the combining party's share of the book value of the owner's equity under the consolidated financial statements of the ultimate controlling party on the combining date. The difference between the initial investment cost of long-term equity investment and the book value of the payment consideration shall be used to adjust the capital stock premium in the capital reserve; if the capital stock premium in capital reserve is not sufficient to set off such difference, the retained earnings shall be adjusted.

- For long-term equity investment in a subsidiary arising from business combination not under the same control, the Company measures the initial investment cost as the fair value of the assets paid, the liabilities incurred or assumed, and the equity securities issued to acquire the control of the acquiree as at the acquisition date.

(b) Long-term equity investment acquired by other means

- For long-term equity investment by means other than business combination, the Group shall take the actual purchase price as the initial investment cost for long-term equity investment obtained by cash payment at the time of initial recognition. As for the long-term equity investment by issuing equity securities, the Group recognizes the fair value of the issued equity securities as the initial investment cost.

(2) Methods for subsequent measurement and profit or loss recognition of long-term equity investment

(a) Investment in subsidiaries

- In the individual financial statements, the Company uses the cost method to measure subsequent long-term equity investments in subsidiaries, unless the investments qualify as held for sale. The Company's proportion of dividends or profits declared to distribute by subsidiaries are recognized as current investment gain, except for the declared but not distributed dividends or profits included in the consideration paid for acquisition.

- The investment in subsidiaries is presented in the Balance Sheet at the cost minus the provision for impairment.

- See Note V. 30 for the methods for impairment test and accrual of impairment provision of investment in subsidiaries.

- In the consolidated financial statements of the Group, subsidiaries shall be treated in accordance with Note V. 6.

(b) Investment in joint ventures and associates

- Joint venture refers to an arrangement under the joint control of the Group (see Note V. 21(3)) with other partners and in which the Group has rights only to its net assets.

- Associate refers to an enterprise over which the Group can exert significant influence (see Note V. 21(3)).

- In the subsequent measurement, the long-term equity investment in joint ventures and associates is measured using the equity method, unless the investment qualifies as held for sale.

- The specific accounting treatment of the Group when using the equity method includes:

- If the initial investment cost of long-term equity investment is greater than the fair value share of the investee's identifiable net assets, the former shall be taken as the cost of long-term equity investment. If the initial investment cost of long-term equity investment is less than the fair value share of the investee's identifiable net assets, the latter shall be taken as the cost of long-term equity investment, and the difference between the cost of long-term equity investment and the initial investment cost shall be recorded into current profit or loss.

- After obtaining investment in joint ventures or associates, the Group shall recognize the investment profit or loss and other comprehensive income respectively based on the shares of the realized net profit or loss of the investee and other comprehensive income to be enjoyed or shared, and adjust the book value of the long-term equity investment. The book value of long-term equity investment shall be reduced accordingly by calculating the portion to be divided according to the profit or cash dividend declared by the investee.

- When calculating the share of net profit or loss realized by the investee, other comprehensive income and other changes in owner's equity to which the investee is entitled or liable, the Group shall recognize investment income and other comprehensive income in accordance with the Group's accounting policies or after necessary adjustments in accounting periods based on the fair value of identifiable net assets of the investee upon acquisition of the investment. The unrealized gains or losses arising from internal transactions between the Group and associates and joint ventures shall be offset in the equity method of accounting by the portion attributable to the Group in proportion to its entitlement. Unrealized losses arising from internal transactions, if there is evidence that the losses are asset impairment losses, shall be recognized in full.

- For net losses incurred by joint ventures or associates, in addition to assuming additional losses, the Group shall write down to zero the book value of long-term equity investment and other long-term interests that substantially constitute a net investment in the joint ventures or associates. If the joint

ventures or associates achieve net profit in the subsequent period, the Group shall, after deducting the share of the unrecognized losses by amount of its attributable share of profits, resume the recognition of its attributable share of profits.

See Note V. 30 for the methods for impairment test and accrual of provision for impairment of the Group's investment in joint ventures and associates.

(3) Determination of judgment criteria with the joint control and significant influence on the investee

Joint control refers to common control over a certain arrangement as agreed, and decisions on relevant activities of such arrangement (having significant influence on the returns of the arrangement) must be made upon unanimous agreement by all parties who share such joint control.

In judging whether there is common control over the investee, the Group usually considers the following:

- Whether any participant cannot independently control the related activities of the investee.
- Whether decisions involving activities related to the investee require the consensus of the participants in sharing control rights.

Significant influence refers to the Group's rights to participate in the decision-making of the financial and operation policies of the investee other than to control alone or jointly with other parties, the formulation of such policies.

22. Investment real estate

(1). If measured at cost,

The Group classifies properties held for rent earnings, capital appreciation, or both as investment real estate. The Group uses a cost model to measure investment real estate, which is presented in the Balance Sheet at cost minus cumulative depreciation, amortization and impairment provisions. The Group shall deduct the estimated net residual value and cumulative provision for impairment from the cost of the investment real estate, and then accrue the depreciation within the service life according to the straight-line method. See Note V. 30 for the methods for impairment test and accrual of impairment provision.

Depreciation or amortization methods

Category	Depreciation method	Depreciation life (yrs)	Residual value rate	Yearly depreciation
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Buildings	Straight-line method	20	5%	4.75%
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23. Fixed assets

(1). Recognition conditions

√ Applicable ☐ Not applicable

Fixed assets refer to tangible assets with service life over one fiscal year, which is held by the Group for production, service rendering, or operation management.

The initial costs of purchased fixed assets include acquisition price, taxes and other expenses incurred before enabling the fixed assets to be ready for the intended serviceability which can be attributable to such assets. The initial cost shall be identified for the fixed assets self-constructed as per Note V. 24.

The components of fixed assets have different service lives or provide economic benefits to the Group in different ways and apply different depreciation rates or methods, the Group shall recognize each component as single fixed assets.

For the subsequent expenditures of fixed assets, including those related to the replacement of a certain component of fixed assets, it is capitalized into the cost of fixed assets when the economic benefits related to the expenditures are likely to flow into the Group, and the book value of the replaced part is deducted. Expenditures related to routine maintenance of fixed assets are booked into current profit or loss when incurred.

Fixed assets are presented in the Balance Sheet at its cost minus cumulative depreciation and the provision for impairment.

The Group will derecognize the fixed assets if either of the following conditions is met:

- The fixed assets are in the state of disposal.
- The fixed assets are unable to generate any economic benefits from use or disposal as expected.

The profit or loss arising from the scrapping or disposal of fixed assets is the difference between the net proceeds from disposal and the carrying amount of the project, and shall be recognized in the profit or loss on the date of scrapping or disposal.

(2). Depreciation method

√ Applicable ☐ Not applicable

Category	Depreciation method	Depreciation life (years)	Residual value rate	Yearly depreciation
Buildings	Straight-line method	20	5%	4.75%
Machinery and production equipment	Straight-line method	5-10	5%	9.50%-19.00%
Means of transport	Straight-line method	5	5%	19%
Office and other equipment	Straight-line method	3-5	5%	19.00%-31.67%

At the end of each year, the Group shall review the service life, estimated net residual value and depreciation method of fixed assets.

(3). Identification basis and valuation and depreciation methods of fixed assets under financing lease

☐ Applicable ☒ Not applicable

24. Construction in progress

☒ Applicable ☐ Not applicable

The costs of self-constructed fixed assets include engineering materials, direct labor, capitalized borrowing costs (see Note V. 25) and expenditures necessary to bring the asset to its intended serviceability.

The self-constructed fixed assets shall be transferred to fixed assets when they reach the intended serviceability, which is previously listed as construction in progress, and free from accrual of depreciation.

Construction in progress is presented in the Balance Sheet as cost minus the provision for impairment (see Note V. 30).

Enterprises sell the products or by-products produced before the fixed assets reach the intended serviceability. According to the *Accounting Standards for Business Enterprises No. 14 - Revenue*, *Accounting Standards for Business Enterprises No. 1 - Inventory* and other provisions, revenues and costs shall be accounted for and recorded into the current profit or loss.

25. Borrowing costs

☒ Applicable ☐ Not applicable

The borrowing costs incurred to the Group and directly attributable to the acquisition of assets eligible for capitalization shall be capitalized and recorded into the costs of the assets. Other borrowing costs shall be recognized as financial expenses during the period in which they are incurred.

During the capitalization period, the Group determines the capitalized amount of interest (including the amortization of discounts or premiums) for each accounting period in accordance with the following method:

- For specific borrowings for the acquisition of assets eligible for capitalization, the Group shall determine the amount of interest to be capitalized on specialized borrowings according to the current interest expense calculated at the effective interest rate less the interest income from depositing unused borrowed funds in the bank or the investment income from temporary investments.
- Where the general borrowing is used for the acquisition of an asset eligible for capitalization, the Group shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the part of the accumulative asset disbursements in excess of the weighted average asset disbursement for the specific borrowings by the capitalization rate of the general borrowing occupied. The capitalization rate shall be calculated and determined according to the weighted average effective interest rate of the general borrowing.

The Group determines the effective interest rate of the loan by discounting the future cash flow of the borrowings in the expected duration or shorter applicable period into the initial recognized amount of such borrowings.

During the capitalization period, the exchange difference between the principal and interest of specific borrowings in foreign currency is capitalized and included in asset cost qualified for the capitalization. The exchange difference between the principal and interest of foreign currency borrowings other than specific borrowings in foreign currency shall be recorded into the current profit or loss as financial expenses.

The capitalization period refers to the period from the commencement to the cessation of capitalization by the Group of the borrowing costs, excluding the period of suspension of capitalization of the borrowing costs. The borrowing costs shall not be capitalized unless the asset disbursements and borrowing costs have already incurred and the acquisition or construction activities necessary to bring the assets to their intended serviceability have begun. The capitalization of the borrowing costs shall be ceased when the qualifying asset under acquisition of assets eligible for capitalization are brought to their intended serviceability. If the acquisition of qualifying assets is interrupted abnormally and if the interruption lasts for more than 3 months, the Group shall suspend the capitalization of the borrowing costs.

26. Biological assets

☐ Applicable ☒ Not applicable

27. Oil & gas assets

☐ Applicable ☒ Not applicable

28. Right-of-use assets

☒ Applicable ☐ Not applicable

See Note V. 43

29. Intangible assets**(1). Valuation method, service life, and impairment test**

☒ Applicable ☐ Not applicable

Intangible assets are presented in the Balance Sheet at cost minus cumulative amortization (limited to intangible assets with limited service life) and provision for impairment (see Note V. 30). For intangible assets with limited service life, the Group shall amortize the cost of intangible assets within the expected service life after deducting the estimated net residual value and cumulative provision for impairment according to the straight-line method.

The amortization years of intangible assets are:

Item	Years of amortization
Patent right	8 years
Land use right	50 years
Software	5 years

The Group shall, at least at the end of each year, review the service life and amortization methods of intangible assets with limited service life.

The Group regards intangible assets whose future economic benefits cannot be foreseen as intangible assets with uncertain service life, and will not amortize such intangible assets. As of the Balance Sheet date, the Group has no intangible assets with uncertain useful life.

(2). Accounting policies of expenditures on internal research and development

☒ Applicable ☐ Not applicable

The Group's expenditures on internal research and development projects are divided into research and development expenditures.

The research expenditures are included in the current profit or loss when incurred. The development expenditures will be capitalized if a product or process resulting from the development is technically and commercially feasible, the Group has sufficient resources and intention to complete the development, and the development expenditures can be measured reliably. Capitalized development

expenditures are presented in the Balance Sheet as cost minus the provision for impairment (see Note V. 30). Other development expenses are recognized as expenses during the period in which they are incurred.

Enterprises sell the products or by-products produced in the process of research and development. According to the *Accounting Standards for Business Enterprises No. 14 - Revenue*, *Accounting Standards for Business Enterprises No. 1 - Inventory* and other provisions, revenues and costs shall be accounted for and recorded into the current profit or loss.

30. Impairment of long-term assets

☒ Applicable ☐ Not applicable

Based on the internal and external information, the Group determines if impairment has incurred to the following assets on Balance Sheet date, including:

- Fixed assets
- Construction in progress
- Right-of-use assets
- Intangible assets
- Long-term deferred expenses
- Long-term equity investment, etc.

If any evidence shows possible asset impairment, the Group shall carry out impairment test and estimate the recoverable amount of the assets.

The recoverable amount is the higher of the net amount of the fair value (see Note V. 44(1)) of assets (or asset group/portfolio of asset groups, similarly hereafter) minus the disposal expenses and the present value of the expected future cash flow of the assets.

Made up of the assets generating cash flows, the "asset group" is the smallest portfolio that can be identified, the cash inflow generated by which is basically independent of other assets or asset groups.

The current value of the expected future cash flow of assets shall, based on the projected future cash flows arising from the ongoing use of the asset and its eventual disposal, choose an appropriate pre-tax discount rate to determine the discounted amount.

If the measurement result of the recoverable amount indicates that an asset's recoverable amount is lower than its carrying amount, the carrying amount of the asset shall be written down to the recoverable amount; the written-down amount shall be recognized as the asset impairment loss and be recorded in current profit or loss, and for which the provision for asset impairment shall be accrued accordingly. The amount of the impairment loss related to the asset group or the portfolio of asset groups shall first charge against the book value of business goodwill which are allocated to the asset group or the portfolio of asset groups, then charge it against the book value of other assets in

proportion to the weight of other assets in the asset group or the portfolio of asset groups with the business goodwill excluded. The book value of each asset after deduction shall not be lower than the highest of net amount (as can be determined) of the fair value of the asset minus the disposal expenses, the current value (as can be determined) of the expected future cash flow, and zero.

Once recognized, the asset impairment loss will not be reversed in the following accounting period.

31. Long-term deferred expenses

√ Applicable ☐ Not applicable

The Group shall recognize all expenses that have incurred and have a benefit period of more than one year as long-term deferred expenses. Long-term deferred expenses are presented in the Balance Sheet at its cost minus cumulative amortization and the provision for impairment.

Long-term deferred expenses shall be averagely amortized over the benefit period. The amortization periods of these expenses are as follows:

Item	Amortization period
Employee benefits	5-7 years
Leasehold improvement	5 years or remaining lease term (whichever is shorter)

32. Contractual liabilities

(1). Recognition methods of contractual liabilities

√ Applicable ☐ Not applicable

See Note V. 38

33. Payroll

(1). Accounting treatment of short-term compensation

√ Applicable ☐ Not applicable

During the accounting period in which an employee has rendered services, the Group recognizes staff salaries, bonuses, social insurance premiums (e.g. medical insurance, work-related injury insurance and birth insurance premiums) and housing provident fund actually incurred or accrued according to the prescribed benchmarks and proportions, as liabilities, and records them into current profit or loss or into the asset cost.

(2). Accounting treatment of post-employment benefits√ Applicable ☐ Not applicable

The defined contribution plans that the Group participates in is the basic pension insurance program under the social security system established and managed by government agencies in according to the laws and regulations of China. The amount paid for basic endowment insurance is calculated according to the benchmark and proportion stipulated by the national authority. In the accounting period in which employees have rendered services, the Group recognizes the contributed amounts as liabilities, and recorded them into current profit or loss or in relevant asset cost.

(3). Accounting treatment of dismissal benefits√ Applicable ☐ Not applicable

Where the Group dissolves the labor relations with employees prior to the expiration of their labor contracts or offers certain compensation in order to encourage employees to accept the proposed layoffs voluntarily. The Group shall recognize the liabilities arising from the dismissal benefits and record them into current profit or loss at the earlier of the following two:

- The Group cannot withdraw the dismissal benefits provided as a result of termination plans or proposed layoffs.
- The Group has a detailed and formal restructuring plan involving the payment of dismissal benefits; and the restructuring plan has commenced or the parties affected have been informed of the main contents of the plan, so that there is a reasonable expectation that the Group will be restructured.

(4). Accounting treatment for other long-term employee benefits☐ Applicable √ Not applicable**34. Lease liabilities**√ Applicable ☐ Not applicable

See Note V. 43

35. Accrued liabilities√ Applicable ☐ Not applicable

The obligation pertinent to contingencies shall be recognized as accrued liabilities when the following conditions are satisfied simultaneously: The obligation is the current obligation of the Group; the fulfillment of the obligation is likely to result in the outflow of economic benefits from the Group; the amount of the obligation can be measured in a reliable way.

Accrued liabilities are initially measured in accordance with the best estimate of necessary expenses for the performance of the current obligation. If the time value of money is of great significance, the accrued liabilities shall be determined by the amount discounted from estimated future cash flows. While determining the best estimate, the Group takes into account the risks, uncertainties and time value of money associated with contingencies. The best estimate is determined as the median in the continuous range of expenditures required and all the results are equally possible in the range. In

other cases, the best estimate shall be determined in accordance with the following situations, respectively:

- If contingencies involve a single item, the best estimate shall be determined in light of the most likely outcome.
- If contingencies involve two or more items, the best estimate shall be calculated and determined in accordance with all possible outcomes and probabilities.

The book value of accrued liabilities should be reviewed by the Group on the Balance Sheet date, and the book value adjusted as per the best estimate available.

36. Share-based payment

☒ Applicable ☐ Not applicable

(1) Type of share-based payment

The Group's share-based payment is the equity-settled one.

(2) Accounting treatment for share-based payment plans

- Equity-settled share-based payment

When the Group offers shares or other equity instruments as consideration in exchange for services provided by employees, the fair value of the equity instruments granted to employees shall be measured on the grant date. For share-based payment transactions immediately available upon grant, the Group will book relevant costs or expenses in accordance with the fair value of equity instruments on grant date and increase the capital reserve accordingly. For share-based payment transactions not available until completing the service within the waiting period or meeting the required performance conditions, the Group will make the best estimate of the number of available equity instruments on each Balance Sheet date within the cooling-off period according to the latest acquired follow-up information such as the change in the number of employees with the latest available rights. On this basis, the services acquired in the current period are included in the relevant costs or expenses, and booked into the capital reserve accordingly as per the fair value on the grant date of equity instruments.

Equity-settled share-based payment in return for services provided by any other party shall be disposed of according to the following circumstances: If the fair value of services provided by any other party is measurable in a reliable way, the payment shall be measured at the fair value of the services on the acquisition date; if the fair value of services cannot be measured reliably, but the fair value of equity instruments can be measured reliably, the payment shall be measured according to the fair value of equity instruments on the service acquisition date, and recorded into relevant costs or expenses, with shareholders' equity to be increased accordingly.

When the Group accepts services without settlement obligations and the equity instrument granted to the employee is the ultimate controlling party of the Company or its controlled subsidiaries other

than the Group, the Group treats the share-based payment plan as a share-based payment for equity settlement.

37. Preferred shares, perpetual bonds and other financial instruments

☐ Applicable ☒ Not applicable

38. Revenue

(1). Accounting policies used for revenue recognition and measurement

☒ Applicable ☐ Not applicable

Revenue is the total inflow of economic benefits arising in the ordinary course of the Group's activities, which results in an increase in shareholders' equity and is unrelated to the capital invested by shareholders.

The Group recognizes revenue when it has fulfilled its contractual performance obligations, i.e. when the customer has acquired control of the goods or services.

If there are two or more performance obligations in the contract, the Group will apportion the transaction price to each single performance obligation according to the relative proportion of the separate selling price of the goods or services promised by the single performance obligation at the beginning of the contract, and the revenue shall be measured according to the transaction price apportioned to each single performance obligation. Separate selling price refers to the price at which the Group sells goods or renders services to customers separately. Where the separate price cannot be directly observed, the Group shall give full consideration to all reasonably available information and estimate separate prices by using observable inputs to the maximum extent.

For contracts with quality assurance clauses, the Group analyzes the nature of the quality assurance. If the quality assurance provides a separate service in addition to assuring customers that the goods sold meet the established standards, the Group regards it as a single performance obligation. Otherwise, the Group shall conduct accounting treatment in accordance with the *Accounting Standards for Business Enterprises No. 13 - Contingencies*.

The transaction price refers to the amount of consideration that the Group expects to collect for transfer of goods or services to the customer, excluding the amount collected by third parties. The transaction price recognized by the Group does not exceed the amount that is highly unlikely to result in a material reversal of the cumulative recognized revenue upon the elimination of the relevant uncertainty. Where the contract contains a significant financing component, the Group determines the transaction price according to the amount payable in cash by the customer to acquire control over goods or services. The difference between the transaction price and contract consideration is amortized by effective interest method during the contract period. The amounts expected to be returned to customers shall be regarded as return liabilities and not booked into the transaction price.

If one of the following conditions is satisfied, the Group performs its performance obligations within a certain period of time, otherwise, at some point:

- The customer obtains and consumes the economic benefits brought by the Group while performing the contract.
- The customer can control the goods in process during the Group's performance.
- The goods produced by the Group during the performance are irreplaceable, and the Group is entitled to receive payment for the portion of performance accumulated to date throughout the term of the contract.

