

SHSE: 688211

Wayzim



Wayzim Technology Annual Report 2021

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, the Company's net profit attributable to the owners of the parent company in 2021 was CNY 259,207,152.43, and the cumulative undistributed profit was CNY 371,450,291.33.

The Company's profit distribution plan for 2021 was as follows:

1. 10% of the net profits reported by the parent company in the current year was withdrawn for statutory surplus reserve of CNY 20,797,077.91.
2. Based on the total capital stock of 131,608,698 shares on December 31, 2021, cash dividends of CNY 6 (tax inclusive) per 10 shares were distributed to all shareholders, totaling CNY

78,965,218.80, accounting for 30.46% of the consolidated net profit of CNY 259,207,152.43 attributable to the listed company in the current year.

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 commitments 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

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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., 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
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
Suzhou Branch	Refers to	Suzhou Branch of Wayz Intelligent Manufacturing Technology Co. Ltd.
Chongqing Branch	Refers to	Chongqing Branch of Wayz Intelligent Manufacturing Technology Co. Ltd.
Zhengzhou Branch	Refers to	Zhengzhou Branch of Wayz Intelligent Manufacturing 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	Refers to	Wuxi IoT Innovation Center Co., Ltd., a shareholder of the

Center		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
Articles of Association	Refers to	Articles of Association of Wayz Intelligent Manufacturing Technology Co. Ltd.
SSE	Refers to	Shanghai Stock Exchange
Company Law	Refers to	Company Law of the People's Republic of China
Securities Law	Refers to	Securities Law of the People's Republic of China
Audit firm/KPMG	Refers to	KPMG Huazhen LLP
Sponsor/CITIC Securities	Refers to	CITIC Securities Co., Ltd.
CNY (1 or 10,000)	Refers to	Renminbi (1 or 10,000)
Reporting period	Refers to	January 1, 2021 - December 31, 2021

Section II Company Profile and Key Financial Indicators

I. Company Profile

Company name in English	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	On December 14, 2021, Wayzim Technology changed its registered address from No. 299, Dacheng Road, Xishan District, Wuxi to No. 979, Antai 3rd Road, Xishan District, Wuxi
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	Securities Daily (www.zqrb.cn) Securities Times (www.stcn.com) China Securities Journal (www.cs.com.cn) Shanghai Securities News (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

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	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	Pan Zijian and 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	2021	2020	YoY increase or decrease (%)	2019
Operating revenue	2,209,625,669.26	1,204,415,341.11	83.46	750,714,015.49
Net profits attributed to shareholders of the listed company	259,207,152.43	213,268,940.48	21.54	134,065,343.28
Net profit attributable to shareholders of the listed company net of non-recurring profit or loss	236,528,966.66	193,615,134.19	22.16	146,153,144.60
Net cash flow from	-421,334,271.86	12,310,559.78	-3,522.54	192,247,123.28

operating activities				
	End of 2021	End of 2020	Increase/decrease at the end of current period compared with at the end of the previous period (%)	End of 2019
Net assets attributable to shareholders of the listed company	3,852,835,454.21	794,644,701.84	384.85	331,025,928.31
Total assets	6,137,175,656.32	2,328,582,270.99	163.56	1,284,455,492.56

(II) Major financial indicators

Major financial indicators	2021	2020	YoY increase or decrease (%)	2019
Basic earnings per share (CNY/share)	2.49	2.16	15.28	-
Diluted earnings per share (CNY/share)	2.49	2.16	15.28	-
Basic earnings per share net of non-recurring profit or loss (CNY/share)	2.27	1.96	15.82	-
Weighted average return on equity (%)	18.44	32.77	Down 14.33 percentage points	62.19
Weighted average return on net asset net of non-recurring profit or loss (%)	16.83	29.75	Down 12.92 percentage points	67.79
Proportion of R&D investment in operating revenue (%)	6.06	8.91	Down 2.85 percentage points	10.45

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

- During the reporting period, the operating revenue increased by 83.46% compared to the same period last year, mainly due to the rapid development of the Company's business and significant increase in product sales from the same period last year.

2. During the reporting period, net cash flows from operating activities decreased by 3,522.54% YoY, mainly due to the increase in cash paid for the purchase of goods and the receipt of labor services.
3. At the end of the reporting period, the net assets attributable to shareholders of the listed company increased by 384.85% from the beginning of the reporting period, mainly ascribed to the substantial increase in capital reserves arising from the company's listing and issuing of new shares during the reporting period, and the increase in undistributed profits as a result of the growth of operating profit.
4. The total assets at the end of the reporting period increased by 163.56% from the beginning of the reporting period, mainly due to the availability of funds raised by the Company's initial public offering during the reporting period.

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 2021

Unit: CNY

	Q1 (January - March)	Q2 (April - June)	Q3 (July-September)	Q4 (October - December)
Operating revenue	172,218,444.70	374,955,797.72	425,352,323.01	1,237,099,103.83
Net profits attributed to shareholders of the listed company	23,828,315.65	48,807,344.65	29,843,511.81	156,727,980.32
Net profit attributable to shareholders of the listed company net of non-recurring profit or loss	21,711,946.10	46,185,095.51	27,477,952.99	141,153,972.06

Net cash flow from operating activities	-117,630,049.55	-145,373,587.67	-91,509,055.15	-66,821,579.49
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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 2021	Amount of 2020	Amount of 2019
Profits/losses on the disposal of non-current assets	-493,510.94	4,151,649.04	-360,469.52
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	18,578,074.73	8,509,884.69	11,137,047.89
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	8,342,577.60	6,427,906.84	2,324,844.01
Return from receivables and contractual assets impairment provisions tested with impairment solely			
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	884,378.88	-1,120,000.00	-2,265,225.08
Other gain/loss items conforming to the definition of non-recurring profit or loss			-20,600,000.00
Less: Affected amount of income tax	4,633,334.50	3,230,364.17	2,323,998.62
Amount of affected minority shareholders' equity (after tax)			
Total	22,678,185.77	19,653,806.29	-12,087,801.32

Explanation of the circumstances in which the non-recurring gain and loss items listed in the No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profit or Loss are defined as non-recurring profit or loss.

☐ 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	162,132,845.94	996,789,577.20	834,656,731.26	8,342,577.60
Receivables-based financing	-	1,281,800.00	1,281,800.00	-
Total	162,132,845.94	998,071,377.20	835,938,531.26	8,342,577.60

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

☐ Applicable ☒ Not applicable

Section III Discussions & Analysis by the Management

I. Discussion and Analysis of Operations

Wayzim is an integrated solution provider of the intelligent logistics system. Our customers include ZTO, SF Express, J&T Express, China Post, Jingdong, STO Express, Yunda Express, Deppon Express and other major domestic express, logistics and e-commerce enterprises. Our products are exported to countries and regions, including Thailand, Indonesia, the Philippines, Singapore, Russia, the United Kingdom, and America. We have delivered a total of more than 500 cross-belt sorter systems to customers.

In 2021, the overall demand of intelligent logistics equipment industry continued to flourish, and our comprehensive advantages as a leading enterprise were further increased. With the leading R&D and product innovation capability, the Company has rapidly realized the domestic and global layout, and its operating revenue has increased significantly from a year earlier. During the reporting period, the Company achieved total operating revenue of CNY 2,209.6257 million, a YoY increase of 83.46%; operating profit of CNY 307.9812 million, a YoY increase of 21.64%; and total profit of CNY 308.5824 million, up 20.07% from a year earlier. The net profit attributable to the owners of the parent company was CNY 259.2072 million, up 21.54% year on year; the net profit attributable to the owners of the parent company after deducting non-recurring profit or loss was CNY 236.529 million, a YoY increase of 22.16%.

In October 2021, Wayzim was successfully listed on the SSE's STAR Market, embarking on a new journey of development. In the future, we will invest more in technology, R&D and talent 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 warehouse, heavy-duty robots and intelligent sensing and motion control, and devoting ourselves to building Wayzim 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

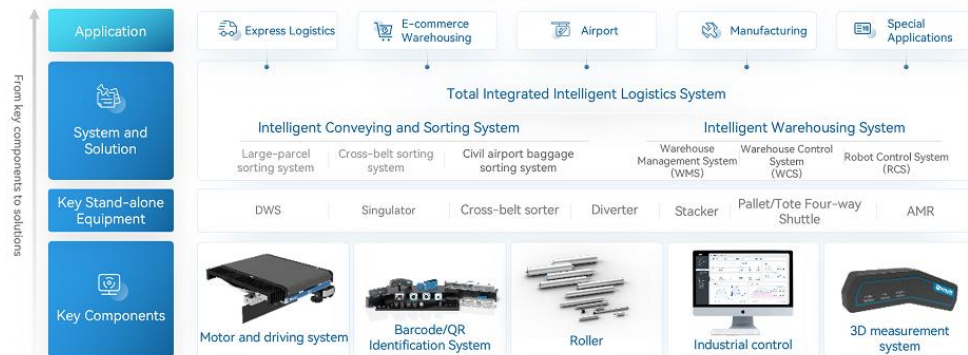
(I) Main business, main products or services

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 packet 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) Others, such as the Company's new layout of the luggage sorting system in civil aviation airports.

Meantime, it provides key components of intelligent logistics equipment, and independently develops and partly produces key components such as camera, sorting carrier, dynamic weighing, motorized roller, stacked-parcel singulator, single-parcel singulator, and centering machine. 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.

(II) Major business modes

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

1. Sales model

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

(1) Sales channel model

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

Under the direct sales model, 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 model, as a supplement to the direct sales model, 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, and dynamic scales. Among them, the key raw materials such as sorting carriers, parcel feeders, motorized rollers, cameras, 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, and steel platforms.

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 Wayzim Artificial Intelligence Technology R&D (Jiangsu) Co., Ltd., a wholly-owned subsidiary, 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 Company falls into "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".

Logistics is an important infrastructure for national economic development and an indispensable service bridging production, distribution and consumption. According to the Development & Research Center of the State Post Bureau, China's logistics industry is still in a state of low efficiency. In 2021, the total cost of social logistics was CNY 16.7 trillion, and its ratio to GDP was 14.6%. Compared with the US level of about 8%, the efficiency of our supply chain has great room for improvement. One of the important ways for higher efficiency of logistics operation is to realize the intelligent logistics automation by upgrading the intelligent logistics system.

The 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. The intelligent logistics equipment includes all kinds of equipment in the logistics system as well as control and information systems, including storage, handling, conveying, sorting, and packaging equipment. In 2017, the total sales volume of logistics and warehousing equipment in China was about CNY 30 billion, including CNY 8.113 billion of sorting and picking systems, approximately a quarter of the total sales volume of logistics and warehousing equipment, according to the *Research Report on the Development of China's Logistics and Warehousing Equipment Industry (2016-2017)* compiled by the Chinese Mechanical Engineering Society. The intelligent logistics equipment is one of the key factors to improve logistics distribution efficiency and reduce logistics costs. The intelligent automatic sorting system, for example, is one of the necessary equipment conditions for modern express distribution center, thanks to its high efficiency, low comprehensive cost and low error rate.

In 2020, the operating revenue of the top 20 global logistics equipment integrators reached USD 25.9 billion, up 11.7% year on year, according to MMH, an American journal of material handling. China's express delivery totaled 108.3 billion parcels in 2021, up 29.9% year on year, according to the State Post Bureau. The overall scale of China's intelligent logistics equipment market is expected to reach CNY 106.76 billion in 2024, among which express delivery, medicine and FMCG industries will grow rapidly in the forecast period, with broad space for development, according to CIC.

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

Wayzim is a leading integrated solution provider of the intelligent logistics system in China. In 2019, the Company is in the first echelon of the solution provider sector in the express intelligent logistics equipment market in China and is one of the representative enterprises in the field of intelligent logistics equipment for express services in China, according to CIC.

According to MMH 2020 ranking of the top 20 global logistics equipment aggregators, Daifuku, ranking the first, reached USD 4.54 billion in 2020; Elettric 80, ranking the 16th, earned USD 354 million, followed by System Logistics SpA (in the 17th place) of USD 262 million and SAVOYE of USD 185 million in the 20th place. MMH 2021 ranking data was not yet available. The revenues of Wayzim in 2020 and 2021 were estimated to be approximately USD 185 million and USD 347 million (calculated at the central parity rate of the CNY in the inter-bank foreign exchange market published by the China Foreign Exchange Trade System authorized by the People's Bank of China, as of December 31, 2020, USD 1 = CNY 6.5249, and as of December 31, 2021, USD 1 = CNY 6.3757). Based on the above exchange rate, the Company's revenues in 2020 and 2021 have reached the level of the top 20 global logistics equipment integrators in MMH 2020.

In 2021, the number of Wayzim's equipment involved in the conveying and sorting of express parcels in China accounted for about 35% of the total volume of domestic express conveying and sorting services, according to the Development & Research Center of the State Post Bureau.

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

The circulation of supply chain is the foundation of economic development. As the market demand changes, technology drives the efficiency of logistics, information flow and other links, and the trend of digitalization is becoming increasingly prominent, thus contributing to the rapid development of social economy. 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. The intelligent logistics equipment includes the intelligent storage system, the intelligent conveying system, intelligent information system, intelligent sorting system and other intelligent logistics equipment systems such as AGV and robotic arms, according to CIC. The intelligent storage system is mainly made up of automated warehouses, racks, stackers and shuttles, thereby realizing higher space utilization, intelligent inventory management, and lower labor costs. The intelligent conveying system is mainly composed of automatic conveyors and forklifts, connecting the warehouse management system and information system, so as to minimize the processing cost of repetitive tasks and the damage rate of goods. With the automation and computer information technology, the intelligent information system achieves the centralized control, production scheduling, inventory management, data management of logistics equipment. The main systems include intelligent warehouse management system (WMS), warehouse control system (WCS) and programmable logic controller (PLC). The intelligent sorting system can enable high efficiency, low error sorting, and the automatic sorters are mainly fallen into cross-belt sorters, slider sorters, swing arm sorters, module sorters, pivot wheel sorters, etc. Other intelligent logistics equipment systems are mainly composed of AGVs and robotic arms. By function, AGV can be mainly divided into forklift type, conveyor type, sorter type and picker type, while robotic arms may be mainly used for material picking, depalletizing/palletizing and handling.

The global intelligent logistics equipment has experienced from the artificial age, the mechanical age, the automatic age to the intelligent age. Market demand and technological progress have jointly contributed to the rapid development of global intelligent logistics equipment. In the era of Industry 4.0, the manufacturing industry is gradually turning to flexible intelligent manufacturing, thus increasing the demand for efficient warehouse operations and goods flow. Supply and demand push logistics to be flexible and intelligent.

With the requirements of customers for more complex operation scenarios, higher operation efficiency and lower cost of logistics system, customers set higher requirements for integrated solutions of intelligent logistics equipment. Using the new generation of information technology, building the key generic technology platform of intelligent logistics system and developing modular components are one of the key factors to meet the higher requirements from customers.

(IV) Key technologies and R&D progress

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

(1) Key technology and obtainment of technology

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	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, sorters, and dynamic weighing equipment. 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	Independently developed
High-precision barcode/QR code recognition algorithm technology based on high-resolution images	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%	Independently developed
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	Independently developed

Name of key technology	Features and advancements	Source of technology
	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%.	
Technology for measuring logistics parcels	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 the position, shape, size, and other information of logistics parcels.	Independently developed
Integrated drive and control technology for servo-type motors	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	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	Independently developed

Name of key technology	Features and advancements	Source of technology
	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.	
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>	Independently developed
Design methodology and application technology for integrated solution planning of intelligent logistics	<p>In terms of planning and design methodology, the Company has mastered customer demand-oriented integrated solution planning 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</p>	Independently developed

Name of key technology	Features and advancements	Source of technology
	management, on-site construction management, project acceptance and rectification, equipment use and training processes of logistics integrated projects.	
ICS intelligent sorting technology for airports	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. MMIS is responsible for integrating into MIS for managing the equipment (and pallets).	Independently developed
Intelligent cloud monitoring technology	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 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.	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); a parcel transportation	Industrial application

Key technology	Patent involved	Current stage
	control method and system (patent for invention)	
Key equipment stand-alone equipment technology to support the comprehensive integration of intelligent logistics	A modular sorting pivot wheel device (patent for invention); a large parcel sorting method, device and system (patent for invention); an 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	Industrial 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)	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)	Industrial application
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; a servo drive control system and control method for a parcel pivot wheel sorting module (patent for invention)	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); permanent magnet segmented synchronous linear motor based on switch Hall effect sensor (utility model)	Industrial application
Remote fault diagnosis	Barcode complement software for automatic cross-belt sorter system of Wayzim Limited; a logistics automatic sorting remote diagnosis	Industrial

Key technology	Patent involved	Current stage
technology	system and its method (patent for invention)	application
Integrated warehousing and distribution technology	Self-balancing lifting device (utility model); control platform software for cross-belt express parcel sorting system of Wayzim Limited (software copyright); barcode complement software for automatic cross-belt sorter system of Wayzim Limited (software copyright); Wayzim intelligent warehouse control system software (software copyright); Wayzim 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 electrical control system for intelligent warehouse double column stacker (software copyright)	Industrial application and testing stage
Design methodology and application technology for integrated solution planning of intelligent logistics	Omnidirectional mobile platform (utility model); pallet lifting device (utility model)	Test stage

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.

(2) Embodiment of the advanced key technologies

The advancement of the Company's intelligent conveying and sorting technologies is mainly embodied in the stable operation speed, sorting efficiency, sorting accuracy and operation noise of sorting equipment. The following shows a comparison of the Company's key technical indicators vs. those of domestic and foreign peer companies:

Key technology	Technical indicators	Parameters		Conclusion
		Company	Peer companies	
Intelligent logistics conveying and sorting technology	Maximum stable operation speed of sorting equipment	180 m/min	Damon Technology: 180 m/min; Simba Automation: 180 m/min; GINFON: 150 m/min; Vanderlande: 180 m/min; Interroll: 150 m/min	Domestically leading and internationally advanced
	Maximum efficiency of conveying and sorting (single-layer single-area parcel infeed)	17,000 pcs/h (600 mm intercept carrier), 20,000 pcs/h (500 mm intercept carrier)	Damon Technology: 16,000 pcs/h (single-layer single-area parcel infeed) Simba Automation: 16,000 pcs/h (600 mm intercept carrier), 20,000 pcs/h (500 mm intercept carrier) for single-layer single-area parcel infeed; GINFON: 15,000 pcs/h; Beumer: 20,000 pcs/h; Vanderlande: 18,000 pcs/h; Interroll: 20,000 pcs/h	Domestically leading and internationally advanced
	Sorting accuracy	99.99%	Damon Technology: 99.99%; Simba Automation: 99.99%; Beumer: Close to 100%	Domestically leading and internationally advanced

Key technology	Technical indicators	Parameters		Conclusion
		Company	Peer companies	
				advanced
	Operation noise	≤ 65 dB	Damon Technology: ≤ 65 dB; Simba Automation: ≤ 65 dB; Interroll: ≤ 67 dB	Domestically leading and internationally advanced

Note 1: The data of Damon Technology, GINFON, Simba Automation, Vanderlande, Interroll and Beumer are from their official websites, public product details or announcements, and the Company's data from third-party test reports and internal test reports.

Note 2: The Company's parameters are exemplified by single-layer annular cross-belt sorter products.

Note 3: Beumer cannot have access to the maximum stable operation speed and operation noise of sorting equipment through open sources, GINFON cannot have access to the sorting accuracy and operation noise through open sources, Vanderlande cannot obtain the sorting accuracy and operation noise indicators through open source, and Interroll cannot obtain the sorting accuracy through open sources.

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

2. R&D achievements during the reporting period

During the reporting period, the Company acquired 26 new patents, including 5 patents for invention and 21 utility models.

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	12	5	70	18
Patent for utility model	25	21	60	39
Design patent	4	-	4	-
Software copyright	-	-	23	23
Others	-	-	-	-

Total	41	26	157	80
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3. Details of R&D investment

Unit: CNY

	Current year	Previous year	Rate of change (%)
Expensed R&D investment	133,894,164.99	107,288,736.97	24.80
Capitalized R&D investment	-	-	-
Total R&D investment	133,894,165.00	107,288,736.97	24.80
Ratio of total R&D investment to operating revenue (%)	6.06	8.91	Down 2.85 percentage points
Ratio of R&D investment capitalized (%)	-	-	-

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

☐ Applicable ☒ Not applicable

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	94,523,343.44	11,264,741.76	27,849,086.62	1. Cross-belt sorter 5-sided barcode scanning tunnel products have been used in many domestic projects; 2. The bottom barcode scanning equipment of the infeed station combined with the cross-belt sorter 5-sided barcode scanning tunnel has been successfully applied to many domestic projects; 3. The one-carrier double-cross-belt sorter 5-sided barcode scanning tunnel is developed and successfully applied to foreign customers	1. Cross-belt sorter 5-sided barcode scanning tunnel products are sold in bulk; 2. The automatic parcel infeed barcode scanning system is industrialized; 3. One-carrier double-cross-belt sorter 5-sided barcode scanning tunnel products are sold in bulk	By comparing and analyzing the same type of barcode scanning system of foreign brands, the performance indicators of the self-developed cross-belt sorter 5-sided barcode scanning tunnel have reached the level of the same type of foreign brands, combined with the actual use data of equipment at the customer site	It can be widely used in the cross-belt sorter line of express companies at home and abroad
2	R&D and industrialization	401,891,697.10	81,114,152.61	221,914,428.17	1. Completed the R&D design and the construction of sample testing line for the first generation 3.5m/s 600-pitch	1. The 600-pitch cross-belt sorter can reliably pass the bend and not dump the parcel	1. The main line operation speed and sorting efficiency of the 3.5m/s 600-pitch	1. As an upgraded product of the current series, the 3.5m/s

	of high-end intelligent sorting systems for the logistics express industry				<p>high-speed cross-belt sorter system;</p> <p>2. Completed the R&D design of and the construction of the test prototype for the first generation "300mm narrow-belt sorter"</p>	<p>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, thus improving the theoretical sorting efficiency to 21,000 pcs/h (3.5m/s, single-layer loop, single parcel infeed area);</p> <p>3. The 300mm narrow-belt sorter is compatible with both end parcel infeed and side parcel infeed;</p> <p>4. The 300mm narrow-belt sorter employs an asynchronous motor to drive the chain wheel</p>	<p>high-speed cross-belt sorter system are significantly ahead of the conventional 2.5m/s cross-belt sorters in the industry;</p> <p>2. The 300mm narrow-belt sorter features high operation reliability and efficiency</p>	<p>600-pitch high-speed cross-belt sorter system can provide a solution for further speed and efficiency improvement of the sorting line in the future;</p> <p>2. Thanks to its compact pitch and carpool mode, the 300mm narrow-belt sorter can be used as an intermediate compatibility model of narrow-belt sorters and 500-pitch linear sorters. It has the advantages of both sorters and can be used as an alternative to both</p>
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						and then drive the main line, and the main line is of high speed and efficient operation. The operation speed of the main line can reach 1.5 m/s, and the theoretical sorting efficiency can be up to 9,000 pcs/h (adjacent carpooling mode)		
3	Research and development of a large parcel automatic sorting system based on automatic weighing and scanning	62,000,000.00	9,027,141.39	26,806,946.08	<p>1. The dynamic DWS 5-sided/6-sided barcode scanning tunnel has been used in batches in a number of express companies;</p> <p>2. The dynamic DWS 5-sided/6-sided barcode scanning speed has been even 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 been applied to high-speed pivot wheel products for widespread use and market acceptance;</p> <p>4. The pivot wheel sorter and</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 put them into market use for verification;</p> <p>2. System sorting accuracy of up to 99.99%, system sorting efficiency \geq 6,000 pcs/h;</p>	Combined with the actual use data of equipment in different customer sites, the performance indicators of the self-developed dynamic DWS 5-sided/6-sided barcode scanning tunnel have been state of the art in China	Available for large parcel and dynamic DWS sorting lines in domestic and foreign express companies, with efficient and accurate performance for customers to achieve rapid throughput of goods, and even greatly save the site space and equipment cost, with great market prospects in the accelerated development of intelligent logistics

					<p>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;</p> <p>5. The entire large parcel sorting system has been put into mass use in the market, with the effects of the high-speed pivot wheel, single-parcel singulation system, and parcel identification system widely recognized in the market</p>			
4	Intelligent warehouse R&D project	54,477,721.07	18,009,501.93	34,421,195.66	<p>1. Intelligent Warehouse R&D Project - The iterative upgrade R&D of stackers for multiple scenarios has completed the design of a 28-meter ultra-high stacker, the project application of a 2.6T stacker, the design of a double-station stacker, and the design of a high-speed stacker;</p> <p>2. Intelligent Warehouse R&D Project - R&D of a tote four-way shuttle system of a multi-shuttle automated warehouse: ongoing R&D of 180 four-way shuttle;</p> <p>3. Intelligent Warehouse R&D Project - R&D of</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; master the key parameters for the safety, practicality, and durability of electrical components at low and high temperatures; master the material and installation processes of the stacker at low and high temperatures; and</p>	<p>1. Intelligent Warehouse R&D Project - The multi-scene oriented stacker has been applied in many projects and operating well at present;</p> <p>2. Intelligent Warehouse R&D Project - R&D of a tote four-way shuttle system of a multi-shuttle automated warehouse: to replace the market demands for the existing model in the</p>	<p>1. Intelligent Warehouse R&D Project - R&D for iterative upgrading of stacker for multi-scenario applications: to be applied in multi-scenario projects such as cold storage and high-temperature storage;</p> <p>2. Intelligent Warehouse R&D Project - R&D of a tote four-way shuttle system of a</p>

