



Wayzim Technology Co., Ltd.
Annual Report 2023

Important Notes

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

II. The Company was 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. Refer to Section III.IV "Risk Factors" of Section III "Discussions and Analysis by the Management". Investors are advised to pay attention to investment risks.

IV. All of the Company's directors 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, and Yao Yi, the principal of accounting work and the person in charge of the accounting firm (accountant officer) declared, "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.

In accordance with the resolution of the 10th meeting of the Second Board of Directors, the Company plans to distribute profits for the year 2023 based on the total share capital registered on the equity distribution record date, deducting the number of shares in the special repurchase account. The proposed profit distribution plan for 2023 is as follows.

The Company plans to distribute cash dividends of CNY 0.79 (tax inclusive) per 10 shares to all shareholders based on the total share capital registered on the equity distribution record date, deducting the number of shares in the special repurchase account. As of March 31, 2024, the Company's total capital stock is 131,608,698 shares. After 3,971,423 shares in the special repurchase account are deducted, the actual number of the profit distribution shares is 127,637,275. Based on this calculation method, the total planned cash dividends to be distributed are CNY 10,083,344.73 (tax inclusive), accounting for 48.36% of the net profit attributable to shareholders of the listed company in 2023. In 2023, the Company didn't convert capital reserve into share capital or distribute bonus shares.

In case of any changes in the total share capital excluding the number of shares in the special repurchase account before the equity distribution record date, the Company plans to maintain the total cash dividend amount unchanged and accordingly adjust the dividends of each share. The specific adjustments are separately announced.

VIII. 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 plans and development strategies involved in this Report do not constitute the Company's substantive commitment to investors, so please always note the investment risks.

X. Is there any non-operating capital occupation by the controlling shareholder and their 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. Others

☐ Applicable ☒ Not applicable

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|-----------------------------------|---|
| Documents 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 |
| | Original audit report containing the seal of the accounting firm, and the signature and seal of the CPA |
| | All original of the Company's documents and announcements disclosed publicly during 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 | Wayzim Intelligent Manufacturing Technology Co. Ltd., the predecessor of the Company |
| Wayzim Anhui | Refers to | Anhui Wayzim Logistics Equipment Manufacturing Co., Ltd., a wholly-owned subsidiary of the Company |
| Wayzim Guangdong | Refers to | Guangdong Wayzim Intelligent Manufacturing Technology Co., Ltd., a wholly-owned subsidiary of the Company |
| Wayzim R&D | Refers to | Wayzim Artificial Intelligence Technology R&D (Jiangsu) Co., Ltd., a wholly-owned subsidiary of the Company |
| Wayzim Chengdu | Refers to | Wayzim Automation Technology (Chengdu) Co., Ltd., a wholly-owned subsidiary of the Company |
| Wayzim Jiangxi | Refers to | Wayzim Automation Technology (Jiangxi) Co., Ltd., a wholly-owned subsidiary of the Company |
| Zhongke Guanwei | Refers to | Jiangsu Zhongke Guanwei Automation Technology Co., Ltd., a wholly-owned subsidiary of the Company |
| Intelligent Sensing | Refers to | Wayzim Intelligent Sensing Technology (Hangzhou) Co., Ltd., a wholly-owned subsidiary of the Company |
| Zhitong Intelligent | Refers to | Zhitong Intelligent Technology (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company |
| Jiangxi Zhongwei | Refers to | Jiangxi Zhongwei Intelligent Equipment Co., Ltd., a wholly-owned secondary subsidiary of the Company |
| Jiangsu Power | Refers to | Wayzim Power Technology (Jiangsu) Co., Ltd., a holding subsidiary of the Company |
| Anhui Power | Refers to | Anhui Wayzim Power Technology Co., Ltd., a secondary subsidiary controlled by the Company |
| Zhike Power | Refers to | Shanghai Zhike Power Technology Co., Ltd., a secondary subsidiary controlled by the Company |
| Fluorescent Magnet | Refers to | Jiangxi YG Magnet Co., Ltd., a joint stock company of the Company |
| Jiangxi REEMOON | Refers to | Jiangxi REEMOON Technology Holdings Co., Ltd., a joint stock company of the Company |

| | | |
|-----------------------|-----------|--|
| Anhui Zhongwei | Refers to | Anhui Zhongwei Intelligent Equipment Co., Ltd., a wholly-owned secondary subsidiary of the Company |
| Jiangxi Zhongwei | Refers to | Jiangxi Zhongwei Intelligent Equipment Co., Ltd., a wholly-owned secondary subsidiary of the Company |
| Weizhizhi Automation | Refers to | Shanghai Weizhizhi Automation System Co., Ltd., a wholly-owned subsidiary of the Company |
| Wayzim Singapore | Refers to | WAYZIM TECHNOLOGY PTE. LTD, a wholly-owned subsidiary of the Company |
| Wayzim Malaysia | Refers to | WAYZIM TECHNOLOGY SDN. BHD, a wholly-owned secondary subsidiary of the Company. |
| Wayzim Russia | Refers to | LIMITED LIABILITY COMPANY WAYZIM TECHNOLOGE, a wholly-owned secondary subsidiary of the Company |
| Wayzim Thailand | Refers to | WAYZIM TECHNOLOGY(THAILAND) CO., LTD., a wholly-owned secondary subsidiary of the Company. |
| Wayzim UK | Refers to | WAYZIM TECHNOLOGY LTD, a wholly-owned secondary subsidiary of the Company |
| Wayzim Hungary | Refers to | WAYZIM HUNGARY KFT., a wholly-owned secondary subsidiary of the Company. |
| Wayzim Germany | Refers to | WAYZIM TECHNOLOGY GmbH, a wholly-owned secondary subsidiary of the Company |
| Wayzim USA | Refers to | WAYZIM TECHNOLOGY INC., a wholly-owned secondary subsidiary of the Company. |
| Wayzim Brazil | Refers to | WAYZIM TECHNOLOGY BRAZIL LTDA, a wholly-owned secondary subsidiary of the Company. |
| Wayzim Mexico | Refers to | WAYZIM TECHNOLOGY MEXICO S DE RL DE CV, a wholly-owned secondary subsidiary of the Company. |
| Wayzim South Korea | Refers to | Wayzim Tech Korea CO., LTD., a wholly-owned secondary subsidiary of the Company. |
| Suzhou Branch | Refers to | Suzhou Branch of Wayzim Technology Co., Ltd. |
| Chongqing Branch | Refers to | Chongqing Branch of Wayzim Technology Co., Ltd. |
| Zhengzhou Branch | Refers to | Zhengzhou Branch of Wayzim Technology Co., Ltd. |
| Shenzhen Branch | Refers to | Shenzhen Branch of Wayzim Technology Co., Ltd. |
| Wayzim Yuanchuang | Refers to | Wuxi Wayzim Yuanchuang Investment Enterprise (limited partnership), a shareholder of the Company |
| Qunchuang Zhongda | Refers to | Wuxi Qunchuang Zhongda Investment Partnership (limited partnership), a shareholder of the Company |
| IoT Innovation Center | Refers to | Wuxi IoT Innovation Center Co., Ltd., a shareholder of the Company |