If the performance obligations are done within a certain period of time, the Group will recognize the revenue according to the progress of the performance within that period of time. If the performance progress cannot be reasonably determined and the costs incurred by the Group are expected to be compensated, the revenue shall be recognized according to the costs incurred, until the performance progress can be reasonably determined.

If the performance obligations are done at some point, the Group shall recognize the revenue at the time when the customer acquires control over the goods or services. When determining whether the customer has acquired control over goods or services, the Group will consider the following:

- The Group enjoys the current right of collection in respect of the goods or services.
- The Group has transferred the physical goods to the customer.
- The Group has transferred the legal ownership of goods or the main risks and rewards of ownership to the customer.
- The customer has accepted the goods or services, etc.

For the changes to the scope or price of the primary contract approved by the parties, the Group will make accounting treatment for the changes according to the following circumstances:

- If the changes supplement the clearly distinguishable goods and the contract price, and the new contract price reflects the separate price for new goods, the changes will be treated as a separate contract.
- If the changes do not fall into the above circumstances, and the transferred goods or services rendered on the date of contract change can be clearly distinguished from those not transferred or rendered, the primary contract shall be regarded as terminated. Meanwhile, the unperformed part of the primary contract and the changes are merged into a new contract.
- If the changes do not fall into the above circumstances, i.e., the transferred goods or services rendered on the date of contract change cannot be clearly distinguished from those not transferred or rendered, the changes shall be treated as an integral part of the primary contract and the resulting impact on the recognized revenue shall be adjusted on the current revenue on the date of contract change.

The Group's right to collect consideration for transfer of goods or services to customers (depending on factors other than the passage of time) is presented as contractual assets. The impairment on the contractual assets shall be accrued on the basis of expected credit loss (see Note V. 10(6)). The Group's right to unconditionally (only dependent on the passage of time) charge consideration from customers is presented as receivables. The Group presents the obligation to transfer goods or render

services to customers for considerations received or receivable from customers as contractual liabilities.

The specific accounting policies relating to the Group's major activities for generating revenue are described below:

- Revenue from sales of goods

According to the sales contract, the Group shall deliver the goods to the place designated by the customers, complete the installation and debugging, and recognize the revenue while obtaining final acceptance notes from the customers. Besides the revenue from sales of goods to be accepted by customers, the Group usually recognizes the revenue after the products are shipped to the agreed place of delivery and signed by the Buyer as per the sales contract.

- Revenue from rendering labor services

The Group provides separate quality assurance services to customers, and according to the specific terms of the quality assurance service contract, recognize the revenue on the completion or during the rendering of the quality assurance service. In addition to separate quality assurance services, the Group provides customers with disassembly and reassembly services of intelligent sorting equipment. According to the labor service contract, the Group recognizes the revenue after the completion of the disassembly and reassembly services.

- Revenue from technical services

The Group's revenue from technical services is mainly from the installation and use of intelligent sorting equipment and the upgrading of sorting system software. According to the technical service contract, the Group recognizes the revenue after the completion of technical services.

(2). The application of different operation models to the same business results in the differences in accounting policies for revenue recognition.

☐ Applicable ☒ Not applicable

39. Contract costs

☒ Applicable ☐ Not applicable

Contract costs include the incremental cost incurred to acquire the contract and the cost of contract performance.

The incremental cost incurred to acquire the contract is defined as the cost that would not have been incurred otherwise. If the incremental cost is expected to be recovered, the Group will recognize it as an asset, i.e., the contract acquisition cost. Where other expenditures incurred by the Group to acquire

the contract other than the incremental cost are expected to be recovered, they shall be included in current profit or loss when incurred.

If the cost incurred for the contract performance does not fall within the scope of accounting standards for business enterprises such as inventory and meets the following conditions, the Group will recognize it as an asset, i.e., the cost of contract performance:

- The cost is directly related to a current or expected contract, including direct labor cost, direct material/manufacture cost (or similar costs), cost to be borne by the customer and other costs incurred solely as a result of the contract.
- This cost increases the resources available to the Group to fulfill performance duties in the future.
- The cost is expected to be recovered.

The asset recognized from contract acquisition cost and the asset recognized from contract performance cost (hereinafter referred to as “assets relating to contract costs”) shall be amortized on the same basis as that for recognizing the revenue from the assets-related goods or services and recorded into current profit or loss. If not amortized for more than one year, the assets recognized from the contract acquisition cost shall be recorded into current profit or loss when incurred.

When the carrying value of the assets relating to contract costs is higher than the difference between the following two items, the Group will accrue the provision for impairment for the excess part and recognize it as asset impairment loss:

- The remaining consideration to be received by the Group as a result of the transfer of goods or services related to such assets.
- The estimated costs to be incurred for the transfer of the goods or services.

40. Government subsidy

☒ Applicable ☐ Not applicable

Government subsidy refers to the monetary or non-monetary assets obtained free of charge by the Group from the government, but does not include the capital invested by the government in the Group as an investor.

When made available, the government subsidy shall be recognized if the relevant conditions are satisfied.

In case of monetary assets, the government subsidy shall be measured according to the amount received or accrued. In case of the non-monetary asset, the government subsidy shall be measured at fair value.

Government subsidies acquired by the Group, used to acquire long-term assets or otherwise form long-term assets are deemed as asset-related government subsidies. Other government subsidies acquired by the Group other than those related to assets shall be regarded as income-related government subsidies. The asset-related government subsidies shall be recognized by the Group as the deferred income, and shall be recorded by installment into other income or non-operating revenue in a reasonable and systematic manner within the service life of the assets. The income-related government subsidies shall, if they are used for compensating the future expenses or losses of the Group, be recognized by the Group as the deferred income, and be recorded into other income or non-operating revenue of the period when the expenses or losses are recognized. Otherwise, they are directly recorded into other income or non-operating revenue.

41. Special reserves

The production safety costs withdrawn by the Group in accordance with national regulations are recorded into the cost of relevant products or current profit or loss, and are also included in special reserves.

When used by the Group, the special reserves shall, in case of any expenses, be directly written off. Where fixed assets are formed, the relevant assets shall be recognized as fixed assets when they reach the intended serviceability; meantime, the special reserves shall be written down at the cost of forming fixed assets, and the cumulative depreciation of the same amount shall be recognized. The fixed assets will no longer be depreciated in subsequent periods.

42. Deferred income tax assets/liabilities

☒ Applicable ☐ Not applicable

In addition to the income taxes arising from business combination and transactions or events directly included in owner's equity (including other comprehensive income), the Group shall book current income tax and deferred income tax into current profit or loss.

The current income tax is the expected income tax payable based on the tax rate specified by the tax law and the taxable income for the current year, plus any adjustment of income tax payable in previous years.

At the Balance Sheet date, if the Group has the legal right to net settlement and intends to net settlement or to acquire assets and settle liabilities simultaneously, the net offset of current income tax assets and current income tax liabilities is presented.

The deferred income tax assets or deferred income tax liabilities shall be recognized according to the taxable temporary difference or deductible temporary difference, respectively. A temporary difference is the difference between the carrying value of assets or liabilities and their tax basis, including deductible losses and tax credits that can be carried forward for subsequent years. Deferred income tax assets are recognized to the extent that taxable income is likely to be obtained to offset the deductible temporary differences.

If the transaction is not part of the business combination transaction and does neither affect the accounting profit nor taxable income (or deductible loss) at the time of the transaction, the temporary differences arising from the transaction will not incur the deferred income tax.

On the Balance Sheet date, the Group shall, based on the expected recovery or settlement method of deferred tax assets and liabilities, measure the carrying amount of deferred income tax assets and liabilities at the applicable tax rate during the period when the assets are expected to be recovered or the liabilities are to be paid off according to the enacted tax laws.

At the Balance Sheet date, the Group shall review the carrying value of deferred income tax assets. Please write down the carrying value of the deferred income tax assets if enough taxable income is probably not available to offset the benefit of the deferred income tax assets in the future period. Where sufficient taxable income is likely to be available, the amount written down shall be transferred back.

At the Balance Sheet date, deferred income tax assets and liabilities are presented as the net offset if the following conditions are met:

- The taxpayer has the legal right to settle the current income tax assets and liabilities on a net basis.
- Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxpayer or different taxpayers which intend either to settle current income tax assets and liabilities on a net basis or to acquire assets and pay off liabilities simultaneously within the period during which each future material deferred income tax assets and liabilities are transferred back.

41. Leases

(1). Accounting treatment of operating lease

☐ Applicable ☒ Not applicable

(2). Accounting treatment of finance lease

☐ Applicable ☒ Not applicable

(3). Determination method and accounting treatment of leases under new lease standards

☒ Applicable ☐ Not applicable

Lease refers to a contract in which the Leaser transfers the right to use the asset to the Lessee within a certain period to obtain consideration.

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. If any party assigns the right to control one or more identified assets during a certain period in exchange for consideration, such contract is, or contains, a lease.

In order to determine whether the contract assigns the right to control the identified assets within a certain period, the Group makes the following assessment:

- Whether the contract involves the use of identified assets. The identified asset may be explicitly specified by the contract or implicitly specified when the asset is available to the customer and is physically distinguishable, or if any part of the asset's capacity or other parts are physically indistinguishable but substantially represent the entire capacity of the asset, thereby enabling the customer to reap virtually all the economic benefits arising from the use of the asset. An asset is not an identified one if the asset provider has substantial replacement rights for the asset throughout its life.
- Whether the Lessee is entitled to virtually all economic benefits arising from the use of the identified assets during the term of use.
- Whether the Lessee has the right to direct the use of the identified assets during such term.

If a number of separate leases are contained in one contract, the Lessee and Leaser shall split the contract and make accounting treatment for each separate lease. Where the contract contains both lease and non-lease parts, Lessee and Leaser shall split the lease part from the non-lease one. In splitting the lease and non-lease parts, the Lessee shall apportion the contract consideration in the relative proportion to the sum of the separate prices of each lease part and the separate prices of the non-lease part. The Leaser shall apportion the contract consideration in accordance with the accounting policies for transaction price apportionment set out in Note V. 38.

(1) The Group as a Lessee

On the commencement date of the lease term, the Group recognizes the right-of-use asset and lease liabilities for the lease. The right-of-use assets are initially measured by cost, including initial measurement amount of the lease liabilities, lease payments (deducting the amount related to the lease incentives) on or before the first day of the lease term, initial direct costs incurred and costs expected to dismantle and remove lease assets, rehabilitate the premises where the lease assets are located, or restore the lease assets to the state as agreed in the lease terms.

The Group uses the straight-line method to depreciate the right-of-use assets. Where the ownership of the leased assets can be reasonably determined at the expiry of lease term, the lease assets shall be depreciated by the Group over its remaining service life. Or, the leased assets shall be depreciated over the shorter of the lease term and the remaining service life of the leased assets. The right-of-use assets shall be provided for impairment in accordance with the accounting policies set forth in Note V. 30.

The lease liabilities are initially measured according to the present value of the outstanding lease payment at the commencement date of the lease term, and the discount rate is the inherent interest rate of the lease. If the inherent interest rate of the lease cannot be determined, the Group's incremental borrowing rate shall be used as the discount rate.

The Group calculates the interest expense of the lease liabilities in each period of the lease term at the fixed periodic rate, and records it into the current profit or loss or the related asset cost. Variable lease payments not included in the measurement of lease liabilities shall be recorded into current profit or loss or the asset cost when actually incurred.

After the commencement of the lease term, the Group shall remeasure the lease liabilities according to the present value of the changed lease payment in case of the following circumstances:

- Any change in the amount payable as expected based on the guaranteed residual value.
- Change in the index or ratio used to determine lease payments.
- Change in the Group's evaluation results regarding call option, renewal option or termination of lease option, or inconsistency between the actual exercise and original evaluation of such renewal option or termination of lease option.

When the lease liabilities are remeasured, the Group adjusts the book value of the right-of-use assets accordingly. If the book value of the right-of-use assets has been reduced to zero, but lease liabilities still need to be further reduced, the Group shall book the remaining amount into current profit or loss.

The Group has chosen not to recognize right-of-use assets and lease liabilities for short-term lease (with a lease term not exceeding 12 months) and low-value asset lease, and recorded the relevant lease payments into the current profit or loss or related asset costs in each period of the lease term according to the straight-line method.

(2) The Group as the Leaser

On the commencement date of the lease, the Group classifies the lease into finance lease and operating lease. Finance leases refer to leases in which substantially all risks and rewards related to the ownership of lease assets are transferred regardless of whether ownership is eventually transferred. Operating leases refer to those other than the finance leases.

When the Group serves as Leaser of the sublease, the sublease shall be classified according to right-of-use assets (rather than the underlying assets) based on the original lease. If the original lease is a short-term lease and the Group chooses to apply the simplified treatment of the short-term lease to the original lease, the sublease is treated as an operating lease.

Under the finance lease, on the commencement date of the lease term, the Group recognizes the financial lease receivables and derecognizes the finance lease assets. When the Group makes the initial measurement of finance lease receivables, the net lease investment is taken as the recorded value of the finance lease receivables. Net lease investment is the sum of unsecured residual value and the present value of outstanding lease receipts discounted at the inherent interest rate of the lease on the commencement date of the lease term.

The Group calculates and recognizes the interest income in each period of the lease term at the fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with the accounting policies described in Note V. 10. Variable lease payments not included in the measurement of the net lease investment are recorded in current profit or loss when actually incurred.

The lease receipts of an operating lease are recognized as rental income during the lease term according to the straight-line method. The Group capitalizes the initial direct costs incurred in connection with the operating lease, and apportions them over the lease term on the same basis as recognition of rent income, and amortizes them into the current profit or loss. Variable lease payments not included in lease proceeds are recorded in current profit or loss when actually incurred.

42. Other significant accounting policies and accounting estimates

☒ Applicable ☐ Not applicable

Unless otherwise stated, the Group measures fair value on the following basis:

Fair value refers to the price that market participants can receive by selling an asset or pay for transferring a liability in the orderly transactions at the date of measurement.

In estimating the fair value, the Group takes into account the characteristics considered by market participants when pricing the underlying asset or liability on the measurement date (including the status and location of assets, restrictions on the sale or use of assets), and adopts valuation techniques applicable in the current situation and supported by sufficiently available data and other information. The valuation techniques used mainly include market approach, income approach and cost approach.

Dividend distribution

After the Balance Sheet date, the profits to be distributed in the approved profit distribution plan shall not be recognized as the liabilities, but disclosed separately in the Notes.

Affiliates

Affiliates are constituted when one party controls, jointly controls or exerts significant influence over another party, and two or more parties are under the control, joint control of the same party. The affiliates may be individuals or enterprises. Enterprises solely subject to the same state control instead of other affiliate relationships are not affiliates.

In addition, the Company shall determine the Group's or the Company's affiliates in accordance with the *Administrative Measures for the Disclosure of Information of Listed Companies* promulgated by China Securities Regulatory Commission.

Segment reporting

The Group determines the operating segment on the basis of its internal organizational structure, management requirements and internal reporting system. Two or more operating segments with similar economic characteristics may be consolidated into one operating segment if they are identical or similar in the nature of any single product or service, the nature of the production process, the

customer types of products or services, the ways of sale of products or provision of services, the production of products and the provision of services subject to laws and administrative regulations, etc. Based on the operating segments, the Group determines the reporting segments after considering the principle of materiality.

When the Group prepares segment reports, the inter-segment transaction revenues shall be measured on the basis of the actual transaction price. Segment reports shall be prepared by following the accounting policies under which the Group prepares its financial statements.

Major accounting estimates and judgments

While preparing financial statements, the Management of the Group has to use estimates and assumptions, which will have an impact on the application of accounting policies and the amounts of assets, liabilities, revenues and expenses. The actual situation may differ from these estimates. The Group's Management continuously evaluates the judgment of key assumptions and uncertainties involved in the estimates, and the impact of the change in the accounting estimates is recognized in the current and future periods of the change.

In addition to accounting estimates related to the depreciation and amortization of assets such as fixed assets and intangible assets as well as the impairment of different types of assets, other major accounting estimates are as follows:

- (i) Note VII. 30 - Recognition of deferred income tax assets.
- (ii) Note VII. 50 - Accrued liabilities - product quality assurance.
- (iii) Note XI - Valuation of Fair Value of Financial Instruments.
- (iv) Note XIII - Share-based Payment.

43. Changes in significant accounting policies and accounting estimates

(1). Changes in significant accounting policies

√ Applicable □ Not applicable

Contents and reasons of changes in accounting policies	Approval procedure	Remarks (report items and amounts significantly affected)
See the details below	No approval required	See the details below

Other notes

In 2022, the Group implemented the relevant provisions and guidelines of the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance in recent years, mainly including:

- The provisions of *Interpretation No.15 of Accounting Standards for Business Enterprises* (CK [2021] No.35) ("Interpretation No.15") on "Accounting treatment of products or by-products

produced before fixed assets reach the intended serviceability or in the process of research and development" ("Accounting treatment of trial sales").

- The provisions of Interpretation No.15 on "Judgment of onerous contracts".
- *Notice on Issues Concerning the Application of the Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 Pandemic* (CK [2022] No.13);
- The provisions of *Interpretation No.16 of Accounting Standards for Business Enterprises* (CK [2022] No.31) ("Interpretation No.16") on "Accounting treatment of the income tax impact of dividends related to financial instruments classified by the issuer as equity instruments"; and
- The provisions of Interpretation No.16 on "Accounting treatment of the modification of stock payment settled in cash to stock payment settled in equity".

The adoption of the above provisions has not had a significant impact on the Group's financial position and operating results

(2). Changes in significant accounting estimates

☐ Applicable ☒ Not applicable

(3). The first implementation of the new accounting standards or interpretation of the standards from 2022 involves adjusting the financial statements at the beginning of the first implementation year

☐ Applicable ☒ Not applicable

44. Others

☐ Applicable ☒ Not applicable

VI. Taxes

1. Major tax categories and rates

Major tax categories and rates

☒ Applicable ☐ Not applicable

Tax category	Taxation basis	Tax rate
Value-added tax	Output tax shall be calculated based on revenue arising from sales of goods and taxable services as required by tax laws, and after deducting deductible input tax of current period, the	13%/7%/6%

	balance is the VAT payable.	
Local education surcharges	Levied on the actual VAT paid	2%
Educational surcharge	Levied on the actual VAT paid	3%
Urban maintenance and construction tax	Levied on the actual VAT paid	7%/5%
Corporate income tax	Levied on the amount of taxable income	9%-25%

Please specify the taxpayers with different enterprise income tax rates

√ Applicable ☐ Not applicable

Name of taxpayers	Income tax rate (%)
The Company	15
Anhui Wayzim Logistics Equipment Manufacturing Co., Ltd. ("Wayzim Anhui")	25
Wayzim Intelligent Sensing Technology (Hangzhou) Co., Ltd. ("Intelligent Sensing")	25
Jiangsu Zhongke Guanwei Automation Technology Co., Ltd. ("Zhongke Guanwei")	25
Wayzim Artificial Intelligence Technology Research and Development (Jiangsu) Co., Ltd. ("Wayzim R&D")	25
Guangdong Wayzim Intelligent Manufacturing Technology Co., Ltd. ("Wayzim Guangdong")	20
Zhitong Intelligent Technology (Shanghai) Co., Ltd. ("Zhitong Intelligent")	20
Wayzim Automation Technology (Chengdu) Co., Ltd. ("Wayzim Chengdu")	20
Wayzim Automation Technology (Jiangxi) Co., Ltd. ("Wayzim Jiangxi")	20
Jiangxi Zhongwei Intelligent Equipment Co., Ltd. ("Jiangxi Zhongwei")	20
Anhui Zhongwei Intelligent Equipment Co., Ltd. ("Anhui Zhongwei")	20
Anhui Wayzim Power Technology Co., Ltd.	20

("Power Technology")	
WAYZIM TECHNOLOGY PTE. LTD. ("Wayzim Singapore")	17
WAYZIM TECHNOLOGY SDN. BHD. ("Wayzim Malaysia")	24
W Limited Liability Company <WAYZIM TECHNOLOGE> ("Wayzim Russia")	20
WAYZIM TECHNOLOGY (THAILAND) CO., LTD. ("Wayzim Thailand")	20
WAYZIM TECHNOLOGY LTD. ("Wayzim UK")	19
WAYZIM HUNGARY KFT. ("Wayzim Hungary")	9
WAYZIM TECHNOLOGY GmbH ("Wayzim Germany")	Note 1
WAYZIM TECHNOLOGY INC. ("Wayzim USA")	Note 2

Note 1: It is located in Dusseldorf, Germany. The corporate income tax is divided into federal income tax and Dusseldorf income tax. The federal income tax is 15%, and Dusseldorf income tax 15.4%.