					<p>narrow-aisle single steering wheel stacker robot WZ-SL140: FS1400 forklift robot has completed the design and proofing of the first generation prototype, plus the basic performance test. The design is currently being refined. In terms of software, the robot hardware abstract system is implemented, all the sensors of the robot are abstracted, and the kinematics modeling of single-steering wheel forklift is realized for the single-line lidar SLAM algorithm;</p> <p>4. Intelligent Warehouse R&D Project - R&D for iterative upgrade of conveying equipment for multi-occasion and multi-model applications: The roller conveyor, chain conveyor, jacking load stacker, elevator, manual forklift, and RGV have been designed and put into use in some projects. Currently, the extensional design of elevator and RGV is underway;</p> <p>5. Intelligent Warehouse R&D Project - R&D of an ultra-thin pallet four-way shuttle: The first generation of 124 four-way shuttle in progress;</p>	<p>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 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 - R&D of narrow-aisle single steering wheel stacker robot WZ-SL140: In terms of hardware, two forklift robots have been designed, proofed and tested. In terms of</p>	<p>market;</p> <p>3. Intelligent Warehouse R&D Project - R&D of narrow-aisle single steering wheel stacker robot WZ-SL140: On the basis of the basic functions, the core SLAM system achieves accurate navigation in a variety of environments;</p> <p>4. Intelligent Warehouse R&D Project - R&D for iterative upgrading of conveying equipment for multi-scenario and multi-model applications: universal in the conveyor line and applicable to the vast majority of customer sites;</p> <p>5. Intelligent Warehouse R&D Project - An ultra-thin pallet four-way shuttle: to replace the market demands for the existing model in the</p>	<p>automated warehouse: to meet various application requirements 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 - R&D of narrow-aisle single steering wheel stacker robot WZ-SL140: 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 expanded to applications in industries such as logistics,</p>
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					<p>the tote shuttle is in the durability test, the tote elevator and tote conveyor line in ongoing research and development;</p> <p>6. Intelligent Warehouse R&D Project - R&D for iterative upgrading of forks for multi-scenario and multi-model applications: The double-fork and double-motor plate fork prototype has been designed, processed and assembled, and is running continuously on the test platform</p>	<p>software, all the core systems of forklift logistics robots are realized, including the hardware abstract system, SLAM navigation system, AGV and scheduling system;</p> <p>4. Intelligent Warehouse R&D Project - R&D for iterative upgrade of conveying equipment for multi-occasion and multi-model applications: The roller conveyor, chain conveyor, jacking load stacker, elevator, manual forklift, and RGV have been designed to accumulate experience for subsequent design, shorten the design cycle and save the design costs;</p> <p>5. Intelligent Warehouse R&D Project - R&D of an ultra-thin pallet four-way shuttle:</p>	<p>market;</p> <p>6. Intelligent Warehouse R&D Project - Iterative upgrading project of forks for multi-scenario and multi-model applications: The fork structure and control benchmarking the industry leading level</p>	<p>manufacturing, electronics, and automobiles;</p> <p>4. Intelligent 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, ranging from ordinary industrial production to the new energy, 3C, chip industry, etc.;</p> <p>5. 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 automated warehouse systems of pallet four-way</p>
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					<p>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>6. Intelligent Warehouse R&D Project - R&D for iterative upgrading of forks for multi-scenario and multi-model applications: A hooking and pulling fork suitable for the tote is developed to be later matched with the shuttle and the tote stacker; a fork suitable for pallets is developed to be matched with the existing stacker. It is essential to study the important factors influencing the deformation of fork structure by force and the key parameters of</p>		<p>shuttles and multi-shuttle warehouse systems;</p> <p>6. Intelligent 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; They are applied for tote stackers and pallet stackers</p>
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						electric control of forks at low temperature, and realize the technological autonomy of forks, reduce costs, and improve efficiency.		
5	R&D of an automatic separation and sequencing system	64,350,000.00	6,137,698.28	19,277,491.67	The function upgrade of single-parcel singulator has been initially completed to achieve cost reduction and efficiency improvement of the system, plus the linux application deployment of single-parcel singulator function, to continuously optimize the processing performance of single-parcel singulator	It gets the parcel position through visual recognition, controls the motion of each small belt module through algorithms to achieve stable and efficient sequencing and separation of parcels, and thus ensures the success rate of parcel separation	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	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 centers
6	R&D project of one-carrier double-belt sorting system for airports	18,600,000.00	4,210,282.02	13,905,727.93	Ongoing R&D: The one-carrier double-belt sorting system for airports has been developed and passed relevant certifications of CAAC. Marketing efforts are underway	Develop a "one-carrier double-belt sorting system for airports", pass the overall tests of prototype and qualification certifications, and carry out marketing until industrialization	Trying to reach the leading level in China	It is suitable for new/renovated/expanded large and medium-sized airports (annual passenger throughput of more than 8 million) with high sorting demand and high operational requirements for automatic sorting

								equipment. This system features advantages in technology, price, after-sales service, and brand in the Chinese market, plus large market demand and very promising market prospects
7	R&D of MES based on IoT technology	2,800,000.00	1,049,184.93	1,416,188.57	In use, the system has been deployed	A customized MES will be developed for the production requirements of the roller production workshop in the Nanling Processing Plant to meet the on-site control of production data	With a mainstream system architecture, cloud server + BS mode + mobile APP are combined for data acquisition and display, and ERP is connected to implement data synchronization	It is suitable for process tracking and data control in production workshops, which can be used for multiple types of production and processing plants
8	R&D of high-end intelligent sorting system for agricultural products	7,123,397.84	1,350,528.56	1,350,528.56	Phased deliverables: 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 partially put into use	To develop sorting equipment or related critical equipment for fruits and vegetables with high commercial value and realize damage-free conveying, internal quality inspection, dynamic weighing, and precise	The comprehensive technology of sorting equipment to reach a leading level in China	High-quality and cost-effective sorting equipment are proposed for large-scale fruit and vegetable producers or sellers

						sorting		
9	R&D of key technologies of dedicated controllers for logistics equipment	1,200,000.00	145,343.95	145,343.95	<p>1. Narrow-belt controllers are developed and successfully applied to narrow-belt sorters;</p> <p>2. Pivot wheel controllers are developed and successfully applied to stand-alone pivot wheel equipment</p>	<p>Controllers will be researched and developed for a variety of sorting equipment and different scenarios; the narrow-belt controller and pivot wheel controller have been developed and industrialized</p>	<p>With ARM as the control core, this Project designs appropriate functions according to different scenarios. Compared with similar products, it is more flexible, stable, and reliable</p>	<p>Applicable to logistics equipment such as cross-belt sorters, one-vehicle and double-belt sorting equipment for airports, narrow-belt sorters, and sequencing equipment</p>
10	R&D of intelligent passenger inspection passage system for airport security inspection	5,000,000.00	1,057,995.94	1,057,995.94	<p>1. The R&D of the lead-in section has been completed in the civil aviation check-in section, and the R&D of the weighing section is expected to be completed by the end of April;</p> <p>2. The civil aviation carousel has completed all the R&D of the horizontal carousel and the inclined carousel</p>	<p>To develop an intelligent passenger inspection passage system for airport security inspection, pass the overall tests of prototype and relevant qualification certifications, and carry out marketing until industrialization</p>	<p>Trying to reach the leading level in China</p>	<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. This system features advantages in technology, price, after-sales service, and brand in the Chinese market, plus large market demand and</p>

								very promising market prospects
11	R&D of key technologies of dedicated drive for low-voltage servo motors	4,700,000.00	293,309.20	293,309.20	<p>1. The low voltage servo driver is designed and developed, ready for the mass production;</p> <p>2. The carrier driver of parcel sorter is designed and developed, ready for the mass production</p>	To research, develop and industrialize drivers that can drive a variety of motorized rollers and be applied in different scenarios	With ARM as the control core, this Project designs appropriate functions according to different scenarios. Compared with similar products, it is more flexible, stable, and reliable	Applicable to logistics equipment such as cross-belt sorters, one-vehicle and double-belt sorting equipment for airports, narrow-belt sorters, and sequencing equipment
12	Automatic baggage sorting system for civil aviation	10,000,000.00	234,284.42	234,284.42	Pallet, linear conveyor, belt round conveyor, 30° parting and merging, dynamic unloading, AS-I communication bus and other products are under ongoing research and development	To develop an "automatic baggage sorting system for civil aviation", pass the overall tests of prototype equipment and relevant qualification certifications, and carry out marketing until industrialization	Trying to reach the leading level in China	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, and brand in the Chinese market, plus large market demand

Total	/	726,666, 159.45	133,894,1 64.99	348,672, 526.77		/	/	/
1								

Notes

None

5. Information on R&D personnel

Unit: CNY 10,000 Currency: CNY

Basic information		
	Amount of current period	Amount of previous period
Number of R&D personnel of the Company (counts)	350	196
Percentage of R&D personnel in total employees of the Company (%)	27.87	27.72
Total remuneration of R&D personnel	5,723.34	3,322.15
Average remuneration of R&D personnel	16.35	16.95

Educational structure of R&D personnel	
Type	Number of persons
Ph.D.	2
Master	105
Bachelor	216
College degree	27
Senior middle school or below graduates	-
Age structure of R&D personnel	
Age	Number of persons
Under 30 (30 excluded)	262
30-40 (30 included, 40 excluded)	81
40-50 (40 included, 50 excluded)	6
50-60 (50 included, 60 excluded)	1
60 and above	-

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

☐ Applicable ☒ Not applicable

6. Other notes

☐ Applicable ☒ Not applicable

III. Analysis of Key Competitiveness during the Reporting Period

(I) Analysis of key competitiveness

☒ Applicable ☐ Not applicable

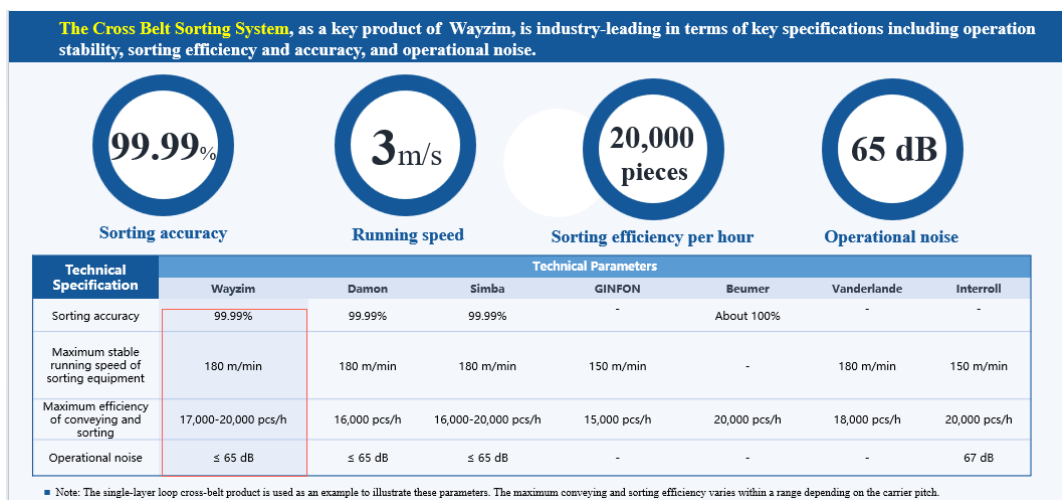
1. Leading customer resources

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 2021 and have performed excellently. As of the end of 2021, the total contract amount of the Company's orders on hand was approximately CNY 2.351 billion. The top five customers accounted for 37.57%, 13.78%, 9.72%, 5.20%, and 4.42% of the contract amount of orders on hand. In the contract amount of orders on hand, the Chinese market accounts for 83.3%, and the overseas market 16.7%.

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 cross-belt sorter system was the major contributor to the Company's income structure, accounting for 47.5% of the main business income. The products are in the leading position in the field of key technical indicators such as operation stability, sorting efficiency, sorting accuracy and operation noise.



Index Comparison of the Cross-belt Sorter System in the Company

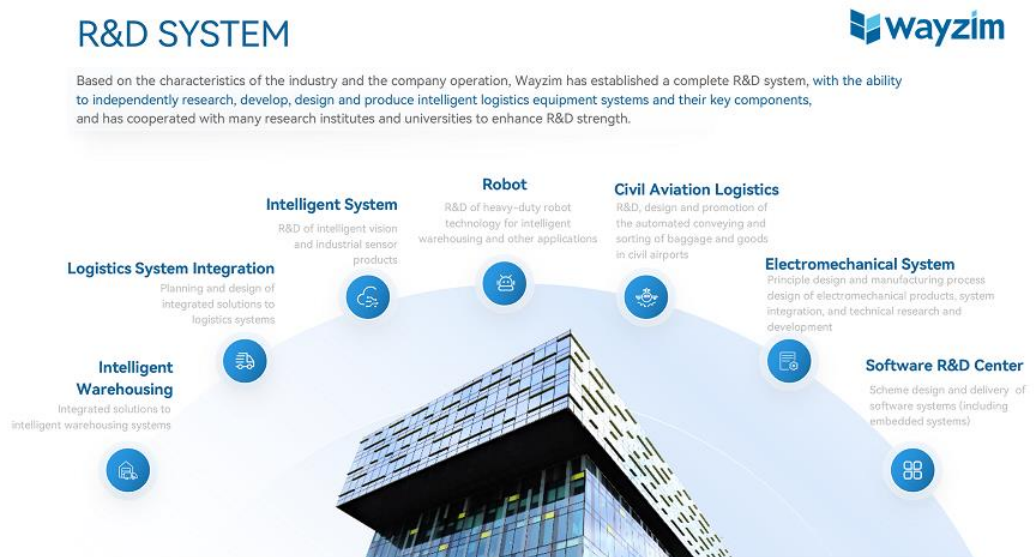
3. Advantages of talent team

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 2021, the Company owned 1,256 employees, including 136 employees with master's degrees and above, accounting for 10.83% of the total employees, and 350 R&D specialists, accounting for 27.87% 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, and Malaysia 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, and America.

(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 gross profit margin of main business was 42.55%, 38.34%, and 28.54% in 2019, 2020, and 2021, 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 risks of a significant decline in performance or loss if the impact of COVID-19 persists, there are significant adverse changes in macroeconomics, market competition, and raw material prices, 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 intensifying competition, the industry will see a fiercer competition for technical professionals. Without continuous introduction, training, and incentives to key technical personnel in the future, the Company will face the risks of talent outflow and shortage, adversely affecting the 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 2019, 2020, and 2021, the Company's sales revenues from the top five customers accounted for 94.27%, 90.19%, and 95.21% of the current main business income, respectively. The sales revenue from ZTO Express accounted for 73.97%, 64.86% and 69.68% of the current main

business income. 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 amount of accounts receivable

During the reporting period, the Company's income continued to increase and the amount of accounts receivable increased correspondingly. At the end of 2019, 2020, and 2021, the book balances of the Company's accounts receivable were CNY 311.8212 million, CNY 372.9278 million, and CNY 884.3212 billion, accounting for 41.54%, 30.96%, and 40.02% of the operating revenues, respectively. The accounts receivable within one year accounted for 99.06%, 94.03%, and 90.13% of the ending balances, 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 high inventory size

At the end of 2019, 2020, and 2021, the book values of the Company's inventory were CNY 663.3514 billion, CNY 1.2579979 billion, and CNY 1.9775866 billion, accounting for 51.64%, 54.02%, and 32.22% of the total assets, respectively. 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.

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 gross profit margin of main business was 42.55%, 38.34%, and 28.54% in 2019, 2020, and 2021, 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. The Company's products were exported to many countries and regions such as Thailand, Indonesia, the Philippines, Singapore, and Russia. 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

1. The risk of COVID-19 pandemic

Since 2020, China and other countries around the world have been plagued by the COVID-19 pandemic. The pandemic has had a significant impact on the business operation and resumption of work and production, as well as the daily life and consumption of residents in all regions. The

industrial chain of intelligent logistics conveying and sorting equipment has been somewhat affected, evidenced by the weak supply and demand arising from the delay in upstream and downstream resumption of work, the poor procurement as a result of logistics unavailable, and the delay in project delivery and acceptance due to the disruption of cross-border transportation. At present, the COVID-19 pandemic does not have a significant adverse impact on the Company's production and operating activities. However, it cannot be ruled out that subsequent changes in the epidemic and related industrial transmission may have adverse effects on the Company's production and operation. In addition, if the Company's customers are subject to the overall economic situation or the downstream industry and face operating pressure, the Company's payment collection and business development may be adversely affected in the future.

2. The risk of supply and demand changes due to global geopolitical factors

Conflicts and games are still intensifying around the world. 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 2,209.6257 million, a YoY increase of 83.46%; operating profit of CNY 307.9812 million, a YoY increase of 21.64%; and total profit of CNY 308.5824 million, up 20.07% from a year earlier. The net profit attributable to the owners of the parent company was CNY 308.5824 million, up 20.07% year on year; the net profit attributable to the owners of the parent company after deducting non-recurring profit or loss was CNY 236.529 million, a YoY increase of 22.16%. The basic earnings per share were CNY 2.49, up 15.28% from a year earlier.

(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	2,209,625,669.26	1,204,415,341.11	83.46
Operating cost	1,578,369,972.13	743,523,930.61	112.28

Selling expenses	68,161,102.99	43,809,241.31	55.59
Management expenses	52,135,077.05	39,259,571.58	32.80
Financial expenses	-2,710,708.51	835,992.14	-424.25
R&D expenses	133,894,164.99	107,288,736.97	24.80
Net cash flow from operating activities	-421,334,271.86	12,310,559.78	-3,522.54
Net cash flow from investing activities	-1,026,868,211.55	-201,278,729.34	N/A
Net cash flow from financing activities	2,872,207,238.79	229,362,524.72	1,152.26

Reasons for changes in operating revenue: During the reporting period, the operating revenue increased by 83.46% over the same period last year, mainly due to the rapid development of the Company's business and significant increase in product sales from the same period last year.

Reasons for changes in operating cost: During the reporting period, the operating cost increased by 112.28% over the same period last year, mainly due to the increase in the products sold in the current period and the increase in the purchase price of raw materials.

Reasons for changes in selling expenses: During the reporting period, the selling expenses increased by 55.59% over the same period last year, mainly due to the increase in payroll payable and selling expenses as a result of the increasing number of salespeople year by year, with the expansion of the Company's business scale and the diversified customer structure; as more products are accepted, the after-sales service expenses accrued and actually incurred have increased according to the Company's after-sales policies.

Reasons for changes in administrative expenses: During the reporting period, administrative expenses increased by 32.80% year on year, mainly due to the increase in payroll payable, business entertainment expenses and other expenses along with the expansion of the Company's business scale.

Reasons for changes in financial expenses: During the reporting period, financial expenses decreased by 424.25% year on year, mainly benefiting from exchange gains.

Reasons for changes in R&D expenses: During the reporting period, R&D expenses increased by 24.80% year on year, mainly due to the Company's continuous increase in R&D investment during the current period.

Reasons for changes in net cash flows from operating activities: During the reporting period, the net cash flows from operating activities decreased by 3,522.54% over the same period last year, mainly due to the increase in cash paid for goods and services during the current period.

Reasons for changes in the net cash flows from investing activities: During the reporting period, the net cash flows from investing activities were CNY -1,026.8682 million, mainly ascribed to the increase in the purchase of break-even financial management products.

Reasons for changes in the net cash flows from financing activities: During the reporting period, the net cash flows from financing activities increased by 1,152.26% over the same period last year, mainly due to the availability of funds raised by the Company's initial public offering.

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 2,209.6257 million, a YoY increase of 83.46%. During the reporting period, the overall demand of intelligent logistics equipment industry continued to flourish, and our comprehensive advantages as a leading enterprise were further increased. With the leading R&D and product innovation capability, the Company has rapidly realized the domestic and global layout, and its operating revenue has increased significantly from a year earlier.

(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 (%)
Cross-belt sorter system	1,045,290,962.09	670,185,489.02	35.89	20.97	35.52	Down 6.88 percentage points
Total integrated sorting system	755,212,045.14	598,642,157.01	20.73	8,099.33	7,889.81	Up 2.08 percentage points
Large parcel sorting system	271,577,357.03	187,905,237.68	30.81	2.13	0.01	Up 1.47 percentage points
Conveying equipment	70,924,013.67	69,237,288.85	2.38	1,768.16	1,819.72	Down 2.62 percentage points
Dynamic weighing equipment	37,101,225.51	31,697,714.69	14.56	-33.52	-30.63	Down 3.56 percentage points
Intelligent warehouse system	9,355,392.30	6,595,262.35	29.50	-	-	
Single-parcel	9,320,575.21	6,764,037.23	27.43	-	-	

singulator						
Others	1,920,511.38	1,671,545.85	12.96	-	-	
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	2,154,142,157.31	1,533,271,211.30	28.82	86.08	114.71	Down 9.49 percentage points
Overseas	46,559,925.02	39,427,521.38	15.32	13.10	56.87	Down 23.63 percentage points

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 8,099.33% 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 conveying equipment increased by 1,768.16% compared with the same period of last year, mainly due to the installation of conveyor lines for part of the cross-belt sorter systems and large parcel sorting systems as per customer requirements. The Company has launched the new intelligent warehouse system, single-parcel singulation and sorting system and other equipment (including narrow-belt sorter, airport manual line, nimble-handed sorter, and fruit sorter). The operating revenue is mainly due to its strong market development capability, and the continuously diversified products and customer structure. The Company's products are put on the market and have obtained customer acceptance.

During the reporting period, the Company's main business was outstanding, and the sales margin mainly came from the main business with good profitability; the gross profit of cross-belt sorter system decreased slightly, mainly due to the Company's increase in market share; the gross profit of the total integrated sorting system increased slightly, mainly due to the continuous improvement of products and the increased customer recognition of the Company's products.

By region:

During the reporting period, the Company's overseas business was affected by the pandemic, manifested by the longer construction period, higher costs, and significant decline in gross profit.

(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
Cross-belt sorter system	Direct material	606,851,557.27	90.55	449,817,686.45	90.96	34.91	
	Direct labor	27,723,409.19	4.14	15,128,206.04	3.06	83.26	
	Manufacturing expense	35,610,522.56	5.31	29,596,956.27	5.98	20.32	
	Sub-total	670,185,489.02		494,542,848.76		35.52	
Total integrated sorting system	Direct material	548,122,328.64	91.56	6,754,597.19	90.15	8,014.80	
	Direct labor	21,228,663.02	3.55	473,399.99	6.32	4,384.30	
	Manufacturing expense	29,291,165.35	4.89	264,572.02	3.53	10,971.15	
	Sub-total	598,642,157.01		7,492,569.20		7,889.81	
Large parcel sorting system	Direct material	169,401,849.11	90.15	173,527,408.21	92.35	-2.38	
	Direct labor	9,082,980.49	4.83	7,959,947.93	4.24	14.11	
	Manufacturing expense	9,420,408.08	5.01	6,408,478.93	3.41	47.00	
	Sub-total	187,905,237.68		187,895,835.07		0.01	

Conveying equipment	Direct material	66,917,635.31	96.65	3,606,637.17	100.00	1,755.40	
	Direct labor	65,752.92	0.09	-	-	-	
	Manufacturing expense	2,253,900.62	3.26	-	-	-	
	Sub-total	69,237,288.85		3,606,637.17		1,819.72	
Dynamic weighing equipment	Direct material	30,560,654.30	96.41	44,646,082.67	97.70	-31.55	
	Direct labor	9,440.00	0.03	30,082.87	0.07	-68.62	
	Manufacturing expense	1,127,620.39	3.56	1,019,605.84	2.23	10.59	
	Sub-total	31,697,714.69		45,695,771.38		-30.63	
Intelligent warehouse system	Direct material	6,389,870.74	96.89				
	Direct labor	30,593.53	0.46				
	Manufacturing expense	174,798.08	2.65				
	Sub-total	6,595,262.35					
Single-parcel singulator	Direct material	5,936,969.16	87.77				
	Direct labor	362,565.76	5.36				
	Manufacturing expense	464,502.31	6.87				
	Sub-total	6,764,037.23					
Others	Direct material	1,275,638.25	76.31				
	Direct labor	164,132.05	9.82				
	Manufacturing expense	231,775.55	13.87				
	Sub-total	1,671,545.85					

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. 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 pandemic overseas.

(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

The sales volume of the top five customers was CNY 2,095,339,388.99, accounting for 95.21% of the annual main business income; among the sales volume of the top five customers, the sales from affiliates 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	Proportion in annual business income (%)	Related to a listed company
1	ZTO Express	1,533,458,574.13	69.68	No
2	A	232,251,772.20	10.55	No
3	B	176,088,599.05	8.00	No
4	C	111,310,088.19	5.06	No
5	D	42,230,355.42	1.92	No
Total	/	2,095,339,388.99	95.21	/

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

During the reporting period, the Company's sales revenue from ZTO amounted to CNY 1,533.4586 million, accounting for 69.68% of the main business income.

B. Major suppliers of the Company

The procurement amount of the top five suppliers was CNY 623,562,030.13, accounting for 26.95% of the total annual procurement amount. The procurement amount of affiliates in the top five suppliers was CNY 117,771,666.25, accounting for 5.09% 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	146,465,657.12	6.33	No
2	B	133,729,337.28	5.78	No
3	C	117,771,666.25	5.09	Yes
4	D	116,351,804.54	5.03	No
5	E	109,243,564.94	4.72	No
Total	/	623,562,030.13	26.95	/

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	Percent age 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	1,497,805,281.99	24.41	69,013,254.90	2.96	2,070.32	Mainly due to the receipt of funds raised
Trading financial assets	996,789,577.20	16.24	162,132,845.94	6.96	514.80	Mainly due to the purchase of break-even cash management products using the temporary idle funds
Notes receivable	2,020,000.00	0.03	8,150,000.00	0.35	-75.21	Mainly due to the acceptance of the current notes at maturity
Accounts receivable	814,788,342.09	13.28	348,346,031.99	14.96	133.90	Mainly ascribed to the growth

le						of operating revenue
Advanc e payment	103,290,082.40	1.68	24,065,634.21	1.03	329.20	Mainly due to the increase in expected orders and in the payment for materials
Other receivab les	5,514,811.91	0.09	3,213,407.58	0.14	71.62	Mainly due to an increase in bidding securities
Inventor y	1,977,586,634.83	32.22	1,257,997,908.37	54.02	57.20	Mainly due to more undelivered items and inventories arising from the increase in expected orders
Contract ual assets	62,005,958.10	1.01	42,351,754.30	1.82	46.41	Mainly due to the growth of operating revenue and the increase in the retention money due within one year from the prior period
Other current assets	20,600,513.18	0.34	11,529,204.77	0.50	78.68	Mainly due to the increase in VAT input tax to be deducted
Long-ter m receivab les	3,422,000.00	0.06	700,000.00	0.03	388.86	Mainly due to an increase in employee housing loan

						benefits provided by the Company
Fixed assets	302,094,473.47	4.92	198,468,574.48	8.52	52.21	Mainly due to the increase in plant and equipment
Construction in progress	17,348,655.94	0.28	48,231,892.54	2.07	-64.03	Mainly due to the transfer of plant and equipment to fixed assets after reaching the intended serviceability
Deferred income tax assets	74,154,373.52	1.21	43,969,877.09	1.89	68.65	Mainly due to the increase in provision for impairment and conditional government subsidy
Other non-current assets	204,130,866.15	3.33	65,708,242.11	2.82	210.66	Mainly due to the increase in contractual assets for more than one year
Short-term borrowings	165,650,166.70	2.70	45,748,599.00	1.96	262.09	Mainly due to new bank loans
Accounts payable	726,844,678.79	11.84	455,463,250.10	19.56	59.58	Mainly due to the increase in purchase volume as a result of higher operating

						revenue and more orders on hand
Contractual liabilities	917,410,550.57	14.95	645,610,418.61	27.73	42.10	Mainly due to the increase in advance payments arising from more orders on hand
Payroll payable	44,163,992.33	0.72	27,821,059.81	1.19	58.74	Mainly due to the increase in the employees and their year-end bonus
Other payables	243,106,980.03	3.96	177,789,526.37	7.64	36.74	Mainly due to the increase in purchase volume as a result of increased conditional government subsidies available and more orders on hand
Accrued liabilities	25,692,969.26	0.42	14,564,167.49	0.63	76.41	Mainly due to an increase in the provision for retention money arising from the increase of revenue recognition
Receivables-based financing	1,281,800.00	0.02	-	-	N/A	Mainly due to the increase of acceptance bills received

						with the growth of operating revenue
Right-of-use assets	8,616,344.00	0.14	-	-	N/A	Mainly due to the implementation of new lease standards
Non-current liabilities due within one year	2,115,035.24	0.03	-	-	N/A	Due to the accounting of payables due within one year corresponding to the right-of-use assets according to the new lease standards
Lease liabilities	6,423,812.40	0.10	-	-	N/A	Due to the accounting of payables for more than one year corresponding to the right-of-use assets according to the new lease standards

Other notes

None

2. Overseas assets

☒ Applicable ☐ Not applicable

(1) Asset size

Including: Overseas assets of CNY 399,510.50, accounting for 0.01% 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
Monetary funds	16,861,353.40	3,530,281.04	8,473,702.20	11,917,932.24	Security deposit
Monetary funds		10,000,000.00	-	10,000,000.00	Certificate of deposit of bank
Notes receivable	8,150,000.00	-	8,150,000.00	-	Endorsed but not yet derecognized
Total	25,011,353.40	13,530,281.04	16,623,702.20	21,917,932.24	/

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

(1) On January 28, 2021, the *Proposal on Establishing Shanghai Subsidiary of Wayz Intelligent Manufacturing Technology Co. Ltd.* was deliberated and approved at the Ninth Meeting of the First Board of Directors. The Company established Zhitong Intelligent, a wholly-owned subsidiary, with its own funds of CNY 10 million and completed the business registration in April 2021.