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| 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 | Refers to | ZTO Express (Cayman) Inc. and its controlled subsidiaries |
| CIC | Refers to | China Insights Consultancy |
| WCS | Refers to | The Warehouse Control System (WCS) can coordinate the operation of various logistics equipment such as conveyors, stacker cranes, shuttles, robots, and AGVs. WCS is 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, enabling integration, unified scheduling, and monitoring on various device system interfaces. |
| WMS | Refers to | The Warehouse Management System (WMS) 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 service, outbound service, warehouse transfer, inventory transfer, and virtual warehouse management, to effectively control and track the entire logistics and cost management process of warehouse service, and provide comprehensive enterprise warehouse information management. |
| Articles of Association | Refers to | Articles of Association of Wayzim 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 | Refers to | KPMG Huazhen LLP |
| CNY (1 or 10,000) | Refers to | Renminbi (1 or 10,000) |
| Reporting period | Refers to | January 1, 2023 to December 31, 2023 |

Section II Company Profile and Key Financial Indicators

I. Company Profile

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

II. Contacts and Contact Details

| | Secretary of the Board of Directors (information disclosure representative in China) | Representative of the security affairs |
|-----------------|--|---|
| Name | Du Ping | Zhang Die |
| Contact address | No. 979, Antai 3rd Road, Xishan District, Wuxi | No. 979, Antai 3rd Road, Xishan District, Wuxi |
| Phone | 0510-82201088 | 0510-82201088 |
| Fax | 0510-82201088 | 0510-82201088 |
| E-mail | investor_relationships@wayzim.com | investor_relationships@wayzi m.com |

III. Information Disclosure and Archiving Place

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

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 | Not applicable |

(II) Profile of the Company's depository receipts☐ Applicable √ Not applicable**V. Other Relevant Information**

| | | |
|--|---------------------------|--|
| Accounting firm engaged by the Company (China) | Name | KPMG Huazhen LLP |
| | Office address | 8/F, KPMG Building, Oriental Plaza, No. 1, Changan Street East, Beijing |
| | Name of signed accountant | Huang Xiaodong and Chen Yuze |
| 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 and 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 | 2023 | 2022 | YoY increase or decrease (%) | 2021 |
|--|--------------------|--------------------|--|--------------------|
| Operating revenue | 1,957,396,951.00 | 2,314,895,871.41 | -15.44 | 2,209,625,669.26 |
| Operating revenue after deducting business income unrelated to the main business and income without commercial substance | 1,875,819,863.78 | 2,194,941,056.07 | -14.54 | 2,200,702,082.33 |
| Net income attributed to shareholders of the listed company | 20,852,700.49 | -118,719,653.61 | Not applicable | 259,207,152.43 |
| Net income attributable to shareholders of the listed company net of non-recurring profits and losses | -44,981,258.27 | -190,761,076.90 | Not applicable | 236,528,966.66 |
| Net cash flow from operating activities | 622,485,339.64 | -37,440,908.80 | Not applicable | -421,334,271.86 |
| | By the end of 2023 | By the end of 2022 | Increase/decrease at the end of the current period compared with at the end of the previous period (%) | By the end of 2021 |
| Net assets attributable to shareholders of the listed company | 3,650,888,635.44 | 3,569,230,294.50 | 2.29 | 3,852,835,454.21 |
| Total assets | 6,698,323,995.36 | 5,553,468,596.01 | 20.62 | 6,137,175,656.32 |

(II) Major financial indicators

| Major financial indicators | 2023 | 2022 | YoY increase or decrease (%) | 2021 |
|--|-------|-------|------------------------------|-------|
| Basic earnings per share (CNY/share) | 0.16 | -0.90 | Not applicable | 2.49 |
| Diluted earnings per share (CNY/share) | 0.16 | -0.90 | Not applicable | 2.49 |
| Basic earnings per share net of non-recurring profits and losses (CNY/share) | -0.35 | -1.45 | Not applicable | 2.27 |
| Weighted average return on equity (%) | 0.58 | -3.15 | An increase of 3.73% | 18.44 |
| Weighted average return on net asset net of non-recurring profits and losses (%) | -1.25 | -5.06 | An increase of 3.81% | 16.83 |
| Proportion of R&D investment in operating revenue (%) | 8.57 | 8.93 | A decrease of 0.36% | 6.06 |

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

√ Applicable □ Not applicable

1. During the reporting period, the net profit attributable to the shareholders of the listed company increased by CNY 139.5724 million, mainly due to:

1). Impact from main business

During the reporting period, the Company reduced costs and improved efficiency to adapt to market competition changes. In 2023, the disclosed gross profit margin of the main business was 22.25%, with a YoY growth of 7.80%.

2). Impact from period expenses

During the reporting period, based on the long-term development, the Company further strengthened the construction of high-quality talent teams. It actively expanded the management, sales, and R&D teams, including the sales and after-sales service teams for overseas businesses. The wages and salaries increased by CNY 33.7337 million YoY.

3). Impact from credit impairment losses

In 2023, the Company increased its efforts in collecting accounts receivable, enabling a bad debt recovery of CNY 136.0864 million, with a YoY decrease of CNY 151.3167 million in credit impairment losses.

4). Impact from impairment losses

The impairment losses increased by CNY 96.949 million, with a YoY growth of 56.45%, mainly due to the expected costs exceeding the expected economic benefits, with an amount of CNY 153.6037 million, compared to CNY 38.8294 million in the previous year, representing a YoY increase of 295.59%. Additionally, an impairment loss of CNY 19.3707 million was

recognized in the current year for future difficult-to-use raw materials, compared to CNY 32.5036 million in the previous year, reflecting a YoY decrease of -40.40%.

2. During the reporting period, the YoY change in the net income attributable to the shareholders of the listed company, excluding the non-recurring profits and losses, was significant, mainly due to a YoY increase of CNY 139.5724 million in the net income attributable to shareholders of the listed company and a YoY decrease of CNY 6.2075 million in non-recurring profits and losses.

3. During the reporting period, the net cash flows from operating activities increased by CNY 659.9262 million, mainly due to an increase of CNY 1,310.365 million in cash received from the product and service sales, representing a YoY growth of 63.4%.

4. During the reporting period, the Company's basic and diluted earnings per share increased by CNY 1.06, mainly due to a YoY increase of CNY 139.5724 million in net income.

5. During the reporting period, the YoY changes in the basic earnings per share excluding the non-recurring profits and losses were significant, mainly due to a YoY increase in the net income attributable to shareholders of the listed company, excluding the non-recurring profits and losses.

VII. Differences in Accounting Data Under Chinese and International Accounting Standards

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

☐ Applicable ☒ Not applicable

(II) Discrepancy between net income 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 the international and Chinese accounting standards:

☐ Applicable ☒ Not applicable

VIII. Quarterly Key Financial Data in 2023

Unit: CNY

| | Q1 (January to March) | Q2 (April to June) | Q3 (July to September) | Q4 (October to December) |
|---|-----------------------------|-----------------------|------------------------------|--------------------------------|
| Operating revenue | 291,155,185.76 | 492,402,233.62 | 192,304,471.01 | 981,535,060.61 |
| Net income attributed to shareholders of the listed company | 31,665,379.43 | 28,106,243.96 | -78,750,072.67 | 39,831,149.77 |
| Net income attributable to shareholders of the listed company net of non-recurring profits and losses | 19,108,979.78 | 12,491,352.00 | -95,008,632.57 | 18,427,042.52 |
| Net cash flow from operating activities | 226,327,468.86 | 177,514,285.00 | 117,451,707.63 | 101,191,878.15 |

An explanation for the discrepancy between quarterly data and those in periodic reports disclosed