Note 2: It is located in Delaware, USA. The corporate income tax is divided into federal income tax and Delaware income tax. The federal income tax is 21%, and Delaware income tax 8.7%.

2. Tax preference

☒ Applicable ☐ Not applicable

In accordance with Article 28 of the *Enterprise Income Tax Law of the People's Republic of China*, the enterprise income tax shall be levied at a reduced rate of 15% on the accredited new and high-tech enterprises. The Company obtained the high-tech enterprise Certificate (No.: GR202132006502) on November 30, 2021. As a result, the Company enjoys a preferential tax rate of 15% from 2021 to 2023.

According to the *Announcement of the Ministry of Finance and the State Taxation Administration on the Implementation of Preferential Income Tax Policies for Small and Micro Businesses and Individual Businesses* (CS [2021] No.12), from January 1, 2021 to December 31, 2022, small and low-profit enterprises whose annual taxable income does not exceed CNY 1 million, shall pay the taxable income at a rate of 12.5% and the enterprise income tax at a rate of 20%. Those with annual taxable incomes of CNY 1-3 million shall pay the taxable income at a rate of 50% and the enterprise

income tax at a rate of 20%. Wayzim Guangdong, Intelligent Sensing, and Zhitong Intelligent enjoyed the above preferential tax policies in 2021, Wayzim Guangdong, Zhitong Intelligent, Wayzim Chengdu, Wayzim Jiangxi, and Jiangxi Zhongwei enjoyed the above preferential tax policies in 2022.

3. Others

☐ Applicable ☒ Not applicable

VII. Notes to Items in Consolidated Financial Statements

1. Monetary fund

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Bank deposits	424,357,143.40	1,475,887,349.75
Other monetary funds	36,900,499.23	21,917,932.24
Total	461,257,642.63	1,497,805,281.99
Including: Total overseas deposits	3,105,638.08	399,510.50

Other notes

On December 31, 2022, other monetary funds include the Group's guarantee deposit of CNY 1,183,040.00 and frozen funds of CNY 2,800,000.00 in Bank of Communications, the guarantee deposit of CNY 932,025.40 in Everbright Bank, the guarantee deposit of CNY 650,643.83 in the Bank of China, the guarantee deposit of CNY 1,334,790.00 in Agricultural Bank of China, and certificate of deposit of CNY 30,000,000.00 in China Merchants Bank.

As of December 31, 2021, other monetary funds include the Group's guarantee deposit of CNY 3,374,470.40 in Bank of Communications, CNY 8,543,461.84 in HSBC, and the certificate of deposit of CNY 10,000,000.00 by Wayzim Anhui in China Merchants Bank.

2. Trading financial assets

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Financial assets measured at fair value through current profit or loss	1,248,763,114.45	996,789,577.20
Including:		

Asset management product	1,246,612,504.45	996,789,577.20
Exchange forward contracts	2,150,610.00	-
Total	1,248,763,114.45	996,789,577.20

Other notes:

☐ Applicable ☒ Not applicable

3. Derivative financial assets

☐ Applicable ☒ Not applicable

4. Notes receivable

(1). Notes receivable by category

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Bank's acceptance bills	-	2,020,000.00
Total	-	2,020,000.00

(2). Notes receivable pledged by the Company at the end of the period

☐ Applicable ☒ Not applicable

(3). Notes receivable endorsed or discounted by the Company at the end of the period and yet undue on the Balance Sheet date

☐ Applicable ☒ Not applicable

(4). Bills transferred to accounts receivable by the Company at the end of the period due to non-performance of the drawer

☐ Applicable ☒ Not applicable

(5). Disclosure by provision for bad debts

☐ Applicable ☒ Not applicable

Provision for bad debts by individual item:

☐ Applicable ☒ Not applicable

Provision for bad debts by combination:

☐ Applicable ☒ Not applicable

In case of provision for bad debts by the general model of expected credit loss, please disclose the relevant information by referring to other receivables:

☐ Applicable ☒ Not applicable

(6). Provision for bad debts

☐ Applicable ☒ Not applicable

(7). Notes receivable actually written off in current period

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

5. Accounts receivable

(1). Disclosure by aging

☒ Applicable ☐ Not applicable

Unit: CNY

Aging	Ending book balance
Within 1 year	
Including: Within one year (itemized)	
Within 1 year	651,631,742.66
Subtotal for aging within one year	651,631,742.66
1-2 years	317,826,763.49
2-3 years	40,634,480.85
More than 3 years	7,166,451.05
Total	1,017,259,438.05

(2). Disclosure by provision for bad debts

☒ Applicable ☐ Not applicable

Unit: CNY

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of accrual (%)		Amount	Proportion (%)	Amount	Proportion of accrual (%)	
Provision for bad debts by individual item	6,248,770.00	1	6,248,770.00	100						
Provision for bad debts by portfolio	1,011,010,668.05	99	152,809,178.20	15	858,201,489.85	884,321,189.11	100	69,532,847.02	8	814,788,342.09
Total	1,017,259,438.05	100	159,057,948.20	16	858,201,489.85	884,321,189.11	100	69,532,847.02	8	814,788,342.09

Provision for bad debts by individual item:

√ Applicable ☐ Not applicable

Unit: CNY

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of accrual (%)	Reason for accrual
Suning Logistics (Shenzhen) Co., Ltd.	3,432,000.00	3,432,000.00	100	Expected to be uncollectible
Beijing Neolix Technology Co., Ltd.	1,750,000.00	1,750,000.00	100	Expected to be uncollectible

Dongguan Lianhua Freight Forwarding Co., Ltd.	639,784.48	639,784.48	100	Expected to be uncollectible
Tian Tian Express Co., Ltd.	426,985.52	426,985.52	100	Expected to be uncollectible
Total	6,248,770.00	6,248,770.00	100	/

Note to provision for bad debts by individual item:

☐ Applicable ☒ Not applicable

Provision for bad debts by combination:

☒ Applicable ☐ Not applicable

Portfolio provision item: Accounts receivable

Unit: CNY

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Proportion of accrual (%)
Subtotal for aging within one year	649,764,747.49	32,488,237.33	5%
1-2 years	317,826,763.49	95,348,029.05	30%
2-3 years	36,892,490.50	18,446,245.25	50%
More than 3 years	6,526,666.57	6,526,666.57	100%
Total	1,011,010,668.05	152,809,178.20	/

Recognition criteria and notes to provision for bad debts by portfolio:

☒ Applicable ☐ Not applicable

For accounts receivable, as a portfolio with similar credit risk characteristics, the Group calculates the expected credit loss based on the historical actual credit loss rate, and takes into account the economic situation during the collection of historical data, the current financial situation and the forecast of future economic conditions.

The Group always measures the provision for impairment of accounts receivable in accordance with the amount equivalent to the expected credit loss in the duration, and calculates its expected credit loss based on the comparison table between expected days and overdue credit loss rate. Based on the historical experience of the Group, there is no significant difference between different customer segments. Therefore, different customer segments are not further distinguished in the calculation of provision for bad debts.

Default loss rates are calculated based on past experience with actual credit losses and are adjusted for differences among economic conditions during the period of historical data income, current financial position and economic conditions in the Group's view for the expected duration.

In case of provision for bad debts by the general model of expected credit loss, please disclose the relevant information by referring to other receivables:

☐ Applicable ☒ Not applicable

(3). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: CNY

Category	Beginning balance	The amount of change in the current period				Ending balance
		Accrual	Recovered or transferred back	Write-off/charge-off	Other changes	
Provision for bad debts by individual item	-	6,248,770.00	-			6,248,770.00
Provision for bad debts by portfolio	69,532,847.02	110,423,904.03	27,147,888.86	-	316.01	152,809,178.20
Total	69,532,847.02	116,672,674.03	27,147,888.86	-	316.01	159,057,948.20

The significant amounts recovered or transferred back for provision for bad debts in the current period:

☐ Applicable ☒ Not applicable

(4). Accounts receivable actually written off in current period

☐ Applicable ☒ Not applicable

(5). Accounts receivable of top 5 companies in terms of ending balance collected by debtor:

☒ Applicable ☐ Not applicable

Unit: CNY

Company name	Ending balance	Proportion in total ending balance of accounts receivable (%)	Ending balance of provision for bad debts
Shanghai Zhongtongji Network Technology Ltd.	364,034,302.01	35.79	64,450,404.75
Wayzim (Hangzhou) Intelligent Manufacturing Technology Co., Ltd. ("Wayzim Hangzhou")	54,619,734.80	5.37	6,458,117.73
Yiwu Surui Express Co., Ltd.	41,063,741.72	4.04	10,920,398.32
Hangzhou Zhongtongji Technology Co., Ltd.	33,841,904.45	3.33	6,205,909.46
J&T Express (Malaysia) SDN. BHD.	32,540,972.90	3.20	2,161,313.56
Total	526,100,655.88	51.73	90,196,143.82

Other notes

None

(6). Accounts receivable derecognized due to transfer of financial assets

☐ Applicable ☒ Not applicable

(7). Assets and liabilities resulting from transfer of accounts receivable and continuous involvement

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

6. Receivables-based financing

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Bank's acceptance bills	200,000.00	1,281,800.00

Total	200,000.00	1,281,800.00
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Increase/decrease of receivables-based financing in the current period and changes in fair value:

☐ Applicable ☒ Not applicable

In case of provision for bad debts by the general model of expected credit loss, please disclose the relevant information by referring to other receivables:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

7. Advance payment

(1). Advance payments presented by aging

☒ Applicable ☐ Not applicable

Unit: CNY

Aging	Ending balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	59,250,734.06	83.91	102,383,010.33	99.12
1-2 years	11,143,568.50	15.78	692,203.46	0.67
More than 2 years	215,992.54	0.31	214,868.61	0.21
Total	70,610,295.10	100.00	103,290,082.40	100.00

Explanation of reasons for failure to timely settle advance payments with aging more than 1 year and significant amount:

Failure to receive goods or services

(2). Advance payments of top 5 companies in terms of ending balance collected by supplier

☒ Applicable ☐ Not applicable

Company name	Ending balance	Proportion in total ending balance of advance payments (%)
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Wuxi Shengmai Precision Manufacturing Technology Co., Ltd.	7,724,748.15	10.94
Jiangsu Hengshengtai Industrial Control System Co., Ltd.	6,991,289.53	9.90
Wuxi Furuixin Electrical Equipment Co., Ltd.	5,112,832.57	7.24
Meilingge Intelligent Equipment (Shenzhen) Co., Ltd.	4,689,169.33	6.64
Wuxi Gefan Technology Co., Ltd.	4,638,651.08	6.57
Total	29,156,690.66	41.29

Other notes

None

Other notes

☐ Applicable ☒ Not applicable

8. Other receivables

List of items

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Amounts due from affiliates	-	63,528.00
Amounts due from third parties	11,946,292.27	5,895,098.04
Less: Provision for bad debts	950,127.07	443,814.13
Total	10,996,165.20	5,514,811.91

Other notes:

☐ Applicable ☒ Not applicable

Interests receivable

(1). Category of interests receivable

☐ Applicable ☒ Not applicable

(2). Material overdue interests

☐ Applicable ☒ Not applicable

(3). Accrual of provision for bad debts

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

Dividends receivable**(4). Dividends receivable**

☐ Applicable ☒ Not applicable

(5). Significant dividends receivable with aging over 1 year

☐ Applicable ☒ Not applicable

(6). Accrual of provision for bad debts

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

Other receivables**(1). Disclosure by aging**

☒ Applicable ☐ Not applicable

Unit: CNY

Aging	Ending book balance
Within 1 year	
Including: Within one year (itemized)	
Within 1 year	11,100,620.44
Subtotal for aging within one year	11,100,620.44
1-2 years	342,449.31
2-3 years	421,722.52
More than 3 years	81,500.00

Total	11,946,292.27
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(2). Classification by payment nature

√ Applicable □ Not applicable

Unit: CNY

Nature of payment	Ending book balance	Beginning book balance
Bid and project security	7,483,732.17	4,263,900.00
Pretty cash for employees	94,100.00	152,982.93
Reimbursed utilities	1,982,036.22	-
Others	2,386,423.88	1,541,743.11
Less: Provision for bad debts	-950,127.07	-443,814.13
Total	10,996,165.20	5,514,811.91

(7). Accrual of provision for bad debts

√ Applicable □ Not applicable

Unit: CNY

	Stage I	Stage II	Stage III	
Provision for bad debts	Expected credit loss in the next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss for the entire duration (with credit impairment)	Total
Balance on January 1, 2022	420,914.13	-	22,900.00	443,814.13
-Transferred to Stage III	-	-	-	-
Provision in the current period	733,666.46	-	-	733,666.46
Transferred back in the current period	207,421.26	-	20,900.00	228,321.26

Write-off in the current period	-	-	-	-
Charge-off in the current period	-	-	-	-
Other changes	967.74	-	-	967.74
Balance on December 31, 2022	948,127.07	-	2,000.00	950,127.07

Description for significant change of book balance of other receivables due to change of loss provision of current period:

☐ Applicable ☒ Not applicable

The basis for provision for bad debts of current period and evaluation on significant increase in credit risk of financial instrument is as follows:

☐ Applicable ☒ Not applicable

(8). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: CNY

Category	Beginning balance	The amount of change in the current period				Ending balance
		Accrual	Recovered or transferred back	Write-off/charge-off	Other changes	
Provision for bad debts by portfolio	443,814.13	733,666.46	228,321.26	-	967.74	950,127.07
Total	443,814.13	733,666.46	228,321.26	-	967.74	950,127.07

The significant amounts recovered or transferred back for provision for bad debts in the current period:

☐ Applicable ☒ Not applicable

(9). Other receivables actually written off in the current period

☐ Applicable ☒ Not applicable

(10). Other receivables of top 5 companies in terms of ending balance collected by debtor

☒ Applicable ☐ Not applicable

Unit: CNY

Company name	Nature of payment	Ending balance	Aging	Proportion in the total ending balance of other receivables (%)	Provision for bad debts Ending balance
Chuzhou Lishen New Energy Technology Co., Ltd.	Security deposit	900,000.00	Within one year	8	45,000.00
Anhui Conch Zhongnan Intelligent Robot Co., Ltd.	Security deposit	678,660.00	Within one year	6	33,933.00
Hangzhou Xiniao Logistics Technology Co., Ltd.	Security deposit	600,000.00	Within one year	5	30,000.00
Zhejiang Branch of China Post Group Co., Ltd.	Security deposit	500,000.00	Within one year	4	25,000.00
Chengdu Yutong Printing Co., Ltd.	Security deposit	500,000.00	Within one year	4	25,000.00
Total	/	3,178,660.00	/	27	158,933.00

(11). Accounts receivable involving government subsidies
☐ Applicable ☒ Not applicable
(12). Other receivables derecognized due to transfer of financial assets
☐ Applicable ☒ Not applicable
(13). Assets and liabilities resulting from transfer of other receivables and continuous involvement
☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable**9. Inventory****(1). Inventory category**☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance			Beginning balance		
	Book balance	Inventory falling price reserves/provision for impairment of contract performance cost	Book value	Book balance	Inventory falling price reserves/provision for impairment of contract performance cost	Book value
Raw materials	316,530,043.79	52,617,289.70	263,912,754.09	278,344,380.37	20,113,642.18	258,230,738.19
Goods in process	1,275,498,705.62	39,411,483.41	1,236,087,222.21	1,741,624,451.89	22,268,555.25	1,719,355,896.64
Total	1,592,028,749.41	92,028,773.11	1,499,999,976.30	2,019,968,832.26	42,382,197.43	1,977,586,634.83

The Group takes the costs related to transportation activities that do not constitute a single performance obligation as the cost of contract performance, and eventually carried forward to the operating cost.

(2). Inventory falling price reserves and provision for impairment of contract performance cost☒ Applicable ☐ Not applicable

Unit: CNY

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Accrual	Others	Carrying over or	Others	

				write-off		
Raw materials	20,113,642 .18	32,503,647 .52	-	-	-	52,617,289 .70
Goods in process	22,268,555 .25	40,271,021 .18	-	23,128,093 .02	-	39,411,483 .41
Total	42,382,197 .43	72,774,668 .70	-	23,128,093 .02	-	92,028,773 .11

(3). Ending balance of inventories containing capitalization amount of borrowing expenses

□ Applicable √ Not applicable

(4). Explanation for the current amortization amount of the contract performance cost

□ Applicable √ Not applicable

Other notes

√ Applicable □ Not applicable

The net realizable value of inventory is the estimated selling price less the estimated cost to be incurred until completion, estimated selling expenses and related taxes. The reasons for transferring back or writing off the inventory falling price reserves during the year are completion of projects, recognition of revenue costs, and inventory obsolescence. In addition, the inventory amount at the end of the year is not the capitalized amount of borrowing expenses.

10. Contractual assets**(1). Contractual assets**

√ Applicable □ Not applicable

Unit: CNY

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Retention money receivable	141,644,075.32	7,082,204.14	134,561,871.18	65,269,429.58	3,263,471.48	62,005,958.10
Total	141,644,075.32	7,082,204.14	134,561,871.18	65,269,429.58	3,263,471.48	62,005,958.10

(2). Amount of and reason for significant changes in the book value during the reporting period

☐ Applicable ☒ Not applicable

(3). Accrual of provision for impairment of contractual assets in the current period

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Provision in the current period	Transferred back in the current period	Write-off/charge-off in the current period	Reason
Accrual by portfolio	7,300,755.86	3,482,023.20	-	-
Total	7,300,755.86	3,482,023.20	-	-

In case of provision for bad debts by the general model of expected credit loss, please disclose the relevant information by referring to other receivables:

☐ Applicable ☒ Not applicable

Other notes:

☒ Applicable ☐ Not applicable

The contractual assets of the Group mainly relate to the quality assurance obligations in the contract of logistics sorting equipment between the Group and the customer on the Balance Sheet date, the amount of which is 5%-10% of the total contract price. The Group provides product quality assurance to the customers who purchase logistics sorting equipment, and provides free warranty for failures and quality problems within 1-3 years after the completion of final product inspection. When the warranty expires, the Group has the right to unconditionally receive the consideration of this part in the total contract price, and the contractual assets will be converted into accounts receivable. For contractual assets whose remaining warranty period exceeds 1 year on the Balance Sheet date, the Group shall include them into other non-current assets.