(2) On January 28, 2021, the *Proposal on Establishing Singapore Subsidiary of Wayz Intelligent Manufacturing Technology Co. Ltd.* was deliberated and approved at the Ninth Meeting of the First Board of Directors. The Company established Wayzim Technology Pte. Ltd., a wholly-owned subsidiary, with its own funds of USD 2.5 million and completed the business registration in June 2021.

(3) On August 5, 2021, the *Proposal on Establishing Tonglu Wholly-owned Subsidiary of Wayz Intelligent Manufacturing Technology Co. Ltd.* was deliberated and approved at the 13th Meeting of the First Board of Directors. The Company established Intelligent Sensing, a wholly-owned subsidiary, with its own funds of CNY 100 million and completed the business registration in August 2021.

During the reporting period, the Company's foreign equity investment was CNY 125.9393 million.

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	162,132,845.94	996,789,577.20	834,646,731.26	8,342,577.60
Receivables-based financing	-	1,281,800.00	1,281,800.00	-
Total	162,132,845.94	998,071,377.20	835,928,531.26	8,342,577.60

(VI) Sales of material assets and equities

☐ Applicable ☒ Not applicable

(VII) Analysis of major holding and controlling shareholders

☒ Applicable ☐ Not applicable

Principal subsidiaries

(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	1000	100%	75,931.33	11,357.23	137,127.67	5,654.56
Wayzim Guangdong	South China Regional Sales and Aftersales Service Center	5000	100%	2,157.14	1,950.22	1,200.42	39.72
Wayzim R&D	Artificial Intelligence Technology R&D Center	10000	100%	18,469.54	4,535.93	4,042.73	237.48
Zhongke Guanwei	Production and manufacturing of cameras	1000	100%	8,177.60	5,643.62	7,482.20	1,213.91
Intelligent Sensing	R&D and manufacturing of industrial sensors	10000	100%	905.64	905.33	0.56	0.33
Zhitong Intelligent	Overseas market	1000	100%	110.48	60.09	5.66	0.09
WAYZIM TECHNOLOGY PTE.LTD.	Southeast Asian Market Sales and Aftersales Service	USD 100	100%	113.33	2.50	4.11	2.50

	Center						
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(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

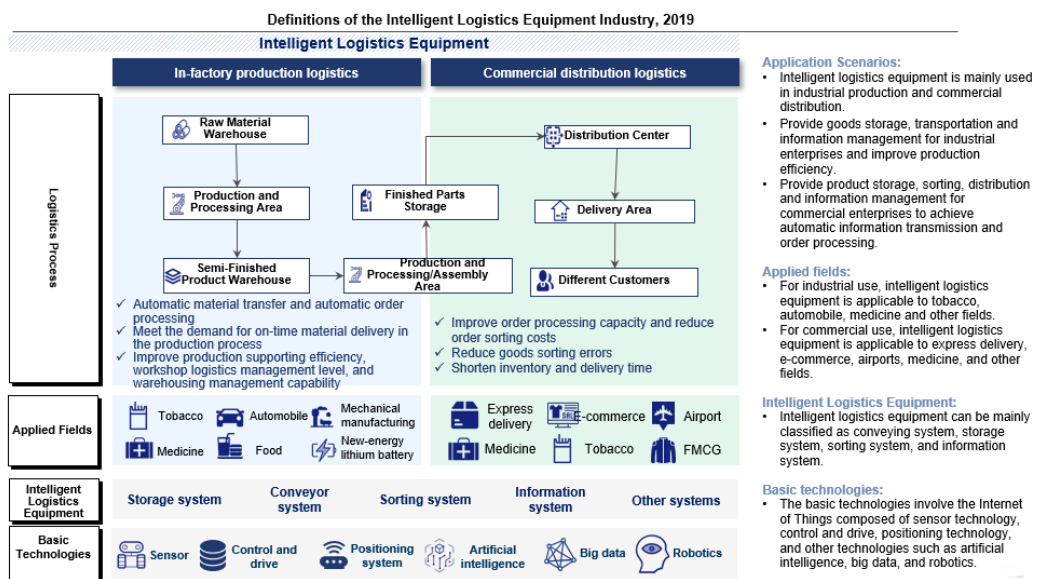
☒ Applicable ☐ Not applicable

The circulation of supply chain is the foundation of economic development. As the market demand changes, technology drives the efficiency of logistics, information flow and other links, and the trend of digitalization is becoming increasingly prominent, thus contributing to the rapid development of social economy. 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.

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.

Analysis of the Global Intelligent Logistics Equipment Industry

Intelligent logistics equipment is necessary for the intelligent supply chain and is mainly used in industrial production and commercial distribution. Intelligent logistics equipment can improve the efficiency of goods production and circulation and boost the lean management of inventory, effectively reducing labor costs and achieving flexible and personalized production.



Definitions of the Intelligent Logistics Equipment Industry

1. Global logistics equipment market

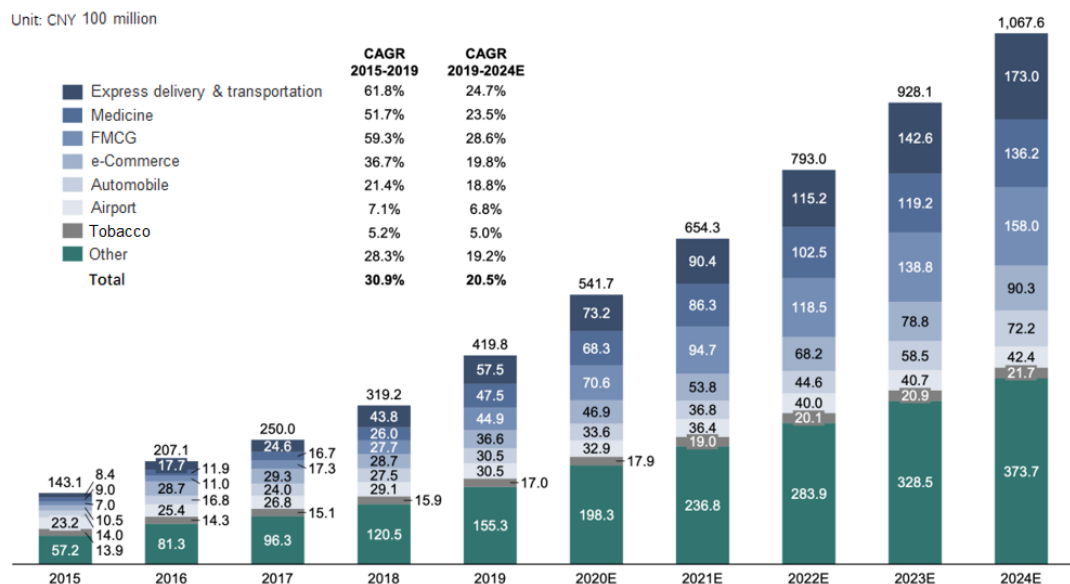
In 2020, the total revenue of the top 20 global logistics equipment integrators reached USD 25.9 billion, up 11.7% year on year, according to MMH, an American journal of material handling. The revenue of Daifuku ranking first was more than USD 4.5 billion, a YoY increase of 13%. Ranking the second, Dematic generated USD 3.2 billion of revenue in 2020, while SSI SCHAEFER (in the third place) generated USD 3.12 billion in 2020. Many of the top 20 companies focus on providing systems, automation and software, and one of the important drivers of growth is the need for greater speed and efficiency due to the booming e-commerce.

2. China's intelligent logistics equipment market

At present, China's intelligent logistics equipment industry is widely used in express, pharmaceuticals, e-commerce, FMCG, tobacco, airport, automobile and other fields. At present, the intelligent logistics equipment in the fields of express, pharmaceuticals, e-commerce and tobacco has a high rate of localization; the entry threshold of intelligent logistics equipment in express, airport and tobacco fields is relatively high.

Taking express delivery as an example, intelligent logistics equipment is mainly used for sorting in distribution centers and large delivery outlets. The main system is centered on the sorting system, such as cross-belt sorter, pivot wheel sorter, module sorter and other equipment and systems, including conveyor and DWS. The market size is expected to reach CNY 17.3 billion in 2024. This field features a high localization rate of intelligent logistics equipment, express enterprises are of high price sensitivity, and domestic solution providers are able to provide cost-effective and better customized services. Therefore, domestic solution providers are basically preferred for the time being. The high concentration of China's express delivery industry and the availability of long-term solution providers for leading express companies set higher barriers to entry in this sector. The representative solution providers of intelligent logistics equipment in the field of express delivery are Wayzim Technology, China Post Technology, etc.

China's intelligent logistics equipment market grew from CNY 14.31 billion in 2015 to CNY 41.98 billion in 2019, and the compound annual growth rate will reach 20.5% during the forecast period. The overall market scale will reach CNY 106.76 billion in 2024, according to CIC.



China's Intelligent Logistics Equipment Market Size by Application Industry 2015-2024E

3. The global intelligent logistics equipment is entering the intelligent age from the automatic age

The global intelligent logistics equipment has experienced from the artificial age, the mechanical age, the automatic age to the intelligent age. Market demand and technological progress have jointly contributed to the rapid development of global intelligent logistics equipment.

The automatic age usually refers to the use of automated guided vehicle (AGV) on a mechanized basis for automatic identification, sorting and handling of goods by the handling robots. It is represented by the fact that Dematic built the world's first automated warehouse based on stacker technology in 1962, automating the logistics and warehouse in the United States. In 2003, Fraunhofer IML developed MultiShuttle, the world's first lightweight high-speed shuttle, making warehousing and logistics technology truly into the era of high flexibility automation. In 2010, the Fraunhofer IML proposed the concept of "Multishuttle Move", which pushed the flexibility of automated warehousing and logistics technology to its climax.

The intelligent age refers to the collection and processing of goods information through the IoT technology and data visualization by combining with automation and digitalization, followed by analysis by the cloud and giving instructions to realize unattended operation. Representative events include the "Industry 4.0" strategy proposed by the German government in 2013, which triggered a new round of industrial transformation competition on a global scale, starting from the digitalization of logistics. Intelligent sensor technology, cyber-physical system (CPS), narrow-band Internet of Things (NB-IoT) and 5G are being applied to the digital construction of warehousing and logistics. In 2017, DHL and Huawei jointly provided an intelligent scheduling solution for an automobile manufacturing plant. With NB-IoT, this solution realizes parking lot visualization and intelligent scheduling, effectively improving the efficiency of logistics unloading operation and greatly reducing labor costs. In 2019, Deutsche Post plans to invest around EUR 9 billion over the next three years to overhaul its IT systems, applying data analytics to better planning delivery routes and forecasting the number of parcels.

(II) Development strategy of the Company

√ Applicable □ Not applicable

The Company practices three market strategies: product serialization, customer diversification, and internationalization. Meanwhile, it's committed to building Wayzim into a world-leading intelligent logistics equipment and intelligent manufacturing enterprise by focusing on the layout of technologies, R&D, talent, investment, M&A, and external cooperation.

1. Market strategies

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 focus on the layout of the key component series for intelligent logistics equipment (e.g., independent R&D and partial production of cameras, sorting carriers, dynamic DWS, and motorized rollers), in an effort to realize the product serialization and the integrated strategic layout of industrial chain. 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. Technology and R&D strategy

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.

3. Investment, M&A and foreign cooperation strategy

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, where continuous innovation is the driving force for further 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 strives to promote the construction of the Nanling Manufacturing Base Project (Phase II) for capacity expansion. 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. Upon the completion of the Project (Phase II), the Company will be seen further improvement in its production capacity, and better optimization

in the allocation of resources such as premises, equipment, and personnel, 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.

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.

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 will recruit in Wuxi and Nanling plants a group of equipment manufacturing workers with certain skills, steadily increase the number of persons in the operation and manufacturing department, ensure the machining level and capability of key components, and strengthen the quality control of products to meet the needs of increased capacity.

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 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 an Annual General Meeting and three Extraordinary General Meetings. In strict accordance with the relevant laws and regulations, the *Articles of Association*, and the *Rules of Procedure for General Meetings of Wayz Intelligent Manufacturing Technology Co. Ltd.*, the Company convened and held general meetings to conduct standardized voting on matters to be deliberated at the general meetings, so 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 eight meetings. The First Board of Directors 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 *Articles of Association* and the *Rules of Procedure for Meetings of the Board of Directors of Wayz Intelligent Manufacturing 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 ipso jure. 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 two meetings. The Third Board of Supervisors had three supervisors, including an employee supervisor. The number of supervisors and composition met the 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 Wayz Intelligent Manufacturing Technology Co. Ltd.*, the Company standardized

the convening, holding, and voting procedures of the meetings of the Board of Supervisors, 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 is 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
The First Extraordinary General Meeting in 2021	2021.2.22	N/A	N/A	The Proposal on Changing the Company's Business Scope and Amending the Articles of Association and the Proposal on the Company's Application for Lines of Credit and Loans from Commercial Banks were deliberated and adopted
General Meeting 2020	2021.6.25	N/A	N/A	The Proposal on the 2020 Work Report of the Board of Directors of the Company, the Proposal on the 2020 Work Report of the Board of Supervisors of the Company, the Proposal on the 2020 Work Report of Independent Directors of the Company, the Proposal on the 2020 Final Accounts Report of the Company, and the Proposal on the 2021 Financial Budget Report of the Company were deliberated and approved
The Second Extraordinary General	2021.7.20	N/A	N/A	The Proposal on Application of Wayz Intelligent Manufacturing Technology Co. Ltd. for Lines of

Meeting in 2021				Credit and Loans from Commercial Banks and the Proposal on Changing the Business Address of Wayz Intelligent Manufacturing Technology Co. Ltd. were deliberated and approved
The Third Extraordinary General Meeting in 2021	2021.12.03	www.sse.com.cn	2021.12.04	The Proposal on Changing the Registered Capital and Company Type, Amending the Articles of Association and Handling Industrial and Commercial Changes, the Proposal on Permanently Supplementing Working Capital with Part of the Excessive Funds Raised and the Proposal on Electing Company Directors have been 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.

The First Extraordinary General Meeting in 2021, the Annual General Meeting in 2020, and the Second Extraordinary General Meeting in 2021 all took place before the company went public, so relevant resolutions do not need to be disclosed on relevant designated websites.

The convening and convening procedures, qualifications of convener, qualifications of present person and voting procedures of the General Meeting all comply with the provisions of the *Company Law* and the *Articles of Association*, and the meeting resolutions are legal and valid.

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	43	March 2020	March 2023	19,800,000	19,800,000	/	/	95.84	No
Yao Yi	General Manager	Male	35	March 2020	/	/	/	/	/	54.71	No
Yao Yi	Director	Male	35	May 2016	March 2023	/	/	/	/		
Shang Liwei	Director	Male	40	March 2020	March 2023	/	/	/	/	0	Yes
Xi	Director	Male	42	March 2020	March 2023	/	/	/	/	72.61	No

Yuxiang											
Xi Yuxiang	Deputy General Manager	Male	42	April 2020	/	/	/	/	/		
Xi Yuxiang	Secretary of Board of Directors	Male	42	September 2020	/	/	/	/	/		
Du Ping	Director	Female	36	March 2020	March 2023	/	/	/	/	48.20	No
Du Ping	Deputy General Manager, key technical personnel	Female	36	March 2020	/	/	/	/	/		
Zou Xi	Director	Female	35	December 2021	March 2023	/	/	/	/	37.86	No
Zou Xi	Chief Financial Officer	Female	35	March 2020	/	/	/	/	/		
Chen Yunsen	Independent Director	Male	37	March 2020	March 2023	/	/	/	/	10	No
Chen Mingfei	Independent Director	Male	43	March 2020	March 2023	/	/	/	/	6	No
Feng Jiachun	Independent Director	Male	55	March 2020	March 2023	/	/	/	/	8	No

Du Wei	Supervisor	Female	38	March 2020	March 2023	/	/	/	/	35.51	No
Zhong Jianpeng	Employee Representative Supervisor	Male	32	March 2020	March 2023	/	/	/	/	36.50	No
Chen Rong	Supervisor	Female	46	March 2020	March 2023	/	/	/	/	0	Yes
Ke Li	Deputy General Manager	Female	41	March 2020	/	/	/	/	/	79.60	No
Li Xiaobing	Deputy General Manager	Male	54	March 2020	/	/	/	/	/	72.41	No
Liu Yu	Key technical personnel	Male	34	July 2019	/	/	/	/	/	55.98	No
Wang Yifeng	Key technical personnel	Male	43	August 2019	/	/	/	/	/	39.40	No
Wang Xi	Key technical personnel	Male	35	August 2019	/	/	/	/	/	40.95	No
Ouyang Qingsheng	Key technical personnel	Male	51	July 2017	/	/	/	/	/	49.86	No
Zuo Xiaofang	Key technical personnel	Female	35	March 2020	/	/	/	/	/	39.81	No
Lai Qi	Director	Female	35	March 2020	November	/	/	/	/	0	Yes

(resigned)					2021						
Total	/	/	/	/	/	19,800,000	19,800,000		/	783.24	

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 the Institute of Microelectronics of the Chinese Academy of Sciences 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 the Institute of Microelectronics of the Chinese Academy of Sciences. 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 overseas permanent 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 the Institute of Microelectronics of the Chinese Academy of Sciences. 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 overseas permanent residency, graduated from the 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	<p>Ms. Du Ping, born in October 1986, Chinese, without overseas permanent 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 Limited 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.</p>
Xi Yuxiang	<p>Mr. Xi Yuxiang, born in April 1980, Chinese, without overseas permanent 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.</p>
Zou Xi	<p>Ms. Zou Xi, born in November 1987, Chinese, without overseas permanent 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.</p>
Chen Yunsen	<p>Mr. Chen Yunsen, born in May 1985, Chinese, without overseas permanent 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.</p>

Chen Mingfei	Mr. Chen Mingfei, born in October 1979, Chinese, without overseas permanent 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 been 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 overseas permanent 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 overseas permanent 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.
Chen Rong	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 Shenzhen Capital Group Co., Ltd. since December 2016. she has been serving as a Supervisor of the company since March 2020.
Zhong Jianpeng	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 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 the Institute of Microelectronics of the Chinese Academy of Sciences 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 the Institute of Microelectronics of the Chinese Academy of Sciences 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 the Institute of Microelectronics of the Chinese Academy of Sciences 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.
Lai Qi (resigned)	Ms. Lai Qi, born in May 1987, Chinese, without permanent overseas residency, graduated from Glasgow Caledonian University, with a master's degree. From November 2010 to December 2018, she served as the Investment Director of Jiangsu CAS Internet-of-things Technology Venture Capital Co., Ltd.; from January 2019 to March 2020, she served as the Investment Director of Zhongke Weizhi. She served as a Director of Wayzim Limited from July 2019 to March 2020, a secretary of the Company's Board of Directors from March 2020 to September 2020, and a Director of the Company from March 2020 to November 2021. Since October 2020, she has been serving as the Investment Director of Zhongke Weizhi.

Other notes

√ Applicable □ Not applicable

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

indirectly holds 450,000 shares of the Company through Qunchuang Zhongda; Lai Qi indirectly holds 720,000 shares of the Company through Wayzim Yuanchuang.

(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	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 R&D	Executive Director & General Manager	November 2019	/
Li Gongyan	Wayzim Guangdong	Executive Director	November 2019	/
Li Gongyan	Wayzim Anhui	Executive Director & General Manager	May 2017	/
Li Gongyan	Wayzim Chengdu	Executive Director	January 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 & General Manager	April 2021	/
Yao Yi	Chongqing Branch	Person in charge	June 2021	/

Yao Yi	WAYZIM TECHNOLOGY PTE.LTD.	Director	June 2021	/
Yao Yi	Zhengzhou Branch	Person in charge	June 2021	/
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 Venture Capital Co., Ltd.	Chairman	June 2018	/
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	Director	August 2017	/

	Co., Ltd.			
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.	Chairman	July 2019	/
Shang Liwei	Zhongke Zhuzhao (Beijing) Technology Co., Ltd.	Director	October 2019	/
Shang Liwei	Jiangsu IoT Research and Development Center	Director	January 2020	/
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	/
Zou Xi	WAYZIM TECHNOLOGY PTE.LTD.	Director	June 2021	/
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	Boss & Young, Attorneys/At/Law	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	/
Lai Qi	Anhui Daoyi Electronic Technology Co., Ltd.	Director	March, 2017	/
Lai Qi	Zhongke Weizhi	Investment Director		/
Li Xiaobing	Wayzim Automation Technology (Chengdu) Co., Ltd.	General Manager	January 2022	/
Ke Li	Suzhou Branch	Person in charge	April 2020	/
Xi Yuxiang	Xiang Xin (Shanghai) Information	Supervisor	August 2019	/

	Technology Co., Ltd.			
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	/
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 Currency: CNY

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	557.24

Total remunerations actually paid to key technical personnel at the end of the reporting period	226.00
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Note: In "The total actual remuneration received by key technical personnel at the end of the reporting period", the remuneration of key technical personnel who also hold the position of director is not taken into account. Their remuneration is reflected in "The actual remuneration received by all directors, supervisors and senior management at the end of the reporting period".

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

☒ Applicable ☐ Not applicable

Name	Position	Change	Reason for change
Lai Qi	Director	Resignation	Job adjustment
Zou Xi	Director	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 Ninth Meeting of the First Board of Directors	2021.1.28	The Proposal on Establishing the Russian Office of Wayz Intelligent Manufacturing Technology Co. Ltd., the Proposal on Establishing Singapore Subsidiary of Wayz Intelligent Manufacturing Technology Co. Ltd., the Proposal on Establishing Shanghai Subsidiary of Wayz Intelligent Manufacturing Technology Co. Ltd., the Proposal on Establishing Chongqing Branch and Other Branches of Wayz Intelligent Manufacturing Technology Co. Ltd. and the Proposal on Formulating Regulations on the Management of Employees' Loans for House Purchase have been reviewed and approved.
The Tenth Meeting of the First Board of Directors	2021.4.30	The Proposal on Agreeing to the External Submission of the Company Review Report has been reviewed and approved.
The 11th Meeting of the First Board of Directors	2021.5.14	The Proposal on the Work Report of the General Manager in 2020, the Proposal on the Work Report of the Board of Directors in 2020, the Proposal on the Work Report of Independent Directors in 2020, the Report on the Performance of the Special Committee of the Board of Directors in 2020 and the Proposal on Confirming the Data of the Company's Audit Report and Agreeing to Submit the

		Data to the Public have been reviewed and approved.
The 12th Meeting of the First Board of Directors	2021.7.2	The Proposal on Leasing Property and Affiliate Transactions of Beijing Branch of Wayz Intelligent Manufacturing Technology Co. Ltd., the Proposal on Establishing a Branch of Wayz Intelligent Manufacturing Technology Co. Ltd., and the Proposal on Signing an Investment Agreement between Wayz Intelligent Manufacturing Technology Co. Ltd. and the People's Government of Tonglu County, Zhejiang Province have been reviewed and approved.
The 13th Meeting of the First Board of Directors	2021.8.5	The Proposal on the Proposed Industrial Cooperation Agreement between Wayz Intelligent Manufacturing Technology Co. Ltd. and the People's Government of Nanling County, the Proposal on Establishing Tonglu Subsidiary by Wayz Intelligent Manufacturing Technology Co. Ltd., the Proposal on the Establishment of an Account for Funds Raised, the Proposal on Recruiting the Person in Charge of the Internal Audit Department of the Company, and the Proposal on the Appointment of the Securities Affairs Representative have been reviewed and approved.
The 14th Meeting of the First Board of Directors	2021.8.20	The Proposal on Agreeing to the External Submission of the Company Review Report has been reviewed and approved.
The 15th Meeting of the First Board of Directors	2021.10.12	The Proposal on Agreeing to the External Submission of Financial Data of the Company has been reviewed and approved
The 16th Meeting of the First Board of Directors	2021.11.17	The Proposal on Changing the Registered Capital and Company Type, Amending the Articles of Association and Handling Industrial and Commercial Changes, the Proposal on Using Excessive Funds Raised and Part of Idle Funds Raised for Cash Management, the Proposal on Using Funds Raised to Replace Self-raised Funds for Pre-invested Raised Projects and Paid Issuance Fees, the Proposal on Establishing Wayzim Technology Chengdu Subsidiary, and the Proposal on Adjusting the Amount of Financial Products Purchased with Temporarily Idle Self-owned Funds have been reviewed and approved.