☐ Applicable ☒ Not applicable

IX. Items and Amounts of Non-recurring Profits or Losses

☒ Applicable ☐ Not applicable

Unit: CNY

| Non-recurring profits and losses item | Amount of 2023 | Note (if applicable) | Amount of 2022 | Amount of 2021 |
|---|----------------|--------------------------|----------------|----------------|
| Profit and loss on the disposal of non-current assets, including the write-off of the previously recognized provision for impairment of assets. | -1,009,337.74 | Listed by pre-tax amount | -622,365.88 | -493,510.94 |
| Government subsidies recognized in the current profit and loss, excluding those closely related to the Company's normal business | 48,091,746.90 | Listed by pre-tax amount | 35,212,756.09 | 18,578,074.73 |

| | | | | |
|--|---------------|--------------------------|---------------|--------------|
| operations, in compliance with the national policies, enjoyed in accordance with the specified criteria, and have a continuous impact on the Company's profit and loss. | | | | |
| In addition to effective hedging businesses related to the normal operation businesses of the Company, gains and losses from changes in fair value of the financial assets and financial liabilities held by non-financial enterprises, as well as gains and losses from disposal of financial assets and financial liabilities. | 33,257,557.92 | Listed by pre-tax amount | 53,243,408.46 | 8,342,577.60 |
| Fund possession cost recorded in current profit and loss charged to non-financial companies | - | - | - | - |
| Profit and loss from entrusting others with investment or asset management | - | - | - | - |
| Profit and loss from external entrusted loans | - | - | - | - |
| Asset losses due to force majeure, including natural disasters. | - | - | - | - |
| Return from receivables impairment provisions tested with impairment solely | 1,589,000.00 | Listed by pre-tax amount | 20,900.00 | - |
| Income generated since the investment cost for acquiring investments in subsidiaries, associates, or joint ventures is less than the fair value of the share in the recognizable net asset of the investee when the investment is conducted | - | - | - | - |

| | | | | |
|--|---|---|---|---|
| Current net profit and loss of a subsidiary established by business combination under common control from the beginning of the period to the date of combination | - | - | - | - |
| Profit and loss from non-monetary assets exchange | - | - | - | - |
| Profit and loss related to debt restructuring | - | - | - | - |
| The Company's one-time expenses due to the discontinuation of related businesses, including expenses for employee resettlement. | - | - | - | - |
| One-time impact on the current profit and loss due to adjustments in tax, accounting, and other laws and regulations. | - | - | - | - |
| The one-time share-based payment expense due to the cancellation or modification of a share-based compensation plan. | - | - | - | - |
| The profit and loss generated by the fair value changes of the employee benefits payable for shares settled in cash after the exercisable date. | - | - | - | - |
| Profit and loss from changes in fair value of investment properties of which the subsequent measurement is carried out by adopting the fair value method | - | - | - | - |
| Income from trades with significantly unfair prices | - | - | - | - |
| Profit and loss from contingency irrelevant to the normal operations of the Company | - | - | - | - |
| Income from entrusted custody operation | - | - | - | - |

| | | | | |
|--|---------------|--------------------------|---------------|---------------|
| Other non-operating income and expenditures except for the aforementioned items | -500,054.77 | Listed by pre-tax amount | -1,724,369.37 | 884,378.88 |
| Other profit and loss items conforming to the definition of non-recurring profits and losses | - | - | - | - |
| Minus: Affected amount of income tax | 15,594,953.55 | - | 14,088,906.01 | 4,633,334.50 |
| Amount of affected minority interests (after tax) | - | - | - | - |
| Total | 65,833,958.76 | - | 72,041,423.29 | 22,678,185.77 |

If an item that is not listed in the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profits and Losses* is identified as non-recurring profits and losses and the amount is significant, or if non-recurring profits and losses listed in the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profits and Losses* are classified as recurring profits and losses, the causes should be detailed.

√ Applicable □ Not applicable

Unit: CNY

| Item | Amount | Cause |
|--|--------------|--|
| Government subsidies reported as non-recurring profits and losses in 2021. | 4,300,629.76 | In accordance with the <i>No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profits and Losses (Revised in 2023)</i> . |
| Government subsidies reported as non-recurring profits and losses in 2022. | 4,002,771.44 | In accordance with the <i>No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profits and Losses (Revised in 2023)</i> . |

In accordance with the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profits and Losses (Revised in 2023)*, the government subsidies of CNY 4,002,771.44 and CNY 4,300,629.76, reported as non-recurring profits and losses for the Group in 2022 and 2021 separately, were classified as recurring profits

and losses, leading to a reduction of CNY 4,002,771.44 and CNY 4,300,629.76 in the subtotal of non-recurring profits and losses for 2022 and 2021. After the impacts of income tax and minority interests are deducted, the total non-recurring profits and losses for 2022 and 2021 have decreased by CNY 3,024,568.08 and CNY 3,510,677.91 separately.

X. Items Measured at Fair Value√ Applicable ☐ Not applicable

Unit: CNY

| Item | Beginning balance | Ending balance | Change in the current period | Affected amount to the current profit |
|--|-------------------|------------------|------------------------------|---------------------------------------|
| Trading financial assets | 1,248,763,114.45 | 1,217,980,705.57 | -30,782,408.88 | 33,257,557.92 |
| Accounts receivable financing | 200,000.00 | 1,800,000.00 | -1,600,000.00 | - |
| Investment in other equity instruments | 20,000,000.00 | 166,100,742.87 | -146,100,742.87 | - |
| Total | 1,268,963,114.45 | 1,385,881,448.44 | -178,483,151.75 | 33,257,557.92 |

XI. Descriptions of Performance Indicators for Accounting Standards for Non-Business Enterprises☐ Applicable √ Not applicable**XII. Description of Information Suspension and Exemption Due to Causes Such as National Secrets and Trade Secrets**☐ Applicable √ Not applicable

Section III Discussions and Analysis by the Management

I. Discussion and Analysis of Operations

In 2023, the Chinese economy embarked on the path of normalization after the pandemic, and the service industry underwent recovery, leading to a significant decrease in the unemployment rate and a boost in consumption. The Chinese economy gradually returned to a virtuous cycle, demonstrating high development resilience. However, there are still many challenges, and overall consumption remains weak. In addition, technological innovation continues to advance, the Internet of Things, artificial intelligence, and other technologies have been more widely recognized and applied, promoting the evolution of intelligent logistics equipment from automation to intelligence. As the demands for improving production and system efficiency and reducing warehousing and logistics costs become more prominent in downstream industries, the importance and investments in automated and intelligent logistics equipment systems increase steadily, contributing to the continued automation and intelligence of traditional industries.

In 2023, as a leading provider of comprehensive solutions for intelligent logistics systems in China, the Company initially established a strategic pattern of "One Focus with Two Wings", with intelligent warehousing logistics equipment as the main body, industrial sensors mainly based on intelligent vision, and power technology including servo, drive, and motorized roller as the two wings. In the pattern of "One Focus with Two Wings", the Company continuously enriched the series combination of products at the product level, deepened the vertical integration layout of the industrial chain, and strengthened the R&D of key components and systems. In terms of customers, while expanding into top domestic industry customers, the Company's overseas sales centers and customers covered multiple countries and regions, such as Asia, the Americas, Europe, and Africa. Actively adapting to the complex and ever-changing market environment, the Company achieved a turnaround from loss to profit in the past year. During the reporting period, the Company's total operating revenue is CNY 1,957.397 million, with a YoY decrease of 15.44%. The Company's operating profit is CNY 18.5014 million, with a YoY increase of CNY 170.2582 million. The total profit before tax is CNY 17.4099 million, with a YoY increase of CNY 171.5112 million. The net income attributable to the owners of the parent company was CNY 20.8527 million, with a YoY increase of CNY 139.5274 million. The net income attributable to the owners of the parent company after deducting non-recurring profits and losses was CNY -44.9813 million, with a YoY increase of CNY 145.7798 million.