11. Held-for-sale assets

☐ Applicable ☒ Not applicable

12. Non-current assets due within one year

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
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Employee borrowings	238,000.00	700,000.00
Total	238,000.00	700,000.00

Significant debt investment and other debt investment at the end of the period:

☐ Applicable ☒ Not applicable

Other notes

None

13. Other non-current assets

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Input tax to be certified	25,786,064.72	20,600,513.18
Total	25,786,064.72	20,600,513.18

Other notes

None

14. Debt investment

(1). Debt investment

☐ Applicable ☒ Not applicable

(2). Significant debt investment at the end of the period

☐ Applicable ☒ Not applicable

(3). Accrual of provision for impairment

☐ Applicable ☒ Not applicable

Basis for provision for impairment of current period and evaluation on significant increase in credit risk of financial instrument

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

15. Other debt investment**(1). Other debt investment**

☐ Applicable ☒ Not applicable

(2). Significant other debt investment at the end of the period

☐ Applicable ☒ Not applicable

(3). Accrual of provision for impairment

☐ Applicable ☒ Not applicable

Basis for provision for impairment of current period and evaluation on significant increase in credit risk of financial instrument

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

16. Long-term receivables**(1). Long-term receivables**

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance			Beginning balance			Range of discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Employee borrowings	5,222,000.00	-	5,222,000.00	4,122,000.00	-	4,122,000.00	/
Security deposit and margin	957,988.00	-	957,988.00	-	-	-	/
Less: The part due within one year	238,000.00	-	238,000.00	700,000.00	-	700,000.00	/
Total	5,941,988.00	-	5,941,988.00	3,422,000.00	-	3,422,000.00	/

(2). Accrual of provision for bad debts

☐ Applicable ☒ Not applicable

The basis for provision for bad debts of current period and evaluation on significant increase in credit risk of financial instrument

☐ Applicable ☒ Not applicable

(3). Long-term receivables derecognized due to transfer of financial assets

☐ Applicable ☒ Not applicable

(4). Assets and liabilities resulting from transfer of long-term receivables and continuous involvement

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

17. Long-term equity investment

☐ Applicable ☒ Not applicable

18. Investment in other equity instruments

(1). Investment in other equity instruments

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Jiangxi YG Magnet Co., Ltd.	20,000,000.00	-
Total	20,000,000.00	-

(2). Investment in non-trading equity instruments

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Dividend income recognized in the current period	Cumulative gains	Cumulative losses	Amount transferred from other comprehensive income to retained earnings	Reasons for being designated as being measured at fair value through other comprehensive income	Reasons for transferring other comprehensive income to retained earnings

Jiangxi YG Magnet Co., Ltd.	-	-	-	-	To be held for long term for strategic purposes	N/A
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Other notes:

☐ Applicable ☒ Not applicable

19. Other non-current financial assets

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

20. Investment real estate

Measurement model of investment real estate

(1). Investment real estate measured at cost

Unit: CNY

Item	Buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Beginning balance		-	-	-
2. Increase in the current period	29,670,992.33	-	-	29,670,992.33
(1) Outsourcing		-	-	-
(2) Inventories/Fixed assets/Carry-over from construction in progress	29,670,992.33	-	-	29,670,992.33
(3) Increase from business combination		-	-	-
3. Decrease in the current period		-	-	-
(1) Disposal		-	-	-
(2) Other transfer-out		-	-	-
4. Ending balance	29,670,992.33	-	-	29,670,992.33

II. Cumulative depreciation and cumulative amortization				
1. Beginning balance		-	-	-
2. Increase in the current period	469,790.72	-	-	469,790.72
(1) Accrual or amortization	469,790.72	-	-	469,790.72
3. Decrease in the current period		-	-	-
(1) Disposal		-	-	-
(2) Other transfer-out		-	-	-
4. Ending balance	469,790.72	-	-	469,790.72
III. Provision for impairment				
1. Beginning balance		-	-	-
2. Increase in the current period		-	-	-
(1) Accrual		-	-	-
3. Decrease in the current period		-	-	-
(1) Disposal		-	-	-
(2) Other transfer-out		-	-	-
4. Ending balance		-	-	-
IV. Book value				
1. Book value at the end of period	29,201,201.61	-	-	29,201,201.61
2. Book value at the beginning of period	-	-	-	-

(2). Investment real estate with pending title deed√ Applicable ☐ Not applicable

Unit: CNY

Item	Book value	Reason for pending title deed
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Buildings	29,201,201.61	In progress
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Other notes

☐ Applicable ☒ Not applicable**21. Fixed assets****List of items**☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Fixed assets	333,737,235.67	302,094,473.47
Total	333,737,235.67	302,094,473.47

Other notes:

☐ Applicable ☒ Not applicable**Fixed assets****(1). Fixed assets**☒ Applicable ☐ Not applicable

Unit: CNY

Item	Buildings	Machinery and equipment	Means of transport	Office and other equipment	Total
I. Original book value:					
1. Beginning balance	238,622,065.06	74,239,054.31	3,554,457.98	15,210,124.25	331,625,701.60
2. Increase in the current period	28,395,336.36	21,104,594.56	736,953.53	6,920,709.03	57,157,593.48
(1) Acquisition	229,932.10	14,561,269.00	610,404.85	6,625,133.80	22,026,739.75
(2) Transferred from construction in progress	28,165,404.26	6,543,325.56	126,548.68	295,575.23	35,130,853.73

3. Decrease in the current period	85,289.95	847,698.67	-	78,490.51	1,011,479.13
(1) Disposal or scrapping	85,289.95	847,698.67	-	78,490.51	1,011,479.13
4. Ending balance	266,932,111.47	94,495,950.20	4,291,411.51	22,052,342.77	387,771,815.95
II. Cumulative depreciation					
1. Beginning balance	12,284,864.41	12,166,184.85	1,611,680.88	3,468,497.99	29,531,228.13
2. Increase in the current period	11,862,341.63	7,698,298.87	648,273.06	4,680,622.64	24,889,536.20
(1) Accrual	11,862,341.63	7,698,298.87	648,273.06	4,680,622.64	24,889,536.20
3. Decrease in the current period	2,363.24	310,464.35	-	73,356.46	386,184.05
(1) Disposal or scrapping	2,363.24	310,464.35	-	73,356.46	386,184.05
4. Ending balance	24,144,842.80	19,554,019.37	2,259,953.94	8,075,764.17	54,034,580.28
III. Provision for impairment					
1. Beginning balance					
2. Increase in the current period					
(1) Accrual					
3. Decrease in the current period					
(1) Disposal					

or scrapping					
4. Ending balance					
IV. Book value					
1. Book value at the end of period	242,787,268.67	74,941,930.83	2,031,457.57	13,976,578.60	333,737,235.67
2. Book value at the beginning of period	226,337,200.65	62,072,869.46	1,942,777.10	11,741,626.26	302,094,473.47

(2). Fixed assets in temporary idle

☐ Applicable ☒ Not applicable

(3). Fixed assets leased through financial leasing

☐ Applicable ☒ Not applicable

(4). Fixed assets leased out under operating leases

☐ Applicable ☒ Not applicable

(5). Fixed assets with pending title deeds

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Book value	Reasons for pending title deeds
Buildings	9,823,435.47	In progress

Other notes:

☐ Applicable ☒ Not applicable

Liquidation of fixed assets

☐ Applicable ☒ Not applicable

22. Construction in progress**List of items**

√ Applicable □ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Construction in progress	380,829,616.86	17,348,655.94
Total	380,829,616.86	17,348,655.94

Other notes:

□ Applicable √ Not applicable

Construction in progress**(1). Construction in progress**

√ Applicable □ Not applicable

Unit: CNY

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Plants and facilities						
-Wayzim	76,923,235.30		76,923,235.30	13,063,170.82		13,063,170.82
-Wayzim Anhui	160,124,869.33		160,124,869.33	3,616,409.88		3,616,409.88
- Intelligent Sensing	93,769,915.57		93,769,915.57	-		
-Wayzim Jiangxi	49,557,368.06		49,557,368.06	-		
Software	454,228.60		454,228.60	669,075.24		669,075.24
Total	380,829,616.86		380,829,616.86	17,348,655.94		17,348,655.94

(2). Current changes in major construction in progress

√ Applicable ☐ Not applicable

Unit: CNY

Name of item	Budget	Beginning balance	Increase in the current period	Fixed assets carried over in the current period	Other decreases in the current period	Ending balance	Proportion of cumulative project investment to the budget (%)	Project progress	Cumulative amount of capitalized interests	Including: Capitalized amount of interests in the current period	Interest capitalization rate in the current period (%)	Sources of funding
Plants and facilities												
- Wayzim	82,668,050.97	13,063,170.82	69,243,683.24	5,383,618.76	-	76,923,235.30	93%	In progress				Raised/self-financing
- Wayzim Anhui	242,292,352.29	3,616,409.88	176,274,218.91	19,765,759.46	-	160,124,869.33	66%	In progress				Raised/self-financing
- Intelligent Sensing	259,532,800.29	-	93,769,915.57	-	-	93,769,915.57	36%	In progress				Self-financing

- Wayzi m Jiangxi	106,547,161 .29	-	49,557,368. 06	-	-	49,557,368. 06	47%	In progre ss				Self- financing
Total	691,040,364 .84	16,679,580 .70	388,845,185 .78	25,149,378 .22	-	380,375,388 .26	/				/	/

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

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

Engineering materials**(4). Engineering materials**

☐ Applicable ☒ Not applicable

23. Productive biological assets**(1). Productive biological assets measured at cost**

☐ Applicable ☒ Not applicable

(2). Productive biological assets measured at fair value

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

24. Oil and gas assets

☐ Applicable ☒ Not applicable

25. Right-of-use assets

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Buildings	Total
I. Original book value		
1. Beginning balance	9,792,152.32	9,792,152.32
2. Increase in the current period	2,567,811.48	2,567,811.48
(1) Rent	2,567,811.48	2,567,811.48
3. Decrease in the current period	-	-
4. Ending balance	12,359,963.80	12,359,963.80

II. Cumulative depreciation		
1. Beginning balance	1,175,808.32	1,175,808.32
2. Increase in the current period	2,919,972.07	2,919,972.07
(1) Accrual	2,919,972.07	2,919,972.07
3. Decrease in the current period		
(1) Disposal		
4. Ending balance	4,095,780.39	4,095,780.39
III. Provision for impairment		
1. Beginning balance		
2. Increase in the current period		
(1) Accrual		
3. Decrease in the current period		
(1) Disposal		
4. Ending balance		
IV. Book value		
1. Book value at the end of period	8,264,183.41	8,264,183.41
2. Book value at the beginning of period	8,616,344.00	8,616,344.00

Other notes:

None

26. Intangible assets**(1). Intangible assets**

√ Applicable □ Not applicable

Unit: CNY

Item	Land use right	Patent right	Software	Total
I. Original book value				
1. Beginning	40,649,790.14	1,499,900.00	3,768,598.41	45,918,288.55

balance				
2. Increase in the current period	107,688,712.64	-	4,281,768.55	111,970,481.19
(1) Acquisition	107,688,712.64	-	2,812,651.54	110,501,364.18
(2) Transferred from construction in progress	-	-	1,469,117.01	1,469,117.01
3. Decrease in the current period	-	-		-
4. Ending balance	148,338,502.78	1,499,900.00	8,050,366.96	157,888,769.74
II. Cumulative amortization				
1. Beginning balance	2,277,054.44	937,437.60	753,629.38	3,968,121.42
2. Increase in the current period	2,445,864.13	187,487.50	1,183,611.13	3,816,962.76
(1) Accrual	2,445,864.13	187,487.50	1,183,611.13	3,816,962.76
3. Decrease in the current period	-	-	-	-
(1) Disposal	-	-	-	-
4. Ending balance	4,722,918.57	1,124,925.10	1,937,240.51	7,785,084.18
III. Provision for impairment				
1. Beginning balance	-	-		-
2. Increase in the current period	-	-		-
(1) Accrual				-
3. Decrease in the current				-

period				
(1) Disposal				-
4. Ending balance				-
IV. Book value				
1. Book value at the end of period	143,615,584.21	374,974.90	6,113,126.45	150,103,685.56
2. Book value at the beginning of period	38,372,735.70	562,462.40	3,014,969.03	41,950,167.13

Intangible assets generated via internal R&D of the Company accounted for 0% of the balance of intangible assets at the end of the current period

(2). Land use rights with pending title deeds

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Book value	Reasons for pending title deeds
Land use right	41,409,690.80	In progress

Other notes:

☐ Applicable ☒ Not applicable

27. Development expenditure

☐ Applicable ☒ Not applicable

28. Goodwill

(1). Original book value of goodwill

☐ Applicable ☒ Not applicable

(2). Provision for impairment of goodwill

☐ Applicable ☒ Not applicable

(3). Relevant information of the asset group or the portfolio of asset groups containing goodwill

☐ Applicable ☒ Not applicable

(4). Recognition method for the process of goodwill impairment test, key parameters (e.g. growth rate in the forecast period, growth rate in the stable period, profit rate, discount rate, forecast period when forecasting the present value of future cash flow, if applicable) and goodwill impairment loss

☐ Applicable ☒ Not applicable

(5). Effect of goodwill impairment test

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

29. Long-term deferred expenses

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Beginning balance	Increase in the current period	Amortization amount in current period	Ending balance
Employee benefits	949,056.05	530,500.00	233,950.11	1,245,605.94
Leasehold improvement	2,126,718.36	676,517.37	723,550.76	2,079,684.97
Total	3,075,774.41	1,207,017.37	957,500.87	3,325,290.91

Other notes:

None

30. Deferred income tax assets/deferred income tax liabilities**(1). Deferred income tax assets not offset**

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance		Beginning balance	
	Deductible	Deferred income	Deductible	Deferred

	temporary difference	tax assets	temporary difference	income tax assets
Provision for bad debts	172,264,722.44	25,995,230.68	78,773,085.99	11,828,286.18
Accrued liabilities	42,629,389.03	6,394,408.35	25,692,969.26	3,853,945.39
Government subsidy	165,723,124.67	38,785,501.41	173,821,639.91	40,468,640.72
Inventory falling price reserves	92,028,773.11	15,471,068.42	42,382,197.43	6,917,079.92
Effect of right-of-use assets	1,670,732.62	250,682.26	465,039.40	69,607.59
Share-based payment	2,546,095.71	424,724.81	-	-
Loss to offset	173,007,930.50	26,326,638.21	-	-
Unrealized profit or loss on internal sales	44,992,685.21	6,748,902.78	70,638,246.77	11,152,029.99
Total	694,863,453.29	120,397,156.92	391,773,178.76	74,289,589.79

(2). Deferred income tax liabilities before offset

√ Applicable □ Not applicable

Unit: CNY

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Fixed assets	9,580.76	1,437.11	13,374.55	2,006.18
Profits or losses from changes in fair value	5,763,114.45	865,567.57	789,492.87	118,516.06
Effect of the purchase of subsidiaries	4,521.24	1,130.31	58,776.14	14,694.03
Total	5,777,216.45	868,134.99	861,643.56	135,216.27

(3). Deferred income tax assets or liabilities presented on a net offset basis

√ Applicable □ Not applicable

Unit: CNY

Item	Amount of offsetting	Ending balance of deferred income tax assets or liabilities	Set-off amount of deferred income tax assets and liabilities at the beginning of the period	Beginning balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	868,134.99	119,529,021.93	135,216.27	74,154,373.52
Deferred income tax liabilities	868,134.99	-	135,216.27	-

(4). Details of unrecognized deferred income tax assets

□ Applicable √ Not applicable

(5). Deductible losses of unrecognized deferred income tax assets to be due in the following year

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

31. Other non-current assets

√ Applicable □ Not applicable

Unit: CNY

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contractual assets	244,029,430.48	12,201,472.17	231,827,958.31	174,824,987.77	8,741,249.84	166,083,737.93
Incentive fund	16,449,915.34	-	16,449,915.34	-	-	
Input tax to be	9,843,681.96	-	9,843,681.96	-	-	

deducted						
Advance payments on long-term assets	68,362,068.20	-	68,362,068.20	100,053,086.32	-	100,053,086.32
Less: The part due within one year	-141,644,075.32	-7,082,204.14	-134,561,871.18	-65,269,429.58	-3,263,471.48	-62,005,958.10
Total	197,041,020.66	5,119,268.03	191,921,752.63	209,608,644.51	5,477,778.36	204,130,866.15

Other notes:

The incentive fund represents the net amount of funds paid by the Group on July 18, 2022 to repurchase shares for the implementation of the first phase of the employee stock ownership plan, amounting to CNY 19,272,315.30. The above amount shall be amortized during the service period of the corresponding employee stock ownership plan. As of December 31, 2022, the unamortized balance was CNY 16,449,915.34. The employee stock ownership plan is detailed in Note XIII. 2.

32. Short-term borrowings

(1). Classification of short-term borrowings

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Credit borrowings	124,692,342.70	165,650,166.70
Total	124,692,342.70	165,650,166.70

Notes to classification of short-term borrowings:

None

(2). Short-term borrowings due yet unpaid

☐ Applicable ☒ Not applicable

Significant short-term borrowing due yet unpaid:

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

33. Trading financial liabilities

☐ Applicable ☒ Not applicable

34. Derivative financial liabilities

☐ Applicable ☒ Not applicable

35. Notes payable

(1). Presentation of notes payable

☐ Applicable ☒ Not applicable

36. Accounts payable

(1). Presentation of accounts payable

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Amounts payable to affiliates	78,759,014.80	89,978,633.94
Amounts due from third parties	544,645,283.89	636,866,044.85
Total	623,404,298.69	726,844,678.79

(2). Significant accounts payable aging over 1 year

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Reason for outstanding or not carrying forward
Kunshan Meibang Environmental Technology Co., Ltd.	59,817,226.11	Unsettled
Wuxi Hongyi Intelligent Technology Co., Ltd.	19,545,831.88	Unsettled

Wuxi Hongxun Electromechanical Manufacturing Co., Ltd.	19,064,030.07	Unsettled
Total	98,427,088.06	

Other notes

☐ Applicable ☒ Not applicable

37. Advance receipts

(1).Presentation of advance receipts

☐ Applicable ☒ Not applicable

(2).Significant advance receipts aging over 1 year

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

38. Contractual liabilities

(1). Contractual liabilities

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Contractual liabilities	636,982,480.50	917,410,550.57
Total	636,982,480.50	917,410,550.57

(2). Amount of and reason for significant changes in the book value during the reporting period

☐ Applicable ☒ Not applicable

Other notes:

☒ Applicable ☐ Not applicable

Contractual liabilities mainly relate to the Group's advance receipts from customers on contracts for the sales of equipment. The revenue related to the contracts shall be recognized after the Group has fulfilled its performance obligations.

39. Payroll payable**(1). Presentation of payroll payable**√ Applicable ☐ Not applicable

Unit: CNY

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term compensation	44,140,813.53	241,877,185.33	227,766,755.35	58,251,243.51
II. Welfare after-service - defined contribution plan	23,178.80	13,693,846.39	13,668,751.06	48,274.13
III. Dismissal welfare	-	-	-	-
IV. Other benefits due within one year	-	-	-	-
Total	44,163,992.33	255,571,031.72	241,435,506.41	58,299,517.64

(2). Presentation of short-term compensation√ Applicable ☐ Not applicable

Unit: CNY

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Wage, bonus, allowance and subsidy	43,414,628.13	215,960,053.84	202,452,480.01	56,922,201.96
II. Employee benefits	-	10,134,050.02	10,131,050.02	3,000.00
III. Social insurance premium	16,268.21	7,293,697.92	7,280,331.50	29,634.63
Including: Medical insurance premium	15,868.57	6,298,411.98	6,286,869.52	27,411.03
Work-related injury insurance	324.64	332,295.39	331,686.42	933.61
Maternity insurance premium	75.00	662,990.55	661,775.56	1,289.99
IV. Housing provident fund	1,040.00	6,282,758.38	6,273,381.59	10,416.79
V. Labor union expenditure and personnel	708,877.19	2,206,625.17	1,629,512.23	1,285,990.13

education				
Total	44,140,813.53	241,877,185.33	227,766,755.35	58,251,243.51

(3). Presentation of defined contribution plan√ Applicable ☐ Not applicable

Unit: CNY

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance	22,451.20	13,278,881.56	13,254,546.70	46,786.06
2. Unemployment insurance	727.60	414,964.83	414,204.36	1,488.07
Total	23,178.80	13,693,846.39	13,668,751.06	48,274.13

Other notes:

☐ Applicable √ Not applicable**40. Taxes payable**√ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Value-added tax	17,003,997.86	1,290,481.28
Corporate income tax	4,744,103.44	75,216,838.47
Urban land use tax	1,968,197.81	407,974.58
Urban maintenance and construction tax	1,328,865.56	286,453.47
Local and education surcharge	950,713.63	204,668.54
Individual income tax	765,716.34	452,793.87
Stamp duty	506,088.44	230,687.27
Housing property tax	602,700.80	554,895.79
Others	52,793.95	44,969.68

Total	27,923,177.83	78,689,762.95
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Other notes:

None

41. Other payables

List of items

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Other payables	295,705,175.04	243,106,980.03
Total	295,705,175.04	243,106,980.03

Other notes:

☐ Applicable ☒ Not applicable

Interests payable

(1). Presentation by category

☐ Applicable ☒ Not applicable

Dividends payable

(2). Presentation by category

☐ Applicable ☒ Not applicable

Other payables

(1). Other payables presented by nature

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Amounts payable to affiliates	28,488.29	641,956.04
Security deposit	1,147,244.23	367,212.00
Suspense government subsidies	102,814,700.00	124,560,000.00

Employee reimbursement payable	12,746,213.80	8,412,510.32
Transportation and installation charges payable	62,185,347.95	52,309,505.73
Payment payable for engineering equipment	106,884,730.84	53,370,137.64
Service charges payable	7,864,223.51	2,328,517.26
Others	2,034,226.42	1,117,141.04
Total	295,705,175.04	243,106,980.03

(2). Significant other payables aging over 1 year√ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Reason for outstanding or not carrying forward
Suspense government subsidies	99,000,000.00	The conditions set by the government not yet met
Total	99,000,000.00	/

Other notes:

√ Applicable ☐ Not applicable

Suspense government subsidies are conditional government subsidies received by the Group and the Company. When the conditions specified by the government are satisfied, the Group and the Company recognize the government subsidies as deferred income, other income or non-operating income.