VIII. Performance of Duties by Directors

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

Director Name	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 absences	Presence by proxy for two consecutive times or not	Number of attendances at general meetings
Li Gongyan	No	8	8	8	0	0	No	4
Yao Yi	No	8	8	8	0	0	No	4
Shang Liwei	No	8	8	8	0	0	No	4
Du Ping	No	8	8	8	0	0	No	4
Xi Yuxiang	No	8	8	8	0	0	No	4
Zou Xi	No	1	1	1	0	0	No	1
Chen Yunsen	Yes	8	8	8	0	0	No	4
Chen Mingfei	Yes	8	8	8	0	0	No	4
Feng Jiachun	Yes	8	8	8	0	0	No	4
Lai Qi (resigned)	No	7	7	7	0	0	No	3

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	8
Including: Number of on-site meetings	0
Number of meetings held in communication mode	0
Number of on-site meetings held in communication mode	8

(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

(2). During the reporting period, the Audit Committee held a total of three meetings

Date	Content	Important comments and suggestions	Other performance of duties
2021.4.30	Review the Proposal on Agreeing to the External Submission of the Company Review Report.	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A

2021.5.14	Review proposals such as the Proposal on the 2020 Final Financial Report of the Company, the Proposal on the 2021 Financial Budget Report of the Company, the Proposal on the 2020 Profit Distribution Plan of the Company, the Proposal on the Further Appointment of Accounting Firm in 2021, and the Report on the Performance of the Audit Committee of the Board of Directors in 2020.	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A
2021.8.20	Review the Proposal on Agreeing to the External Submission of the Company Review Report.	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 two meetings

Date	Content	Important comments and suggestions	Other performance of duties
2021.5.14	Review the Proposal on Applying for General Credit Limit from Banks and Providing Guarantee for Wholly-owned Subsidiaries in 2021, the Proposal on Using Own Funds for Entrusted Wealth Management in 2021, and the Report on the Performance of the Strategy Committee of the Board of Directors in 2020.	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A
2021.11.17	Review the Proposal on Adjusting the Amount of Financial Products Purchased with Temporarily Idle Self-owned Funds.	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A

(4). During the reporting period, the Remuneration and Assessment Committee held a total of two meetings

Date	Content	Important comments and suggestions	Other performance of duties
2021.1.28	Review the Proposal on Confirming the Annual Bonus Plan for Directors, Supervisors and Senior Management of the Company in 2020.	After thorough communication and discussion, the members unanimously agreed to the above	N/A

		proposals.	
2021.5.14	Review the Proposal on the Remuneration of Directors and Senior Management in 2020, the Proposal on Revising the <Remuneration Management System for Directors, Supervisors and Senior Management> of the Company, and the Report on the Performance of the Remuneration and Assessment Committee of the Board of Directors in 2020.	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A

(5). During the reporting period, the Nomination Committee held a total of two meetings

Date	Content	Important comments and suggestions	Other performance of duties
2021.5.14	Review the Report on the Performance of the Nomination Committee of the Board of Directors in 2020.	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A
2021.11.17	Review the Proposal on Nominating Candidates for Company Directors.	After thorough communication and discussion, the members unanimously agreed to the above proposals.	N/A

(6) Specific circumstances of objections

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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	731
Number of current employees of major subsidiaries	525
Total number of current employees	1,256
Number of retired employees requiring subsidies	

from the parent company and major subsidiaries	
Professional composition	
Type	Number of employees
Production personnel	684
Sales personnel	108
Technical personnel	350
Financial personnel	13
Administrative personnel	72
Management personnel	29
Total	1,256
Education background	
Type	Number of employees (person)
Master degree or above	136
Bachelor	533
College degree	373
Others	214
Total	1,256

(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

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

Specific policies for profit distribution of the Company:

(I) Mode of profit distribution

The Company shall distribute the profits by using the cash, stock or the combination thereof or in other forms as permitted by laws and regulations. The Board of Directors of the Company may propose a mid-term dividend based on the current profit scale, cash flow, development stage and fund demand.

(II) Specific conditions for cash dividend

1. The Company's profits available for distribution (i.e. the remaining after-tax profits after the losses have been made up and surplus reserve funds have been drawn by the Company) for the year are positive.
2. The accounting firm hired by the Company shall issue a standard unqualified audit report on the Company's financial report for the year.
3. There are no major investment plans or cash disbursements within the next 12 months, or the normal production and operation fund demands of the Company can still be met after considering the implementation of the aforementioned major investment plans or cash disbursements, as well as cash dividends for the year.

The above major investment plans or cash disbursements refer to one of the following circumstances:

- (1) The cumulative expenditure of the proposed external investment, acquisition of assets and procurement of equipment reaches or surpasses 50% of the latest audited net assets of the Company, which exceeds CNY 50 million in the following 12 months;
- (2) The total expenditure of the proposed external investment, acquisition of assets and procurement of equipment reaches or surpasses 30% or above of the latest audited net assets of the Company in the following 12 months.

According to the relevant provisions of the Articles of Association concerning the powers of the Board of Directors and General Meeting, the above-mentioned major investment plans or cash disbursements must be approved by the Board of Directors and submitted to the General Meeting for review and approval before implementation.

4. Proportion of cash dividends

On the premise of meeting the specific conditions for cash dividends, the accumulated profits distributed in cash every three consecutive years shall not be less than 30% of the annual

distributable profits achieved for three consecutive years, and the Company's annual profits distributed in cash shall not be less than 10% of the distributable profits achieved for that year.

The Board of Directors of the Company shall distinguish the following circumstances taking into account its industry features, development stages, business model and profitability as well as whether it has any significant capital expenditure arrangement, and put forward differentiated cash dividend policy in accordance with the procedures set out in the Articles of Association:

(1) If the Company is at a mature development stage without major capital expenditure arrangement, cash dividends shall account for at least 80% of the distributed profits during profit distribution;

(2) If the Company is at a mature development stage with major capital expenditure arrangement, cash dividends shall account for at least 40% of the distributed profits during profit distribution;

(3) If the Company is at a growth development stage with major capital expenditure arrangement, cash dividends shall account for at least 20% of the distributed profits during profit distribution. Where the Company does not have distinguishable development stages but has major capital expenditure arrangements, cash dividends may be arranged in accordance with the preceding paragraph.

5. Stock dividend distribution conditions: In cases where the Company is operating well and the Board of Directors believes that operating revenue is rapidly increasing, profit investment is more favorable, the Company's stock price does not match its equity scale, and the distribution of stock dividends is beneficial to the overall interests of all shareholders of the Company, a stock dividend distribution plan can be proposed in addition to meeting the above cash dividend distribution requirements.

As audited by KPMG Huazhen LLP, the Company's net profit attributable to the owners of the parent company in 2021 was CNY 259,207,152.43, and the cumulative undistributed profit was CNY 371,450,291.33.

The Company's profit distribution plan for 2021 was as follows:

1. 10% of the net profits reported by the parent company in the current year was withdrawn for statutory surplus reserve of CNY 20,797,077.91.

2. Based on the total capital stock of 131,608,698 shares on December 31, 2021, cash dividends of CNY 6 (tax inclusive) per 10 shares were distributed to all shareholders, totaling CNY 78,965,218.80, accounting for 30.46% of the consolidated net profit of CNY 259,207,152.43 attributable to the listed company in the current year.

(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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the dividend standards and proportions are specific and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether relevant decision-making procedures and mechanisms are completed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent directors perform their responsibilities or not	<input checked="" type="checkbox"/> 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	<input checked="" type="checkbox"/> 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

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

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

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

Has the Company disclosed the internal control audit report: No

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

(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

None

(III) Resource and energy consumption and emissions

☒ Applicable ☐ Not applicable

The Company is not in a heavily polluting industry. The main pollutants generated in the production process of the Company include exhaust gas, wastewater, hazardous waste and general industrial waste.

1. Greenhouse gas emission

☐ Applicable ☒ Not applicable

2. Energy and resource consumption

☒ Applicable ☐ Not applicable

The energy resource consumption of the Company is mainly reflected in aspects such as water, electricity and vehicle fuel consumption. During the reporting period, all energy consumption of the Company was normal consumption required for daily operating activities. The Company reduces energy consumption during product production by optimizing product design and manufacturing processes, and continuously improves the utilization rate of energy resources.

3. Waste and pollutant discharge√ Applicable ☐ Not applicable

The main pollutants generated in the production process of the Company include exhaust gas, wastewater, hazardous waste and general industrial waste. The production waste gas is discharged in an organized manner after being treated by environmental protection facilities. Wastewater is divided into industrial wastewater and domestic wastewater. Industrial wastewater is treated by the sewage treatment station in the factory and discharged into the sewage treatment plant. Domestic wastewater is included in the municipal pipe for unified treatment. Hazardous waste is packaged according to different types and standards, and included in hazardous waste warehouse for management and storage. Agreements are signed with units with relevant hazardous waste disposal qualification. Hazardous waste should be regularly cleared and transported. Domestic waste is transported and disposed of by the local environmental sanitation department for unified treatment. All emissions comply with national standards.

4. Environmental protection management system of the Company√ Applicable ☐ Not applicable

Since its establishment, the Company has always attached great importance to environmental protection, and has processed pollutant discharge permit documents in accordance with relevant laws and regulations. It has formulated environmental management systems such as hazardous waste management system, pollution prevention and control facility management system and environmental health management system. All pollutant emission indexes meet relevant control requirements.

(IV) Measures taken to reduce carbon emission and their effects during the reporting period√ Applicable ☐ Not applicable

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 installing rooftop photovoltaics and adjusting air compressor pressure to save electricity and reduce carbon emissions, thus bringing positive impacts to the global climate.

(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**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" in "Section III Discussions & Analysis by the Management".

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

Type	Amount	Notes
Donations contributed		N/A

Including: Fund (in CNY 10,000)	-	N/A
Amount of materials (in CNY 10,000)	-	N/A
Public welfare projects		N/A
Including: Fund (in CNY 10,000)	-	N/A
Number of beneficiaries (person)	-	N/A
Rural revitalization		N/A
Including: Fund (in CNY 10,000)	-	N/A
Amount of materials (in CNY 10,000)	-	N/A
Quantity of employment (person)	-	N/A

1. Specific public welfare projects and charitable activities

☐ Applicable ☒ Not applicable

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)	22
Percentage of stockholding employees in the total employees of the Company (%)	1.75
Quantity of stockholdings of employees (in 10,000 shares)	2,056.5
Percentage of stockholdings of employees in the total shares (%)	15.63

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, 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 41 party members, consisting of 1 party branch secretary, 2 party branch committee members, 4 probationary party members, and 34 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 "Three Meetings and One Lesson" and "Celebrating the 100th Anniversary of the Founding of the CPC", 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 19th 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	0	N/A
Investor relations management activities via new media	0	N/A
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 Wayz Intelligent Manufacturing 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 conducted investor communication and exchange activities through specific object research.

(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
Commitments related to IPO	Restricted shares	Wayzim Yuanchuang, Qunchuang Zhongda	Note 2	42 months from October 26, 2021	Yes	Yes	None	None
Commitments related to IPO	Restricted shares	Zhongke Micro Investment, Yao Yajuan	Note 3	12 months from October 26, 2021	Yes	Yes	None	None
Commitments related to IPO	Restricted shares	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	Note 4	12 months from October 26, 2021	Yes	Yes	None	None

	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 Yifeng, Zuo Xiaofang	Note 6	12 months from October 26, 2021	Yes	Yes	None	None
	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

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

☐ Applicable ☒ Not applicable

(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	1,050,000.00
Audit term of domestic accounting firm	1

Explanation on appointment and dismissal of accounting firm

☒ Applicable ☐ Not applicable

On May 14, 2021, Wayzim held the 11th Meeting of the First Board of Directors and the 4th Meeting of the First Board of Supervisors. On June 25, 2021, Wayzim held the 2020 Annual General Meeting, and reviewed and approved the *Proposal on the Further Appointment of Accounting Firm in 2021* 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

(I) Where the lawsuits and arbitrations have been disclosed in temporary announcements without subsequent progression

☐ Applicable ☒ Not applicable

(II) Lawsuits and arbitrations not disclosed in any temporary announcements or with subsequent progression

☐ Applicable ☒ Not applicable

(III) Other notes

☐ Applicable ☒ Not applicable

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

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

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

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	1,309,120,000.00	671,000,000.00	-
Asset management product	Idle funds raised	322,730,000.00	325,000,084.33	-
Total		1,631,850,000.00	996,000,084.33	-

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 of date of entrusted asset management	Ending date of entrusted asset management	Source of funding	Funds invested to	Remuneration determination method	Annualized rate of return	Prospective 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)
CITIC Securities Co., Ltd.	Income voucher for "Jie Jie Sheng Li" (a kind of financial product)	786,390,000.00	2021/11/19	2021/12/2	Funds raised	Securities company	As agreed in the contract	1.97%	550,473.00	550,473.00	Recovered	Yes	Yes	/
China Merchants Bank Co., Ltd.	Structured deposit	786,390,000.00	2021/12/6	2021/12/31	Funds raised	Bank	As agreed in the contract	3.09%	1,664,345.96	1,664,345.96	Recovered	Yes	Yes	/

Wuxi Xidong 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	1,339,429,072.00	2,748,557,661.34	1,031,335,055.28	37.52	1,031,335,055.28	37.52

(II) Details of equity investment projects√ Applicable ☐ Not applicable

Unit: CNY

Name of item	Whether a change in investment orientation is	Source of funds raised	Total committed investment amount of project	Adjusted total investment amount of funds raised (1)	Accumulated total investment amount of funds raised as of the end of the	Accumulated investment progress as of the end of the	Date when the project reaches the scheduled usable state	Whether the project is finally accept	Is the investment progress in line with the schedule	Specific reasons for failure of investment progress to reach	Benefits or R&D results achieved by the project	Whether the project feasibility has changed significantly? If	Amount of savings and reasons
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	involved		funds raised		reporting period (2)	reporting period (%) (3)=(2)/(1)		ed		the schedule		yes, please state the details	
Intelligent Equipment Manufacturing Center Project	No	IPO	292,521,749.00	292,521,749.00	21,719,657.73	7.42	Undue	No	Yes	N/A	N/A	No	N/A
Nanling Manufacturing Base Digital Workshop Construction Project	No	IPO	180,288,098.00	180,288,098.00	68,719,239.00	38.12	Undue	No	Yes	N/A	N/A	No	N/A
Intelligent Equipment and Artificial Intelligence	No	IPO	225,938,725.00	225,938,725.00	14,080,961.01	6.23	Undue	No	Yes	N/A	N/A	No	N/A

nce R&D Center Project													
Market sales and product service base construct ion project	No	IPO	140,680, 500.00	140,680, 500.00	4,085,197. 54	2.90	Undue	No	Yes	N/A	N/A	No	N/A
Supplem entary working capital	No	IPO	500,000, 000.00	500,000, 000.00	500,000,0 00.00	100.00	N/A	No	Yes	N/A	N/A	No	N/A
Use of excessiv e funds raised													
Permane nt supplem entation of working capital	No	IPO	422,738, 600.00	422,738, 600.00	422,730,0 00.00	100.00	N/A	No	Yes	N/A	N/A	No	N/A
Excessiv e funds	No	IPO	N/A	986,389, 989.34	-	-	N/A	No	No	N/A	N/A	No	N/A

raised													
Total		-	1,339,42 9,072.00	2,748,55 7,661.34	1,031,335, 055.28	-	-			-	-	-	-

(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

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). As of December 31, 2021, the aforementioned replacement of funds raised has been completed.

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 efficiency of using the funds raised, the Company will purchase investment products with high safety, good liquidity and principal guarantee agreements (including but not limited to structured deposits, fixed deposits and certificates of deposit) with part of the temporarily idle funds raised. On November 17, 2021, at the 12th Meeting of the First Board of Directors 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 (including this amount) 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. As of December 31, 2021, the balance of the Company's funds raised for cash management was CNY 671,000,000.00.

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 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. As of December 31, 2021, the Company has permanently supplemented its working capital with CNY 422,730,000.00.

5. Others☐ Applicable √ Not applicable

**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	98,608,698	100	2,391,927			-888,900	1,503,027	100,111,725	76.07
1. State-owned shares									
2. Shares held by state-owned legal persons	14,869,566	15.08						14,869,566	11.30
3. Shares held by other domestic investors	83,739,132	84.92	2,386,340			-888,900	1,497,440	85,236,572	64.77

Including: Shares held by domestic non-state-owne d legal persons	54,039,132	54.80	2,386,340			-888,900	1,497,440	55,536,572	42.20
Shares held by domestic natural persons	29,700,000	30.12						29,700,000	22.57
4. Shares held by foreign investors			5,587				5,587	5,587	0.00
Including: Shares held by foreign legal persons			5,587				5,587	5,587	0.0042
Shares held by foreign natural persons									
II. Tradable			30,608,073			888,900	31,496,973	31,496,973	23.93

shares without limited sales conditions									
1. CNY ordinary shares			30,608,073			888,900	31,496,973	31,496,973	23.93
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total shares	98,608,698	100.00	33,000,000	0	0	0	33,000,000	131,608,698	100.00

2. Notes on changes in shares

☒ Applicable ☐ Not applicable

According to the *Reply on Approval for the Registration of Initial Public Offering by Wayz Intelligent Manufacturing Technology Co. Ltd.* issued by the China Securities Regulatory Commission (ZJXK [2021] No. 2451), the Company has issued CNY ordinary shares of 33,000,000 to the public, of which 30,608,073 shares have been listed and circulated on the Science and Technology Innovation Board of the Shanghai Stock Exchange since October 26, 2021. After this issuance, the total share capital of the Company has been changed from 98,608,698 shares to 131,608,698 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

During the reporting period, the Company made an initial public offering of 33,000,000 CNY ordinary shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange, with its share capital increasing from CNY 98,608,698.00 to CNY 131,608,698.00.

Item	2021	Same caliber in 2021 (Note)
Basic earnings per share (CNY/share)	2.49	2.63
Diluted earnings per share (CNY/share)	2.49	2.63
Net assets per share attributable to shareholders (ordinary share) of listed companies (CNY/share)	29.28	39.07

Note: The basic earnings per share, diluted earnings per share, and net assets per share attributable to shareholders (ordinary share) of listed companies for the same caliber in 2021 are calculated without issuing shares in 2021.

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	0	0	1,401,927	1,401,927	IPO	April 26, 2022
Strategic placement	0	0	990,000	990,000	IPO	October 26, 2023
Total	0	0	2,391,927	2,391,927	/	/

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, 2021, it had lent 888,900 shares.

II. Securities Issuance and Listing**(I) Securities issuance as of the reporting period**√ Applicable ☐ Not applicable

Unit: share Currency: CNY

Variety of stock and derivative securities	Issue date	Issue price (or interest rate)	Number of issued shares	Listed date	Number of approved listed transactions	Transaction ending date
Ordinary share						

A-share	2021.10.14	90.20	33,000,000	2021.10.26	33,000,000	/
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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

During the reporting period, the Company was approved to make an initial public offering of 33,000,000 CNY ordinary shares. After the issuance, the total share capital of the Company increased from 98,608,698 shares to 131,608,698 shares.

At the beginning of the reporting period, the total assets of the Company were CNY 2,328,582,300, the total liabilities were CNY 1,533,937,600, and the asset liability ratio was 65.87%. At the end of the reporting period, the total assets of the Company were CNY 6,137,175,700, the total liabilities were CNY 2,284,340,200, and the asset liability ratio was 37.22%.

III. Shareholders and Actual Controllers

(I) Total number of shareholders

Total number of common shareholders as of the end of reporting period (Nos.)	18,643
Total number of common shareholders as of the end of previous month prior to the date of disclosure of annual report (Nos.)	17,538
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	0

report (Nos.)	
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	Domestic non-state-owned legal person
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	Domestic non-state-owned legal person
Beijing Zhongke Micro Investment Management Co., Ltd.	0	13,500,000	10.26	13,500,000	13,500,000	None	0	State-owned legal person
Yao Yajuan	0	5,400,000	4.10	5,400,000	5,400,000	None	0	Domestic natural person
Zhu Yi	0	4,500,000	3.42	4,500,000	4,500,000	None	0	Domestic natural person
Guo Chao	2,169,188	2,169,188	1.65	0	0	Unknown	0	Domestic natural person
Jiangsu Xinchao Technology Group Co., Ltd.	0	1,173,915	0.89	1,173,915	1,173,915	None	0	Domestic non-state-owned legal person
Zhongjin Qichen (Suzhou) Industry Equity Investment Fund Partnership	0	1,173,915	0.89	1,173,915	1,173,915	None	0	Domestic non-state-owned legal person

Guangdong Hongtu Venture Capital Management Co., Ltd. - Shenzhen Talent Innovation and Enterprise No. 1 Equity Investment Fund (L.P.)	0	1,173,915	0.89	1,173,915	1,173,915	None	0	Domestic non-state-owned legal person
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Shareholding of top ten unrestricted shareholders

Name of shareholder	Number of unrestricted tradable shares held	Type and quantity of shares	
		Type	Quantity
Guo Chao	2,169,188	CNY ordinary shares	2,169,188
CITIC Securities Co., Ltd.	750,035	CNY ordinary shares	750,035
Industrial and Commercial Bank of China Limited - Taikang Strategic Optimization Flexible Configuration Hybrid Securities Investment Fund	600,080	CNY ordinary shares	600,080
China Construction Bank Corporation - Rongtong Internet Media Flexible Configuration Hybrid Securities Investment Fund	464,126	CNY ordinary shares	464,126
China Merchants Bank Co., Ltd. - Taikang Quality Life Hybrid Securities Investment Fund	400,000	CNY ordinary shares	400,000
Zhang Dongdong	357,961	CNY ordinary shares	357,961
China International Capital Corporation Limited	356,485	CNY ordinary shares	356,485
Orient Securities Company Limited - Zhonggeng Value Pioneer Equity Securities Investment Fund	299,856	CNY ordinary shares	299,856

Liu Yingzi	279,000	CNY ordinary shares	279,000
Tang Xiaobo	260,713	CNY ordinary shares	260,713
Special accounts for repurchase by top ten shareholders	N/A		
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 sale	Tradable conditions for shares with restrictions on sale		Restrictions on 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	Beijing Zhongke Micro Investment Management Co., Ltd.	13,500,000	October 26, 2022	0	Lock in for 12 months from the date of company listing
5	Yao Yajuan	5,400,000	October 26, 2022	0	Lock in for 12 months from the date of company listing
6	Zhu Yi	4,500,000	October 26, 2022	0	Lock in for 12 months from the date of company listing
7	Jiangsu Xinchao Technology Group Co., Ltd.	1,173,915	October 26, 2022	0	Lock in for 12 months from the date of company listing
8	Zhongjin Qichen (Suzhou) Industry Equity Investment Fund Partnership	1,173,915	October 26, 2022	0	Lock in for 12 months from the date of company listing

9	Guangdong Hongtu Venture Capital Management Co., Ltd. - Shenzhen Talent Innovation and Enterprise No. 1 Equity Investment Fund (L.P.)	1,173,915	October 26, 2022	0	Lock in for 12 months from the date of company listing
10	Beijing Zhongke Chuangxing Venture Capital Management Partnership (Limited Partnership) - Beijing Zhongke Chuangxing Hard Technology Venture Capital Partnership (Limited Partnership)	1,173,915	October 26, 2022	0	Lock in for 12 months from the date of company listing
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>			

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	2022.10.26	101,100	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**

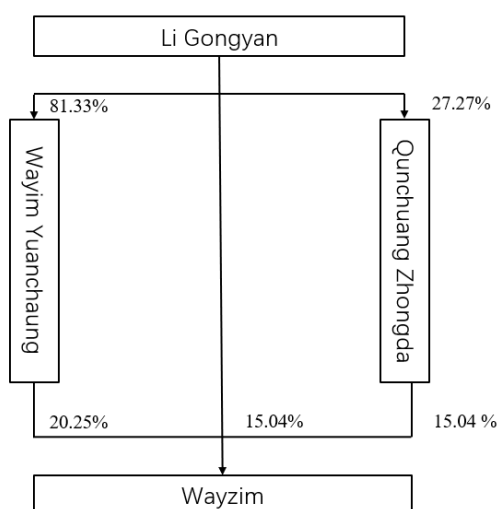
☐ Applicable ☒ Not applicable

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 Technology
Information on other domestic and	None

overseas listed companies holding equity in past 10 years	
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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

VII. Information on Restricted Share/Depository Receipt Selling

☐ Applicable ☒ Not applicable

VIII. Specific Implementation of Share Repurchase during the Reporting Period

☐ Applicable ☒ Not applicable

Section VIII Preferred Shares

☐ Applicable ☒ Not applicable

Section IX Financial Reports

I. Audit Report

√ Applicable □ Not applicable

Audit Report

BMWHZSZ No. 2201925

All 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, 2021, 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 2021.

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, 2021 and the financial status of the parent company, as well as the merger in 2021 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.

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 21 under "III. Significant Accounting Policies and Accounting Estimates of the Company" and Note 35 under "V. Notes to Items of Consolidated Financial Statements".	
Key audit matters	How key audit matters were handled in the audit
Wayzim and its subsidiaries (hereinafter referred to as "Wayzim Technology Group") are mainly engaged in comprehensive solutions to intelligent warehouse and logistics automation systems. In	The audit procedures related to the evaluation of the recognition of revenue from sales of goods mainly include the following:

<p>2021 (hereinafter referred to as the "reporting period"), the operating revenue generated from selling goods was CNY 2,200,702,082.33.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • 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.
<p>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.</p>	<ul style="list-style-type: none"> • 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.
Work-in-progress inventory falling price reserves	
Please refer to the accounting policies of Note 10 under "III. Significant Accounting Policies and Accounting Estimates of the Company" and Note 8 under "V. 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, 2021, the book balance of products in progress was CNY 1,741,624,451.89, accounting for 86% 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.
	<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.
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IV. Other Information

The Management of Wayzim is responsible for other information. Other information includes those covered by the Annual Report 2021 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 a plan to liquidate, terminate operations or have no other realistic options.

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

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) Evaluating the overall presentation (including disclosure), structure and content of financial statements and whether the financial statements fairly reflect relevant transactions and matters.
- (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.

Pan Zijian (Project Partner)

Beijing, China

Huang Xiaodong

April 24, 2022

II. Financial Statements**Consolidated Balance Sheet**

December 31, 2021

Prepared by: Wayz Intelligent Manufacturing Technology Co. Ltd.