The Company continued to focus on the strategic core efforts of "One Focus with Two Wings". In terms of intelligent logistics equipment systems, the Company is committed to continuously improving product performance in traditional advantageous fields and enriching product matrices. While further improving and optimizing express logistics sorting system efficiency and reducing error rate, the Company has further expanded the space for equipment cost reduction by independently researching, developing, and manufacturing key components and enriching industrial chain partner resources. The Company has further optimized and enriched its intelligent warehousing system solutions to meet the integrated warehousing needs of more customers in different industries. In addition, the Company has continued to break through key

technologies of key components and localized substitution through independently developed technology to reduce the cost of comprehensive solutions for customers while ensuring the stability of the supply chain. For cameras, the Company has independently developed an adaptive focus high-speed barcode reading system based on 8K line scan image sensors, a 3D volume measurement system based on Diffractive Optical Elements (DOE), and an automatic identification system for stacked parcels based on deep learning. For motorized rollers, the Company has effectively solved technical challenges such as high power density and efficient motors, integrated transmission, and sealed heat dissipation. The product line of motorized rollers has achieved a series layout, and the products can be applied to the logistics express and intelligent warehousing industries.

In terms of customers, the Company continued to consolidate its dominant position in express logistics and e-commerce and expand the breadth and depth of its business. The company has made breakthroughs in civil aviation airports and industrial manufacturing.

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

II. Descriptions of the Main Business, Business Model, Industry Situation, and R&D

Engaged in by the Company during the Reporting Period

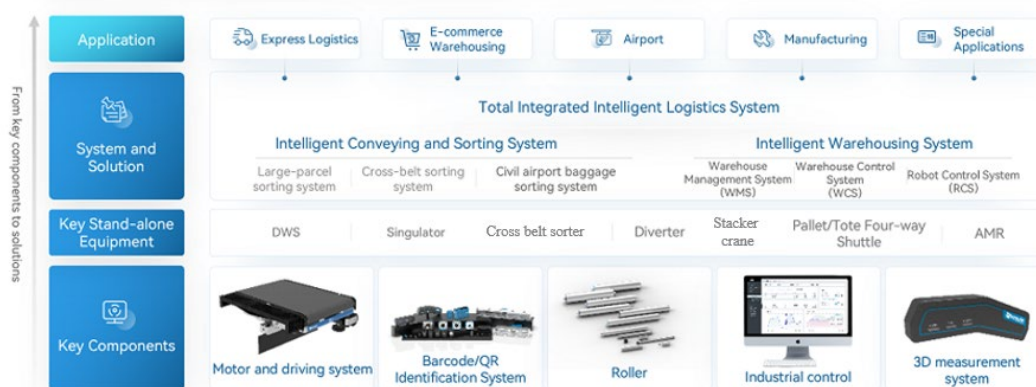
(I) Main business, products, or services

Wayzim offers customers integrated solutions of intelligent logistics systems of conveying, sorting, and warehousing and has deployed a complete industry chain for intelligent logistics equipment systems via independent R&D and partial production of cameras, sorting carriers, dynamic weighing equipment, motorized rollers, and other key components. 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 that can provide a full range of intelligent logistics conveying and sorting systems in the industrial chain from key software and hardware to system integration.

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 sorters can sort small, large, and heavy-duty parcels. Equipment such as 3D Bulk Flow Singulators, 2D Bulk Flow Singulators, and Centering Conveyors fully automate the sorting process. Warehouse equipment such as Stacker Cranes, shuttles, and heavy-duty robots fully automate the warehouse and distribution processes.

1. Cross belt sorter system for small parcels of express delivery. From small envelopes to heavy goods weighing up to 50 kg, the sorter can continuously and efficiently sort various types of parcels such as small parcels, cartons, and boxes. The Company's independently developed visual recognition device can rapidly read barcode/QR code information and has a good capacity to handle problems such as barcode fouling, wrinkling, deformation, tilting, and blurring.
2. Large parcel sorting system for large parcels of express and express delivery. 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 measurement meter, high precision barcode recognition system, and a sorting pivot wheel, with the ability to support high-speed transmission for medium to large parcels.
3. The integrated sorting system includes a comprehensive conveying and sorting system composed of multiple product combinations such as a cross belt sorter system, a large parcel sorting system, dynamic weighing equipment, conveying equipment, and a 2D Bulk Flow Singulator, providing customers with a total integrated sorting system that integrates conveying, unstacking, sequencing, distancing, parcel infeed, data acquisition, sorting, and parcel collection.

4. The intelligent warehousing system is aimed at industries such as e-commerce, food, medicine, home furnishing, and manufacturing. Its products include key equipment hardware for warehousing, such as stacker cranes, shuttles, and heavy-duty robots. Combined with software systems such as WCS and WMS, it can provide complete automation of the warehousing and distribution process for customers.
5. The baggage sorting system for civil aviation airports provides solutions for international, regional, and regional hub airports, with main products including an ICS baggage handling system, a loop cross belt sorter system, and a narrow belt sorter system.
6. Equipment and key components: The Company provides standalone equipment and key components for intelligent logistics equipment. Equipment includes a sorting carrier, dynamic weighing equipment, a 3D Bulk Flow Singulator, a 2D Bulk Flow Singulator, a centering conveyor, and a pivot wheel sorter. The key components include industrial sensors based on intelligent vision and power technology including servo, drive, motorized roller, etc., which are mainly the industrial sensors and power technology components of the "Two Wings" in the "One Focus with Two Wings" strategy. Among them, the layout of industrial sensors is mainly in the field of machine vision. As one of the most closely integrated artificial intelligence technologies with express logistics, machine vision provides logistics equipment with powerful recognition and analysis capabilities through intelligent analysis of images. It has now penetrated into various scenarios in the logistics industry and become an important supporting force for intelligent logistics. With the increasing application of machine vision in the field of logistics at the level of automation, deep learning algorithms have now replaced traditional algorithms in many application scenarios. The Company has developed a series of algorithms for logistics industry applications, and based on this, has independently developed an adaptive focus high-speed barcode reading system based on 8K line scan image sensors, a 3D volume measurement system based on diffractive Optical Elements (DOE), and an automatic identification system for stacked parcels based on deep learning. The layout of power technology includes servo, motor, motorized roller, etc. For motorized rollers, the Company has effectively solved technical challenges such as high power density and efficient motors, integrated transmission, and sealed heat dissipation. The product line of motorized rollers has achieved a series layout, and the products can be applied to the logistics express and intelligent warehousing industries.

(II) Major business modes

During the reporting period, there were no significant changes in the Company's business mode. The Company has an independent R&D, procurement, production, and sales system, with the main business 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 modes 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 customers, and responded quickly and precisely to their various demands. In addition, the Company arranged experienced marketing teams to participate in multiple 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 wins warehouse logistics 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 professionals 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.

2. Production mode

The Company supports customized products and adopts 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 the plan according to the customer's requirements, 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 key algorithms, mainly based on

the existing software system to revise and change parameters. In terms of hardware, R&D departments such as an E&M System R&D Center and an 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 corresponding hardware and software design will be adjusted according to the test effect of the trial products. 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, infeed conveyors, pivot wheel sorters, module sorters, dynamic scales, 2D Bulk Flow Singulators, and centering conveyors. Among them, the key raw materials such as sorting carriers, infeed conveyors, motorized rollers, cameras, pivot wheel sorters, 2D Bulk Flow Singulators, centering conveyors, and customized parts such as feeding ports are independently developed and designed by the Company.