42. Liabilities held for sale☐ Applicable √ Not applicable**43. Non-current liabilities due within one year**√ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
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Lease liabilities due within one year	3,667,799.81	2,115,035.24
Total	3,667,799.81	2,115,035.24

Other notes:

None

44. Other current liabilities

Other current liabilities

☐ Applicable ☒ Not applicable

Increase/decrease in short-term bonds payable:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

45. Long-term borrowings

(1). Classification of long-term borrowings

☐ Applicable ☒ Not applicable

Other notes, including the interest rate range:

☐ Applicable ☒ Not applicable

46. Bonds payable

(1). Bonds payable

☐ Applicable ☒ Not applicable

(2). Increase/decrease in bonds payable: (excluding preferred shares classified as financial liabilities, perpetual bonds and other financial instruments)

☐ Applicable ☒ Not applicable

(3). Conditions and timing of conversion for convertible corporate bonds

☐ Applicable ☒ Not applicable

(4). Notes to other financial instruments classified as financial liabilities

Basic situation of financial instruments outstanding at the end of period, such as preferred shares and perpetual bonds

☐ Applicable ☒ Not applicable

Changes in financial instruments outstanding at the end of period, such as preferred shares and perpetual bonds

☐ Applicable ☒ Not applicable

Notes to basis for other financial instruments classified as financial liabilities:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

47. Lease liabilities

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Long-term lease liabilities	9,542,277.75	8,538,847.64
Less: Lease liabilities due within one year	3,667,799.81	2,115,035.24
Total	5,874,477.94	6,423,812.40

Other notes:

Item	December 31, 2022
Short-term lease expenses with simplified treatment	739,404.27
Low-value asset lease expenses with simplified treatment (Other than short-term lease expenses from low-value assets)	-
Variable lease payments not included in the measurement of lease liabilities	-
Revenue from the sublease of right-of-use assets	-
Total cash outflows related to leases	2,007,540.93

48. Long-term payables

List of items

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
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Long-term payables	39,045,936.29	500,000.00
Total	39,045,936.29	500,000.00

Other notes:

☐ Applicable ☒ Not applicable

Long-term payables

(1). Long-term payables presented by nature

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Suspense government subsidies	500,000.00	500,000.00
Project payable	18,701,834.52	
Warranty payable	19,844,101.77	-
Total	39,045,936.29	500,000.00

Other notes:

None

Special payables

(2). Special payables presented by nature

☐ Applicable ☒ Not applicable

49. Long-term payroll payable

☐ Applicable ☒ Not applicable

50. Accrued liabilities

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Beginning balance	Ending balance	Reasons
Product quality assurance	25,692,969.26	42,629,389.03	/
Total	25,692,969.26	42,629,389.03	/

Other notes, including notes to major assumptions and estimations of significant accrued liabilities:

The Group provides product quality assurance to the customers who purchase logistics sorting equipment, and provides free warranty for failures and quality problems within 1-3 years after the completion of final product inspection. According to the industry situation and the actual quality assurance experience, the Group shall, upon completion of the final inspection, accrue the retention money equivalent to 1.5% of the revenue from sales of goods in the current period. As recent quality assurance experience may not reflect future quality assurance on products sold, the Group's Management needs to exercise more judgment in estimating the accrued liabilities. Any increase or decrease in the accrued liabilities may affect the profit or loss in future years.

51. Deferred income

Deferred income

√ Applicable □ Not applicable

Unit: CNY

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Reasons
Government subsidy	73,742,253.84	61,185,000.00	8,913,547.80	126,013,706.04	Government subsidies related to assets and income
Total	73,742,253.84	61,185,000.00	8,913,547.80	126,013,706.04	/

Projects involving government subsidies:

Liability items	Beginning balance	Amount of new subsidies in the current period	Amount included in other income in the current period	Ending balance	Asset-related/ Income related

Investment in the construction of Institute of Microelectronics of the Chinese Academy of Sciences Wuxi Industrialization Base for Intelligent Manufacturing	10,307,692.55	-	224,895.00	10,082,797.55	Asset-related
Construction of Wayzim Intelligent Logistics Equipment Nanling Industrialization Base	6,244,874.03	-	1,226,736.65	5,018,137.38	Asset-related
Express Logistics Equipment Manufacturing and Industrial Park Project of the Institute of Mechanical Innovation Design for Express Logistics Intelligent Equipment of the Chinese Academy of Sciences	47,189,687.26	-	2,004,183.23	45,185,504.03	Asset-related
Express Logistics Equipment Manufacturing and Industrial Park Project (Phase II) of the Institute of Mechanical Innovation Design for Express Logistics Intelligent Equipment of the Chinese Academy of Sciences	-	40,885,000.00	546,956.56	40,338,043.44	Asset-related
The Fourth Municipal Financial Support Funds for the Selected Talent of the Third Batch of Provincial "Special Support Program for	-	300,000.00	-	300,000.00	Asset-related

High-level Talents"					
Cooperation Project of Intelligent Logistics Equipment and Robot Technology Industrial Base with the Management Committee of Xishan Economic & Technological Development Zone	2,000,000.00	1,000,000.00	-	3,000,000.00	Asset-related
Cooperation Project of Intelligent Logistics Equipment and Robot Technology Industrial Base with the Management Committee of Xishan Economic & Technological Development Zone and "Xishan Talent Program" Entrepreneurial Leader Team	8,000,000.00	19,000,000.00	4,910,776.36	22,089,223.64	Income related
Total	73,742,253.84	61,185,000.00	8,913,547.80	126,013,706.04	

Other notes:

☐ Applicable ☒ Not applicable

52. Other non-current liabilities

☐ Applicable ☒ Not applicable

53. Capital stock

☒ Applicable ☐ Not applicable

Unit: CNY

	Beginning	Increase/Decrease (+, -)	Ending balance
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	balance	New issue	Bonus issue	Shares converted from reserves	Others	Sub-total	
Total number of shares	131,608,698.00	-	-	-	-	-	131,608,698.00

Other notes:

None

54. Other equity instruments

(1). Basic situation of financial instruments outstanding at the end of period, such as preferred shares and perpetual bonds

☐ Applicable ☒ Not applicable

(2). Changes in financial instruments outstanding at the end of period, such as preferred shares and perpetual bonds

☐ Applicable ☒ Not applicable

Explanation of increase/decrease in other equity instruments in the current period and reasons, and basis of accounting treatment:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

55. Capital reserve

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (stock premium)	2,946,972,857.79	-	121,092,751.81	2,825,880,105.98
Share-based payment	208,345,771.89	38,481,558.33	2,822,399.98	244,004,930.24
Reform of joint-stock system	66,988,553.73	-	-	66,988,553.73
Total	3,222,307,183.41	38,481,558.33	123,915,151.79	3,136,873,589.95

Other notes, including those for increase/decrease in the current period and related reasons:

No changes in current capital reserves and reasons are detailed in Note VII. 56 and Note XIII. 2

56. Treasury stock

√ Applicable □ Not applicable

Unit: CNY

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Treasury stock	-	2,880,000.00	-	2,880,000.00
Total		2,880,000.00	-	2,880,000.00

Other notes, including those for increase/decrease in the current period and related reasons:

On November 12, 2022, the Group held the 22nd Meeting of the first Board of Directors, deliberating the *Proposal on the Scheme for Repurchasing Company Shares through Centralized Price Bidding*. It's agreed that the Group would repurchase part of the ordinary CNY shares (A shares) issued by the Company through centralized bidding from the trading system of the Shanghai Stock Exchange with the initial excessive funds raised. The repurchased shares will be fully used for the employee stock ownership plan or equity incentives at an appropriate time in the future. As of December 31, 2022, the Company has repurchased 2,880,000 shares through centralized bidding from the trading system of the Shanghai Stock Exchange, accounting for 2.1883% of the Company's total capital stock (131,608,698 shares). The aggregate amount of funds paid is CNY 123,972,751.81 (excluding transaction costs such as commission and transfer fee). Among them, the amount included in treasury stock is CNY 2,880,000.00 and that included in capital reserve is CNY 121,092,751.81.

57. Other comprehensive income

√ Applicable □ Not applicable

Unit: CNY

Item	Beginning balance	Current amount incurred						Ending balance
		Amount before income tax in the current period	Less: Amount included in other comprehensive income and then transferred into the current gain or loss	Less: Amount included in other comprehensive income and then transferred into current retained earnings	Less: Income tax expenses	After-tax amount attributable to the parent company	After-tax amount attributable to the minority shareholders	
I. Other comprehensive								

sive income not to be re- classified into profit or loss								
Changes in fair value of investment in other equity instruments								
II. Other comprehen sive income to be reclassified into profit or loss		10,492. 26				10,492.2 6		10,492. 26
Translation difference of financial statements in foreign currency	-	10,492. 26	-	-	-	10,492.2 6	-	10,492. 26
Total other comprehen sive income	-	10,492. 26	-	-	-	10,492.2 6	-	10,492. 26

Other notes, including the adjustment converting effective part of profit and loss of cash flow hedges to the initial recognition amount of the hedged item:

None

58. Special reserves

√ Applicable ☐ Not applicable

Unit: CNY

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Work safety expenses	-	6,427,505.55	4,044,691.65	2,382,813.90

Total	-	6,427,505.55	4,044,691.65	2,382,813.90
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Other notes, including those for increase/decrease in the current period and related reasons:

The increase in special reserves this year is the work safety expenses accrued by the Company and its subsidiary Wayzim Anhui in accordance with the *Management Measures for the Withdrawal and Use of Work Safety Expenses in Enterprises* (CZ [2022] No.136).

59. Surplus reserve

√ Applicable □ Not applicable

Unit: CNY

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	39,327,753.08	-	-	39,327,753.08
Total	39,327,753.08	-	-	39,327,753.08

Explanation for surplus reserves, including that for current changes and related reasons:

None

60. Undistributed profits

√ Applicable □ Not applicable

Unit: CNY

Item	Current period	Prior period
Undistributed profits at the end of prior period before adjustment	459,591,819.72	221,181,745.20
Undistributed profits at the beginning of period after adjustment	459,591,819.72	221,181,745.20
Plus: Net profit attributable to the owners of the parent company in the current period	-118,719,653.61	259,207,152.43
Less: Statutory surplus reserve	-	20,797,077.91
Ordinary share dividends payable	78,965,218.80	-
Undistributed profits at the end of period	261,906,947.31	459,591,819.72

Details of undistributed profits at the beginning of the adjustment period:

1. Retroactive adjustment as required by *Accounting Standards for Business Enterprises* and new regulations exerts no impact on undistributed profits at the beginning of the period.
2. The change in accounting policies exerts no impact on undistributed profits at the beginning of the period.
3. The correction of major accounting errors exerts no impact on undistributed profits at the beginning of the period.
4. Change in consolidation scope due to common control exerts no impact on undistributed profits at the beginning of the period.
5. Other adjustments exert no impact on undistributed profits at the beginning of the period.

Other notes:

Subject to the approval of the General Meeting on May 16, 2022, the Company paid a cash dividend of CNY 0.6 per share to common shareholders on June 23, 2022, for a total of CNY 78,965,218.80.

As of December 31, 2022, the Group's undistributed profits attributable to the parent company included the surplus reserves (CNY 837,468.88) withdrawn by the Company's subsidiaries.

61. Operating revenue and operating cost

(1). Operating revenue and operating cost

√ Applicable □ Not applicable

Unit: CNY

Item	Current amount incurred		Prior amount incurred	
	Revenue	Cost	Revenue	Cost
Main business	2,194,941,056.07	1,877,881,594.26	2,200,702,082.33	1,572,698,732.68
Other businesses	119,954,815.34	94,792,503.55	8,923,586.93	5,671,239.45
Total	2,314,895,871.41	1,972,674,097.81	2,209,625,669.26	1,578,369,972.13

(2). Deductions from operating revenue

Unit: CNY 10,000

Item	Current year	Specific deductions	Previous year	Specific deductions
Amount of operating revenue	231,489.59	Including main business income and other business income	220,962.57	Including main business income and other business income
Total amount of deductions from operating revenue	11,995.48	Mainly the sale of accessories, rental of fixed assets, and rendering of labor and technical services	892.36	Mainly the sale of accessories, and rendering of labor and technical services
Proportion of the total amount of deductions in the operating revenue (%)	5.18%	/	0.40%	/
I. Business income unrelated to the main business				
1. Income from other businesses other than the normal operation. For example, income from leasing fixed assets, intangible assets and packaging materials, selling materials, exchanging materials for non-monetary assets, operating entrusted management business, as well as the income included in the main business income but outside the normal operation of the listed company.	11,274.15	Mainly the sale of accessories and rental of fixed assets	834.92	Mainly the sale of accessories
2. Non-qualified quasi-financial business income, such as interest income from lending funds; The income from the new quasi-financial business in the current fiscal year and the previous fiscal year, such as the	-	/	-	

income from the business of guarantee, commercial factoring, petty loan, finance lease, pawn, excluding the finance lease for the sale of main products.				
3. Income from new trading business in the current fiscal year and the previous fiscal year.	-	/	-	
4. Income from affiliate transactions unrelated to the existing normal business of the listed company.	-	/	-	
5. Income from the beginning to the date of business combination of subsidiaries under the common control.	-	/	-	
6. Income from businesses that have not or hardly established a stable business model.	721.33	Mainly the rendering of labor and technical services	57.44	Mainly the rendering of labor and technical services
Subtotal	11,995.48	Mainly the sale of accessories, rental of fixed assets, and rendering of labor and technical services	892.36	Mainly the sale of accessories, and rendering of labor and technical services
II. Income without commercial substance				
1. Income from transactions or events that do not significantly alter the risk, time distribution, or amount of future cash flows in enterprises.				
2. Income from transactions that do not have real business. For example, false income in the form of self-dealing or using Internet technology or other means to construct transactions, etc.				
3. Income from a business that trades at a significantly unfair price.				

4. Income from a consolidated subsidiary or business in the current fiscal year at an appreciably unfair consideration or otherwise.				
5. Income not involved in the standard audit opinion.				
6. Income from other transactions or events that do not make commercial sense.				
Subtotal				
III. Other incomes not related to the main business or free from commercial substance				
Amount after deductions from operating revenue	219,494.11	Operating revenue after deducting the sale of accessories, rental of fixed assets, and rendering of labor and technical services	220,070.21	Operating revenue after deducting the sale of accessories, and rendering of labor and technical services

(3). Incomes from contracts

√ Applicable □ Not applicable

Unit: CNY

Classification of contracts	Total
By business region	
Chinese Mainland	2,037,621,893.19
Others	277,104,436.94
Contract type	
-Sales of cross-belt sorter system	872,529,590.65
-Sales of total integrated sorting system	884,931,128.54
-Sales of large parcel sorting system	152,570,084.90
-Sales of conveying equipment	36,629,511.02
-Sales of dynamic weighing equipment	24,419,829.80
-Sales of intelligent warehouse system	45,889,281.27
-Sales of single-parcel singulator	147,625,068.14
Sales of other equipment	30,346,561.75
Sales of accessories	112,571,933.15
Rendering of technical services	3,674,784.97
Rendering of labor services	3,538,555.94
By time of the transfer of goods	
-Revenue recognition at a certain point of time	2,314,410,292.39
-Revenue recognition over a period of time	316,037.74
Total	2,314,726,330.13

Income from contracts:

□ Applicable √ Not applicable

(4). Performance obligations

☐ Applicable ☒ Not applicable

(5). Apportionment to remaining performance obligations

☐ Applicable ☒ Not applicable

Other notes:

In 2022, the operating revenue of the Group included RMB169,541.28 of rental income not generated by contracts

62. Taxes and surcharges

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Urban maintenance and construction tax	3,835,508.58	4,498,777.60
Urban land use tax	5,823,540.89	1,631,898.32
Local and education surcharge	2,778,639.39	3,582,894.26
Housing property tax	2,474,284.68	2,056,418.84
Stamp duty	1,402,862.03	1,067,562.33
Others	1,853,572.82	1,194,329.74
Total	18,168,408.39	14,031,881.09

Other notes:

None

63. Selling expenses

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Payroll	30,307,711.88	19,069,891.94

Share-based payment	1,903,881.24	2,965,454.55
Depreciation and amortization	1,378,432.14	712,237.09
Sales promotion expenses	16,535,692.82	3,956,620.90
After-sales service charges	32,924,115.84	27,688,749.71
Business entertainment expenses	7,136,579.97	6,054,285.12
Travelling expenses	9,583,588.84	5,059,776.30
Business publicity expenses	2,758,880.56	769,570.16
Office expenses	4,048,509.47	1,659,611.60
Freight and insurance	3,471,037.60	93,747.90
Others	1,261,346.17	131,157.72
Total	111,309,776.53	68,161,102.99

Other notes:

None

64. Administrative expenses

√ Applicable □ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Payroll	44,932,461.77	23,771,788.72
Share-based payment	8,083,057.91	8,545,789.35
Depreciation and amortization	7,873,619.41	3,755,960.30
Office expenses	7,708,325.45	5,553,766.82
Business entertainment expenses	2,730,461.96	1,779,357.31
Travelling expenses	2,535,437.83	2,087,239.80
Labor protection fees	-	635,972.39
Rental fees	537,967.57	436,000.00
Third party service fees	5,761,179.50	2,958,677.30
Utilities	478,749.21	345,917.61

Recruitment expenses	1,496,162.91	1,234,126.23
Labor service fees	3,144,295.39	546,745.01
Work safety expenses	3,145,419.41	-
Others	545,485.32	483,736.21
Total	88,972,623.64	52,135,077.05

Other notes:

None

65. R&D expenses

√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Payroll	90,967,451.47	57,233,430.74
Share-based payment	20,677,860.15	30,779,463.69
Depreciation and amortization	5,702,227.17	3,927,120.66
Travelling expenses	1,094,973.45	1,201,722.50
Material consumption	76,383,078.48	32,429,381.47
R&D commission expenses	4,540,728.55	3,171,658.00
Others	7,309,561.78	5,151,387.93
Total	206,675,881.05	133,894,164.99

Other notes:

None

66. Financial expenses

√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
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Interest expense on loans and payables	3,431,787.62	7,858,409.58
Interest expense on lease liabilities	240,054.26	211,015.99
Interest income on deposits and receivables	-5,720,953.25	-1,652,423.57
Net exchange gain	-7,049,000.19	-9,397,082.01
Other financial expenses	1,580,532.89	269,371.50
Total	-7,517,578.67	-2,710,708.51

Other notes:

None

67. Other incomes

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Asset-related government subsidies	4,002,771.44	4,300,629.76
Income-related government subsidies	31,163,844.25	14,264,218.19
VAT super-deduction	46,140.40	13,226.78
Total	35,212,756.09	18,578,074.73

Other notes:

None

68. Investment income

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Investment income from the disposal of trading financial assets	26,215,147.97	7,009,624.89
Including: Trading financial assets	26,215,147.97	7,009,624.89

Total	26,215,147.97	7,009,624.89
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Other notes:

None

69. Net exposure hedge gains

☐ Applicable ☒ Not applicable

70. Gain on changes in fair value

☒ Applicable ☐ Not applicable

Unit: CNY

Sources of the gain on changes in fair value	Current amount incurred	Prior amount incurred
Trading financial assets	27,028,260.49	1,332,952.71
Total	27,028,260.49	1,332,952.71

Other notes:

None

71. Credit impairment loss

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Loss from bad debt of accounts receivable	89,524,785.17	44,971,221.84
Loss from bad debt of other receivables	505,345.20	-80,052.59
Total	90,030,130.37	44,891,169.25

Other notes:

None

72. Asset impairment loss√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Contractual assets	3,818,732.66	1,034,431.59
Other non-current assets	-358,510.33	2,803,608.44
Inventory falling price reserves	71,333,038.14	35,744,068.27
Total	74,793,260.47	39,582,108.30

Other notes:

None

73. Income from disposal of assets√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Loss on disposal of fixed assets	-2,204.85	-210,352.33
Total	-2,204.85	-210,352.33

Other notes:

None

74. Non-operating revenue

Non-operating revenue

√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred	Amount included in non-recurring profit or loss of the current period
Gains from penalty	572,907.39	970,093.88	572,907.39
Revenues from wastes	-	14,285.00	-

Total	572,907.39	984,378.88	572,907.39
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Other notes:

☐ Applicable ☒ Not applicable

75. Non-operating expenses

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred	Amount included in non-recurring profit or loss of the current period
Loss from scrapping of fixed assets	620,161.03	283,158.61	620,161.03
Donation outlay	36,697.25	100,000.00	36,697.25
Sponsorship expenditure	133,557.00	-	133,557.00
Liquidated damages	1,980,100.00	-	1,980,100.00
Tax overdue fines	146,922.51	-	146,922.51
Total	2,917,437.79	383,158.61	2,917,437.79

Other notes:

None

76. Income tax expenses

(1). Income tax expenses

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Income tax expenses in the current period	9,992,665.49	79,559,766.24
Deferred income tax expenses	-45,374,310.76	-30,184,496.43
Total	-35,381,645.27	49,375,269.81

(2). Adjustment process of accounting profit and income tax expenses√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred
Total profits	-154,101,298.88
Income tax expenses calculated at the statutory/applicable tax rates	-38,525,324.72
Impact of different tax rates applied to subsidiaries	-21,951.75
Influence of non-taxable income	-24,357.05
Impact of non-deductible costs, expenses and losses	8,969,296.67
Effects of tax incentives	31,149,402.07
Extra tax deductions on R&D expenses	-36,928,710.49
Income tax expenses	-35,381,645.27