Unit: CNY

Item	Notes	December 31, 2021	December 31, 2020
Current assets:			
Monetary funds	VII. 1	1,497,805,281.99	69,013,254.90
Trading financial assets	VII. 2	996,789,577.20	162,132,845.94
Notes receivable	VII. 4	2,020,000.00	8,150,000.00
Accounts receivable	VII. 5	814,788,342.09	348,346,031.99
Receivables-based financing	VII. 6	1,281,800.00	-
Advance payment	VII. 7	103,290,082.40	24,065,634.21
Other receivables	VII. 8	5,514,811.91	3,213,407.58
Inventory	VII. 9	1,977,586,634.83	1,257,997,908.37
Contractual assets	VII. 10	62,005,958.10	42,351,754.30
Non-current assets due within one year	VII. 12	700,000.00	600,000.00
Other current assets	VII. 13	20,600,513.18	11,529,204.77
Total current assets		5,482,383,001.70	1,927,400,042.06
Non-current assets:			
Long-term receivables	VII. 16	3,422,000.00	700,000.00
Fixed assets	VII. 21	302,094,473.47	198,468,574.48
Construction in progress	VII. 22	17,348,655.94	48,231,892.54

Right-of-use assets	VII. 25	8,616,344.00	-
Intangible assets	VII. 26	41,950,167.13	41,041,349.08
Long-term deferred expenses	VII. 29	3,075,774.41	3,062,293.63
Deferred income tax assets	VII. 30	74,154,373.52	43,969,877.09
Other non-current assets	VII. 31	204,130,866.15	65,708,242.11
Total non-current assets		654,792,654.62	401,182,228.93
Total assets		6,137,175,656.32	2,328,582,270.99
Current liabilities:			
Short-term borrowings	VII. 32	165,650,166.70	45,748,599.00
Accounts payable	VII. 36	726,844,678.79	455,463,250.10
Contractual liabilities	VII. 38	917,410,550.57	645,610,418.61
Payroll payable	VII. 39	44,163,992.33	27,821,059.81
Taxes payable	VII. 40	78,689,762.95	96,825,753.27
Other payables	VII. 41	243,106,980.03	177,789,526.37
Non-current liabilities due within one year	VII. 43	2,115,035.24	-
Other current liabilities	VII. 44	-	8,150,000.00
Total current liabilities		2,177,981,166.61	1,457,408,607.16
Non-current liabilities:			
Lease liabilities	VII. 47	6,423,812.40	-
Long-term payables	VII. 48	500,000.00	3,215,668.29
Long-term payroll payable	VII. 49	-	28,577.57
Accrued liabilities	VII. 50	25,692,969.26	14,564,167.49
Deferred income	VII. 51	73,742,253.84	58,720,548.64
Total non-current liabilities		106,359,035.50	76,528,961.99
Total liabilities		2,284,340,202.11	1,533,937,569.15
Owner's (or shareholders') equity:			

Paid-in capital (or share capital)	VII. 53	131,608,698.00	98,608,698.00
Capital reserve	VII. 55	3,222,307,183.41	456,323,583.47
Surplus reserve	VII. 59	39,327,753.08	18,530,675.17
Undistributed profits	VII. 60	459,591,819.72	221,181,745.20
Total owner's (or shareholders') equity attributable to the parent company		3,852,835,454.21	794,644,701.84
Total owner's (or shareholders') equity		3,852,835,454.21	794,644,701.84
Total liabilities and owner's (or shareholders') equity		6,137,175,656.32	2,328,582,270.99

Person in charge of the Company: Li Gongyan, person in charge of the accounting affairs: Yao Yi, person in charge of the accounting organization: Zou Xi

Balance Sheet of Parent Company

December 31, 2021

Prepared by: Wayz Intelligent Manufacturing Technology Co. Ltd.

Unit: CNY

Item	Notes	December 31, 2021	December 31, 2020
Current assets:			
Monetary funds		1,412,307,620.47	60,220,359.89
Trading financial assets		946,788,571.49	81,216,988.96
Notes receivable		2,020,000.00	8,150,000.00
Accounts receivable	XVII. 1	825,222,138.89	347,220,544.89
Receivables-based financing		1,281,800.00	-
Advance payment		64,491,519.55	20,885,154.11
Other receivables	XVII. 2	88,951,232.15	3,484,688.35
Inventory		1,869,346,537.49	1,249,441,274.55
Contractual assets		62,005,958.10	42,351,754.30

Non-current assets due within one year		700,000.00	600,000.00
Other current assets		9,074,080.63	-
Total current assets		5,282,189,458.77	1,813,570,765.05
Non-current assets:			
Long-term receivables		2,138,000.00	700,000.00
Long-term equity investment	XVII. 3	103,143,300.00	71,293,300.00
Fixed assets		125,401,696.48	79,325,933.73
Construction in progress		13,732,246.06	22,814,611.29
Right-of-use assets		7,922,618.05	-
Intangible assets		25,610,888.92	24,651,307.32
Long-term deferred expenses		2,493,879.11	2,597,148.81
Deferred income tax assets		26,646,747.88	11,372,628.21
Other non-current assets		122,285,720.48	51,080,737.42
Total non-current assets		429,375,096.98	263,835,666.78
Total assets		5,711,564,555.75	2,077,406,431.83
Current liabilities:			
Short-term borrowings		165,650,166.70	45,748,599.00
Accounts payable		566,970,544.16	401,850,266.34
Contractual liabilities		917,399,931.10	645,610,418.61
Payroll payable		25,613,676.76	16,957,106.67
Taxes payable		45,873,315.40	67,330,739.70
Other payables		181,491,034.91	107,610,743.34
Non-current liabilities due within one year		1,739,970.81	-
Other current liabilities		-	8,150,000.00
Total current liabilities		1,904,738,639.84	1,293,257,873.66
Non-current liabilities:			

Long-term borrowings		-	-
Lease liabilities		6,131,328.28	-
Long-term payables		-	60,000.00
Long-term payroll payable		-	28,577.57
Accrued liabilities		25,692,969.26	14,564,167.49
Deferred income		10,307,692.55	11,756,266.37
Total non-current liabilities		42,131,990.09	26,409,011.43
Total liabilities		1,946,870,629.93	1,319,666,885.09
Owner's (or shareholders') equity:			
Paid-in capital (or share capital)		131,608,698.00	98,608,698.00
Capital reserve		3,222,307,183.41	456,323,583.47
Surplus reserve		39,327,753.08	18,530,675.17
Undistributed profits		371,450,291.33	184,276,590.10
Total owner's (or shareholders') equity		3,764,693,925.82	757,739,546.74
Total liabilities and owner's (or shareholders') equity		5,711,564,555.75	2,077,406,431.83

Person in charge of the Company: Li Gongyan, person in charge of the accounting affairs: Yao Yi, person in charge of the accounting organization: Zou Xi

Consolidated Income Statement

January to December, 2021

Unit: CNY

Item	Notes	Year 2021	Year 2020
I. Gross operating revenue	VII. 61	2,209,625,669.26	1,204,415,341.11
Including: Operating revenue		2,209,625,669.26	1,204,415,341.11
II. Total operating costs		1,843,881,489.74	946,805,941.07

Including: Operating costs	VII. 61	1,578,369,972.13	743,523,930.61
Taxes and surcharges	VII. 62	14,031,881.09	12,088,468.46
Selling expenses	VII. 63	68,161,102.99	43,809,241.31
Management expenses	VII. 64	52,135,077.05	39,259,571.58
R&D expenses	VII. 65	133,894,164.99	107,288,736.97
Financial expenses	VII. 66	-2,710,708.51	835,992.14
Including: Interest expenses		7,858,409.58	1,201,468.73
Interest income		1,652,423.57	1,006,177.86
Plus: Other income	VII. 67	18,578,074.73	8,509,884.69
Investment income (loss expressed with "-")	VII. 68	7,009,624.89	9,408,077.96
Including: Income from investment in associates and joint ventures		-	4,097,090.88
Gains from the changes in fair value (loss expressed with "-")	VII. 70	1,332,952.71	1,116,919.76
Credit impairment losses (losses expressed with "-")	VII. 71	-44,891,169.25	-10,704,583.74
Asset impairment loss (loss expressed with "-")	VII. 72	-39,582,108.30	-12,741,552.92
Income from asset disposal (loss expressed with "-")	VII. 73	-210,352.33	-
III. Operating profit (loss expressed with "-")		307,981,201.97	253,198,145.79
Plus: Non-operating revenue	VII. 74	984,378.88	4,914,729.89
Less: Non-operating expenses	VII. 75	383,158.61	1,120,000.00
IV. Total profit (total loss expressed with "-")		308,582,422.24	256,992,875.68
Less: Income tax expenses	VII. 76	49,375,269.81	43,723,935.20
V. Net profit (net loss expressed with "-")		259,207,152.43	213,268,940.48
(I) Classification by operation continuity:			
1. Net profit from continuing		259,207,152.43	213,268,940.48

operations (net loss expressed with "-")			
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 "-")		259,207,152.43	213,268,940.48
2. Minority interest income (net loss expressed with "-")		-	-
VI. After-tax net amount of other comprehensive income		-	-
VII. Total comprehensive income		259,207,152.43	213,268,940.48
(I) Total comprehensive income attributable to the owner of the parent company		259,207,152.43	213,268,940.48
(II) After-tax net amount of other comprehensive income attributable to minority shareholders		-	-
VIII. Earnings per share:			
(I) Basic earnings per share (CNY/share)	XVIII. 2	2.49	2.16
(II) Diluted earnings per share (CNY/share)	XVIII. 2	2.49	2.16

In case of business combination under the common control in the current period, the net profit of the combined party prior to combination is CNY 0 , and the net profit of the combined party in the prior period was CNY 0 .

Person in charge of the Company: Li Gongyan, person in charge of the accounting affairs: Yao Yi, person in charge of the accounting organization: Zou Xi

Income Statement of Parent Company

January to December, 2021

Unit: CNY

Item	Notes	Year 2021	Year 2020
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I. Operating revenue	XVII. 4	2,218,372,016.85	1,202,983,867.09
Less: Operating costs	XVII. 4	1,666,178,045.12	775,528,916.47
Taxes and surcharges		7,063,859.44	8,221,448.35
Selling expenses		70,431,929.22	47,693,131.55
Management expenses		44,854,127.53	32,813,261.15
R&D expenses		124,574,992.00	110,657,711.46
Financial expenses		-1,420,103.55	829,603.40
Including: Interest expenses		9,273,527.55	1,201,468.73
Interest income		1,675,362.40	980,923.83
Plus: Other income		13,791,339.57	5,224,030.13
Investment income (loss expressed with "-")	XVII. 5	6,377,151.82	8,314,382.55
Including: Income from investment in associates and joint ventures		-	4,097,090.88
Gains from the changes in fair value (loss expressed with "-")		899,242.09	296,988.96
Credit impairment losses (losses expressed with "-")		-44,986,765.92	-10,751,850.10
Asset impairment loss (loss expressed with "-")		-43,143,934.38	-11,035,943.24
Income from asset disposal (loss expressed with "-")		524.35	-
II. Operating profit (loss expressed with "-")		239,626,724.62	219,287,403.01
Plus: Non-operating revenue		984,378.88	-
Less: Non-operating expenses		100,000.00	1,120,000.00
III. Total profit (total loss expressed with "-")		240,511,103.50	218,167,403.01
Less: Income tax expenses		32,540,324.36	32,860,651.34
IV. Net profit (net loss expressed with "-")		207,970,779.14	185,306,751.67
(1) Net profit on continuing		207,970,779.14	185,306,751.67

operations (net loss expressed with “-”)			
(II) Net profit from discontinued operation (net loss expressed with “-”)		-	-
V. After-tax net amount of other comprehensive income		-	-
VI. Total comprehensive income		207,970,779.14	185,306,751.67

Person in charge of the Company: Li Gongyan, person in charge of the accounting affairs: Yao Yi, person in charge of the accounting organization: Zou Xi

Consolidated Cash Flow Statement

January to December, 2021

Unit: CNY

Item	Notes	Year 2021	Year 2020
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		2,188,492,135.00	1,494,669,313.93
Cash received from other operating activities	VII. 78 (1)	71,696,059.03	82,540,531.50
Subtotal of cash inflows from operating activities		2,260,188,194.03	1,577,209,845.43
Cash paid for goods purchased and services received		2,292,555,305.74	1,313,959,568.59
Cash paid to and for employees		154,244,849.49	73,479,990.92
Tax payments		145,394,195.69	105,892,561.76
Cash paid for other operating activities	VII. 78 (2)	89,328,114.97	71,567,164.38
Subtotal of cash outflows from operating activities		2,681,522,465.89	1,564,899,285.65
Net cash flow from operating activities	VII. 79 (1)	-421,334,271.86	12,310,559.78

II. Cash flows from investing activities:			
Cash received from disposal of investments		3,761,215,602.61	1,211,838,268.14
Cash received from investment income		8,710,243.73	5,402,269.06
Net cash received from disposal of fixed assets		114,007.18	-
Cash received from other investing activities	VII. 78 (3)	1,652,423.57	1,006,177.86
Subtotal of cash inflows from investing activities		3,771,692,277.09	1,218,246,715.06
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		192,320,488.64	152,627,988.37
Cash paid for investment		4,606,240,000.00	1,254,410,000.00
Net cash paid for acquisition of subsidiaries and other business units		-	12,487,456.03
Subtotal of cash outflows from investing activities		4,798,560,488.64	1,419,525,444.40
Net cash flow from investing activities		-1,026,868,211.55	-201,278,729.34
III. Cash flows from financing activities:			
Cash received from absorption of investments		2,976,600,000.00	230,000,000.00
Cash received from borrowings		330,151,020.00	43,434,000.00
Subtotal of cash inflows from financing activities		3,306,751,020.00	273,434,000.00
Cash paid for debt repayments		200,000,000.00	10,000,000.00
Cash paid for distribution of dividends and profits or payment of interests		7,837,121.88	21,195,369.73
Cash paid for other financing activities	VII. 78 (6)	226,706,659.33	12,876,105.55
Subtotal of cash outflows from		434,543,781.21	44,071,475.28

financing activities			
Net cash flow from financing activities		2,872,207,238.79	229,362,524.72
IV. Impact of exchange rate changes on cash and cash equivalents		-269,307.13	-64,428.85
V. Net increase in cash and cash equivalents	VII. 79 (1)	1,423,735,448.25	40,329,926.31
Plus: Balance of cash and cash equivalents at the beginning of the period		52,151,901.50	11,821,975.19
VI. Balance of cash and cash equivalents at the end of the period	VII. 79 (4)	1,475,887,349.75	52,151,901.50

Person in charge of the Company: Li Gongyan, person in charge of the accounting affairs: Yao Yi, person in charge of the accounting organization: Zou Xi

Cash Flow Statement of Parent Company

January to December, 2021

Unit: CNY

Item	Notes	Year 2021	Year 2020
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		2,185,982,779.51	1,492,268,329.62
Cash received from other operating activities		30,113,846.83	16,689,796.50
Subtotal of cash inflows from operating activities		2,216,096,626.34	1,508,958,126.12
Cash paid for goods purchased and services received		2,474,876,153.37	1,432,937,746.03
Cash paid to and for employees		62,778,181.62	46,317,468.10
Tax payments		78,336,366.49	67,145,182.92
Cash paid for other operating activities		60,017,519.61	55,806,621.72

Subtotal of cash outflows from operating activities		2,676,008,221.09	1,602,207,018.77
Net cash flow from operating activities		-459,911,594.75	-93,248,892.65
II. Cash flows from investing activities:			
Cash received from disposal of investments		3,311,138,348.67	1,058,003,955.08
Cash received from investment income		6,784,811.38	4,286,380.12
Net cash received from disposal of fixed assets		2,656,640.09	-
Cash received from other investing activities		1,675,362.40	980,923.83
Subtotal of cash inflows from investing activities		3,322,255,162.54	1,063,271,259.03
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		83,830,574.09	65,833,422.57
Cash paid for investment		4,292,090,000.00	1,100,813,300.00
Subtotal of cash outflows from investing activities		4,375,920,574.09	1,166,646,722.57
Net cash flow from investing activities		-1,053,665,411.55	-103,375,463.54
III. Cash flows from financing activities:			
Cash received from absorption of investments		2,976,600,000.00	230,000,000.00
Cash received from borrowings		330,151,020.00	43,434,000.00
Cash received from other financing activities		40,000,000.00	-
Subtotal of cash inflows from financing activities		3,346,751,020.00	273,434,000.00
Cash paid for debt repayments		200,000,000.00	10,000,000.00
Cash paid for distribution of dividends and profits or payment of interests		9,252,239.85	21,195,369.73

Cash paid for other financing activities		266,625,295.51	12,876,105.55
Subtotal of cash outflows from financing activities		475,877,535.36	44,071,475.28
Net cash flow from financing activities		2,870,873,484.64	229,362,524.72
IV. Impact of exchange rate changes on cash and cash equivalents		-265,796.60	-64,428.85
V. Net increase in cash and cash equivalents		1,357,030,681.74	32,673,739.68
Plus: Balance of cash and cash equivalents at the beginning of the period		43,359,006.49	10,685,266.81
VI. Balance of cash and cash equivalents at the end of the period		1,400,389,688.23	43,359,006.49

Person in charge of the Company: Li Gongyan, person in charge of the accounting affairs: Yao Yi, person in charge of the accounting organization: Zou Xi

Consolidated Statement of Changes in Owner's Equity

January to December, 2021

Unit: CNY

Item	Year 2021					
	Owner's equity attributable to the parent company					Total owner's equity
	Paid-in capital (or share capital)	Capital reserve	Surplus reserve	Undistributed profits	Sub-total	
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						
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 by the owner	33,000,000.00	2,765,983,599.94	-	-	2,798,983,599.94	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	2,748,557,661.34
2. Amount of share-based payments recorded in owner's equity	-	50,425,938.60	-	-	50,425,938.60	50,425,938.60
(III) Profit distribution	-	-	20,797,077.91	-20,797,077.91	-	-
1. Withdrawal of surplus reserve	-	-	20,797,077.91	-20,797,077.91	-	-
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

Item	Year 2020					
	Owner's equity attributable to the parent company					Total owner's equity
	Paid-in capital (or share capital)	Capital reserve	Surplus reserve	Undistributed profits	Sub-total	

I. Ending balance of the previous year	10,000,000.00	119,593,894.69	5,000,000.00	196,432,033.62	331,025,928.31	331,025,928.31
II. Beginning balance of the current year	10,000,000.00	119,593,894.69	5,000,000.00	196,432,033.62	331,025,928.31	331,025,928.31
III. Increases/decreases in the amount of the current period (decrease expressed with "-")	608,698.00	269,741,135.05	18,530,675.17	174,738,265.31	463,618,773.53	463,618,773.53
(I) Total comprehensive income	-	-	-	213,268,940.48	213,268,940.48	213,268,940.48
(II) Capital contributed and reduced by the owner	608,698.00	269,741,135.05	-	-	270,349,833.05	270,349,833.05
1. Ordinary shares invested by the owner	608,698.00	219,315,196.45	-	-	219,923,894.45	219,923,894.45
2. Amount of share-based payments recorded in owner's equity	-	50,425,938.60	-	-	50,425,938.60	50,425,938.60
(III) Profit distribution	-	-	18,530,675.17	-38,530,675.17	-20,000,000.00	-20,000,000.00
1. Withdrawal of surplus reserve	-	-	18,530,675.17	-18,530,675.17	-	-
2. Distribution to the owner (or shareholders)	-	-	-	-20,000,000.00	-20,000,000.00	-20,000,000.00
(IV) Net assets converted into shares	88,000,000.00	66,988,553.73	-5,000,000.00	-149,988,553.73	-	-

IV. Ending balance of the current period	98,608,698.00	456,323,583.47	18,530,675.17	221,181,745.20	794,644,701.84	794,644,701.84
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Person in charge of the Company: Li Gongyan, person in charge of the accounting affairs: Yao Yi, person in charge of the accounting organization: Zou Xi

Statement of Changes in Owner's Equity of Parent Company

January to December, 2021

Unit: CNY

Item	Year 2021				
	Paid-in capital (or share capital)	Capital reserve	Surplus reserve	Undistributed profits	Total owner's equity
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
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
(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. Amount of share-based payments recorded in owner's equity	-	50,425,938.60	-	-	50,425,938.60
(III) Profit distribution	-	-	20,797,077.91	-20,797,077.91	-
1. Withdrawal of surplus reserve	-	-	20,797,077.91	-20,797,077.91	-
IV. Ending balance of the current period	131,608,698.00	3,222,307,183.41	39,327,753.08	371,450,291.33	3,764,693,925.82

Item	Year 2020				
	Paid-in capital (or share capital)	Capital reserve	Surplus reserve	Undistributed profits	Total owner's equity

I. Ending balance of the previous year	10,000,000.00	119,593,894.69	5,000,000.00	187,489,067.33	322,082,962.02
II. Beginning balance of the current year	10,000,000.00	119,593,894.69	5,000,000.00	187,489,067.33	322,082,962.02
III. Increases/decreases in the amount of the current period (decrease expressed with "-")	608,698.00	269,741,135.05	18,530,675.17	146,776,076.50	435,656,584.72
(I) Total comprehensive income	-	-	-	185,306,751.67	185,306,751.67
(II) Capital contributed and reduced by the owner	608,698.00	269,741,135.05			270,349,833.05
1. Ordinary shares invested by the owner	608,698.00	219,315,196.45	-	-	219,923,894.45
2. Amount of share-based payments recorded in owner's equity	-	50,425,938.60	-	-	50,425,938.60
(III) Profit distribution	-	-	18,530,675.17	-38,530,675.17	-20,000,000.00
1. Withdrawal of surplus reserve	-	-	18,530,675.17	-18,530,675.17	-
2. Distribution to the owner (or shareholders)	-	-	-	-20,000,000.00	-20,000,000.00
(IV) Net assets converted into shares	88,000,000.00	66,988,553.73	-5,000,000.00	-149,988,553.73	-

IV. Ending balance of the current period	98,608,698.00	456,323,583.47	18,530,675.17	184,276,590.10	757,739,546.74
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Person in charge of the Company: Li Gongyan, person in charge of the accounting affairs: Yao Yi, person in charge of the accounting organization: Zou Xi

III. Company Profile

1. Company profile

√ Applicable ☐ Not applicable

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.

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.

Please refer to Note VII for the situation of adding or reducing subsidiaries of the Group.

2. Scope of consolidated financial statements

√ Applicable ☐ Not applicable

The Company includes the following seven subsidiaries in the consolidated financial statements for the reporting period: Anhui Wayzim Logistics Equipment Manufacturing Co., Ltd. (hereinafter referred to as "Wayzim Anhui"), Guangdong Wayzim Intelligent Manufacturing Technology Co., Ltd. (hereinafter referred to as "Wayzim Guangdong"), Wayzim Artificial Intelligence Technology R&D (Jiangsu) Co., Ltd. (hereinafter referred to as "Wayzim R&D"), Jiangsu Zhongke Guanwei Automation Technology Co., Ltd. (hereinafter referred to as "Zhongke Guanwei"), Zhitong Intelligent Technology (Shanghai) Co., Ltd. (hereinafter referred to as "Zhitong Intelligent"), WAYZIM TECHNOLOGY PTE. LTD and Wayzim Intelligent Sensing Technology (Hangzhou) Co., Ltd. (hereinafter referred to as "Intelligent Sensing").

IV. Basis for Preparation of Financial Statements

1. Basis for preparation

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

Since January 1, 2019 and January 1, 2020, the Group has respectively implemented new financial instrument standards such as *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* and *Accounting Standards for Business Enterprises No. 14 - Revenue* revised by the Ministry of Finance of the People's Republic of China (hereinafter referred to as the "Ministry of Finance") in 2017. Since January 1, 2021, the Group has implemented the *Accounting Standards for Business Enterprises No. 21 - Leasing* revised by the Ministry of Finance in 2018 (see Note V. 42).

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

In 2021, the Company implemented the following accounting standards for business enterprises issued by the Ministry of Finance in recent years, mainly including: *Accounting Standards for Business Enterprises No. 21 - Leasing (Revised)* (CK [2018] No. 35), *Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 Pandemic* (CK [2020] No. 10), and *Notice on Adjusting the Scope of Application of <Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 Pandemic>* (CK [2021] No. 9). Please refer to Note V. 44 of the Financial Report for details.

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, 2021, and the consolidated operating results and operating results as well as the consolidated cash flows and cash flows for the year 2021.

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 adopt 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 constitutes 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 balance between the carrying amount of the net assets obtained and the carrying amount of the 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) Acquisition of subsidiaries by merger

For a subsidiary acquired through a business combination under the same control, in preparing the current consolidated financial statements, on the basis of the carrying amounts of assets and liabilities of the combined subsidiary in the financial statements of the final controller, the combined subsidiary shall be included in the consolidated scope of the Company when the Company's final controller starts to control it, and the beginning amount of the consolidated financial statements and the previous comparative statements shall be adjusted accordingly.

For a subsidiary acquired through a business combination not under the same control, in preparing the current consolidated financial statements, on the basis of the fair value of identifiable assets and liabilities of the acquired subsidiary as at the acquisition date shall be included in the consolidated scope of the Company at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any disposal gains or losses shall be included in the investment income of the period when the control is lost.

If a long-term equity investment in a subsidiary is disposed of step by step through multiple deals until control is lost, the following principles shall be used to determine whether it is a package deal:

- Such deals are concluded at the same time or in a situation of considering the impact on each other;
- Such deals can achieve a complete business result as a whole;
- The occurrence of a deal depends on the occurrence of at least one other deal;
- It is not economical when a deal is considered separately, but it is economical when it is considered in conjunction with other deals.

If each deal does not belong to a package deal, the deals before losing control over the subsidiary shall be treated according to the accounting policies of partially disposing of the equity investment in the subsidiary without losing control (see Note V. 6(4)).

If each deal belongs to a package deal, it shall be treated as a deal to dispose of the original subsidiary and lose control. The difference between each disposal price before losing control and the corresponding share of the net asset book value of the subsidiary that has been continuously calculated since the acquisition date shall be included in other comprehensive income in the consolidated financial statements, and be transferred to the current profit and loss when control is lost.

(4) 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 qualified assets (see Note V. 9), 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 de-recognized 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

N/A

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.

(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%	19.00%
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).

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. 42

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.

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. 43(2)) 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

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)
R&D commission expenses	3 years

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; Moreover, the restructuring plan has been implemented 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. 42

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 is 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.

(3) Accounting treatment for modifying and terminating share-based payment plans

Where the Group modifies the share-based payment plan, if the modifications increase the fair value of the granted equity instrument, the increase of the service acquired will be recognized accordingly based on the increase in the fair value of the equity instrument. Increase in the fair value of equity instrument refers to the difference between the fair values of the equity instrument before and after the modification at the date of modification.

If the modification reduces the total fair value of the share-based payment or other ways not conducive to employees are adopted, the Group carries on the accounting treatment for services acquired as if such modification has never happened, unless the Group cancels some or all of equity instruments granted. If the granted equity instrument is canceled during the waiting period, the Group will treat the cancellation of the granted equity instrument as accelerated exercise, and will immediately include the remaining amount to be recognized in the waiting period into current profit or loss. Meanwhile, the capital reserve will be recognized. Where the employees or other

parties have rights to choose to meet non-vesting conditions but fails within the waiting period, the Group may treat it as the cancellation of the equity instrument granted.

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 III. 9(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.

- 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.

(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. Deferred income tax assets/deferred income tax 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.

42. 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.

43. Other significant accounting policies and accounting estimates

√ Applicable □ Not applicable

(1) Fair value measurement

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.

(2) 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.

(3) 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.

(4) 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.