3). Onsite installation

The Project Manager conducts onsite 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. 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. Onsite 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. Onsite installation is completed by the installation team at the customer's designated site.

3. Procurement mode

The Company's products are customized, and the main procurement mode is “production-based procurement”. The raw materials procured include sorting carriers, infeed conveyors, servo motors, steel platforms, and belt conveyors.

Based on past sales and future orders, the Company determines the scope and price of procurement and signs procurement framework agreements with major suppliers at the beginning of the year. If the raw materials provided by a supplier are used for the first time, the Company will consider the plan as immature, and the Company will require the supplier to produce samples for testing. After the sample test is passed, the raw materials will be tested in small batches to determine whether they are passed. 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, insulated conductor rail systems, and communication components 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 onsite inspections. After the inspection is passed, payment will be made within the agreed time in the contract.

4. R&D mode

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

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

(III) Industry situation

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

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

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

The impact of artificial intelligence, the Internet of Things, and other technologies on intelligent logistics equipment is far-reaching, not only improving the efficiency and quality of logistics, reducing logistics costs and risks, but also providing strong support for the innovative development of the logistics industry. In 2022, six departments including the Ministry of Science and Technology issued the Guiding Opinions on Accelerating Scenario Innovation and Promoting High-quality Economic Development with High-level Application of Artificial

Intelligence, which proposed to deeply explore the application of artificial intelligence technology in key industries such as manufacturing and logistics, and create major intelligent scenes including machine vision industrial inspection, robot sorting, material handling, and intelligent automated warehouse.

In the field of logistics, intelligent logistics equipment is a core component of the modern logistics industry, the foundation for organizing and implementing logistics activities, and an important condition for promoting the rapid development and efficiency upgrading of the modern logistics industry. 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. Specifically, the ratio of total social logistics costs to GDP is an important indicator for measuring a country's logistics efficiency and development stage. Usually, the lower the proportion of total logistics costs in society, the more mature the logistics industry in the country. In 2023, as the logistics operating environment continued to improve and the logistics industry recovered, the unit logistics cost remained stable with a slight decrease, leading to a YoY decrease in the ratio of total social logistics costs to GDP. Specifically, the total cost of social logistics in 2023 was CNY 18.2 trillion, an increase of 2.3% YoY. Throughout the year, the overall logistics operation efficiency at all stages has been significantly improved. The proportion of static stages such as warehousing and storage has steadily decreased. The capital flows and logistics shifted towards dynamic stages, and the flow of the logistics elements became more active.

In the field of manufacturing, China's industry has a huge volume and is at a critical stage of transition to high quality, with increasing resilience in industrial development. In 2023, traditional industries accelerated transformation and upgrading, and emerging industries were fostered at a faster pace. Investment in manufacturing technology renovation increased by 3.8% compared to the previous year, with the proportion of high-tech manufacturing and equipment manufacturing in the added value of industrial enterprises above a certain scale increased to 15.7% and 33.6% separately. As the main direction of building manufacturing power, the degree of development of intelligent manufacturing is directly related to the quality level of China's manufacturing industry. The development of intelligent manufacturing plays an important role in consolidating the foundation of the real economy, building a modern industrial system, and achieving new industrialization. Moreover, intelligent logistics equipment is an important force in helping to build a smart supply chain, which helps to improve the stability and flexibility of the industry supply and manufacturing chain.

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

In the context of intelligence, China's intelligent logistics equipment market continues to maintain healthy and rapid growth. In accordance with the statistics by CIC, the scale of the Chinese intelligent logistics equipment market increased from CNY 31.92 billion in 2018 to CNY 82.99 billion in 2022, with a compound annual growth rate of 27.0%. With the further development of intelligent logistics technologies and the comprehensive promotion of industrial

intelligence, it is expected that the scale of the Chinese intelligent logistics equipment market may increase to CNY 192.02 billion by 2027, with an estimated compound annual growth rate of 18.3% over the next five years.

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

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

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

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

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

Wayzim's main businesses include the R&D, production, and manufacture of intelligent warehousing logistics equipment and key assemblies. As a leading integrated solution provider in the intelligent logistics sorting systems in China, Wayzim is in the first echelon of the solution provider in the Chinese express intelligent logistics equipment market and is one of the largest Chinese integrators of express intelligent logistics equipment.

Wayzim is one of the few companies that have capabilities in the R&D, design, and production of intelligent logistics equipment, systems, and key components. We provide express delivery, e-commerce, airports, and manufacturing companies with intelligent and comprehensive solutions that encompass conveying, sorting, and warehousing. We also offer key components for intelligent manufacturing, such as motorized rollers, industrial barcode/QR code readers, volume measurement devices, 2D/3D visual guided positioning devices, and defect detectors. Our products have been included in the list of the transfer and commercialization of sci-tech achievements released by the Chinese Academy of Sciences (CAS). We have won the CAS Science and Technology Promotion and Development Award, the national "Little Giant" enterprise, and many other awards. We have received support from the CAS Hongguang Program for sci-tech achievements transfer and commercialization, the highest-level program under CAS.

With years of continuous technology innovation and product leadership, the Company has been a leading intelligent logistics warehouse equipment manufacturer and has gained high recognition from the industry and top customers. The Company's business scope has expanded to multiple countries and regions. The Company has established stable partnerships with customers such as ZTO, SF Express, J&T Express, and JD. In the future, the Company will continue to strive to become a world-leading intelligent logistics equipment supplier and an intelligent manufacturer.

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

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

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

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

Domestic substitution of suppliers of intelligent logistics equipment is accelerated: In recent years, the domestic head manufacturers have accelerated the transformation of research results into products that can be oriented to different application scenarios in many fields including express, e-commerce, FMCG, new energy, etc., gradually realizing the substitution of localization of sensors, power systems, core components, and steadily reducing procurement costs and comprehensive delivery costs through the construction of industry chain clusters and production bases. In the future, the comprehensive competitiveness of domestic head suppliers is expected to be further enhanced, and their advantages in terms of solution performance, comprehensive project cost, service capability, and R&D capability will be further highlighted. The process of domestic substitution is expected to accelerate.

(IV) Key technologies and R&D progress

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

There are no significant changes in the Company's key technologies during the reporting period.

Since its establishment, the Company has adhered to the spirit of "technological innovation, craftsmanship, and quality", adhered to the business philosophy of R&D as the key 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 high-speed image processing systems for intelligent logistics, effectively reducing the result output time delay, enhancing the real-time system performance, and greatly reducing the long-distance transmission of raw data and the reliance on network bandwidth. | Independently developed |
| Key equipment technology to support the comprehensive integration of intelligent logistics | The Company has independently developed multiple varieties and models of key equipment for supporting the comprehensive integration of intelligent logistics, including single-layer and multi-layer loop cross belt sorters, linear cross belt sorters, alignment conveyors, pivot wheel sorters, module sorters, stacker cranes, belt conveyors, 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. The high-speed pivot wheel sorting technology, based on Wayzim-developed drive units and embedded control systems, can be used to sort items of all categories and | Independently developed |