Other notes:

☐ Applicable √ Not applicable**77. Other comprehensive income**√ Applicable ☐ Not applicable

See Note VII. 57 for details

78. Items in Cash Flow Statement**(1). Cash received from other operating activities**√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Security deposit	42,202,885.52	8,473,702.20
Government subsidy	65,772,767.89	61,637,977.95
Repayment of employee borrowings	700,000.00	600,000.00
Gains from penalty	572,907.39	970,093.88

Revenues from wastes	-	14,285.00
Total	109,248,560.80	71,696,059.03

Notes to cash received from other operating activities:

None

(2). Cash paid for other operating activities

√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
After-sales service	32,523,388.89	16,559,947.94
Business entertainment expenses	9,867,041.93	7,833,642.43
Travelling expenses	32,118,828.49	32,805,296.66
Business publicity expenses	2,611,522.16	769,570.16
Office expenses	13,197,163.16	9,255,469.36
Labor protection fees	541,898.63	1,053,881.45
Rental fees	203,105.30	924,345.00
Service charges	15,606,650.32	7,222,002.80
Security deposit	37,605,440.51	3,530,281.04
Others	12,058,395.99	9,373,678.13
Total	156,333,435.38	89,328,114.97

Notes to cash paid for other operating activities:

None

(3). Cash received from other investing activities

√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Interest income	5,720,950.51	1,652,423.57
Total	5,720,950.51	1,652,423.57

Notes to cash received from other investing activities:

None

(4). Cash paid for other investing activities

☐ Applicable ☒ Not applicable

(5). Cash received from other financing activities

☐ Applicable ☒ Not applicable

(6). Cash paid for other financing activities

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
IPO costs	-	225,242,338.66
Share repurchase	123,972,751.85	-
Payment of principal and interests on lease liabilities	1,804,435.63	1,464,320.67
Total	125,777,187.48	226,706,659.33

Note to cash paid for other financing activities:

None

79. Supplementary information to Cash Flow Statement

(1). Supplementary information to Cash Flow Statement

☒ Applicable ☐ Not applicable

Unit: CNY

Supplementary data	Current amount	Prior amount
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	-118,719,653.61	259,207,152.43
Plus: Provision for impairment of assets	74,793,260.47	39,582,108.30
Credit impairment loss	90,030,130.37	44,891,169.25

Depreciation of fixed assets, oil and gas assets and productive biological assets	25,359,326.92	19,841,498.55
Amortization of right-of-use assets	2,919,972.07	1,175,808.32
Amortization of intangible assets	3,816,962.76	1,515,495.22
Amortization of long-term deferred expenses	957,500.87	1,722,805.35
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	2,204.85	210,352.33
Losses on scrapping of fixed assets (gains expressed with "-")	620,161.03	283,158.61
Losses on the changes in fair value (gains expressed with "-")	-27,028,260.49	-1,332,952.71
Financial expenses (gains expressed with "-")	-2,233,088.88	-3,584,430.87
Investment losses (gains expressed with "-")	-26,215,147.97	-7,009,624.89
Decrease in deferred income tax assets (increase expressed with "-")	-45,374,648.41	-30,184,496.43
Increase in deferred income tax liabilities (decrease expressed with "-")	-	-
Decrease in inventory (increase expressed with "-")	406,253,620.39	-755,332,794.73
Decrease in operating receivables (increase expressed with "-")	-201,397,690.66	-675,098,215.46
Increase in operating payables (decrease expressed with "-")	-276,643,536.61	621,223,954.50
Others	55,417,978.10	61,554,740.37
Net cash flow from operating activities	-37,440,908.80	-421,334,271.86
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due		

within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	424,357,143.40	1,475,887,349.75
Less: Beginning balance of cash	-	-
Plus: Ending balance of cash equivalents	-	-
Less: Beginning balance of cash equivalents	1,475,887,349.75	52,151,901.50
Net increase in cash and cash equivalents	-1,051,530,206.35	1,423,735,448.25

(2). Net cash paid for acquisition of subsidiaries in the current period

☐ Applicable ☒ Not applicable

(3). Net cash paid for disposal of subsidiaries in the current period

☐ Applicable ☒ Not applicable

(4). Structure of cash and cash equivalents

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Cash and cash equivalents	-	-
Including: Cash on hand	-	
Bank deposits readily available for payment	424,357,143.40	1,475,887,349.75
Ending balance of cash and cash equivalents	424,357,143.40	1,475,887,349.75

Other notes:

☐ Applicable ☒ Not applicable

80. Notes to items in the Statement of Changes in Owner's Equity

Notes to names of “Other” adjusted items under balance at the end of the previous year, adjustment amount and other matters:

☐ Applicable ☒ Not applicable

81. Assets with restricted ownership or use rights

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Book value at the end of period	Restriction reasons
Other monetary funds	30,000,000.00	Certificate of deposit (CD)
Other monetary funds	4,100,499.23	Guarantee deposit
Other monetary funds	2,800,000.00	Frozen capital
Total	36,900,499.23	/

Other notes:

None

82. Monetary items denominated in foreign currencies

(1). Monetary items denominated in foreign currencies

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance in foreign currencies	Translation exchange rate	Ending balance in CNY
Monetary funds	-	-	
Including: RUB	255.00	0.0942	24.02
SGD	53,216.65	5.1831	275,827.22
EUR	705,180.63	7.4229	5,234,485.30
USD	5,135,550.82	6.9646	35,767,057.24
GBP	1,966.84	8.3941	16,509.85
MYR	318,865.89	1.5772	502,915.28

Accounts receivable	-	-	
Including: USD	7,313,440.89	6.9646	50,935,190.42
SGD	27,172.50	5.1831	140,837.78
Contractual assets			
Including: USD	2,969,807.18	6.9646	20,683,519.09
EUR	24,097.50	7.4229	178,873.33
Short-term borrowings	-	-	
Including: EUR	11,409,603.08	7.4229	84,692,342.70

Other notes:

None

(2). The notes to overseas operation entities, including significant overseas operation entities, shall disclose their principal places of business, recording currencies and selection bases. In case of any change in recording currency, please specify the reasons.

☒ Applicable ☐ Not applicable

Name of subsidiary	Principal places of business	Recording currency
Wayzim Singapore	Singapore	SGD
Wayzim Malaysia	Malaysia	MYR
Wayzim USA	USA	USD
Wayzim Russia	Russia	RUB
Wayzim Hungary	Hungary	HUF
Wayzim Thailand	Thailand	THB
Wayzim Germany	Germany	EUR
Wayzim UK	UK	GBP

83. Hedging

☐ Applicable ☒ Not applicable

84. Government subsidies**(1). Basic information on government subsidies**

√ Applicable □ Not applicable

Unit: CNY

Type	Amount	Presented items	Amount included in current profit or loss
Institute of Microelectronics of the Chinese Academy of Sciences Wuxi Industrialization Base for Intelligent Manufacturing	10,082,797.55	Deferred income	224,895.00
Express Logistics Equipment Manufacturing and Industrial Park Project of the Institute of Mechanical Innovation Design for Express Logistics Intelligent Equipment of the Chinese Academy of Sciences - Industrial park support funds	45,185,504.03	Deferred income	2,004,183.23
Express Logistics Equipment Manufacturing and Industrial Park Project (Phase II) of the Institute of Mechanical Innovation Design for Express Logistics Intelligent Equipment of the Chinese Academy of Sciences	40,338,043.44	Deferred income	546,956.56
Construction of Wayzim Intelligent Logistics Equipment Nanling Industrialization Base	5,018,137.38	Deferred income	1,226,736.65
The Fourth Municipal Financial Support Funds for the Selected	300,000.00	Deferred income	-

Talent of the Third Batch of Provincial "Special Support Program for High-level Talents"			
Cooperation in Intelligent Logistics Equipment and Robot Technology Industrial Base - Asset-related	3,000,000.00	Deferred income	-
Intelligent Logistics Equipment and Robot Technology Industrial Base and "Xishan Talent Program" Entrepreneurial Leader Team - Income-related	22,089,223.64	Deferred income	4,910,776.36
Institute of Microelectronics of the Chinese Academy of Sciences Wuxi Industrialization Base for Intelligent Manufacturing	96,000.00	Other income	96,000.00
Subsidies for less turnover	649,480.26	Other income	649,480.26
Subsidy for pre-job training	185,800.00	Other income	185,800.00
Internship subsidy	54,950.00	Other income	54,950.00
Refund of individual income tax service charges	63,368.63	Other income	63,368.63
Subsidy for added posts	86,000.00	Other income	86,000.00
Leasing subsidy for Fuchun Future Urban Development Center in Tonglu County	16,425.00	Other income	16,425.00
Economic Development Bureau of Xishan Economic & Technological Development Zone - Special funds for business contribution	6,691,200.00	Other income	6,691,200.00

award - District level			
Economic Development Bureau of Xishan Economic & Technological Development Zone_Support funds for modern industry development	5,500,000.00	Other income	5,500,000.00
Economic Development Bureau of Xishan Economic & Technological Development Zone - Special funds for business contribution award - Municipal level	1,672,800.00	Other income	1,672,800.00
Economic Development Bureau of Xishan Economic & Technological Development Zone_Support funds for industrial development	1,200,000.00	Other income	1,200,000.00
Development and Reform Commission of Xishan District, Wuxi (authority)_Special funds for inclusive finance development in Jiangsu Province 2022	1,000,000.00	Other income	1,000,000.00
Science and Technology Bureau of Xishan Economic & Technological Development Zone_Support Awards for Science and Technology Talent in 2021	417,000.00	Other income	417,000.00
Economic Development Bureau of Xishan Economic & Technological Development	12,900.00	Other income	12,900.00

Zone_Talent award fund of Wayzim Intelligent Manufacturing Technology Co., Ltd. (Headquarters)			
Economic Development Bureau of Xishan Economic & Technological Development Zone_Award fund for high-quality development of foreign trade in Xishan 2021	410,000.00	Other income	410,000.00
Science and Technology Bureau of Xishan District (authority)_Take-off of the Year Award 2021 for the first batch of Wuxi Science and Technology Innovation Venture Capital Programs 2022	200,000.00	Other income	200,000.00
Market Supervision and Administration of Xishan District (authority)_Industrial support funds - Intellectual property	145,000.00	Other income	145,000.00
Xishan Branch of Market Supervision and Administration_Patent subsidy for Xishan District	105,000.00	Other income	105,000.00
Treasury Payment Center of Xishan District, Wuxi - Bureau of Commerce of Xishan District (authority)_First batch of projects with special appropriated ministerial and provincial-level commercial funds 2022	89,900.00	Other income	89,900.00
Funds appropriated by Houqiao Party Building	15,000.00	Other income	15,000.00

Office for the grassroots Party building			
Innovation Capacity Building Plan with Special Funds for Provincial Science and Technology Program 2022	50,000.00	Other income	50,000.00
Smart forklift subsidy to Houqiao Supervision Division I	2,500.00	Other income	2,500.00
Innovation team of the Taihu Talent Plan 2019 (received first time in 2020)	5,000,000.00	Other income	5,000,000.00
2019 Provincial "333 Engineering" Scientific Research Funding Project (Phase 3) - Research project subsidy	60,000.00	Other income	60,000.00
IoT Cluster Development Promotion Agency Project Fund (first batch)	250,000.00	Other income	250,000.00
IoT Cluster Development Promotion Agency Project Fund in Wuxi, Jiangsu of Wuxi IoT Innovation Promotion Center	250,000.00	Other income	250,000.00
Awards and subsidies to manufacturing backbone province by the Bureau of Economy and Information Technology	1,539,000.00	Other income	1,539,000.00
Three-year action plan for industrial development in Nanling County	100,000.00	Other income	100,000.00
Redemption of funds for the first set of major	307,800.00	Other income	307,800.00

technical equipment by Wuhu Municipal Finance Bureau			
Apartment rent subsidies for blue-collar workers	82,944.00	Other income	82,944.00
Express Logistics Equipment Manufacturing and Industrial Park Project of the Institute of Mechanical Innovation Design for Express Logistics Intelligent Equipment of the Chinese Academy of Sciences - Institute-based support funds	15,000,000.00	Other payables	
Construction of Intelligent Logistics Equipment and Robot Technology Industrial Base	70,000,000.00	Other payables	
Provincial special funds for the transformation of scientific and technological achievements 2020	5,000,000.00	Other payables	
Science and Technology Development Fund of Xishan Economic & Technological Development Zone in 2020	1,000,000.00	Other payables	
Partnership Agreement on Building the Intelligent Logistics Equipment and Robot Technology Industrial Base	6,000,000.00	Other payables	
Wuxi Services (Finance) Development Fund 2021	2,000,000.00	Other payables	
The first batch of special funds for	2,000,000.00	Other payables	

Provincial Science and Technology Plan in 2022			
The second batch of funds for the development of scientific and technological innovation industries in Xishan District 2021	370,000.00	Other payables	
Special funds granted by the Finance Bureau to support major emerging industries and projects	1,444,700.00	Other payables	
Anhui special support program for leading talent in innovation and entrepreneurship	500,000.00	Long-term payables	

(2). Return of government subsidies

☐ Applicable ☒ Not applicable

Other notes:

None

85. Miscellaneous

☐ Applicable ☒ Not applicable

VIII. Changes in the Scope of Combination**1. Business combination not under common control**

☐ Applicable ☒ Not applicable

2. Business combination under common control

☐ Applicable ☒ Not applicable

3. Counter purchase

☐ Applicable ☒ Not applicable

4. Disposal of subsidiaries

Any situation of a single disposal of investment in subsidiaries and loss of control?

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

5. Changes in the scope of combination for other reasons

Any changes in the scope of combination for other reasons (such as establishment of a new subsidiary, and liquidation of a subsidiary) and relevant circumstances:

☒ Applicable ☐ Not applicable

No.	Name of subsidiary	Reasons for inclusion in the current period
1	Wayzim Chengdu	A new wholly-owned subsidiary
2	Wayzim Jiangxi	A new wholly-owned subsidiary
3	Jiangxi Zhongwei	A new wholly-owned subsidiary
4	Anhui Zhongwei	A new wholly-owned subsidiary
5	Jiangsu Power	A new holding subsidiary
6	Wayzim Malaysia	A new wholly-owned subsidiary

7	Wayzim Russia	A new wholly-owned subsidiary
8	Wayzim Thailand	A new wholly-owned subsidiary
9	Wayzim UK	A new wholly-owned subsidiary
10	Wayzim Hungary	A new wholly-owned subsidiary
11	Wayzim Germany	A new wholly-owned subsidiary
12	Wayzim USA	A new wholly-owned subsidiary

6. Others

☐ Applicable ☒ Not applicable

IX. Interests in Other Entities**1. Interests in subsidiaries****(1). Composition of corporate group**

√ Applicable □ Not applicable

Subsidiary	Principal place of business	Domicile	Business nature	Shareholding ratio (%)		Mode of acquisition
				Direct	Indirect	
Wayzim Guangdong	Guangdong	Guangzhou	Sales service	100	-	Establishment
Wayzim R&D	Jiangsu	Wuxi	Research and experimental development	100	-	Establishment
Wayzim Anhui	Anhui	Wuhu	Research and experimental development	100	-	Establishment
Zhongke Guanwei	Jiangsu	Wuxi	Special equipment manufacturing	100	-	Establishment
Zhitong Intelligent	Shanghai	Shanghai	Research and experimental development	100	-	Establishment
Wayzim Singapore	Singapore	Singapore	Research and experimental development	100	-	Establishment
Intelligent Sensing	Zhejiang	Hangzhou	Research and experimental development	100	-	Establishment
Wayzim Chengdu	Chengdu	Chengdu	Sales service	100	-	Establishment
Wayzim Jiangxi	Jiangxi	Jiangxi	Research and experimental development	100	-	Establishment
Jiangsu Power	Jiangsu	Wuxi	Research and experimental development	51		Establishment
Jiangxi Zhongwei	Jiangxi	Jiangxi	Research and experimental development	-	100	Establishment
Wayzim	Malaysia	Malaysia	Research and	-	100	Establishment

Malaysia			experimental development			
Wayzim USA	USA	USA	Research and experimental development	-	100	Establishment
Wayzim Russia	Russia	Russia	Research and experimental development	-	100	Establishment
Wayzim Hungary	Hungary	Hungary	Research and experimental development	-	100	Establishment
Wayzim Thailand	Thailand	Thailand	Research and experimental development	-	100	Establishment
Wayzim Germany	Germany	Germany	Research and experimental development	-	100	Establishment
Wayzim UK	UK	UK	Research and experimental development	-	100	Establishment
Anhui Zhongwei	Anhui	Wuhu	Research and experimental development	-	100	Establishment

The difference between the shareholding ratio in subsidiaries and the voting proportion:

None

Basis for the fact that the investee is controlled by half or less voting rights and that the investee is not controlled by half or more voting rights:

None

The basis of control for the important structured entity included in the scope of combination:

None

Basis for determining whether the Company is an agent or a client:

None

Other notes:

None

(2). Important non-wholly-owned subsidiaries

☐ Applicable ☒ Not applicable

(3). Main financial information of the important non-wholly-owned subsidiaries

☐ Applicable ☒ Not applicable

(4). Significant restrictions on the use of corporate group assets and liquidation of corporate group debts

☐ Applicable ☒ Not applicable

(5). Financial support and other supports provided for structured entities included in the consolidated financial statements

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

2. Transaction with changes in the owner's equity in the subsidiary and continuous control over the subsidiary

☐ Applicable ☒ Not applicable

3. Equity in joint ventures or associates

☐ Applicable ☒ Not applicable

4. Important joint operation

☐ Applicable ☒ Not applicable

5. Equity in structured entities not included in consolidated financial statements

Related notes on structured entities not included in the scope of consolidated financial statements:

☐ Applicable ☒ Not applicable

6. Others

☐ Applicable ☒ Not applicable

X. Risks Relating to Financial Instruments

☒ Applicable ☐ Not applicable

The Group is exposed to risks from financial instruments in its daily activities, mainly including:

- Credit risk
- Liquidity risk
- Interest rate risks; and
- Exchange rate risks.

The following mainly discusses the above risk exposures and their causes, as well as the changes during the reporting period, risk management objectives, policies and procedures, methods of measuring risks and their changes during the reporting period.

The Group engages in risk management with the objective of striking an appropriate balance between risk and return in an effort to minimize the adverse impact of financial risks on its financial performance. Based on this objective, the Group has developed risk management policies to identify and analyze the risks it faces, set appropriate acceptable levels of risk and designed proper internal control procedures to monitor the Group's risk level. The Group will periodically review these risk management policies and internal control systems to adapt to changes in market conditions and the Group's operating activities.

1. Credit risks

Credit risks refer to the risks that may bring financial losses to one party of a financial instrument by the other party's failure to perform its obligations. The Group's credit risks mainly come from monetary funds, accounts receivable, and contractual assets. The Management will continuously monitor the exposure to these credit risks.

Except for cash, the other monetary funds of the Group are mainly deposited in the credit-worthy financial institutions; thus, the Management do not believe any material credit risks nor expect any loss to the Group due to the breach by the other party.

The maximum credit risk exposure to the Group is the carrying amount of financial assets (including derivative financial instruments) on the Balance Sheet. The Group has not provided any other guarantees that may expose the Group to credit risks.

Accounts receivable and contractual assets

The Group's credit risks are mainly subject to the characteristics of each customer, rather than their industry, country and region. Therefore, the concentration of material credit risks arises primarily from the existence of significant accounts receivable and contractual assets of the Group to individual customers. At the Balance Sheet date, the top three customers of the Group accounted for 73% of the Group's total accounts receivable and contractual assets (vs. 66% in 2021).

For accounts receivable, the Risk Management Committee of the Group has formulated credit policies as the case may be, and conducted credit evaluation on customers to determine the credit lines and credit terms. Credit evaluation mainly refers to the customer's financial condition, external ratings and bank credit history (if possible). The accounts receivable are due within 90 days of the billing date. Under normal circumstances, the Group does not require collateral from customers.

See Note VII. 5, 10, and 31 for details about accounts receivable and contractual assets.

2. Liquidity risks

Liquidity risks refer to the risks of capital shortage when an enterprise fulfills its obligations settled by the delivery of cash or other financial assets. The Company and its subsidiaries are liable for their own cash management, including short-term investment of surplus cash and the financing of loans to meet projected cash requirements (subject to the approval of the Company's Board of Directors if borrowings exceed the preset authorization limits). It is the Group's policy to regularly monitor short- and long-term working capital requirements and compliance with borrowing agreements to ensure that adequate cash reserves are maintained while securing commitments from major financial institutions to provide adequate stand-by funds for short- and longer-term working capital.