(5) 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 V. 41 Recognition of deferred income tax assets;
- (ii) Note V. 35 Accrued liabilities - product quality assurance;
- (iii) Note V. 10 Valuation of fair value of financial instruments;
- (iv) Note V. 36 Share-based payment.

44. 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 2021, the Group implemented the following revised accounting standards for business enterprises issued by the Ministry of Finance in recent years for the first time:

- *Accounting Standards for Business Enterprises No. 21 - Leasing (Revised)* ("New Leasing Standards")
- *Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 Pandemic* (CK [2020] No. 10) and *Notice on Adjusting the Scope of Application of <Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 Pandemic>* (CK [2021] No. 9)
- *Interpretation of Accounting Standards for Business Enterprises No. 14* (CK [2021] No. 1) ("Interpretation No. 14")

(2). Changes in significant accounting estimates

√ Applicable ☐ Not applicable

Contents of and reasons for changes in accounting estimates	Approval procedure	Date when changes become applicable	Remarks (report items and amounts significantly affected)
See the details below	No approval required	See the details below	See the details below

Other notes

(1) New Leasing Standards

The New Leasing Standards have revised the *Accounting Standards for Business Enterprises No. 21 - Leasing* (referred to as the "Original Leasing Standards") issued by the Ministry of Finance in 2006. The Group implemented such New Leasing Standards from January 1, 2021 and made adjustments for relevant accounting policies.

The New Leasing Standards have improved the definition of leasing, and the Group evaluates whether the contract is a lease or includes a lease based on the definition of leasing under the New Leasing Standards. For contracts that existed before the first implementation date, the Group chose not to re-evaluate whether they were leases or included leases on the first implementation date.

The Group as a Lessee

Under the Original Leasing Standards, the Group classified leases into financing leases and operating leases based on whether the lease essentially transferred all risks and rewards related to asset ownership to the Group.

Under the New Leasing Standards, the Group no longer distinguishes between financing leases and operating leases. The Group recognizes right-of-use assets and lease liabilities for all leases (excluding short-term leases and leases of low-value assets with simplified handling methods).

In splitting the lease and non-lease parts, the Group 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 Group chooses to adjust the amount of retained earnings and the amount of relevant items in the financial statements at the beginning of the year of the first implementation of the New Leasing Standards according to the cumulative impact of the first execution of the New Lease Standards, in which the information of the comparable period shall not be adjusted.

For operating lease prior to the date of initial execution, the Group measures lease liabilities on the date of initial execution based on the current value of the remaining lease payments discounted according to the Group's incremental borrowing rate on the date of initial execution, and uses the following methods to measure right-of-use assets:

- Amount equal to lease liabilities, with necessary adjustment based on prepaid rent. The Group adopts this method for all other leases.

For operating leases prior to the date of initial execution, the Group has also adopted the following simplified handling when applying the above method:

- Any lease that will be completed within 12 months of the date of initial execution shall be treated as short-term lease;
- The same discount rate shall be used for leases with similar characteristics when measuring the lease liabilities;
- The measurement of right-of-use assets does not include initial direct costs;
- In case of any renewal option or termination option, the lease term shall be determined according to the actual exercise of the option before the first execution date and other latest conditions.
- As an alternative to the impairment test for right-of-use assets, the right-of-use assets shall be adjusted based on the amount of loss provision for loss contracts recorded in the Balance Sheet according to the *Accounting Standards for Business Enterprises No. 13 - Contingencies* prior to the first execution date;

- For lease changes that occurred before the beginning of the year when the New Leasing Standards were first implemented, no retrospective adjustment will be made. Accounting treatment will be carried out in accordance with the New Leasing Standards based on the final arrangement of the lease changes.

The Group has no financing leases prior to the first execution date.

The impact of implementing the New Leasing Standards on the financial statements from January 1, 2021

When measuring lease liabilities, the Group uses the incremental borrowing rate as of January 1, 2021 to discount lease payments. The weighted average interest rates used by the Group and the Company are 3.85% and 3.85%, respectively.

The reconciliation sheet between the minimum outstanding lease payments for major operating leases disclosed on December 31, 2020 and the lease liabilities as of January 1, 2021:

	The Group	The Company
The minimum outstanding lease payments for major operating leases disclosed in the consolidated financial statements as of December 31, 2020	1,536,156.86	1,273,925.28
Based on present value discounted at the incremental borrowing rate of the Group on January 1, 2021	1,257,896.82	1,052,641.99
Less: [Amount affected by short-term leases to be completed within 12 months from January 1, 2021]	-92,729.90	-
Plus: [Amount affected by renewal option that can be reasonably determined to be exercised]	622,985.19	622,985.19
Plus: Long-term payables recognized under financing leases as of December 31, 2020		
Lease liabilities under the New Leasing Standards as of January 1, 2021	1,788,152.12	1,675,627.18

(3). Adjustment of relevant items of financial statements at the beginning of the year for the first time according to the implementation of new leasing standards for the first time since 2021

√ Applicable □ Not applicable

Consolidated Balance Sheet

Unit: CNY

Item	December 31, 2020	January 1, 2021	Adjustment
Current assets:			

Monetary funds	69,013,254.90	69,013,254.90	-
Trading financial assets	162,132,845.94	162,132,845.94	-
Notes receivable	8,150,000.00	8,150,000.00	-
Accounts receivable	348,346,031.99	348,346,031.99	-
Receivables-based financing	-	-	-
Advance payment	24,065,634.21	24,065,634.21	-
Other receivables	3,213,407.58	3,213,407.58	-
Inventory	1,257,997,908.37	1,257,997,908.37	-
Contractual assets	42,351,754.30	42,351,754.30	-
Non-current assets due within one year	600,000.00	600,000.00	-
Other current assets	11,529,204.77	11,529,204.77	-
Total current assets	1,927,400,042.06	1,927,400,042.06	
Non-current assets:			
Long-term receivables	700,000.00	700,000.00	-
Fixed assets	198,468,574.48	198,468,574.48	-
Construction in progress	48,231,892.54	48,231,892.54	-
Right-of-use assets	-	1,788,152.12	1,788,152.12
Intangible assets	41,041,349.08	41,041,349.08	-
Long-term deferred expenses	3,062,293.63	3,062,293.63	-
Deferred income tax assets	43,969,877.09	43,969,877.09	-
Other non-current assets	65,708,242.11	65,708,242.11	-
Total non-current assets	401,182,228.93	402,970,381.05	1,788,152.12
Total assets	2,328,582,270.99	2,330,370,423.11	1,788,152.12
Current liabilities:			
Short-term borrowings	45,748,599.00	45,748,599.00	-
Accounts payable	455,463,250.10	455,463,250.10	-
Contractual liabilities	645,610,418.61	645,610,418.61	-

Payroll payable	27,821,059.81	27,821,059.81	-
Taxes payable	96,825,753.27	96,825,753.27	-
Other payables	177,789,526.37	177,789,526.37	-
Non-current liabilities due within one year	-	632,301.13	632,301.13
Other current liabilities	8,150,000.00	8,150,000.00	-
Total current liabilities	1,457,408,607.16	1,458,040,908.29	632,301.13
Non-current liabilities:			
Lease liabilities	-	1,155,850.99	1,155,850.99
Long-term payables	3,215,668.29	3,215,668.29	-
Long-term payroll payable	28,577.57	28,577.57	-
Accrued liabilities	14,564,167.49	14,564,167.49	-
Deferred income	58,720,548.64	58,720,548.64	-
Total non-current liabilities	76,528,961.99	77,684,812.98	1,155,850.99
Total liabilities	1,533,937,569.15	1,535,725,721.27	1,788,152.12
Owner's (or shareholders') equity:			
Paid-in capital (or share capital)	98,608,698.00	98,608,698.00	-
Capital reserve	456,323,583.47	456,323,583.47	-
Surplus reserve	18,530,675.17	18,530,675.17	-
Undistributed profits	221,181,745.20	221,181,745.20	-
Total owner's (or shareholders') equity attributable to the parent company	794,644,701.84	794,644,701.84	-
Total owner's (or shareholders') equity	794,644,701.84	794,644,701.84	-
Total liabilities and owner's (or shareholders') equity	2,328,582,270.99	2,330,370,423.11	1,788,152.12

Explanation of adjustments for each item:

☐ Applicable ☒ Not applicable

Balance Sheet of Parent Company

Unit: CNY

Item	December 31, 2020	January 1, 2021	Adjustment
Current assets:			
Monetary funds	60,220,359.89	60,220,359.89	-
Trading financial assets	81,216,988.96	81,216,988.96	-
Notes receivable	8,150,000.00	8,150,000.00	-
Accounts receivable	347,220,544.89	347,220,544.89	-
Receivables-based financing	-	-	-
Advance payment	20,885,154.11	20,885,154.11	-
Other receivables	3,484,688.35	3,484,688.35	-
Inventory	1,249,441,274.55	1,249,441,274.55	-
Contractual assets	42,351,754.30	42,351,754.30	-
Non-current assets due within one year	600,000.00	600,000.00	-
Other current assets	-	-	-
Total current assets	1,813,570,765.05	1,813,570,765.05	-
Non-current assets:			
Long-term receivables	700,000.00	700,000.00	-
Long-term equity investment	71,293,300.00	71,293,300.00	-
Fixed assets	79,325,933.73	79,325,933.73	-
Construction in progress	22,814,611.29	22,814,611.29	-
Right-of-use assets	-	1,675,627.18	1,675,627.18
Intangible assets	24,651,307.32	24,651,307.32	-
Long-term deferred expenses	2,597,148.81	2,597,148.81	-
Deferred income tax assets	11,372,628.21	11,372,628.21	-
Other non-current assets	51,080,737.42	51,080,737.42	-
Total non-current assets	263,835,666.78	265,511,293.96	1,675,627.18

Total assets	2,077,406,431.83	2,079,082,059.01	1,675,627.18
Current liabilities:			
Short-term borrowings	45,748,599.00	45,748,599.00	-
Accounts payable	401,850,266.34	401,850,266.34	-
Contractual liabilities	645,610,418.61	645,610,418.61	-
Payroll payable	16,957,106.67	16,957,106.67	-
Taxes payable	67,330,739.70	67,330,739.70	-
Other payables	107,610,743.34	107,610,743.34	-
Non-current liabilities due within one year	-	578,907.13	578,907.13
Other current liabilities	8,150,000.00	8,150,000.00	-
Total current liabilities	1,293,257,873.66	1,293,836,780.79	578,907.13
Non-current liabilities:			
Lease liabilities	-	1,096,720.05	1,096,720.05
Long-term payables	60,000.00	60,000.00	-
Long-term payroll payable	28,577.57	28,577.57	-
Accrued liabilities	14,564,167.49	14,564,167.49	-
Deferred income	11,756,266.37	11,756,266.37	-
Total non-current liabilities	26,409,011.43	27,505,731.48	1,096,720.05
Total liabilities	1,319,666,885.09	1,321,342,512.27	1,675,627.18
Owner's (or shareholders') equity:			
Paid-in capital (or share capital)	98,608,698.00	98,608,698.00	-
Capital reserve	456,323,583.47	456,323,583.47	-
Surplus reserve	18,530,675.17	18,530,675.17	-
Undistributed profits	184,276,590.10	184,276,590.10	-
Total owner's (or shareholders') equity	757,739,546.74	757,739,546.74	-
Total liabilities and owner's (or shareholders') equity	2,077,406,431.83	2,079,082,059.01	1,675,627.18

Explanation of adjustments for each item:

√ Applicable □ Not applicable

CK [2020] No.10 and CK [2021] No.9

The *Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 Pandemic* (CK [2020] No. 10) provides a simplified method for rent concessions that meet certain conditions and are directly caused by COVID-19. If the enterprise chooses to adopt a simplified method, there is no need to evaluate whether there has been a lease change or to re-evaluate the lease classification. According to the provisions of CK [2021] No. 9, the rent concession period under this simplified method is for the payable lease payments before June 30, 2022. The Group will adjust the retained earnings at the beginning of the year 2021 and other related financial statement items based on the cumulative impact specified in the CK [2020] No. 10 and CK [2021] No. 9, without adjusting the comparative financial statement data in the previous period.

The adoption of the above provisions has not had a significant impact on the Group's financial position and operating results.

Interpretation No. 14

Interpretation No. 14 shall come into effect from January 26, 2021 (the "Implementation Date").

(a) Public-private partnership projects

Interpretation No. 14 clarifies the characteristics and conditions of public-private partnership (PPP) project contracts, and specifies specific accounting treatment and disclosure requirements for PPP project contracts by private parties. The content of "V. How to handle the participation of enterprises in public infrastructure construction business through Build-Operate-Transfer (BOT) mode" in the *Interpretation of Accounting Standards for Business Enterprises No. 2* (CK [2008] No. 11) shall be abolished at the same time.

The Group retroactively adjusts the PPP project contracts that were implemented before December 31, 2020 and have not yet been completed until the Implementation Date, as well as the new PPP project contracts added from January 1, 2021 to the Implementation Date. The cumulative impact amount is adjusted to the retained earnings at the beginning of the year 2021 and other related project amounts in the financial statements, and the information in comparable period is not adjusted.

The adoption of this Interpretation has not had a significant impact on the Group's financial position and operating results.

(b) Reform of benchmark interest rate

Interpretation No. 14 stipulates the relevant accounting treatment and disclosure requirements for the modification of financial instruments and lease liabilities caused by the reform of benchmark interest rates. The Group retroactively adjusts the businesses related to benchmark interest rate reform that occurred before December 31, 2020 and newly added from January 1, 2021 to the Implementation Date. The cumulative impact amount is adjusted to the retained earnings or other comprehensive income at the beginning of 2021, without the need to adjust the comparative financial statement data in the previous period.

The adoption of this Interpretation has not had a significant impact on the Group's financial position and operating results.

(4). Explanation of retrospective adjustment of previous comparative data according to the implementation of New Leasing Standards for the first time since 2021

□ Applicable √ Not applicable

45. 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 VAT shall be calculated based on revenue arising from goods sales and taxable labor mandatory for calculation as required by tax laws, and the balance of it after deducting deductible input VAT of current period is the value-added tax payable.	13% / 6%
Urban maintenance and construction tax	Levied on the actual VAT paid	7% / 5%
Educational surcharge	Levied on the actual VAT paid	3%
Local education surcharges	Levied on the actual VAT paid	2%
Corporate income tax	Levied on the amount of taxable income	25% / 20% / 17% / 15%

Please specify the taxpayers with different enterprise income tax rates

☒ Applicable ☐ Not applicable

Name of taxpayers	Income tax rate (%)
The Company	15%
Wayzim Anhui	25%
Wayzim Guangdong	20%
Wayzim R&D	25%
Zhongke Guanwei	25%
Zhitong Intelligent	20%
Intelligent Sensing	20%
WAYZIM TECHNOLOGY PTE. LTD	17%

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.: GR201832002041) on November 28, 2018. As a result, the Company enjoys a preferential tax rate of 15% from 2018 to 2020. According to Announcement No. 24 of 2017 of the State Taxation Administration, in the year when a company's high-tech enterprise qualification expires, its corporate income tax shall be temporarily prepaid at a 15% tax rate before being re-recognized. If the company has not yet obtained the high-tech enterprise qualification before the end of the year, the tax payable in the corresponding period shall be paid in accordance with regulations.

According to the *Notice on Implementing the Inclusive Tax Reduction and Exemption Policy for Small and Micro Enterprises* (CS [2019] No. 13) issued by the Ministry of Finance and the State Taxation Administration, from January 1, 2019 to December 31, 2021, small and low-profit enterprises whose annual taxable income does not exceed CNY 1 million shall pay the taxable income at a rate of 25% 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 will enjoy the above preferential tax policy in 2020.

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 will enjoy the above tax preferential policy in 2021.

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
Cash in hand	-	-
Bank deposits	1,475,887,349.75	52,151,901.50
Other monetary funds	21,917,932.24	16,861,353.40
Total	1,497,805,281.99	69,013,254.90

Including: overseas deposits	Total	399,510.50	-
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Other notes

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 Anhui Wayzim Logistics Equipment Manufacturing Co., Ltd. (hereinafter referred to as "Wayzim Anhui") in China Merchants Bank.

As of December 31, 2020, other monetary funds include the Group's guarantee deposit of CNY 3,864,911.80 in Bank of Communications and CNY 12,996,441.60 in HSBC.

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	996,789,577.20	162,132,845.94
Including:		
Asset management product	996,789,577.20	162,132,845.94
Total	996,789,577.20	162,132,845.94

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	8,150,000.00
Total	2,020,000.00	8,150,000.00

(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

Unit: CNY

Item	Closing amount transferred to accounts receivable
Trade acceptance	2,703,232.50
Total	2,703,232.50

(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
Subtotal for aging within one year	796,840,959.36
1-2 years	73,952,323.05
2-3 years	12,049,187.50
More than 3 years	1,478,719.20
Total	884,321,189.11

(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 portfolio	884,321,189.11	100	69,532,847.02	8	814,788,342.09	372,927,832.17	100	24,581,800.18	7	348,346,031.99
Total	884,321,189.11	100	69,532,847.02	8	814,788,342.09	372,927,832.17	100	24,581,800.18	7	348,346,031.99

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 (%)
Within 1 year	796,840,959.36	39,843,837.15	5%
1-2 years	73,952,323.05	22,185,696.92	30%
2-3 years	12,049,187.50	6,024,593.75	50%
More than 3 years	1,478,719.20	1,478,719.20	100%
Total	884,321,189.11	69,532,847.02	

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 during the expected duration considered by the Group.

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	
Accounts receivable	24,581,800.18	131,057,884.70	86,086,662.86	20,175.00	69,532,847.02
Total	24,581,800.18	131,057,884.70	86,086,662.86	20,175.00	69,532,847.02

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

Unit: CNY

Item	Written-off amount
Accounts receivable actually written off	20,175.00

Write-off of significant accounts receivable

☐ Applicable ☒ Not applicable

Explanation of written-off 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. (hereinafter referred to as "Shanghai Zhongtongji")	398,218,980.66	45.03	23,137,945.05
Yiwu Surui Express Co., Ltd.	72,200,752.25	8.16	3,610,037.61

Wayzim (Hangzhou) Intelligent Manufacturing Technology Co., Ltd.	57,285,373.15	6.48	6,134,771.49
Shanghai Branch of Hangzhou Best Network Technologies Ltd.	34,073,521.32	3.85	1,779,272.05
Hangzhou Zhongtongji Technology Co., Ltd.	25,511,068.20	2.88	1,275,553.41
Total	587,289,695.58	66.40	35,937,579.61

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
Notes receivable	1,281,800.00	
Total	1,281,800.00	

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	102,383,010.33	99.12	23,840,428.58	99.06
1-2 years	692,203.46	0.67	210,563.63	0.88
More than 2 years	214,868.61	0.21	14,642.00	0.06
Total	103,290,082.40	100.00	24,065,634.21	100.00

Explanation of reasons for failure to timely settle advance payments with aging more than 1 year and significant amount:

None

(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 (%)
Wuxi Senyometal Display Corp., Ltd.	21,051,621.59	20.38
Chengdu Best Postal Special Equipment Manufacturing Co., Ltd.	12,500,000.00	12.10
Anhui Shengheng Conveying Machinery Co., Ltd.	11,848,966.64	11.47
Jiangsu Hengshengtai Industrial Control System Co., Ltd.	11,342,450.53	10.98
Wuxi Shengmai Precision Manufacturing Technology Co., Ltd.	9,261,438.04	8.97
Total	66,004,476.80	63.90

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	5,895,098.04	3,737,274.30
Sub-total	5,958,626.04	3,737,274.30
Less: Provision for bad debts	-443,814.13	-523,866.72
Total	5,514,811.91	3,213,407.58

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**(7). Disclosure by aging**

☒ Applicable ☐ Not applicable

Unit: CNY

Aging	Ending book balance
Subtotal for aging within one year	5,534,814.72
1-2 years	281,411.32
2-3 years	119,500.00
More than 3 years	22,900.00
Total	5,958,626.04

(8). Classification by payment nature

☒ Applicable ☐ Not applicable

Unit: CNY

Nature of payment	Ending book balance	Beginning book balance
Bid and project security	4,263,900.00	3,145,952.00
Pretty cash for employees	152,982.93	224,256.97
Others	1,541,743.11	367,065.33
Less: Provision for bad debts	-443,814.13	-523,866.72

Total	5,514,811.91	3,213,407.58
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(9). Accrual of provision for bad debts√ Applicable ☐ Not applicable

Unit: CNY

Provision for bad debts	Stage I	Stage II	Stage III	Total
	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)	
Balance as of January 1, 2021	515,366.72	-	8,500.00	523,866.72
-Transferred to Stage III	-16,450.00	-	16,450.00	-
Provision in the current period	312,143.05	-	-6,000.00	306,143.05
Transferred back in the current period	-390,145.64	-	3,950.00	-386,195.64
Write-off in the current period	-	-	-	-
Charge-off in the current period	-	-	-	-
Other changes	-	-	-	-
Balance as of December 31, 2021	420,914.13	-	22,900.00	443,814.13

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**(10). 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	523,866.72	306,143.05	386,195.64			443,814.13
Total	523,866.72	306,143.05	386,195.64			443,814.13

The significant amounts recovered or transferred back for provision for bad debts in the current period:

☐ Applicable ☒ Not applicable

(11). Other receivables actually written off in the current period

☐ Applicable ☒ Not applicable

(12). 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
Shenzhen SF Taisen Holdings (Group) Inc.	Bid and project security	700,000.00	Within 1 year	11.75	35,000.00
Hangzhou Cainiao Supply Chain Management Co., Ltd.	Bid and project security	600,000.00	Within 1 year	10.07	30,000.00
Shanghai Jitu Supply Chain Co., Ltd.	Bid and project security	510,000.00	Within 1 year	8.56	25,500.00
Sto Express Ltd.	Bid and project security	500,000.00	Within 1 year	8.39	25,000.00

Deppon Logistics Co., Ltd.	Bid and project security	300,000.00	Within 1 year	5.03	15,000.00
Total	/	2,610,000.00	/	43.80	130,500.00

(13).Accounts receivable involving government subsidies

☐ Applicable ☒ Not applicable

(14).Other receivables derecognized due to transfer of financial assets

☐ Applicable ☒ Not applicable

(15).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

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	278,344,380.37	20,113,642.18	258,230,738.19	126,354,237.59	7,334,888.49	119,019,349.10
Goods in process	1,741,624,451.89	22,268,555.25	1,719,355,896.64	1,144,379,268.13	5,400,708.86	1,138,978,559.27
Total	2,019,968,832.26	42,382,197.43	1,977,586,634.83	1,270,733,505.72	12,735,597.35	1,257,997,908.37

(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	Carrying over or write-off	
Raw materials	7,334,888.49	12,778,753.69	-	20,113,642.18
Goods in process	5,400,708.86	24,759,721.89	7,891,875.50	22,268,555.25
Total	12,735,597.35	37,538,475.58	7,891,875.50	42,382,197.43

(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**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	65,269,429.58	3,263,471.48	62,005,958.10	44,580,794.19	2,229,039.89	42,351,754.30
Total	65,269,429.58	3,263,471.48	62,005,958.10	44,580,794.19	2,229,039.89	42,351,754.30

(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	1,825,356.47	790,924.88	-	
Total	1,825,356.47	790,924.88	-	

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
Employee borrowings	700,000.00	600,000.00
Total	700,000.00	600,000.00

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	20,600,513.18	11,529,204.77
Total	20,600,513.18	11,529,204.77

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	4,122,000.00	-	4,122,000.00	1,300,000.00	-	1,300,000.00	
Less: The part due within one year	-700,000.00	-	-700,000.00	-600,000.00	-	-600,000.00	/
Total	3,422,000.00	-	3,422,000.00	700,000.00	-	700,000.00	/

(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

(2). Investment in non-trading equity instruments

☐ Applicable ☒ Not applicable

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

N/A

21. Fixed assets

List of items

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Fixed assets	302,094,473.47	198,468,574.48
Total	302,094,473.47	198,468,574.48

Other notes:

☐ Applicable ☒ Not applicable

Fixed assets**(1). Fixed assets**

√ Applicable □ Not applicable

Unit: CNY

Item	Buildings	Machinery and production equipment	Means transport	Office and other equipment	Total
I. Original book value:					
1. Beginning balance	164,199,926.97	37,916,144.47	2,225,619.91	3,972,591.34	208,314,282.69
2. Increase in the current period	74,422,138.09	36,996,923.64	1,328,838.07	11,327,015.86	124,074,915.66
(1) Acquisition	-	12,490,087.23	1,328,838.07	5,807,558.25	19,626,483.55
(2) Transferred from construction in progress	74,422,138.09	24,506,836.41	-	5,519,457.61	104,448,432.11
3. Decrease in the current period	-	674,013.80	-	89,482.95	763,496.75
(1) Disposal or scrapping	-	674,013.80	-	89,482.95	763,496.75
4. Ending balance	238,622,065.06	74,239,054.31	3,554,457.98	15,210,124.25	331,625,701.60
II. Cumulative depreciation					
1. Beginning balance	2,370,043.98	5,060,306.82	1,079,067.29	1,336,290.12	9,845,708.21
2. Increase in the current period	9,914,820.43	7,176,848.44	532,613.59	2,217,216.09	19,841,498.55
(1) Accrual	9,914,820.43	7,176,848.44	532,613.59	2,217,216.09	19,841,498.55

3. Decrease in the current period		70,970.41		85,008.22	155,978.63
(1) Disposal or scrapping		70,970.41		85,008.22	155,978.63
4. Ending balance	12,284,864.41	12,166,184.85	1,611,680.88	3,468,497.99	29,531,228.13
III. Provision for impairment					
IV. Book value					
1. Book value at the end of period	226,337,200.65	62,072,869.46	1,942,777.10	11,741,626.26	302,094,473.47
2. Book value at the beginning of period	161,829,882.99	32,855,837.65	1,146,552.62	2,636,301.22	198,468,574.48

(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

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	17,348,655.94	48,231,892.54
Total	17,348,655.94	48,231,892.54

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 Technology	13,063,170.82	-	13,063,170.82	22,194,868.42	-	22,194,868.42
- Wayzim Anhui	3,616,409.88	-	3,616,409.88	25,417,281.25	-	25,417,281.25
Software	669,075.24	-	669,075.24	619,742.87	-	619,742.87
Total	17,348,655.94	-	17,348,655.94	48,231,892.54	-	48,231,892.54

(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 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 (%)	Source of funds
Plants and facilities												
- Wayzim Technology		22,194,868.42	40,359,697.56	49,491,395.16		13,063,170.82						
- Wayzim Anhui		25,417,281.25	33,156,165.58	54,957,036.95		3,616,409.88						
Software		619,742.87	1,525,130.53		1,475,798.16	669,075.24						
Total		48,231,892.54	75,040,993.67	104,448,432.11	1,475,798.16	17,348,655.94	/	/			/	/