| Name of key technology | Features and advancements | Source of technology |
|------------------------|---|----------------------|
| | <p>specifications. This technology also has an advantage in sorting complex items such as soft parcels and woven bags for parcel consolidation. The modular design and assembly are applicable to various sites. The precise control algorithm ensures accurate parcel sorting, and the dynamic speed adjustment function enables energy saving and emission reduction. The maximum sorting efficiency is 10000 pph. Integrating visual image stitching and deep learning algorithms, high-precision contour recognition algorithms, efficient parcel singulation algorithms, parcel de-stacking motion control algorithms, sensor-based gapping compensation algorithms, multi-servo independent motion control technology, high-speed image transmission technology, adaptive energy-saving mode switching technology, and parcel centering technology with multiple transmission modes, high-precision motorized roller motion control technology, and parcel adjustment technology based on visual algorithms, the automated singulation and sequencing system can automatically and intelligently de-stack, singulate, distance, and sequence the mixed and stacked parcels, allowing disorderly parcels to be output in a single queue with specified spacing. The maximum singulation efficiency is 10,000 pph.</p> <p>Integrated with efficient dynamic dual scales, advanced intelligent barcode reading cameras, volume measurement meters, an independently developed efficient dynamic dual-scale weighing and dual sampling algorithm, a high-precision multi-scale dynamic weighing algorithm, and the real-time detection technology of parcel position through real-time triggering and dynamic displacement meter, the high-speed and high-precision Dimensioning, Weighing, and Scanning (DWS) system can capture the weight, barcode, and volume data of the fast-moving parcel.</p> <p>The high-speed cross belt sorter has undergone a high-speed upgrade on the basis of integrating all the key technologies of the cross belt sorter and has created a unique separation and flipping mechanism for the carrier body and travel wheel frame, as well as a special bending mechanical structure. Moreover, it integrates an independently developed contactless permanent magnet linear motor, contactless power supply, energy-saving drive, high-speed motorized</p> | |

| Name of key technology | Features and advancements | Source of technology |
|---|--|-------------------------|
| | <p>roller, high-speed barcode scanning camera, high-speed infeed conveyor, automatic parcel alignment module, and electrically driven tidal sorting discharge point. The sorter can continuously and rapidly sort large numbers of parcels, greatly improving sorting efficiency.</p> <p>The main line of the Narrow Belt/Linear Sorter uses an independently developed efficient barcode reading camera system, contactless permanent magnet linear synchronous motors, and infrared controllers, which effectively saves energy and reduces maintenance costs. Combined with a precise sorting control algorithm, the sorter uses a multi-sensor verification method to discharge parcels of different sizes from the center of the discharge point at different positions. Highly stable chain plate idler structure and independent roller drive control technology provide higher stability and flexibility. For larger parcels, carriers can be combined based on the parcel length. The parcels can be efficiently and accurately sorted by precisely controlling the motion trajectories of the parcels.</p> | |
| High-precision barcode/QR code recognition algorithm technology based on high-resolution images | The barcode/QR code recognition algorithm uses completely and independently developed technology, with built-in unique technologies such as "horizontal and vertical barcode splicing", "super-resolution reconstruction", and "pixel-level lossless rotation", which can achieve high-speed barcode/QR code reading. It also has good adaptability to problems such as barcode fouling, wrinkling deformation, tilting, and blurring, with a recognition accuracy of over 99%. | Independently developed |
| Visual localization and object detection technology based on deep learning | This technology has a built-in text structure detection algorithm based on deep learning, a high-precision text positioning algorithm, a text orientation correction algorithm, and a character recognition algorithm. The technology also supports customized algorithms, such as extraction of three-segment code on the waybill and production date detection on food packages. The recognition accuracy can reach 99%. | Independently developed |
| Image sensing and processing technology for intelligent logistics and intelligent | The image sensing and processing systems include a 2 MP/5 MP/12 MP/20 MP omnidirectional area scan barcode recognition system with a large depth of field, a barcode recognition system based on adaptive focusing high-resolution 8K line scan image sensor, a volume measurement system based on image and diffraction optical system fusion, | Independently developed |

| Name of key technology | Features and advancements | Source of technology |
|---|--|-------------------------|
| manufacturing | <p>a volume measurement system based on laser triangulation, an image recognition system for parcel position detection, a parcel classification recognition system based on AI algorithm, an automated infeed system based on deep learning image processing and robotic arm combination, and a static volume measurement system based on deep learning. Among them, the recognition rate and stability of the barcode recognition system based on adaptive focusing high-resolution 8K line scan 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 35 kHz at a motion speed of ≥ 4.5 m/s. 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%.</p> | |
| 3D volume measurement technology for dynamic and static objects | <p>The technology includes a high-precision object dynamic volume measurement and positioning algorithm technology based on speckle structure encoding and line structured light and an RGBD static volume measurement algorithm based on active binocular vision. The dynamic volume measurement algorithm uses a three-dimensional geometric monocular vision triangulation algorithm with independently developed built-in technologies such as "highly robust dictionary design", "inter-frame encoding matching", "laser line fast tracking and extraction", "iterative filtering fitting", and "multi-angle correction". It can complete the size measurement, volume calculation, and positioning of parcels, and perform integral volume fitting on objects such as irregular parcels, soft parcels, and woven parcels, achieving high-precision real-time measurement and positioning of ± 5mm. The static volume measurement technology incorporates deep learning segmentation and 3D point cloud segmentation algorithms, with built-in "contour smoothing algorithm" and "flying point denoising algorithm", and is able to cope with envelopes and black parcels.</p> | Independently developed |
| Technology for measuring logistics parcels | <p>The curtain system based on a reflective photoelectric sensor 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.</p> | Independently developed |

| Name of key technology | Features and advancements | Source of technology |
|--|---|-------------------------|
| Integrated drive and control technology for servo motors | <p>The integrated drive and control system integrates the traditional control and drive components into one. The drive is controlled by a high-speed DSP & ARM dual-core. The ARM core is responsible for handling the interaction with the upper system, decoding and logic control of command information, processing peripheral signals and other coordination work, and interacting with the DSP core in real-time. The DSP core is responsible for the digital vector control algorithm of the permanent magnet servo motor, the sampling of the high-speed AD, the motor encoder resolution, the PWM output, etc. The driving section uses an isolated drive, and the module uses a high-efficiency integrated IGBT, with low heat generation. The power supply uses a flyback on-board multi-isolation power supply with a wide input voltage range. The overall structure of the system is compact, with strong anti-interference ability. The system uses multiple protections to adapt to complex environments such as high voltage fluctuations and lightning strikes.</p> <p>The motorized roller integration and control technology integrates the motor and speed reducer into the roller, ensuring a compact and integrated structure, making the roller easy to install. The motorized roller is controlled by a servo frequency converter and features a fast start/stop speed, a heavy load capacity, and a high overload capacity.</p> | Independently developed |
| Wireless power supply technology | <p>The contactless power supply system uses a contactless magnetic field coupling power supply, which is an ideal power supply method for the automated sorting system. To break the foreign technical monopoly and solve the problems of insufficient reliability, limited installation space, and inconvenient capacity expansion, a segmented and distributed excitation structure, a resonant synchronous rectification technology, a multi-machine parallel numeral control technology, high and low rail excitations, and low ampere-turn density U-shaped collectors are used to ensure efficient transmission. By real-time monitoring of operating parameters, power supply problems can be predicted in advance to ensure reliable system operation. The automated sorting system using a contactless power supply has advantages such as safety, high speed, maintenance-free, silent operation, and long service life.</p> | Independently developed |