Item	Undiscounted contract cash flows as at December 31, 2022					Book value of the Balance Sheet
	Repayment within one year or in real time	1-2 years	2-5 years	More than 5 years	Total	
Short-term borrowings	125,288,895.35	-	-	-	125,288,895.35	124,692,342.70
Accounts payable	623,404,298.69	-	-	-	623,404,298.69	623,404,298.69
Other payables	295,705,175.04	-	-	-	295,705,175.04	295,705,175.04
Non-current liabilities due within one year	3,673,935.49	-	-	-	3,673,935.49	3,667,799.81
Lease liabilities	-	2,358,085.33	3,746,755.96	126,000.00	6,230,841.29	5,874,477.94

Long-term payables	-	39,045,936.29	-	-	39,045,936.29	39,045,936.29
Total	1,048,072,304.57	41,404,021.62	3,746,755.96	126,000.00	1,093,349,082.15	1,092,390,030.47

The remaining contract term of the Group's financial liabilities at the Balance Sheet date based on the undiscounted contractual cash flows (including interest calculated at the contract interest rate (or, in case of a floating rate, at the year-end current rate) and the earliest date required for payment are as follows:

3. Interest rate risks

The interest-bearing financial instruments with fixed and floating interest rates expose the Group to the fair value interest rate risks and cash flow interest rate risks, respectively. The Group determines the ratio of fixed and floating rate instruments based upon market conditions and maintains an appropriate mix of fixed and floating rate instruments through regular review and supervision. The Group does not hedge interest rate risks with derivative financial instruments.

(1) The interest-bearing financial instruments held by the Group at year-end are as follows:

Item	December 31, 2022		December 31, 2021	
	Annual interest rate (%)	Amount	Annual interest rate (%)	Amount
Fixed-rate financial instruments	-	-	-	-
Financial assets				-
-Monetary funds	0.25-2.25	50,116,713.30	0.3-3.79	21,917,932.24
Financial liabilities				
-Short-term borrowings	3.85	-40,000,000.00	3.85	-40,000,000.00
Total		10,116,713.30		-18,082,067.76
Floating-rate financial instruments			-	-
Financial assets				
-Monetary funds	0.0001-5.47	411,140,929.33	0.00-3.26	1,475,887,349.75
-Trading financial assets	0.1-3.4	1,248,763,114.45	0.80-7.82	996,789,577.20
Financial liabilities				
-Short-term borrowings	EURIBOR+1	-84,692,342.70	EURIBOR+1.1-1.2	-125,650,166.70
Total		1,575,211,701.08		2,347,026,760.25

(2) Sensitivity analysis

At December 31, 2022, an assumed increase/decrease in interest rates of 100 basis points would result in an increase/decrease in shareholders' equity and net profit of the Group of CNY 13,368,575.50 (vs. CNY 19,825,979.73 in 2021), with other variables being constant.

4. Exchange rate risks

For foreign currency assets and liabilities such as monetary funds, accounts receivable, contractual assets, short-term borrowings and other payables not denominated in recording currency, the Group will buy and sell foreign currencies at market exchange rates when necessary to ensure that the net risk exposure is maintained at an acceptable level in case of short-term imbalances.

- (1) The Group's exchange rate exposure to foreign currency assets and liabilities at year-end is as follows. For presentation purposes, the risk exposure amount is shown in CNY and converted at the spot exchange rates on the Balance Sheet date.

Item	December 31, 2022		December 31, 2021	
	Foreign currency balance	Balance of CNY conversion	Foreign currency balance	Balance of CNY conversion
Monetary funds				
-USD	5,104,118.34	35,548,142.59	281,567.94	2,032,836.05
-EUR	705,180.63	5,234,485.30	2,368,193.21	15,098,889.42
-GBP	1,966.84	16,509.85	-	-
Accounts receivable				
-USD	7,313,440.89	50,935,190.42	170,060.36	1,084,253.83
-EUR	-	-	8,434.12	60,891.85
Contractual assets				
-USD	438,890.03	3,056,693.50	425,662.25	2,713,894.81
-EUR	24,097.50	178,873.33	-	-
Other non-current assets				
-USD	2,530,917.15	17,626,825.58	394,018.45	2,512,143.43
-EUR	-	-	24,097.50	173,976.72
Short-term borrowings				
-EUR	-11,409,603.08	-84,692,342.70	-17,403,793.33	-125,650,166.70
Net Balance Sheet exposure	4,709,008.30	27,904,377.87	-13,731,759.50	-101,973,280.59

- (2) The Group's applicable exchange rate analysis of CNY against foreign currencies is as follows:

Currency	Average exchange rate	
	2022	2021
USD	6.6702	6.4503
EUR	7.3213	7.6224
GBP	8.5003	8.7484
HUF	0.0191	0.0208
MYR	1.5519	1.5720
SGD	4.9505	4.8247
RUB	0.0898	0.0866

	Intermediate rate on reporting day	
	December 31, 2022	December 31, 2021
USD	6.9646	6.3757
EUR	7.4229	7.2197
GBP	8.3941	8.6064
HUF	0.0186	0.0196
MYR	1.5772	1.5266
SGD	5.1831	4.7179
RUB	0.0942	0.0855

(3) Sensitivity analysis

Assuming that other risk variables other than exchange rate remain unchanged, a 10% appreciation of the CNY due to the exchange rate changes of the CNY yuan against the US dollar, the euro and the British pound on December 31, 2022 and December 31, 2021 will result in an increase/(decrease) in the shareholders' equity and net profit of the Group, specifically as follows. This effect is shown in CNY at the spot exchange rates on the Balance Sheet date.

Item	Shareholders' equity	Net profit
December 31, 2022		
USD	9,109,762.30	9,109,762.30
EUR	-509,680.78	-509,680.78
GBP	1,403.34	1,403.34
	-	-
December 31, 2021	-	-
USD	-1,819,780.43	-1,819,780.43
EUR	10,487,509.28	10,487,509.28

Assuming other variables remain constant, a 10% depreciation of the CNY due to changes in the exchange rate of the CNY yuan against the US dollar, the euro and the British pound on December 31, 2022 and December 31, 2021 will result in changes in the shareholders' equity and net profit of the Group in the same amount but in the opposite direction as shown in the table above.

The above sensitivity analysis is based on the assumption that the exchange rate changes on the Balance Sheet date, and the financial instruments held by the Group or the Company that are exposed to exchange rate risk on the Balance Sheet date are remeasured with the changed exchange rate.

XI. Disclosure of Fair Value**1. Ending fair value of assets and liabilities measured at fair value**

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending fair value			
	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total

	measurement	measurement	measurement	
I. Recurring fair value measurement	-	-	-	-
(I) Trading financial assets	-	-	-	-
1. Financial assets measured at fair value through current profit or loss	-	-	-	-
(1) Asset management products		180,257,364.72	1,066,355,139.73	1,246,612,504.45
(2) Exchange forward contracts	-	2,150,610.00	-	2,150,610.00
(II) Receivables-based financing	-	200,000.00	-	200,000.00
(III) Investment in other equity instruments	-	-	20,000,000.00	20,000,000.00
Total assets continuously measured at fair value		182,607,974.72	1,086,355,139.73	1,268,963,114.45

2. Determination basis for market price of items measured at Level 1 fair value on a recurring and non-recurring basis

☐ Applicable ☒ Not applicable

3. Valuation techniques and qualitative and quantitative information on important parameters adopted for Level 2 fair value measurements on a recurring and non-recurring basis

☒ Applicable ☐ Not applicable

The fair value of the asset management products continuously measured by Level 2 fair value adopts the market comparison approach, and the valuation adopts the quotation of similar products in the market and adjusts according to the characteristics of the asset management products held by the Group. The fair value of an exchange forward contract is determined by discounting the difference between the exercise price and the market forward price.

4. Valuation techniques and qualitative and quantitative information on important parameters adopted for recurring and non-recurring Level 3 fair value measurement

☒ Applicable ☐ Not applicable

Trading financial assets of recurring Level 3 fair value measurement are mainly asset management products and structured deposits held by the Group. The Group adopts the valuation technique to measure fair value. The valuation model is mainly discounted cash flow model, and the input value of the valuation technique is mainly the expected yield.

The quantitative information of Level 3 fair value measurement is as follows:

	Fair value on December 31, 2022	Valuation technique	Unobservable inputs	Range
Asset management product	1,066,355,139.73	Discounted cash flow method	Expected yield	2.85%-3.40%
Investment in unlisted equity instruments	20,000,000.00	Discounted cash flow method	Expected yield	11.5%-11.9%

5. Adjustment information between beginning and ending book values and sensitivity analysis of unobservable parameters of recurring Level 3 fair value measurement items

☒ Applicable ☐ Not applicable

Adjustment information between beginning and ending book values of recurring Level 3 fair value measurement items:

Item	December 31, 2022	December 31, 2021
Beginning balance	971,780,508.26	-
Realized gains or losses booked into profit or loss	-	-
- Investment income	-11,058,750.05	-5,265,796.94
- Changes in fair value recognized in profit or loss	-24,692,762.21	-
Purchase, sale and settlement	-	-
- Purchase	12,439,960,000.00	3,921,240,000.00
- Redemption	-12,293,000,000.00	-3,219,240,000.00
- Settlement	3,366,143.73	275,046,305.20
Ending balance	1,086,355,139.73	971,780,508.26

6. The reason for transfers and the policy to determine transfer time of recurring fair value measurement items with transfers among different levels in the current period

☐ Applicable ☒ Not applicable

7. Changes in valuation techniques in current period and causes

☐ Applicable ☒ Not applicable

8. Fair value of financial assets and liabilities not measured at fair value

☐ Applicable ☒ Not applicable

9. Others

☐ Applicable ☒ Not applicable

XII. Affiliates and Affiliate Transactions**1. The Company's parent company**

☐ Applicable ☒ Not applicable

2. The Company's subsidiaries

Please refer to Note IX. 1 for details of the Company's subsidiaries.

☐ Applicable ☒ Not applicable

3. The Company's joint ventures and associates

The Company's important joint ventures or associates are listed in Note IX.

☐ Applicable ☒ Not applicable

Other joint ventures and associates having affiliate transactions with the Company in current period or having affiliate transactions with the Company to generate balances in previous period

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

4. Other affiliates

☒ Applicable ☐ Not applicable

Name of other affiliates	Relationship between other affiliates and the Company
Li Gongyan	Key management personnel
Yao Yi	Key management personnel

Zou Xi	Key management personnel
Du Wei	Key management personnel
Lyu Meiya	Key management personnel
Zhong Jianpeng	Key management personnel
Ke Li	Key management personnel
Li Xiaobing	Key management personnel
Xi Yuxiang	Key management personnel
Institute of Microelectronics of the Chinese Academy of Sciences	Shareholders indirectly holding more than 5% of the shares
Kunshan Branch, Institute of Microelectronics of the Chinese Academy of Sciences	Shareholders indirectly holding more than 5% of the shares
Beijing Zhongke Micro Investment Management Co., Ltd.	Shareholders directly holding more than 5% of the shares
Jiangsu Carnival Technology Co., Ltd.	Enterprises controlled by other close relatives of key management personnel
Wuxi Lianshun Machinery Equipment Co., Ltd.	Enterprises controlled by other close relatives of key management personnel as of September 30, 2022
Kunshan Meibang Environmental Technology Co., Ltd.	Enterprises under significant influence of other close relatives of key management personnel
Wayzim Hangzhou	As an associate of the Company before March 30, 2020

Other notes

None

5. Affiliate transactions**(1). Affiliate transactions involving the purchase and sales of goods and the rendering and acceptance of services**

Purchasing of goods and receiving of services

√ Applicable □ Not applicable

Unit: CNY

Affiliates	Content of affiliate transaction	Current amount incurred	Prior amount incurred
------------	----------------------------------	-------------------------	-----------------------

Jiangsu Carnival Technology Co., Ltd.	Purchasing of goods	35,210,160.24	33,823,952.31
Kunshan Meibang Environmental Technology Co., Ltd.	Purchasing of goods	81,000.07	117,771,666.25
Wuxi Lianshun Machinery Equipment Co., Ltd.	Purchasing of goods	8,861,029.39	20,766,325.43
Institute of Microelectronics of the Chinese Academy of Sciences	Receiving of services	1,500,000.00	
Kunshan Branch, Institute of Microelectronics of the Chinese Academy of Sciences	Receiving of services	-	500,000.00
Total		45,652,189.70	172,861,943.99

Sales of goods and rendering of services

√ Applicable □ Not applicable

Unit: CNY

Affiliates	Content of affiliate transaction	Current amount incurred	Prior amount incurred
Jiangsu Carnival Technology Co., Ltd.	Sales of accessories	470,796.46	
Kunshan Meibang Environmental Technology Co., Ltd.	Sales of accessories	39,823.02	
Wayzim Hangzhou	Sales of goods	N/A	9,264,070.79
Total		510,619.48	9,264,070.79

Affiliate transactions of purchase & sales of goods and rendering & receiving of services

√ Applicable □ Not applicable

The amount of goods sold by Wayzim Hangzhou in 2021 is the sales volume during the period from January 1, 2021 to March 30, 2021.

The amount of goods purchased by Wuxi Lianshun Machinery Equipment Co., Ltd. in 2022 is the amount from January 1, 2022 to September 30, 2022.

(2). Affiliate trusteeship/contracting and entrusted management/outsourcing

Trusteeship/contracting of the Company:

☐ Applicable ☒ Not applicable

Affiliate trusteeship/contracting

☐ Applicable ☒ Not applicable

Affiliate trusteeship/contracting of the Company

☐ Applicable ☒ Not applicable

Affiliate management/outsourcing

☐ Applicable ☒ Not applicable

(3). Lease among associates

The Company acts as the Lessor:

☐ Applicable ☒ Not applicable

The Company acts as the Lessee:

√ Applicable ☐ Not applicable

Unit: CNY

Name of Lessor	Type of assets leased	Depreciation of right-of-use assets accrued as of December 31, 2022	Interest expense on lease liabilities accrued as of December 31, 2022	Rental fees paid in prior period
Beijing Zhongke Micro Investment Management Co., Ltd.	Premises	1,479,296.30	211,664.62	
Total		1,479,296.30	211,664.62	

Lease among associates

☐ Applicable √ Not applicable

(4). Guarantee with associates

The Company as the Guarantor

☐ Applicable ☒ Not applicable

The Company as the Secured Party

☐ Applicable ☒ Not applicable

Guarantee with affiliates

☐ Applicable ☒ Not applicable**(5). Fund borrowing from/to affiliates**☐ Applicable ☒ Not applicable**(6). Asset transfer and debt restructuring of affiliates**☐ Applicable ☒ Not applicable**(7). Remuneration of key management personnel**☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Equity-settled share-based payment	13,356,555.17	14,505,396.30
Other means of payment	4,738,920.52	5,572,277.35
Remuneration of key management personnel	18,095,475.69	20,077,673.65

(8). Other affiliate transactions☒ Applicable ☐ Not applicable

Unit: CNY

Affiliates	Content of affiliate transaction	Current amount incurred	Prior amount incurred
Institute of Microelectronics of the Chinese Academy of Sciences	Reimbursed expenses of affiliates	491,269.29-	1,010,133.26

6. Receivables and payables of affiliates**(1). Receivables**☒ Applicable ☐ Not applicable

Unit: CNY

Name of item	Affiliates	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Kunshan Meibang Environmental Technology Co., Ltd.	45,000.01	2,250.00		
Total		45,000.01	2,250.00		
Other receivables	Beijing Zhongke Micro Investment Management Co., Ltd.			63,528.00	3,176.40
Long-term receivables	Beijing Zhongke Micro Investment Management Co., Ltd.	63,528.00			
Total		63,528.00		63,528.00	3,176.40

(2). Payables

√ Applicable □ Not applicable

Unit: CNY

Name of item	Affiliates	Ending book balance	Beginning book balance
Accounts payable	Kunshan Meibang Environmental Technology Co., Ltd.	62,823,919.14	72,257,424.38
Accounts payable	Jiangsu Carnival Technology Co., Ltd.	15,935,095.66	7,071,258.59
Accounts payable	Wuxi Lianshun Machinery Equipment Co., Ltd.	N/A	10,649,950.97
Total		78,759,014.80	89,978,633.94
Other payables	Zhong Jianpeng	14,455.00	91,634.68

Other payables	Li Xiaobing	4,936.40	14,144.80
Other payables	Lyu Meiya	3,916.00	
Other payables	Ke Li	2,913.29	
Other payables	Zou Xi	1,454.00	160.00
Other payables	Du Wei	813.60	
Other payables	Yao Yi	-	11,217.41
Other payables	Li Gongyan	-	10,608.93
Other payables	Institute of Microelectronics of the Chinese Academy of Sciences	-	514,190.22
Total		28,488.29	641,956.04

7. Commitment by affiliates

☐ Applicable ☒ Not applicable

8. Miscellaneous

☐ Applicable ☒ Not applicable

XIII. Share-based Payment**1. Overall conditions of share-based payment**

☒ Applicable ☐ Not applicable

Unit: share

Total equity instruments granted by the Company in the current period	508,500.00
Total equity instruments exercised by the Company in the current period	273,000.00
Total invalid equity instruments of the Company in the current period	-
The range of the exercise prices for the outstanding stock options of the Company at the end of the period, and the remaining contract period	
The range of the exercise prices for other outstanding equity instruments of the Company at	

the end of the period, and the remaining contract period	
--	--

Other notes

None

2. Equity-settled share-based payment√ Applicable ☐ Not applicable

Unit: CNY

The accumulated amount of equity-settled share-based payments included in the capital reserve	244,004,930.24
The total amount of equity-settled share-based payment expenses in the current period	38,481,558.33

Other notes

In accordance with the decision on the implementation of equity-based incentives deliberated at the General Meeting of the Company on September 28, 2018, the Company implemented equity-based incentives (hereinafter referred to as the "Second Share-based Payment") for other 17 partners except Li Gongyan through Qunchuang Zhongda. The partners paid consideration of CNY 1 to join Qunchuang Zhongda for indirect acquisition of shares in the Company. The Company entered into the *Incentive Equity Grant Agreement* with each of such partners on December 25, 2018. In accordance with the *Incentive Equity Grant Agreement*, the incentive shares are oriented to the incentive objects for their continued employment with or provision of services to the Company for a period of not less than ten years. On June 30, 2019, the interim Board of Directors and the shareholders' meeting of the Company deliberated and approved the *Equity-based Incentive Plan of Wayzim Technology*. (hereinafter referred to as the "Equity-based Incentive Plan"). According to the Equity-based Incentive Plan, the service period corresponding to the incentive equity is changed from no less than ten years to a stepped service period of 3-10 years.

According to the decision of the Board of Directors of the Company on the implementation of equity-based incentives, which was deliberated and approved on November 1, 2019, the Company implemented equity-based incentives for employees Zuo Xiaofang, Zhang Jing and Zhong Jianpeng through Qunchuang Zhongda (hereinafter referred to as the "Fourth Share-based Payment"). Zuo Xiaofang and Zhang Jing acquired the Company's shares of Qunchuang Zhongda indirectly from Li Gongyan at the consideration of CNY 5 per registered capital. Zhong Jianpeng acquired the Company's shares of Qunchuang Zhongda indirectly from Li Gongyan at the consideration of CNY 1 per registered capital. On December 17, 2019, the Company entered into the *Incentive Equity Grant Agreement* with each of these employees. The service period is governed by the Equity-based Incentive Plan adopted on June 30, 2019, as set out in the *Incentive Equity Grant Agreement*.

The Company implemented the first tranche of the Employee Stock Ownership Plan in 2022 in accordance with the *Proposal on the First Employee Stock Ownership Plan (Draft Amendment) of Wayz Intelligent Manufacturing Technology Co. Ltd. and Abstract*, the *Proposal on Management Measures for the First Employee Stock Ownership Plan of Wayz Intelligent Manufacturing Technology Co. Ltd. (Amendment)*, and the *Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Related to the First Tranche of Employee Stock*

Ownership Plan adopted at the 18th Meeting of the First Board of Directors and the 7th Meeting of the First Board of Supervisors held on April 26, 2022 as well as the Annual General Meeting 2021 held on May 16, 2022. On July 18, 2022, the Company made a total payment of CNY 20,000,000.00 to the first tranche of the Employee Stock Ownership Plan for the purchase of the Company's shares. On July 29, 2022, the Company completed the purchase of 508,500 shares for a total amount of CNY 19,272,315.30 under the first tranche of the Employee Stock Ownership Plan. On August 1, 2022, the Employee Stock Ownership Plan refunded the remaining amount of CNY 727,684.70 to the Company. The underlying shares acquired under the Employee Stock Ownership Plan will be unlocked in ten installments 12 months after July 29, 2022, with a lockup period of 12 months for each installment, totaling 120 months.