(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

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 balance	40,649,790.14	1,499,900.00	1,344,285.14	43,493,975.28
2. Increase in the current period	-	-	2,424,313.27	2,424,313.27
(1) Acquisition	-	-	948,515.11	948,515.11

(2) Transferred from construction in progress	-	-	1,475,798.16	1,475,798.16
3. Decrease in the current period	-	-	-	-
4. Ending balance	40,649,790.14	1,499,900.00	3,768,598.41	45,918,288.55
II. Cumulative amortization				
1. Beginning balance	1,464,058.52	749,950.08	238,617.60	2,452,626.20
2. Increase in the current period	812,995.92	187,487.52	515,011.78	1,515,495.22
(1) Accrual	812,995.92	187,487.52	515,011.78	1,515,495.22
3. Decrease in the current period	-	-	-	-
4. Ending balance	2,277,054.44	937,437.60	753,629.38	3,968,121.42
III. Provision for impairment				
IV. Book value				
1. Book value at the end of period	38,372,735.70	562,462.40	3,014,969.03	41,950,167.13
2. Book value at the beginning of period	39,185,731.62	749,949.92	1,105,667.54	41,041,349.08

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

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	840,375.02	576,400.00	467,718.97	949,056.05
Leasehold improvement	1,721,918.61	1,159,886.13	755,086.38	2,126,718.36
R&D commission expenses	500,000.00	-	500,000.00	-
Total	3,062,293.63	1,736,286.13	1,722,805.35	3,075,774.41

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 temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for bad debts	78,773,085.99	11,828,286.18	30,043,876.71	4,529,382.47
Accrued liabilities	25,692,969.26	3,853,945.39	14,564,167.49	2,184,625.12
Government subsidy	173,821,639.91	40,468,640.72	128,449,599.70	29,805,773.29
Inventory falling price reserves	42,382,197.43	6,917,079.92	12,735,597.35	2,125,518.22
Effect of right-of-use assets	465,039.40	69,607.59	-	-
Unrealized profit or loss on internal sales	70,638,246.77	11,152,029.99	38,997,883.50	5,898,192.88
Total	391,773,178.76	74,289,589.79	224,791,124.75	44,543,491.98

(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	13,374.55	2,006.18	1,905,108.50	285,766.28
Profits or losses from changes in fair value	789,492.87	118,516.06	1,157,159.00	259,590.86
Effect of the purchase of subsidiaries	58,776.14	14,694.03	113,031.00	28,257.75
Total	861,643.56	135,216.27	3,175,298.50	573,614.89

(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 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	135,216.27	74,154,373.52	573,614.89	43,969,877.09
Deferred income tax liabilities	135,216.27	-	573,614.89	-

(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	174,824,987.77	8,741,249.84	166,083,737.93	98,064,191.43	4,903,209.81	93,160,981.62
Advance payments on long-term assets	100,053,086.32	-	100,053,086.32	14,899,014.79	-	14,899,014.79
Less: The part due within	-65,269,429.58	-3,263,471.48	-62,005,958.10	-44,580,794.19	-2,229,039.89	-42,351,754.30

one year						
Total	209,608,644.51	5,477,778.36	204,130,866.15	68,382,412.03	2,674,169.92	65,708,242.11

Other notes:

None

32. Short-term borrowings

(1). Classification of short-term borrowings

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Credit borrowings	165,650,166.70	45,748,599.00
Total	165,650,166.70	45,748,599.00

Notes to classification of short-term borrowings:

As of December 31, 2021, the balance of short-term borrowings of the Group was as follows: (1) The Company borrowed CNY 40,000,000.00 from Bank of Nanjing, Wuxi Chengnan Sub-branch, with an annual interest rate of 3.85%; (2) The Company borrowed a loan of EUR 6,000,000.00 (equivalent to: CNY 43,312,809.85) from OCBC Bank, with an annual interest rate of EURIBOR+1.1% (the guarantee was issued by BANK OF NINGBO, Wuxi Xishan Sub-branch based on credit line of the Company) as well as a loan of EUR 11,400,000.00 (equivalent to: CNY 82,328,356.85), with an annual interest rate of EURIBOR+1.2% (the guarantee was issued by BANK OF NINGBO, Wuxi Xishan Sub-branch based on credit line of the Company).

As of December 31, 2020, the balance of short-term borrowings of the Group was a loan of EUR 5,700,760.00 (equivalent to: 45,748,599.00) borrowed by the Company from OCBC Bank, with an annual interest rate of EURIBOR+1.2% (the guarantee was issued by BANK OF NINGBO, Wuxi Xishan Sub-branch based on credit limit of the Company).

As of December 31, 2021 and December 31, 2020, the Group did not have outstanding short-term borrowings that were overdue.

(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	89,978,633.94	75,247,850.20
Amounts due from third parties	636,866,044.85	380,215,399.90
Total	726,844,678.79	455,463,250.10

(2). Significant accounts payable aging over 1 year

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Reason for outstanding or not carrying forward
Wuxi Hongyi Intelligent Technology Co., Ltd.	15,123,383.76	Unsettled
Cobweb Intelligent Manufacturing Technology (Wuxi) Co., Ltd.	9,329,370.71	Unsettled
Total	24,452,754.47	/

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	917,410,550.57	645,610,418.61
Total	917,410,550.57	645,610,418.61

(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 advance payments received by the Group from customers on contracts for logistics express parcel automatic sorting 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	27,807,587.81	158,588,882.43	142,255,656.71	44,140,813.53
II. Welfare after-service defined contribution plan	13,472.00	8,486,112.23	8,476,405.43	23,178.80

III. Dismissal welfare				
IV. Other benefits due within one year				
Total	27,821,059.81	167,074,994.66	150,732,062.14	44,163,992.33

(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	27,331,326.36	142,051,444.48	125,968,142.71	43,414,628.13
II. Employee benefits	-	6,996,909.78	6,996,909.78	-
III. Social insurance premium	206,479.30	4,451,715.93	4,641,927.02	16,268.21
Including: Medical insurance premium	189,021.42	3,920,617.66	4,093,770.51	15,868.57
Work-related injury insurance	-	186,292.31	185,967.67	324.64
Maternity insurance premium	17,457.88	344,805.96	362,188.84	75.00
IV. Housing provident fund	210,181.00	4,116,787.00	4,325,928.00	1,040.00
V. Labor union expenditure and personnel education	59,601.15	972,025.24	322,749.20	708,877.19
Total	27,807,587.81	158,588,882.43	142,255,656.71	44,140,813.53

(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
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1. Basic endowment insurance	13,160.00	8,209,998.92	8,200,707.72	22,451.20
2. Unemployment insurance	312.00	276,113.31	275,697.71	727.60
Total	13,472.00	8,486,112.23	8,476,405.43	23,178.80

Other notes:

☐ Applicable ☒ Not applicable

40. Taxes payable

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Value-added tax	1,290,481.28	34,406,420.62
Corporate income tax	75,216,838.47	57,275,160.76
Urban land use tax	407,974.58	149,949.68
Urban maintenance and construction tax	286,453.47	2,545,684.02
Local and education surcharge	204,668.54	1,857,089.92
Individual income tax	452,793.87	128,058.23
Stamp duty	230,687.27	105,885.00
Housing property tax	554,895.79	235,859.63
Others	44,969.68	121,645.41
Total	78,689,762.95	96,825,753.27

Other notes:

None

41. Other payables

List of items

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Other payables	243,106,980.03	177,789,526.37
Total	243,106,980.03	177,789,526.37

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	641,956.04	2,223,747.61
Security deposit	367,212.00	248,401.00
Suspense government subsidies	124,560,000.00	92,916,666.67
Employee reimbursement payable	8,412,510.32	7,892,706.54
Transportation and installation charges	52,309,505.73	20,815,496.50
Payment payable for engineering equipment	53,370,137.64	51,330,597.29
Service charges payable	2,328,517.26	1,115,872.84
Sales promotion expenses	432,090.50	758,172.13
Others	685,050.54	487,865.79

Total	243,106,980.03	177,789,526.37
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(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	91,976,666.67	The government has not yet accepted it
Total	91,976,666.67	/

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
Lease liabilities due within one year	2,115,035.24	632,301.13
Total	2,115,035.24	632,301.13

Other notes:

None

44. Other current liabilities

Other current liabilities

√ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
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Bank acceptance without derecognition	-	8,150,000.00
Total	-	8,150,000.00

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	8,538,847.64	1,788,152.12
Lease liabilities due within one year	-2,115,035.24	-632,301.13
Total	6,423,812.40	1,155,850.99

Other notes:

Unit: CNY

Item	2021
Short-term lease expenses with simplified treatment	924,345.00
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	2,388,665.67

48. Long-term payables

List of items

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Long-term payables	500,000.00	3,215,668.29

Total	500,000.00	3,215,668.29
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Other notes:

☐ Applicable ☒ Not applicable

Long-term payables

(1). Long-term payables presented by nature

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Beginning balance	Ending balance
2019 Provincial "333 Engineering" Scientific Research Funding Project (Phase 5)	60,000.00	-
Anhui special support program for leading talent in innovation and entrepreneurship	500,000.00	500,000.00
Construction of Wayzim Intelligent Logistics Equipment Nanling Industrialization Base	2,655,668.29	-
Total	3,215,668.29	500,000.00

Other notes:

In 2017, the Group signed a *Cooperation Agreement on Investment and Construction of Nanling Industrial Base for Wayzim Intelligent Logistics Equipment* and related supplementary agreements with the People's Government of Nanling County, Anhui Province. According to the agreement, within 5 years after the production of subsidiary of the Company (Wayzim Anhui), the government would provide rewards based on the local retained portion of the value-added tax and income tax paid by Wayzim Anhui. In 2018, the government would first allocate CNY 8,000,000.00 to Wayzim Anhui to realize tax incentives in advance. If the local retained portion of the value-added tax and income tax paid by Wayzim Anhui within 5 years after its production is insufficient to offset, the non-deductible portion shall be returned to the government by Wayzim Anhui.

Special payables

(2). Special payables presented by nature

☐ Applicable ☒ Not applicable

49. Long-term payroll payable

☒ Applicable ☐ Not applicable

(1). Long-term payroll payable√ Applicable ☐ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
I. Post-employment benefits - net liabilities of defined benefit plans	-	-
II. Termination benefits	-	-
III. Other long-term benefits	-	28,577.57
Total	-	28,577.57

(2). Changes in defined benefit plans

Present value of defined benefit plan obligations:

☐ Applicable ☒ Not applicable

Assets under plans:

☐ Applicable ☒ Not applicable

Net liabilities of defined benefit plans (net asset)

☐ Applicable ☒ Not applicable

Note of the content of the defined benefit plan and the risks associated with it and its impact on the Company's future cash flow, time and uncertainty:

☐ Applicable ☒ Not applicable

Note of major actuarial assumptions and sensitivity analysis results of the defined benefit plan

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable**50. Accrued liabilities**√ Applicable ☐ Not applicable

Unit: CNY

Item	Beginning balance	Ending balance	Reasons
Product quality assurance	14,564,167.49	25,692,969.26	/

Total	14,564,167.49	25,692,969.26	/
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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	58,720,548.64	19,322,334.96	4,300,629.76	73,742,253.84	Government subsidies related to assets and income
Total	58,720,548.64	19,322,334.96	4,300,629.76	73,742,253.84	/

Projects involving government subsidies:

√ Applicable □ Not applicable

Unit: CNY

Liability items	Beginning balance	Newly-added subsidy amount in the current period	Amount recorded 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	10,532,587.47	-	224,894.92	10,307,692.55	Asset-related

Intelligent Manufacturing					
Research and development project of intelligent automatic sorting system based on visual inspection technology	439,636.32	-	439,636.32	-	Asset-related
Xishan Talent Plan - Emerging Industry Entrepreneurship Leading Talent (Team)	784,042.58	-	784,042.58	-	Asset-related
Construction of Wayzim Intelligent Logistics Equipment Nanling Industrialization Base	4,489,136.64	2,655,668.29	899,930.90	6,244,874.03	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	42,475,145.63	6,666,666.67	1,952,125.04	47,189,687.26	Asset-related
Jointly building an intelligent logistics equipment and robot technology	-	10,000,000.00	-	10,000,000.00	Asset-related

industry base					
Total	58,720,548.64	19,322,334.96	4,300,629.76	73,742,253.84	

Other notes:

☐ Applicable ☒ Not applicable

52. Other non-current liabilities

☐ Applicable ☒ Not applicable

53. Capital stock

☒ Applicable ☐ Not applicable

Unit: CNY

	Beginning balance	Increase/Decrease (+, -)					Ending balance
		New issue	Bonus issue	Shares converted from reserves	Others	Sub-total	
Total number of shares	98,608,698.00	33,000,000.00	-	-	-	33,000,000.00	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)	231,415,196.45	2,715,557,661.34	-	2,946,972,857.79
Share-based payment	157,919,833.29	50,425,938.60	-	208,345,771.89
Reform of joint-stock system	66,988,553.73	-	-	66,988,553.73
Total	456,323,583.47	2,765,983,599.94	-	3,222,307,183.41

Other notes, including those for increase/decrease in the current period and related reasons:

None

56. Treasury stock

☐ Applicable ☒ Not applicable

57. Other comprehensive income

☐ Applicable ☒ Not applicable

58. Special reserves

☐ Applicable ☒ Not applicable

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	18,530,675.17	20,797,077.91	-	39,327,753.08

reserve				
Total	18,530,675.17	20,797,077.91	-	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	221,181,745.20	196,432,033.62
Undistributed profits at the beginning of period after adjustment	221,181,745.20	196,432,033.62
Plus: Net profit attributable to the owners of the parent company in the current period	259,207,152.43	213,268,940.48
Less: Statutory surplus reserve	20,797,077.91	18,530,675.17
Ordinary share dividends payable	-	20,000,000.00
Ordinary share dividends converted into share capital	-	149,988,553.73
Undistributed profits at the end of period	459,591,819.72	221,181,745.20

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.

Explanation of undistributed profits at the end of period

As of December 31, 2021, the Group's undistributed profits attributable to the parent company include the surplus reserve of CNY 9,883,519.07 (2020: CNY 8,103,420.44) withdrawn by the subsidiary of the Company.

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	2,200,702,082.33	1,572,698,732.68	1,198,820,330.60	739,233,661.58
Other businesses	8,923,586.93	5,671,239.45	5,595,010.51	4,290,269.03
Total	2,209,625,669.26	1,578,369,972.13	1,204,415,341.11	743,523,930.61

(2). Incomes from contracts√ Applicable ☐ Not applicable

Unit: CNY

Classification of contracts	Total
Type of merchandise	
Main business	2,200,702,082.33
Revenue from sales of goods	2,200,702,082.33
- Cross-belt sorter system	1,045,290,962.09
- Total integrated sorting system	755,212,045.14
- Large parcel sorting system	271,577,357.03
- Conveying equipment	70,924,013.67
- Dynamic weighing equipment	37,101,225.51
- Intelligent warehouse system	9,355,392.30
- Single-parcel singulator	9,320,575.21
- Others	1,920,511.38
Other businesses	8,923,586.93
Revenue from sales of accessories	8,349,165.52
Revenue from technical service fee	467,503.17
Revenue from rendering labor services	106,918.24
Region	
Chinese Mainland	2,163,065,744.24
Overseas	46,559,925.02
Total	2,209,625,669.26

Income from contracts:

☐ Applicable ☒ Not applicable**(3). Performance obligations**☐ Applicable ☒ Not applicable

(4). Apportionment to remaining performance obligations

☐ Applicable ☒ Not applicable

Other notes:

None

62. Taxes and surcharges

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Urban maintenance and construction tax	4,498,777.60	4,944,006.56
Urban land use tax	1,631,898.32	1,581,639.32
Local and education surcharge	3,582,894.26	3,666,737.38
Housing property tax	2,056,418.84	766,280.43
Stamp duty	1,067,562.33	595,334.17
Others	1,194,329.74	534,470.60
Total	14,031,881.09	12,088,468.46

Other notes:

None

63. Selling expenses

☒ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Payroll	19,069,891.94	12,981,553.16
Share-based payment	2,965,454.55	2,965,454.55
Depreciation and amortization	712,237.09	71,674.90
Sales promotion expenses	3,956,620.90	4,566,253.83
After-sales service charges	27,688,749.71	14,925,721.54

Business entertainment expenses	6,054,285.12	2,253,354.44
Travelling expenses	5,059,776.30	2,520,672.91
Business publicity expenses	769,570.16	1,029,746.74
Office expenses	1,740,268.04	621,215.44
Others	144,249.18	1,873,593.80
Total	68,161,102.99	43,809,241.31

Other notes:

None

64. Administrative expenses

√ Applicable □ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Payroll	23,771,788.72	11,260,056.03
Share-based payment	8,545,789.35	8,545,789.35
Depreciation and amortization	3,755,960.30	1,891,530.97
Business entertainment expenses	1,779,357.31	2,305,690.49
Travelling expenses	2,087,239.80	981,370.03
Office expenses	5,553,766.82	3,102,645.84
Labor protection fees	635,972.39	988,333.37
Rental fees	436,000.00	329,422.72
Third party service fees	2,958,677.30	9,085,924.58
Utilities	345,917.61	79,028.45
Recruitment expenses	1,234,126.23	395,593.93
Others	1,030,481.22	294,185.82
Total	52,135,077.05	39,259,571.58

Other notes:

None

65. R&D expenses√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Payroll	57,233,430.74	33,221,453.63
Share-based payment	30,779,463.69	30,779,463.69
Depreciation and amortization	3,927,120.66	3,219,511.18
Travelling expenses	1,201,722.50	1,327,355.47
Material consumption	32,429,381.47	30,689,589.85
R&D commission expenses	3,171,658.00	4,021,317.82
Others	5,151,387.93	4,030,045.33
Total	133,894,164.99	107,288,736.97

Other notes:

None

66. Financial expenses√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Interest expense on loans and payables	7,858,409.58	1,201,468.73
Interest expense on lease liabilities	211,015.99	-
Interest income on deposits and receivables	-1,652,423.57	-1,006,177.86
Net exchange (gain)/loss	-9,397,082.01	473,297.18
Other financial expenses	269,371.50	167,404.09
Total	-2,710,708.51	835,992.14

Other notes:

None

67. Other incomes√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Asset-related government subsidies	4,300,629.76	1,178,853.19
Income-related government subsidies	14,264,218.19	7,331,031.50
VAT super-deduction	13,226.78	-
Total	18,578,074.73	8,509,884.69

Other notes:

None

68. Investment income√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
Income from long-term equity investments accounted for using the equity method	-	-54,558.16
Investment income from disposal of long-term equity investments	-	4,151,649.04
Investment income from the disposal of trading financial assets	7,009,624.89	5,310,987.08
Including: Trading financial assets	-	-
Total	7,009,624.89	9,408,077.96

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	1,332,952.71	1,116,919.76
Total	1,332,952.71	1,116,919.76

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	44,971,221.84	10,509,745.15
Loss from bad debt of other receivables	-80,052.59	194,838.59
Total	44,891,169.25	10,704,583.74

Other notes:

None

72. Asset impairment loss√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred	Prior amount incurred
II. Inventory depreciation loss and impairment loss of contract performance cost	35,744,068.27	10,197,225.12
XIII. Impairment loss on contractual assets	1,034,431.59	1,328,780.45
XIV. Impairment loss on other non-current assets	2,803,608.44	1,215,547.35
Total	39,582,108.30	12,741,552.92

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	-210,352.33	-
Total	-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
Impact of the purchase of subsidiaries under different control	-	4,914,729.89	-
Revenues from wastes	14,285.00	-	14,285.00
Gains from penalty	970,093.88	-	970,093.88
Total	984,378.88	4,914,729.89	984,378.88

Government subsidies included in current profit & loss

☐ Applicable √ Not applicable

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
Total loss from disposal of non-current assets	283,158.61	-	283,158.61

Including: loss on disposal of fixed assets	283,158.61	-	283,158.61
Donations contributed	100,000.00	1,000,000.00	100,000.00
Sponsorship expenditure		120,000.00	
Total	383,158.61	1,120,000.00	383,158.61

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	79,559,766.24	67,775,730.99
Deferred income tax expenses	-30,184,496.43	-24,051,795.79
Total	49,375,269.81	43,723,935.20

(2). Adjustment process of accounting profit and income tax expenses√ Applicable ☐ Not applicable

Unit: CNY

Item	Current amount incurred
Total profits	308,582,422.24
Income tax expenses calculated at the statutory/applicable tax rates	77,145,605.56
Impact of different tax rates applied to subsidiaries	-2,088.38
Influence of non-taxable income	-101,430.52
Impact of non-deductible costs, expenses and losses	13,545,014.07
Effects of tax incentives	-19,843,483.16

Extra tax deductions on R&D expenses	-21,368,347.76
Income tax expenses	49,375,269.81

Other notes:

☐ Applicable ☒ Not applicable

77. Other comprehensive income

☐ Applicable ☒ Not applicable

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	8,473,702.20	756,500.00
Government subsidy	61,637,977.95	81,384,031.50
Repayment of employee borrowings	600,000.00	400,000.00
Income from liquidated damages	970,093.88	-
Revenues from wastes	14,285.00	-
Total	71,696,059.03	82,540,531.50

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	16,559,947.94	11,532,036.97
Business entertainment expenses	7,833,642.43	4,559,044.93
Travelling expenses	32,805,296.66	8,722,499.66
Business publicity expenses	769,570.16	1,198,291.17

Office expenses	9,255,469.36	5,515,499.57
Labor protection fees	1,053,881.45	1,522,329.55
Rental fees	924,345.00	1,551,621.32
Service charges	7,222,002.80	13,731,664.06
Security deposit	3,530,281.04	16,291,353.40
Others	9,373,678.13	6,942,823.75
Total	89,328,114.97	71,567,164.38

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	1,652,423.57	1,006,177.86
Total	1,652,423.57	1,006,177.86

Note 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	2,800,000.00
Payment of principal and interests on lease liabilities	1,464,320.67	10,076,105.55
Total	226,706,659.33	12,876,105.55

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	259,207,152.43	213,268,940.48
Plus: Provision for impairment of assets	39,582,108.30	12,741,552.92
Credit impairment loss	44,891,169.25	10,704,583.74
Depreciation of fixed assets, oil and gas assets and productive biological assets	19,841,498.55	6,108,643.06
Depreciation of the right-of-use assets	1,175,808.32	-
Amortization of intangible assets	1,515,495.22	959,063.73
Amortization of long-term deferred expenses	1,722,805.35	1,811,094.22
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	210,352.33	-
Losses on scrapping of fixed assets (gains expressed with "-")	283,158.61	-
Losses on the changes in fair value (gains expressed with "-")	-1,332,952.71	-1,116,919.76
Financial expenses (gains expressed	-3,584,430.87	2,568,219.72

with "-")		
Investment losses (gains expressed with "-")	-7,009,624.89	-9,408,077.96
Decrease in deferred income tax assets (increase expressed with "-")	-30,184,496.43	-24,051,795.79
Increase in deferred income tax liabilities (decrease expressed with "-")	-	-
Increase in inventories	-755,332,794.73	-593,995,767.96
Increase in accrued liabilities	11,128,801.77	3,393,684.57
Share-based payment	50,425,938.60	50,425,938.60
Decrease in operating receivables (increase expressed with "-")	-675,098,215.46	-194,707,736.51
Increase in operating payables (decrease expressed with "-")	621,223,954.50	538,523,866.61
Others	-	-4,914,729.89
Net cash flow from operating activities	-421,334,271.86	12,310,559.78
2. Net changes in cash and cash equivalents:		
Ending balance of cash	1,475,887,349.75	52,151,901.50
Less: Beginning balance of cash	52,151,901.50	11,821,975.19
Net increase in cash and cash equivalents	1,423,735,448.25	40,329,926.31

(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
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I. Cash		
Including: Cash on hand		
Bank deposits readily available for payment	1,475,887,349.75	52,151,901.50
III. Ending balance of cash and cash equivalents	1,475,887,349.75	52,151,901.50

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
Monetary funds	11,917,932.24	Security deposit
Monetary funds	10,000,000.00	Certificate of deposit of bank
Total	21,917,932.24	

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 balance
Monetary funds			

Including: USD	2,368,193.21	6.3757	15,098,889.42
EUR	281,567.94	7.2197	2,032,836.05
Accounts receivable			
Including: USD	170,060.36	6.3757	1,084,253.83
EUR	8,434.12	7.2197	60,891.85
Contractual assets			
Including: USD	425,662.25	6.3757	2,713,894.81
Other non-current assets			
Including: USD	394,018.45	6.3757	2,512,143.43
EUR	24,097.50	7.2197	173,976.72
Short-term borrowings			
Including: EUR	-17,403,793.33	7.2197	-125,650,166.70

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

Monetary unit: CNY

Name of subsidiary	Principal places of business	Recording currency
WAYZIM TECHNOLOGY PTE. LTD	Singapore	SGD

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	10,307,692.55	Deferred income	224,894.92
Xishan Talent Plan - Emerging Industry Entrepreneurship Leading Talent (Team)	-	Deferred income	784,042.58
Research and Development Project of Intelligent Automatic Sorting System based on Visual Inspection Technology	-	Deferred income	439,636.32
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	Deferred income	1,952,125.04
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	15,000,000.00	Other payables	-
Construction of Wayzim Technology Intelligent Logistics Equipment Nanling Industrialization Base	6,244,874.03	Deferred income	899,930.90
Anhui Special Support Program for Leading Talent in Innovation and Entrepreneurship	500,000.00	Long-term payables	-
2019 Provincial "333 Engineering" Scientific Research Funding Project (Phase 5)	60,000.00	Other payables	-
Taihu Lake Talent Plan	5,000,000.00	Other payables	-
Construction of Intelligent Logistics Equipment and	80,000,000.00	Other payables	-

Robot Technology Industrial Base			
Xishan Talent Plan	10,000,000.00	Other payables	-
Institute of Microelectronics of the Chinese Academy of Sciences Wuxi Industrialization Base for Intelligent Manufacturing	1,461,000.00	Other income	1,461,000.00
Subsidies for less turnover	348,727.24	Other income	348,727.24
Subsidy for pre-job training	37,200.00	Other income	37,200.00
One-off employment subsidy paid by the employment center	6,000.00	Other income	6,000.00
Market Supervision and Administration of Xishan District, Wuxi _ Wuxi Special Patent Subsidy	8,440.00	Other income	8,440.00
Internship subsidy	37,150.00	Other income	37,150.00
2020 Modern Industry Development Fund of Xishan District	800,000.00	Other income	800,000.00
2020 Science and Technology Talent Support Award of Wuxi Economic Development Zone	650,000.00	Other income	650,000.00
2020 Provincial Special Funds for the Transformation of Scientific and Technological Achievements	5,000,000.00	Other payables	-
2020 Science and Technology Development Fund of Wuxi Economic Development Zone	1,000,000.00	Other payables	-
Subsidy from Xishan Science and Technology Bureau	26,957.00	Other income	26,957.00
The 22nd Wuxi Science and Technology Development Fund in 2020	500,000.00	Other income	500,000.00
2020 Science and Technology Development Fund of Wuxi Economic Development Zone	280,000.00	Other income	280,000.00
Refund of individual income tax service charges	32,033.95	Other income	32,033.95

Tax refund	37,500.00	Other income	37,500.00
Social security subsidies	245,550.00	Other income	245,550.00
Subsidy for work-based training	45,000.00	Other income	45,000.00
Modern Industry Development Support Fund (listed reserve tax incentives)	100,600.00	Other income	100,600.00
2020 Modern Development Support Fund	2,569,800.00	Other income	2,569,800.00
Special Guidance Fund for Transformation and Upgrading of Provincial Industrial and Information Industry (Third Batch)	4,000,000.00	Other income	4,000,000.00
Wuxi New Generation Information Technology Development Special Project Fund (First Batch)	100,000.00	Other income	100,000.00
2021 Wuxi Science and Technology Development Fund - the 17th Batch of Science and Technology Development Plan Projects and Funds	1,350,000.00	Other income	1,350,000.00
The Second Batch of Business Development Fund Projects in 2021 (International Market Development)	32,500.00	Other income	32,500.00
2021 Special Fund for Inclusive Financial Development of Jiangsu Province	1,000,000.00	Other income	1,000,000.00
"Four-above" corporate rewards	60,000.00	Other income	60,000.00
Subsidy for the "322" Industrial Innovation Team Project in Nanling County	30,000.00	Other income	30,000.00
Rewards for leap development from Bureau of Economy and Information Technology	500,000.00	Other income	500,000.00
Fuchun Future Urban Development Center in	5,760.00	Other income	5,760.00

Tonglu County			
Partnership Agreement on Building the Intelligent Logistics Equipment and Robot Technology Industrial Base	6,000,000.00	Other payables	-
IoT Cluster Development Promotion Agency Project Fund (first batch)	250,000.00	Other payables	-
Wuxi Services (Finance) Development Fund 2021	2,000,000.00	Other payables	-
IoT Cluster Development Promotion Agency Project Fund (second batch)	250,000.00	Other payables	-
Jointly building an intelligent logistics equipment and robot technology industry base	10,000,000.00	Deferred income	-
Total	213,066,472.03		18,564,847.95

(2). Return of government subsidies

☐ Applicable ☒ Not applicable

Other notes:

None

85. Others

☐ Applicable ☒ Not applicable

VIII. Changes in the Scope of Combination**1. Business combination not under common control**

☒ Applicable ☐ Not applicable

(1). Business combination not under common control in the current period

☐ Applicable ☒ Not applicable

(2). Combination cost and goodwill

☐ Applicable ☒ Not applicable

(3). Identifiable assets and liabilities of the acquiree at the acquisition date

☐ Applicable ☒ Not applicable

(4). Gains or losses of equity held on the date of acquisition from recalculating at fair value

Whether there is a transaction where a business combination is realized step by step through multiple transactions and the controlling rights are acquired within the reporting period

☐ Applicable ☒ Not applicable

(5). Explanation for failure to reasonably determine the combination consideration or fair value of identifiable assets and liabilities of the acquiree at acquisition date or at the end of the combination period

☐ Applicable ☒ Not applicable

(6).Other notes

☐ 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

On October 10, 2019, in accordance with the resolution of the shareholders' meeting, the Group decided to acquire 100% equity of Jiangsu Zhongke Guanwei Automation Technology Co., Ltd. (hereinafter referred to as "Zhongke Guanwei") at the merger consideration of CNY 14,393,300.00. On January 31, 2020, the Group obtained control of Zhongke Guanwei and included it in the merger scope from that day onwards.