| Name of key technology | Features and advancements | Source of technology |
|--|--|-------------------------|
| Electrical control system technology based on a modular and 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 uses a PLC + embedded system + industrial PC architecture to provide efficient safety protection, command execution control and communication protocol conversion, operation decision-making, and system monitoring. The control subsystems are interconnected by using Ethernet, CAN, RS-485 cable, leaky-wave cable, 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 barcode reader, and whether there is an increase in mechanical resistance and other abnormal information. With this technology, it is possible to understand the fault situation of each sorter, and promptly arrange technical personnel to repair and resolve faults just before the equipment malfunctions, to avoid equipment damage and serious faults. | Independently developed |
| Integrated warehousing and distribution technology | <p>The integrated warehousing and distribution technology is mainly reflected in the development and design of WCS, WMS, and MES.</p> <p>WCS 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 status calculation and sorting task decision-making. It monitors the operation status of various systems in real-time and visually displays various faults or potential faults of components or subsystems.</p> <p>WMS is used to provide functions such as order management, outbound/inbound management, inventory management, storage space optimization, and robot path optimization, and uses a B/S architecture. It can improve</p> | Independently developed |

| Name of key technology | Features and advancements | Source of technology |
|--|--|-------------------------|
| | <p>inventory turnover rate, outbound/inbound efficiency, and system accuracy, ultimately achieving flexible and efficient warehouse management.</p> <p>MES 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 the visualization of the collected information to facilitate timely handling of errors on site. By comparing historical data, it achieves dynamic analysis and early warning alerts on information such as total sorting volume, sorting rate, recognition rate, abnormal conditions, and item video tracking.</p> <p>The four-way shuttle technology integrates an independently developed advanced intelligent traffic dynamic management and control system and a built-in warehouse map to provide functions such as automatic information recording and feedback, autonomous route optimization and update, and real-time feedback on warehouse and equipment status. The leading ultra-thin shuttle body design enables a higher density storage. Based on an independently developed embedded control system and a visual system, combined with RFID, servo motors, and high-precision sensors, the shuttle can be positioned precisely and controlled stably, greatly improving the accuracy and efficiency of goods transportation in intelligent warehousing. The multi-layer human-machine interaction interface design increases the flexibility of control and scheduling.</p> | |
| Design methodology and application technology for integrated | 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 | Independently developed |

| Name of key technology | Features and advancements | Source of technology |
|---|--|-------------------------|
| solution planning of intelligent logistics | <p>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, the technology can realize transparent management of the engineering refinement design, equipment R&D, supply chain management, on-site construction management, project acceptance & rectification, equipment use, and training processes of logistics integrated projects.</p> | |
| Intelligent ICS sorting technology for airports | <p>The ICS system is an airport intelligent baggage handling system, which mainly includes SMCS, SCADA, MIS, CCTV, MES, EBS, TMS, MMIS, etc. SMCS is responsible for determining parcel destinations and movement paths based on parcel flight information, sorting plans, parcel and pallet binding relationships, and equipment status, notifying the underlying equipment to perform sorting actions and forwarding parcels and equipment status to the database and other systems. SCADA obtains parcel and equipment status from the sorting system and displays statuses, alarm messages, and monitoring videos. Common parameters can also be set on the SCADA. MIS displays real-time information such as flight, KPI, and system occupancy. It is used to manage sorting plans, generate query and statistical reports for parcels and equipment, and manage equipment and pallets. CCTV is responsible for video monitoring of all equipment on site. MES is responsible for operations such as barcode complement, discharge point complement, and removal of non-conforming parcels. The Early Arrival Baggage Storage (EBS) system, responsible for the management and storage of early arrival baggage, providing an interface for parcel access and a link to the management pages. TMS is responsible for displaying information about the pallets that need to be maintained and recording the results. MMSI is responsible for integrating into MIS for managing the equipment (and pallets).</p> <p>High-speed conveyor belt technology allows luggage to run quickly within the system, improving sorting speed and efficiency, with a maximum speed of 10 m/s, suitable for long-distance inter-corridor parcel transfer.</p> <p>Automation technology integrates RIFD and vision systems</p> | Independently developed |

| Name of key technology | Features and advancements | Source of technology |
|--|--|-------------------------|
| | <p>for automated baggage identification, sorting, loading, and full process tracking.</p> <p>Through a redundant backup system, the ICS system provides redundancy for software servers, power supplies, controllers, and communication, combined with path planning functions, effectively improving the accuracy of sorting.</p> | |
| Intelligent cloud monitoring technology | <p>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 enables 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.</p> | Independently developed |
| Visual-disordered picking technology for robotic arms | <p>The visual-disordered picking technology for robotic arms is a technology based on 3D vision to guide robots to pick objects without a fixed picking order. It can recognize and grab static stacked items and can grab the dynamic items moving on the conveyor belt. At present, this technology can be applied to the sorting line infeed to enable the automatic infeed of the cross belt sorter.</p> | Independently developed |
| Key technologies for key equipment of the high-efficiency and high-density automated warehouse | <p>The high-speed Stacker Cranes, tote shuttles, pallet shuttles, AGVs, and dense warehouse shelves enable more efficient material inbound, storage, and outbound operations within a limited warehouse space, greatly improving warehouse space utilization. Based on the double closed-loop control, high-speed Stacker Cranes use double-motor/three-motor synchronous drive mode, enabling precise positioning during the operation of ultra-high stacker cranes and high-acceleration Stacker Cranes. Combined with multiple layers of safety protection devices, Stacker Cranes can operate safely.</p> <p>The tote shuttle uses full servo drives, encoders, and laser photoelectric sensors for rapid and accurate position. The shuttle is powered by a fast-charging supercapacitor and a backup lithium battery, allowing seamless power switching for quick charging and discharging to ensure continuous operation for 24 hours. The tray shuttle uses full servo drives, encoders, and laser photoelectric sensors for position, with an</p> | Independently developed |

| Name of key technology | Features and advancements | Source of technology |
|---|---|-------------------------|
| | accuracy of within ± 2 mm. The tray shuttle uses a high-speed industrial camera or RFID to rapidly and stably recognize storage location information. It is equipped with multi-directional laser obstacle avoidance radars to ensure shuttle safety operation. The thinnest thickness of the shuttle is 125 mm, meeting the requirements for warehouse storage location with an extremely low layer height. The key technologies of the warehouse robot include a motion control algorithm, a laser navigation/SLAM algorithm, and a cluster scheduling algorithm. Based on the fusion of lidar and other sensors, the robot supports autonomous navigation in the warehouse, with a navigation accuracy of ± 1 cm. Various anti-collision devices such as an obstacle avoidance radar, a camera, and an anti-collision strip are equipped to ensure safe operation. The robot has an autonomous charging capacity and can automatically return to the charging pile for recharging when the battery level is low. | |
| Fork application technology for multiple occasions and models | In an automated warehouse, the fork is used in the final stage of picking and placing goods. Its stability, precision, and safety are crucial to the success of picking or placing goods. The lightweight and modular design of the fork can ensure design stability. The fork motion control technology uses two encoders to provide real-time interpolation, positioning, and motion control of the fork, ensuring safe and smooth fork operation. The double-station fork synchronization technology can pick and place short and long goods. The variable-pitch multi-depth fork can pick and place goods of various lengths and depths. The multi-deep hooking and pulling fork facilitates quick response for handling various sizes of totes. | Independently developed |