3. Cash-settled share-based payment

☐ Applicable ☒ Not applicable

4. Modification and termination of share-based payment

☐ Applicable ☒ Not applicable

5. Miscellaneous

☐ Applicable ☒ Not applicable

XIV. Commitments and Contingencies

1. Important commitments

☒ Applicable ☐ Not applicable

Important external commitments, nature and amounts on the Balance Sheet date

Important external commitments, nature and amounts on the Balance Sheet date

(1) Capital commitments

Item	December 31, 2022	December 31, 2021
Asset purchase contracts in progress and signed but not yet performed	204,865,037.38	63,005,861.71

(2) Operating lease commitments

According to the irrevocable operating lease agreement, the minimum lease payments payable by the Group after December 31, 2022 and after December 31, 2021 are as follows:

Item	December 31, 2022	December 31, 2021
Subtotal for aging within one year	25,137.50	392,048.78
1-2 years	-	25,137.50
2-3 years	-	-
More than 3 years	-	-
Total	25,137.50	417,186.28

2. Contingencies

(1). Material contingencies on the Balance Sheet date

☒ Applicable ☐ Not applicable

Important pending litigation

On November 7, 2022, Dongguan Lianhaotong Express Co., Ltd. (hereinafter referred to as the "Plaintiff") brought a case (No.: (2022) Y 1972 MC No.22513) of dispute over a sales contract against the Company. The Plaintiff claimed that there are quality problems with the equipment provided by the Company, and appealed to the Company to terminate the equipment purchase and sales contract, refund the payment of CNY 15.84 million and bear the interest incurred.

On March 6, 2023, the Second People's Court of Dongguan City made a judgment on this case, confirming that the equipment purchase and sales contract signed by the Plaintiff and the Company had been terminated, the relevant automatic sorting equipment of pivot wheel should be returned to the Company, and the Company should return to the Plaintiff the payment of CNY 15.84 million and the interest incurred.

On March 24, 2023, the Company filed an appeal to the Intermediate People's Court of Dongguan City, Guangdong Province in respect of the above dispute over sales contract, requesting to vacate the original judgment, amend the judgment and dismiss all the Plaintiff's claims. Meanwhile, the Plaintiff should bear all legal costs of the first and second trials. As of the date of approval of the Financial Report, the Intermediate People's Court of Dongguan City, Guangdong Province had not made a judgment. According to the Management estimates, the Group is not likely to indemnify in this case.

In addition to the above contingencies, the Group has no other material contingencies to be disclosed.

(2). It is also important to specify where the Company has no material contingencies to disclose:

☐ Applicable ☒ Not applicable

3. Miscellaneous

☐ Applicable ☒ Not applicable

XV. Events after the Balance Sheet Date

1. Significant non-adjusting events

☒ Applicable ☐ Not applicable

Except for contingencies already disclosed in Note XIV. 2, the Group has no material events after the Balance Sheet date to be disclosed.

2. Profit distribution

☐ Applicable ☒ Not applicable

3. Sales return

☐ Applicable ☒ Not applicable

4. Other events after the Balance Sheet date

☐ Applicable ☒ Not applicable

XVI. Other Important Matters

1. Correction of accounting errors in the prior period

(1). Retroactive restatement

☐ Applicable ☒ Not applicable

(2). Prospective application

☐ Applicable ☒ Not applicable

2. Debt restructuring

☐ Applicable ☒ Not applicable

3. Replacement of assets

(1). Exchange of non-monetary assets

☐ Applicable ☒ Not applicable

(2). Replacement of other assets

☐ Applicable ☒ Not applicable

4. Annuity plan

☐ Applicable ☒ Not applicable

5. Discontinuing operation

☐ Applicable ☒ Not applicable

6. Segment information**(1). Basis and accounting policies for determining reporting segments**

☐ Applicable ☒ Not applicable

(2). Financial information on reporting segments

☐ Applicable ☒ Not applicable

(3). In the absence of reporting segments or in case of failure to disclose the total assets and liabilities of each reporting segment, please specify

☒ Applicable ☐ Not applicable

The Group operates as a whole, known for a unified internal organizational structure, a management evaluation system and an internal reporting system. The Management conducts resource allocation and performance evaluation by regularly reviewing financial information at the company level. The Group has no separately managed operating segments during the reporting period and therefore has only one operating segment.

The Group's non-current assets (excluding financial assets and deferred income tax assets) are mainly located in Chinese Mainland by the location of physical assets (for fixed assets) and of related businesses (for intangible assets).

(4). Other notes

☒ Applicable ☐ Not applicable

The Group has a customer whose revenue accounts for 10% or more of the total revenue (vs a customer in 2021), or rather, about 19% (vs. 54% in 2021).

Customer	2022	2021
Shanghai Zhongtongji Network Technology Ltd.	429,246,425.97	1,197,303,801.88

7. Other significant transactions and events having impact on the investor's decision-making

☐ Applicable ☒ Not applicable

8. Miscellaneous

☐ Applicable ☒ Not applicable

XVII. Notes to Major Items in Financial Statements of the Parent Company**1. Accounts receivable****(1). Disclosure by aging**

☒ Applicable ☐ Not applicable

Unit: CNY

Aging	Ending book balance
Within 1 year	
Including: Within one year (itemized)	
Within one year	625,205,889.29
Subtotal for aging within one year	625,205,889.29
1-2 years	317,826,763.49
2-3 years	40,634,480.85
More than 3 years	7,166,451.05
Total	990,833,584.68

(2). Disclosure by provision for bad debts

☒ Applicable ☐ Not applicable

Unit: CNY

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of accrual (%)		Amount	Proportion (%)	Amount	Proportion of accrual (%)	
Provision for bad debts by individual item										
Including:										
- Portfolio 1: Affiliates within the Group										

-Portfolio 2: Other customers	6,248,770.00	1	6,248,770.00	100						
Provision for bad debts by portfolio	984584814.7	99	151448828.2	15	833135986.5	894708714.2	100	69486575.31	8	825222138.9
Including:										
- Portfolio 1: Affiliates within the Group	781,146.06	0			781,146.06	11,279,398.41	1			11,279,398.41
-Portfolio 2: Other customers	983,803,668.62	99	151,448,828.19	15	832,354,840.43	883,429,315.79	99	69,486,575.31	8	813,942,740.48
Total	990,833,584.68	100	157,697,598.19	16	833,135,986.49	894,708,714.20	100	69,486,575.31	8	825,222,138.89

Provision for bad debts by individual item:

☒ Applicable ☐ Not applicable

Unit: CNY

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of accrual (%)	Reason for accrual
Suning Logistics (Shenzhen) Co., Ltd.	3,432,000.00	3,432,000.00	100	Expected to be uncollectible
Beijing Neolix Technology Co., Ltd.	1,750,000.00	1,750,000.00	100	Expected to be uncollectible
Dongguan Lianhua Freight Forwarding Co., Ltd.	639,784.48	639,784.48	100	Expected to be uncollectible
Tian Tian Express Co., Ltd.	426,985.52	426,985.52	100	Expected to be uncollectible
Total	6,248,770.00	6,248,770.00	100	/

Note to provision for bad debts by individual item:

☐ Applicable ☒ Not applicable

Provision for bad debts by combination:

☒ Applicable ☐ Not applicable

Portfolio provision item: Accounts receivable

Unit: CNY

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Proportion of accrual (%)
- Portfolio 1: Affiliates within the Group	781,146.06	-	0
-Portfolio 2: Other customers	983,803,668.62	151,448,828.19	15
Total	984,584,814.68	151,448,828.19	

Recognition criteria and notes to provision for bad debts by portfolio:

√ Applicable ☐ Not applicable

According to the nature and credit length of customers, the Company divides accounts receivable into the portfolios: affiliates within the Group and other customers, subject to different expected credit loss rates, respectively. The Company holds that the portfolio of affiliates within the Group has no significant risk, and no provision for bad debts is accrued.

The Company always measures the provision for impairment of accounts receivable in accordance with the amount equivalent to the expected credit loss in the duration, and calculates its expected credit loss based on the comparison table between expected days and default loss rate. Based on the historical experience of the Company, there is no significant difference between different customer segments except related parties within the Group. Therefore, the customer segments are not further distinguished (except affiliates within the Group) in the calculation of provision for bad debts.

In case of provision for bad debts by the general model of expected credit loss, please disclose the relevant information by referring to other receivables:

☐ Applicable √ Not applicable

(3). Provision for bad debts

√ Applicable ☐ Not applicable

Unit: CNY

Category	Beginning balance	The amount of change in the current period				Ending balance
		Accrual	Recovered or transferred back	Write-off/charge-off	Other changes	
Provision for bad debts by individual item		6,248,770.00	-	-		6,248,770.00
Provision for bad debts by portfolio	69,486,575.31	108,768,758.58	26,806,505.70	-		151,448,828.19
Total	69,486,575.31	115,017,528.58	26,806,505.70			157,697,598.19

The significant amounts recovered or transferred back for provision for bad debts in the current period:

☐ Applicable √ Not applicable

(4). Accounts receivable actually written off in current period

☐ Applicable ☒ Not applicable

Write-off of significant accounts receivable

☐ Applicable ☒ Not applicable

(5). Accounts receivable of top 5 companies in terms of ending balance collected by debtor:

☒ Applicable ☐ Not applicable

Unit: CNY

Company name	Ending balance	Proportion in total ending balance of accounts receivable (%)	Ending balance of provision for bad debts
Shanghai Zhongtongji Network Technology Ltd.	364,034,302.01	36.74	64,450,404.75
Wayzim Hangzhou	54,619,734.80	5.51	6,458,117.73
Yiwu Surui Express Co., Ltd.	41,063,741.72	4.14	10,920,398.32
Hangzhou Zhongtongji Technology Co., Ltd.	33,841,904.45	3.42	6,205,909.46
J&T Express (Malaysia) Sdn Bhd	32,540,972.90	3.28	2,161,313.56
Total	526,100,655.88	53.09	90,196,143.82

Other notes

None

(6). Accounts receivable derecognized due to transfer of financial assets

☐ Applicable ☒ Not applicable

(7). Assets and liabilities resulting from transfer of accounts receivable and continuous involvement

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

2. Other receivables**List of items**√ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Interests receivable	4,321,978.93	362,360.47
Other receivables	158,550,929.40	88,991,226.28
Less: Provision for bad debts	764,212.77	402,354.60
Total	162,108,695.56	88,951,232.15

Other notes:

☐ Applicable √ Not applicable**Interests receivable****(1). Category of interests receivable**√ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Loans to subsidiaries	4,321,978.93	362,360.47
Total	4,321,978.93	362,360.47

(2). Material overdue interests☐ Applicable √ Not applicable**(3). Accrual of provision for bad debts**☐ Applicable √ Not applicable

Other notes:

☐ Applicable √ Not applicable

Dividends receivable**(4). Dividends receivable**

☐ Applicable ☒ Not applicable

(5). Significant dividends receivable with aging over 1 year

☐ Applicable ☒ Not applicable

(6). Accrual of provision for bad debts

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

Other receivables**(1).Disclosure by aging**

☒ Applicable ☐ Not applicable

Unit: CNY

Aging	Ending book balance
Within 1 year	
Including: Within one year (itemized)	
Within 1 year	162,228,585.81
Subtotal for aging within one year	162,228,585.81
1-2 years	170,000.00
2-3 years	407,322.52
More than 3 years	67,000.00
Total	162,872,908.33

(2).Classification by payment nature

☒ Applicable ☐ Not applicable

Unit: CNY

Nature of payment	Ending book balance	Beginning book balance
Amounts due from subsidiaries	153,377,555.54	84,021,651.33
Bid and project security	7,385,836.57	4,242,400.00
Pretty cash for employees	92,000.00	152,957.98
Others	2,017,516.22	936,577.44
Less: Provision for bad debts	764,212.77	402,354.60
Total	162,108,695.56	88,951,232.15

(3).Accrual of provision for bad debts

√ Applicable □ Not applicable

Unit: CNY

	Stage I	Stage II	Stage III	
Provision for bad debts	Expected credit loss in the next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss for the entire duration (with credit impairment)	Total
Balance on January 1, 2022	379,454.60	-	22,900.00	402,354.60
-Transferred to Stage III	-	-	-	
Provision in the current period	570,340.51	-	-	570,340.51
Transferred back in the current period	187,582.34	-	20,900.00	208,482.34
Balance on December 31, 2022	762,212.77	-	2,000.00	764,212.77

Description for significant change of book balance of other receivables due to change of loss provision of current period:

□ Applicable √ Not applicable

The basis for provision for bad debts of current period and evaluation on significant increase in credit risk of financial instrument is as follows:

☐ Applicable ☒ Not applicable

(4).Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: CNY

Category	Beginning balance	The amount of change in the current period				Ending balance
		Accrual	Recovered or transferred back	Write-off/charge-off	Other changes	
Provision for bad debts by portfolio	402,354.60	570,340.51	208,482.34			764,212.77
Total	402,354.60	570,340.51	208,482.34	-	-	764,212.77

The significant amounts recovered or transferred back for provision for bad debts in the current period:

☐ Applicable ☒ Not applicable

(5).Other receivables actually written off in the current period

☐ Applicable ☒ Not applicable

(6).Other receivables of top 5 companies in terms of ending balance collected by debtor

☒ Applicable ☐ Not applicable

Unit: CNY

Company name	Nature of payment	Ending balance	Aging	Proportion in the total ending balance of other receivables (%)	Provision for bad debts Ending balance
Anhui Wayzim Logistics Equipment Manufacturing Co., Ltd.	Borrowing by affiliates	86,922,382.64	Within 1 year	53	

Wayzim Artificial Intelligence Technology Research and Development (Jiangsu) Co., Ltd.	Borrowing by affiliates	43,810,264.70	Within year	1	27	
Wayzim Intelligent Sensing Technology (Hangzhou) Co., Ltd.	Borrowing by affiliates	15,607,056.36	Within year	1	10	
Zhitong Intelligent Technology (Shanghai) Co., Ltd.	Borrowing by affiliates	6,928,143.32	Within year	1	4	
Chuzhou Lishen New Energy Technology Co., Ltd.	Bid and project security	900,000.00	Within year	1	1	45,000.00
Total	/	154,167,847.02	/		95	45,000.00

(7).Accounts receivable involving government subsidies

☐ Applicable ☒ Not applicable

(8).Other receivables derecognized due to transfer of financial assets

☐ Applicable ☒ Not applicable

(9).Assets and liabilities resulting from transfer of other receivables and continuous involvement

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

3. Long-term equity investment

√ Applicable □ Not applicable

Unit: CNY

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	333,767,862.88	-	333,767,862.88	103,143,300.00	-	103,143,300.00
Total	333,767,862.88	-	333,767,862.88	103,143,300.00	-	103,143,300.00

(1). Investment in subsidiaries

√ Applicable □ Not applicable

Unit: CNY

Investee	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Provision for impairment accrued in current period	Ending balance of provision for impairment
Wayzim Anhui	10,000,000.00	-		10,000,000.00		
Wayzim R&D	42,500,000.00	21,974,562.88		64,474,562.88		
Zhongke Guanwei	22,093,300.00	-		22,093,300.00		
Wayzim Guangdong	18,900,000.00	16,100,000.00		35,000,000.00		
Zhitong Intelligent	600,000.00	-		600,000.00		
Intelligent Sensing	9,050,000.00	90,950,000.00		100,000,000.00		
Wayzim	-	46,000,000.00		46,000,000.00		

Chengdu						
Wayzim Jiangxi	-	55,600,000.00		55,600,000.00		
Total	103,143,300.00	230,624,562.88		333,767,862.88		

(2). Investment in associates and joint ventures

☐ Applicable ☒ Not applicable

Other notes:

None

4. Operating revenue and operating cost**(1). Operating revenue and operating cost**

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred		Prior amount incurred	
	Revenue	Cost	Revenue	Cost
Main business	2,194,941,056.12	1,963,964,988.54	2,200,702,082.33	1,661,361,107.48
Other businesses	45,682,609.22	35,539,968.25	17,669,934.52	4,816,937.64
Total	2,240,623,665.34	1,999,504,956.79	2,218,372,016.85	1,666,178,045.12

(2). Incomes from contracts

☒ Applicable ☐ Not applicable

Unit: CNY

Classification of contracts	Total
By business region	
Chinese Mainland	1,963,030,157.99
Others	277,593,507.35
Contract type	
- Sales of cross-belt sorter system	872,529,590.65

- Sales of total integrated sorting system	884,931,128.54
- Sales of large parcel sorting system	152,570,084.90
- Sales of conveying equipment	36,629,511.02
- Sales of dynamic weighing equipment	24,419,829.80
- Sales of intelligent warehouse system	45,889,281.27
- Sales of single-parcel singulator	147,625,068.14
Sales of other equipment	30,346,561.80
- Sales of accessories	35,724,969.58
Rendering of technical services	6,419,083.70
Rental income	-
Rendering of labor services	3,538,555.94
By time of the transfer of goods	
Revenue recognition at a certain point of time	2,240,307,627.60
Revenue recognition over a period of time	316,037.74
Total	2,240,623,665.34

Income from contracts:

☐ Applicable ☒ Not applicable

(3).Performance obligations

☐ Applicable ☒ Not applicable

(4).Apportionment to remaining performance obligations

☐ Applicable ☒ Not applicable

Other notes:

None

5. Investment income√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Investment income from the disposal of trading financial assets	25,526,975.78	6,377,151.82
Including: Trading financial assets	25,526,975.78	6,377,151.82
Total	25,526,975.78	6,377,151.82

Other notes:

None

6. Others☐ Applicable √ Not applicable**XVIII. Supplementary Data****1. Statement of non-recurring profit or loss in the current period**√ Applicable ☐ Not applicable

Unit: CNY

Item	Amount	Note
Profits/losses on the disposal of non-current assets	-622,365.88	Listed by pre-tax amount
Tax rebates or concessions upon ultra vires approval or without official approval documents		
Government subsidies recorded into current profit or loss (except those closely related to the Company's business and enjoyed by quota or ration as per national unified standards)	35,212,756.09	Listed by pre-tax amount
Fund possession cost recorded in current profit & loss charged to non-financial companies		
Income generated due to the fact that, investment cost for acquiring investments in		

subsidiaries, associates or joint ventures is less than the fair value of share in recognizable net asset of the investee when the investment is conducted		
Gain/loss from non-monetary assets exchange		
Gains and losses from entrusting others with investment or asset management		
Provision for impairment of various assets due to force majeure, such as natural disaster		
Gains and losses related to debt restructuring		
Business restructuring expenses, such as staff resettlement expenses, integration costs, etc.		
Gain/loss from the part over fair value generated by a transaction with apparently unfair transaction price		
Current net profit/loss of a subsidiary established by business combination under common control from the beginning of the period to the date of combination		
Gain/loss from contingency irrelevant with the normal operations of the Company		
In addition to the active hedging business related to the normal operation of the Company, the changes in fair value recognized in profit or loss arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and the investment income from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments	53,243,408.46	Listed by pre-tax amount
Return from receivables and contractual assets impairment provisions tested with impairment solely	20,900.00	Listed by pre-tax amount
Profits and losses from external entrusted		

loans		
Profits and losses from changes in fair value of investing real estate of which the subsequent measurement is carried out by adopting the fair value method		
Impact of one-time adjustments to current profit and loss in accordance with tax, accounting, and other laws and regulations on current profit and loss		
Income from entrusted custody operation		
Other non-operating income and expenditure except for the aforementioned items	-1,724,369.37	Listed by pre-tax amount
Other gain/loss items conforming to the definition of non-recurring profit or loss		
Less: Affected amount of income tax	14,088,906.01	
Affected amount of minority shareholders' equity		
Total	72,041,423.29	

It is necessary to make an explanation for non-recurring profits or losses determined based on definitions in *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profit or Loss* and the reason why non-recurring profit or loss listed in *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profit or Loss* are determined as recurring profits or losses.

☐ Applicable ☒ Not applicable

2. Return on equity and earnings per share (EPS)

☒ Applicable ☐ Not applicable

Profit within the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	-3.15%	-0.90	-0.90
Net profit attributable to common shareholders of the Company after deducting non-recurring profit or loss	-5.06%	-1.45	-1.45

3. Discrepancy of accounting data under accounting standards at home and abroad

☐ Applicable ☒ Not applicable

4. Miscellaneous

☐ Applicable ☒ Not applicable

Chairman: Li Gongyan

Date of submission approved by the Board of Directors: April 19, 2023

Revision Information

☐ Applicable ☒ Not applicable