On April 19, 2021, the Company invested in the establishment of Zhitong Intelligent with a registered capital of CNY 10,000,000.00. Its main business scope includes technical consulting and services in the field of intelligent technology; development and sales of industrial automation equipment, industrial robots, computer software and electronic products; IOT services. The shareholding ratio of the Company is 100%.

On June 8, 2021, the Company invested in the establishment of WAYZIM TECHNOLOGY PTE. LTD, with a registered capital of \$100. Its main business scope includes engineering research and experimental development. The shareholding ratio of the Company is 100%.

On August 26, 2021, the Company invested in the establishment of Intelligent Sensing with a registered capital of CNY 100,000,000.00. Its main business scope includes engineering and technological research and experimental development; manufacturing of industrial automatic control systems and devices; sales of industrial automatic control systems and devices; manufacturing of industrial robots; sales of industrial robots; R&D of intelligent robots; software development; software sales; sales of electronic products; IoT technology services; research and development of IoT technologies; IoT application services; information system integration services; leasing of non-residential real estate; property management (operating activities shall be carried out independently according to laws under the business license, except for items subject to approval according to laws). The shareholding ratio of the Company is 100%.

6. Others

☐ Applicable ☒ Not applicable

IX. Interests in Other Entities

1. Interests in subsidiaries

(1). Composition of corporate group

√ Applicable □ Not applicable

Subsidiary Name	Principal place of business	Domicile	Business nature	Shareholding ratio (%)		Mode of acquisition method
				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		Purchase
Zhitong Intelligent	Shanghai	Wuxi	Research and experimental development	100		Establishment
WAYZIM TECHNOLOGY PTE. LTD	Singapore	Singapore	Research and experimental development	100		Establishment
Intelligent Sensing	Zhejiang	Hangzhou	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 five customers of the Group accounted for 66% of the Group's total accounts receivable and contractual assets (vs. 62% in 2020).

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 of December 31, 2021					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	166,606,966.94	-	-	-	166,606,966.94	165,650,166.70
Accounts payable	726,844,678.79	-	-	-	726,844,678.79	726,844,678.79
Other payables	243,106,980.03	-	-	-	243,106,980.03	243,106,980.03
Non-current liabilities due within one year	2,260,095.46	-	-	-	2,260,095.46	2,115,035.24
Lease liabilities	-	2,039,531.66	4,643,586.63	378,000.00	7,061,118.29	6,423,812.40
Long-term payables	-	-	500,000.00	-	500,000.00	500,000.00
Total	1,138,818,721.22	2,039,531.66	5,143,586.63	378,000.00	1,146,379,839.51	1,144,640,673.16

The remaining contract term of the Group's financial liabilities at the Balance Sheet date based on the undiscounted contract 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:

Item	Undiscounted contract cash flows as of December 31, 2020					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	45,885,844.80	-	-	-	45,885,844.80	45,748,599.00
Accounts payable	455,463,250.10	-	-	-	455,463,250.10	455,463,250.10
Other payables	177,789,526.37	-	-	-	177,789,526.37	177,789,526.37

Other current liabilities	8,150,000.00	-	-	-	8,150,000.00	8,150,000.00
Long-term payables	-	60,000.00	3,155,668.29	-	3,215,668.29	3,215,668.29
Total	687,288,621.27	60,000.00	3,155,668.29	-	690,504,289.56	690,367,043.76

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, 2021		December 31, 2020	
	Annual interest rate (%)	Amount	Annual interest rate (%)	Amount
Fixed-rate financial instruments				
Financial assets				
- Monetary fund	0.3-3.79	21,917,932.24	0.51-1.50	16,861,353.40
Financial liabilities				
- Short-term borrowings	3.85	-40,000,000.00		-
Total		-18,082,067.76		16,861,353.40
Floating-rate financial instruments				
Financial assets				
- Monetary fund	0.00-3.26	1,475,887,349.75	0.00-0.35	52,151,015.00
- Trading financial assets	0.80-7.82	996,789,577.20	2.72-3.97	162,132,845.94
Financial liabilities				
- Short-term borrowings	EURIBOR+1.1-	-125,650,166.70	EURIBOR+1.2	-45,748,599.00

	1.2			0
Total		2,347,026,760.25		168,536,148.44

(2) Sensitivity analysis

As of December 31, 2021, 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 19,825,979.73 (vs. CNY 1,343,232.08 in 2020), 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, 2021		December 31, 2020	
	Foreign currency balance	Balance of CNY conversion	Foreign currency balance	Balance of CNY conversion
Monetary funds				
- EUR	281,567.94	2,032,836.05	0.42	3.37
- USD	2,368,193.21	15,098,889.42	285,525.80	1,863,027.29
Accounts receivable				
- USD	170,060.36	1,084,253.83	287,453.57	1,875,605.80
- EUR	8,434.12	60,891.85	-	-
Contractual assets				
- USD	425,662.25	2,713,894.81	425,662.25	2,777,403.62
Other non-current assets				
- USD	394,018.45	2,512,143.43	-	-
- EUR	24,097.50	173,976.72	-	-
Short-term borrowings				
- EUR	-17,403,793.33	-125,650,166.70	-5,700,760.00	-45,748,599.00
Net Balance Sheet exposure	-13,736,682.43	-101,973,280.59	-4,702,117.96	-39,232,558.92

(2) The Group's applicable exchange rate analysis of CNY against foreign currencies is as follows:

Currency	Average exchange rate	
	2021	2020
USD	6.4503	6.7506
EUR	7.6224	7.9203

	Intermediate rate on reporting day	
	December 31, 2021	December 31, 2020
USD	6.3757	6.5249
EUR	7.2197	8.0250

(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 against the US dollar and the euro on December 31, 2021 and December 31, 2020 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, 2021		
USD	-1,819,780.43	-1,819,780.43
EUR	10,487,509.28	10,487,509.28
December 31, 2020		
EUR	3,888,630.63	3,888,630.63
USD	-553,863.12	-553,863.12

Assuming other variables remain constant, a 10% depreciation of the CNY due to changes in the exchange rate of the CNY against the US dollar and the euro on December 31, 2021 and December 31, 2020 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 measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	-	25,009,068.94	971,780,508.26	996,789,577.20
(I) Trading financial assets	-	25,009,068.94	971,780,508.26	996,789,577.20
Total assets continuously measured at fair value	-	25,009,068.94	971,780,508.26	996,789,577.20

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. There is no significant difference between the book value and fair value at the end of each reporting period.

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 as of December 31, 2021	Valuation technique	Unobservable inputs	Range
Asset management product	971,780,508.26	Discounted cash flow method	Expected yield	0.8%-7.82%

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	2021	2020
Beginning balance	-	30,060,000.00
Realized gains or losses booked into profit or loss		
- Investment income	-5,265,796.94	-416,578.13
Purchase, sale and settlement		
- Purchase	3,921,240,000.00	50,850,000.00
- Redemption	-3,219,240,000.00	-80,850,000.00
- Settlement	275,046,305.20	356,578.13
Ending balance	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

Refer to notes for status details of subsidiaries of the Company.

☒ Applicable ☐ Not applicable

Refer to Note IX for status details of subsidiaries of the Group.

3. The Company's joint ventures and associates

For details of the Company's important joint ventures or associates, please refer to the note.

☐ 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

Name of joint ventures or associates	Relation with the Company
Wayzim Hangzhou	As an associate of the Company before March 30, 2020

Other notes

☐ Applicable ☒ Not applicable

4. Other affiliates

☒ Applicable ☐ Not applicable

Name of other affiliates	Relationship between other affiliates and the Company
Yao Yi	Key management personnel
Du Ping	Key management personnel
Du Wei	Key management personnel
Zhong Jianpeng	Key management personnel
Zou Xi	Key management personnel

Ke Li	Key management personnel
Li Xiaobing	Key management personnel
Xi Yuxiang	Key management personnel
Jiangsu IoT Research and Development Center	Other enterprises controlled by directors or holding important positions
Wuxi Zhongke Jinghui Automation Technology Co., Ltd.	Enterprises controlled by key management personnel
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
Kunshan Meibang Environmental Technology Co., Ltd.	Enterprises under significant influence of other close relatives of key management personnel
Institute of Microelectronics of the Chinese Academy of Sciences	Organizations that indirectly exert significant influence on the Company
Kunshan Branch, Institute of Microelectronics of the Chinese Academy of Sciences	Organizations controlled by investors who indirectly exert significant influence on the Company
Wuxi Qunchuang Zhongda Investment Partnership (limited partnership) (hereinafter referred to as "Qunchuang Zhongda")	Investor of the Company
Wuxi Wayzim Yuanchuang Investment Enterprise (limited partnership) (hereinafter referred to as "Wayzim Yuanchuang")	Investor of the Company
Beijing Zhongke Micro Investment Management Co., Ltd.	Investor of the Company

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	33,823,952.31	24,829,654.51
Zhongke Guanwei	Purchasing of goods	N/A	824,690.09
Kunshan Meibang Environmental Technology Co., Ltd.	Purchasing of goods	117,771,666.25	121,518,490.35
Wuxi Lianshun Machinery Equipment Co., Ltd.	Purchasing of goods	20,766,325.43	20,891,206.97
Institute of Microelectronics of the Chinese Academy of Sciences	Receiving of services	-	1,886,792.45
Kunshan Branch, Institute of Microelectronics of the Chinese Academy of Sciences	Receiving of services	500,000.00	528,301.89
Total		172,861,943.99	170,479,136.26

Sales of goods and rendering of services

√ Applicable □ Not applicable

Unit: CNY

Affiliates	Content of affiliate transaction	Current amount incurred	Prior amount incurred
Wayzim Hangzhou	Sales of goods	9,264,070.79	99,458,954.72
Jiangsu Carnival Technology Co., Ltd.	Sales of accessories	-	908,296.64
Total		9,264,070.79	100,367,251.36

Affiliate transactions of purchase & sales of goods and rendering & receiving of services

√ Applicable □ Not applicable

The amount of goods purchased by Zhongke Guanwei in 2020 is the amount incurred from January 1, 2020 to January 31, 2020. 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.

(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, 2021	Interest expense on lease liabilities accrued as of December 31, 2021	Lease expense recognized in prior period
Jiangsu IoT Research and Development Center	Premises	-	-	-
Beijing Zhongke Micro Investment Management Co., Ltd.	Premises	718,323.12	110,122.76	-
Total		718,323.12	110,122.76	-

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

Unit: CNY

Guarantor	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Whether the guarantee has been fully performed
Li Gongyan	10,000,000.00	March 20, 2019	March 18, 2020	Yes

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
Remuneration of key management personnel	20,077,673.65	22,748,157.33

(8). Other affiliate transactions☒ Applicable ☐ Not applicable

Unit: CNY

Affiliates	Content of affiliate transaction	Current amount incurred	Prior amount incurred
Yao Yi	Equity transfer	-	3,976,794.00
Institute of Microelectronics of the Chinese Academy of Sciences	Reimbursed expenses	1,010,133.26	950,911.13
Jiangsu IoT Research and Development Center	Assignment of the patent right	-	-
Wuxi Zhongke Jinghui Automation	Equity transfer	-	120,933.00

Technology Co., Ltd.			
Total		1,010,133.26	5,048,638.13

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	Jiangsu Carnival Technology Co., Ltd.	-	-	1,026,375.20	51,318.76
Accounts receivable	Wayzim Hangzhou	N/A	N/A	75,634,644.72	3,781,732.24
Total		-	-	76,661,019.92	3,833,051.00
Advance payment	Qunchuang Zhongda	-	-	1,000.00	-
Advance payment	Wayzim Yuanchuang	-	-	1,000.00	-
Total		-	-	2,000.00	-
Other receivables	Wayzim Hangzhou	N/A	N/A	-	-
Other receivables	Beijing Zhongke Micro Investment Management Co., Ltd.	63,528.00	3,176.40	-	-
Total		63,528.00	3,176.40	-	-
Other non-current assets	Wayzim Hangzhou	N/A	N/A	2,740,325.00	137,016.25
Total		N/A	N/A	2,740,325.00	137,016.25

(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.	72,257,424.38	62,178,609.20
Accounts payable	Jiangsu Carnival Technology Co., Ltd.	7,071,258.59	5,610,357.97
Accounts payable	Wuxi Lianshun Machinery Equipment Co., Ltd.	10,649,950.97	7,458,883.03
Total		89,978,633.94	75,247,850.20
Contractual liabilities	Wayzim Hangzhou	N/A	20,722,280.00
Total		N/A	20,722,280.00
Other payables	Institute of Microelectronics of the Chinese Academy of Sciences	514,190.22	2,000,000.00
Other payables	Li Gongyan	10,608.93	138,225.30
Other payables	Yao Yi	11,217.41	720.00
Other payables	Du Wei	-	2,425.85
Other payables	Ke Li	-	2,291.95
Other payables	Du Ping	-	4,664.63
Other payables	Zou Xi	160.00	367.00
Other payables	Zhong Jianpeng	91,634.68	19,117.00
Other payables	Xi Yuxiang	-	9,106.26
Other payables	Li Xiaobing	14,144.80	46,829.62
Total		641,956.04	2,223,747.61

7. Commitment by affiliates

□ Applicable √ Not applicable

8. Others

☐ Applicable ☒ Not applicable

XIII. Share-based Payment**1. Overall conditions of share-based payment**

☐ Applicable ☒ Not applicable

2. Equity-settled share-based payment

☒ Applicable ☐ Not applicable

Unit: CNY

Method for determining the fair value of equity instruments on the grant date	
Basis for determining the number of the vested equity instruments	
Reasons for material differences between the estimates of the current period and those of the previous period	
The accumulated amount of equity-settled share-based payments included in the capital reserve	208,345,771.89
The total amount of equity-settled share-based payment expenses in the current period	50,425,938.60

Other notes

None

3. Cash-settled share-based payment

☐ Applicable ☒ Not applicable

4. Modification and termination of share-based payment

☐ Applicable ☒ Not applicable

5. Others

☐ Applicable ☒ Not applicable

XIV. Commitments and Contingencies**1. Important commitments**

☒ Applicable ☐ Not applicable

Important external commitments, nature and amounts on the Balance Sheet date

(1) Capital commitments

Item	December 31, 2021	December 31, 2020
Asset purchase contracts in progress and signed but not yet performed	63,005,861.71	34,340,222.11

(2) Operating lease commitments

According to the irrevocable operating lease agreement, the minimum lease payments payable by the Group after December 31, 2021 and after December 31, 2020 are as follows:

Item	December 31, 2021	December 31, 2020
Within 1 year	392,048.78	592,087.26
1-2 years	25,137.50	330,641.76
2-3 years	-	217,427.84
More than 3 years	-	396,000.00
Total	417,186.28	1,536,156.86

2. Contingencies**(1). Material contingencies on the Balance Sheet date**

☐ Applicable ☒ Not applicable

(2). It is also important to specify where the Company has no material contingencies to disclose:

☐ Applicable ☒ Not applicable

3. Others

☐ Applicable ☒ Not applicable

XV. Events after the Balance Sheet Date**1. Significant non-adjusting events**

☐ Applicable ☒ Not applicable

2. Profit distribution√ Applicable ☐ Not applicable

Unit: CNY

Profit or dividend to be distributed	78,965,218.80
--------------------------------------	---------------

Ordinary share dividends proposed to be distributed after the Balance Sheet date

The Board of Directors will propose to distribute a cash dividend of CNY 0.6 per share to common shareholders of the Company on April 24, 2022, for a total of CNY 78,965,218.80. This proposal is yet to be approved by the General Meeting. The cash dividends proposed for distribution after the Balance Sheet date were not recognized as liabilities on the Balance Sheet date.

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

(4). Other notes

☐ Applicable ☒ Not applicable

7. Other significant transactions and events having impact on the investor's decision-making

☐ Applicable ☒ Not applicable

8. Others

☐ 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
Subtotal for aging within one year	807,228,484.45
1-2 years	73,952,323.05
2-3 years	12,049,187.50
More than 3 years	1,478,719.20
Total	894,708,714.20

(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 portfolio										
- Combination 1: Affiliates within the Group	11,279,398.41	1	-	-	11,279,398.41	-		-		-
- Combination 2: Other customers	883,429,315.79	99	69,486,575.31	8	813,942,740.48	371,618,623.59	100	24,398,078.70	7	347,220,544.89
Total	894,708,714.20	/	69,486,575.31	/	825,222,138.89	371,618,623.59	/	24,398,078.70	/	347,220,544.89

Provision for bad debts by individual item:

☐ Applicable ☒ Not applicable

Provision for bad debts by combination:

☒ Applicable ☐ Not applicable

Portfolio provision item: None

Unit: CNY

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Proportion of accrual (%)
- Combination 1: Affiliates within the Group	11,279,398.41		0
- Combination 2: Other customers	883,429,315.79	69,486,575.31	8
Total	894,708,714.20	69,486,575.31	

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	24,398,078.70	131,013,291.03	85,924,794.42			69,486,575.31

debts by portfolio						
Total	24,398,078.70	131,013,291.03	85,924,794.42			69,486,575.31

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	398,218,980.66	44.51	23,137,945.05
Yiwu Surui Express Co., Ltd.	72,200,752.25	8.07	3,610,037.61
Wayzim (Hangzhou) Intelligent Manufacturing Technology Co., Ltd.	57,285,373.15	6.40	6,134,771.49
Shanghai Branch of Hangzhou Best Network Technologies Ltd.	34,073,521.32	3.81	1,779,272.05
Hangzhou Zhongtongji Technology Co., Ltd.	25,511,068.20	2.85	1,275,553.41
Total	587,289,695.58	65.64	35,937,579.61

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
Other receivables	89,353,586.75	3,988,773.64
Less: Provision for bad debts	-402,354.60	-504,085.29
Total	88,951,232.15	3,484,688.35

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

(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
Subtotal for aging within one year	88,958,675.43
1-2 years	267,011.32
2-3 years	105,000.00
More than 3 years	22,900.00
Total	89,353,586.75

(2).Classification by payment nature

☒ Applicable ☐ Not applicable

Unit: CNY

Nature of payment	Ending book balance	Beginning book balance
Amounts due from subsidiaries	84,021,651.33	453,447.83
Bid and project security	4,242,400.00	3,145,952.00
Pretty cash for employees	152,957.98	222,800.00
Others	936,577.44	166,573.81
Less: Provision for bad debts	-402,354.60	-504,085.29
Total	88,951,232.15	3,484,688.35

(3).Accrual of provision for bad debts

√ Applicable □ Not applicable

Unit: CNY

Provision for bad debts	Stage I	Stage II	Stage III	Total
	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)	
Balance as of January 1, 2021	495,585.29	-	8,500.00	504,085.29
-Transferred to Stage III	-16,450.00	-	16,450.00	-
Provision in the current period	283,660.55	-	-6,000.00	277,660.55
Transferred back in the current period	-383,341.24	-	3,950.00	-379,391.24
Balance as of December 31, 2021	379,454.60	-	22,900.00	402,354.60

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	504,085.29	277,660.55	379,391.24	-	-	402,354.60

portfolio						
Total	504,085.29	277,660.55	379,391.24	-	-	402,354.60

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	69,023,674.64	Within year 1	77.25	-
Wayzim Artificial Intelligence Technology R&D (Jiangsu) Co., Ltd.	Borrowing by affiliates	14,490,313.07	Within year 1	16.22	-
Shenzhen SF Taisen Holdings (Group) Inc.	Bid and project security	700,000.00	Within year 1	0.78	35,000.00
Hangzhou Cainiao Supply Chain Management Co, Ltd.	Bid and project security	600,000.00	Within year 1	0.67	30,000.00
Shanghai Jitu Supply Chain Co., Ltd.	Bid and project security	510,000.00	Within year 1	0.57	25,500.00
Total	/	85,323,987.71		95.49	90,500.00

(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	103,143,300.00	-	103,143,300.00	71,293,300.00	-	71,293,300.00
Total	103,143,300.00	-	103,143,300.00	71,293,300.00	-	71,293,300.00

(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 t accrued in current period	Ending balance of provision for impairment t
Wayzim Anhui	10,000,000.00	-	-	10,000,000.00	-	-

Wayzim R&D	32,500,000.00	10,000,000.00	-	42,500,000.00	-	-
Zhongke Guanwei	22,093,300.00	-	-	22,093,300.00	-	-
Wayzim Guangdong	6,700,000.00	12,200,000.00	-	18,900,000.00	-	-
Zhitong Intelligent		600,000.00	-	600,000.00	-	-
Intelligent Sensing		9,050,000.00	-	9,050,000.00	-	-
WAYZIM TECHNOLOGY PTE. LTD	-		-	-	-	-
Total	71,293,300.00	31,850,000.00		103,143,300.00	-	-

(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	2,200,702,082.33	1,661,361,107.48	1,198,820,330.60	772,099,801.41
Other businesses	17,669,934.52	4,816,937.64	4,163,536.49	3,429,115.06
Total	2,218,372,016.85	1,666,178,045.12	1,202,983,867.09	775,528,916.47

(2).Incomes from contracts

☒ Applicable ☐ Not applicable

Unit: CNY

Classification of contracts	Total
Type of merchandise	
Main business	2,200,702,082.33
Revenue from sales of goods	2,200,702,082.33
- Cross-belt sorter system	1,045,290,962.09
- Total integrated sorting system	755,212,045.14
- Large parcel sorting system	271,577,357.03
- Conveying equipment	70,924,013.67
- Dynamic weighing equipment	37,101,225.51
- Intelligent warehouse system	9,355,392.30
- Single-parcel singulator	9,320,575.21
- Others	1,920,511.38
Other businesses	17,669,934.52
Revenue from sales of accessories	15,859,306.21
Revenue from technical service fee	1,703,710.07
Revenue from rendering labor services	106,918.24
Total	2,218,372,016.85
Region	
Chinese Mainland	2,171,812,091.83
Overseas	46,559,925.02
Total	2,218,372,016.85

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
Income from long-term equity investments accounted for using the equity method	-	-54,558.16
Investment income from disposal of long-term equity investments	-	4,151,649.04
Investment income from the disposal of trading financial assets	6,377,151.82	4,217,291.67
Including: Trading financial assets	6,377,151.82	4,217,291.67
Total	6,377,151.82	8,314,382.55

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	-493,510.94	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	18,578,074.73	Listed by pre-tax amount

the Company's business and enjoyed by quota or ration as per national unified standards)		
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		Listed by pre-tax amount
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	8,342,577.60	Listed by pre-tax amount
Return from receivables and contractual assets impairment provisions tested with impairment solely		

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	884,378.88	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	4,633,334.50	
Affected amount of minority shareholders' equity		
Total	22,678,185.77	

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	18.44%	2.49	2.49
Net profit attributable to common shareholders of the Company after deducting non-recurring profit or loss	16.83%	2.27	2.27

3. Discrepancy of accounting data under accounting standards at home and abroad

☐ Applicable ☒ Not applicable

4. Others

☐ Applicable ☒ Not applicable

Chairman: Li Gongyan

Submission date approved by Board of Directors: April 26, 2022

Revision Information

☐ Applicable ☒ Not applicable

Section X Bonds

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

☐ Applicable ☒ Not applicable

II. Convertible Corporate Bonds

☐ Applicable ☒ Not applicable