2). Intellectual property protection of key technologies

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

| Key Technology | Patent involved | Current stage |
|---|--|------------------------|
| High-performance general edge computing | A barcode complement method, a barcode complement device, and a sorting system (invention patent). A QR code recognition method based on image processing (invention patent). | Industrial application |

| Key Technology | Patent involved | Current stage |
|--|---|------------------------|
| technology for industrial IoT | <p>An adaptive task scheduling method based on multi-core DSP (invention patent).</p> <p>A one-dimensional barcode recognition method based on DaVinci technology (invention patent).</p> <p>A barcode recognition method based on multi-core DSP (invention patent).</p> <p>A method and a device for image data acquisition (invention patent).</p> <p>A parcel transportation control method and system (patent for invention).</p> | |
| Key equipment technology to support the comprehensive integration of intelligent logistics | <p>A method, a device, and a system for sorting large parcels (invention patent).</p> <p>A modular pivot wheel sorter (utility model).</p> <p>An automated infeed conveyor for cross belt sorter (utility model).</p> <p>An express pallet sorting device (utility model).</p> <p>A rotary linkage double-layer cross belt sorter system (utility model).</p> <p>A double-layer vertical circulation-type cross belt sorter system (utility model).</p> <p>A mechanical structure for the buffer chute of a single-track double-layer logistics sorter (utility model).</p> <p>A 2D Bulk Flow Singulator system based on visual recognition (utility model).</p> <p>A Pivot Wheel Sorter (utility model).</p> <p>A curved track for a high-speed cross belt sorter (utility model).</p> <p>A roller type grounding device for the wireless power supply for a cross belt sorter (utility model).</p> <p>An efficient loop cross belt sorter (utility model).</p> <p>PSS 2D Bulk Flow Singulator system (software copyright).</p> <p>Dynamic Dimensioning, Weighing, and Scanning (DWS) system V1.0 (software copyright).</p> <p>A flipping device for 180-degree vertical flipping (utility model).</p> <p>A V-ribbed belt modular pivot wheel sorter (utility model).</p> <p>A multi-angle V-ribbed belt modular pivot wheel device and sorter (utility model).</p> <p>A connecting mechanism for upper and lower layer carriers (utility model).</p> <p>A modular parcel divergence and singulation device (utility</p> | Industrial application |

| Key Technology | Patent involved | Current stage |
|----------------|--|---------------|
| | <p>model).</p> <p>A fruit conveying, sucking, and packing device (utility model).</p> <p>A motor winding dipping paint fixture (utility model).</p> <p>A fruit suction device and its installation structure (utility model).</p> <p>A belt conveyor for automated infeed area of the cross belt sorter (utility model).</p> <p>A resettable anti-collision device for the permanent magnet linear synchronous motor (utility model).</p> <p>A C-shaped sheet metal part for enhancing structural stability (utility model).</p> <p>A test fixture for the back electromotive force of a permanent magnet linear motor (utility model).</p> <p>A mechanism for preventing belt deviation (utility model).</p> <p>A sorting wiring structure and narrow belt sorting system (utility model).</p> <p>A drive control system for a 2D Bulk Flow Singulator (utility model).</p> <p>A parcel divergence device for 2D bulk flow singulation (utility model).</p> <p>A module for conveyor belts (utility model).</p> <p>A self-unlocking reset device for flipping carriers (utility model).</p> <p>An easy-to-maintain linear and cross belt sorter carrier (utility model).</p> <p>A linear sorter carrier for reducing parcel loss and blockage (utility model).</p> <p>A tidal discharge point device for high-speed parcel logistics distribution (utility model).</p> <p>A universal joint with a liner (utility model).</p> <p>A coated unit cover plate for the large parcel sorter (industrial design patent).</p> <p>A friction unit cover plate for the large parcel sorter (industrial design patent).</p> <p>A coated unit cover plate for the small parcel sorter (industrial design patent).</p> <p>An integrally formed module (industrial design patent).</p> <p>A maintenance and switching device for the put wall carrier (invention patent).</p> <p>A multi-channel alignment conveyor for 2D bulk flow singulation (invention patent).</p> | |

| Key Technology | Patent involved | Current stage |
|---|---|------------------------|
| | <p>A reducer for the motorized roller timing belt (invention patent).</p> <p>A dock lift for the roll container (utility model).</p> <p>A travel and guide wheel structure for linear sorter carrier (utility model).</p> <p>A positioning bracket (utility model).</p> <p>A lifting device (utility model).</p> | |
| High-precision barcode/QR code recognition algorithm technology based on high-resolution images | <p>A QR code recognition method based on image processing (invention patent).</p> <p>A one-dimensional barcode recognition method for real-time embedded systems (invention patent).</p> <p>A visible-infrared dual-pass camera (invention patent).</p> <p>A method for manufacturing focal plane arrays for light-modulated thermal imaging (invention patent).</p> <p>A method and a device for image data acquisition (invention patent).</p> <p>A barcode tilt correction method based on multi-task object detection (invention patent).</p> <p>A fast barcode detection method for express parcels (invention patent).</p> <p>A method and a device for barcode area positioning (invention patent).</p> <p>A barcode positioning and detection method based on deep learning (invention patent).</p> <p>A barcode recognition method (invention patent).</p> | Industrial application |
| Visual localization and object detection technology based on deep learning | <p>A method and a device for image data acquisition (invention patent).</p> <p>A method, a device, equipment, and storage medium for detecting object surface defects (invention patent).</p> <p>A method and a system for real-time detection of parcel position based on image processing (invention patent).</p> <p>A method and device for parcel stacking detection based on a neural network (invention patent).</p> <p>A visual method for parcel stacking detection of the 3D Bulk Flow Singulator (invention patent).</p> <p>A method and an electronic device based on RGBD for parcel category detection (invention patent).</p> <p>A method for real-time parcel position detection of 2D Bulk Flow Singulator based on the RGBD camera (invention patent).</p> <p>A method for rapid parcel positioning of 2D Bulk Flow</p> | Industrial application |

| Key Technology | Patent involved | Current stage |
|---|--|------------------------|
| | <p>Singulator based on object detection (invention patent).</p> <p>A method for the position detection of a parcel on a carrier based on deep learning (invention patent).</p> <p>A method for belt edge detection based on DeepLabv3+ (invention patent).</p> | |
| Image sensing and processing technology for intelligent logistics and intelligent manufacturing | <p>A logistics parcel scanning system based on an image barcode reader (utility model).</p> <p>A one-dimensional barcode recognition method for real-time embedded systems (invention patent).</p> <p>A method for manufacturing focal plane arrays for light-modulated thermal imaging (invention patent).</p> <p>A method for improving the flatness of the reflector in a micro-mechanical uncooled infrared imaging chip (invention patent).</p> <p>A method and a device for image data acquisition (invention patent).</p> <p>A method, a device, equipment, and storage medium for detecting object surface defects (invention patent).</p> <p>An FPGA-based RS-485 interface signal glitches eliminating method, receiving method, and FPGA (invention patent).</p> <p>A self-learning industrial camera auto-focus method, device, and system (invention patent).</p> <p>A method and system for real-time detection of parcel position based on image processing (invention patent).</p> | Industrial application |
| 3D volume measurement technology for dynamic and static objects | <p>A method and device for image data acquisition (invention patent).</p> <p>A method, device, and system for measuring parcel volume based on speckle coded structured light (invention patent).</p> <p>A laser contour line extraction method based on directional region growth (invention patent).</p> | Industrial application |
| Deep learning-based OCR technology | A method and a system for obtaining parcel surface information based on OCR (invention patent). | Industrial application |
| Technology for measuring logistics parcels | <p>An express parcel sorting information recognition system (utility model).</p> <p>A method and a device for image data acquisition (invention patent).</p> | Industrial application |
| Integrated drive and control technology for servo motors | <p>An external rotor servo motorized roller (utility model).</p> <p>A control method for the parcel infeed station (invention patent).</p> <p>An internal rotor servo motorized roller (utility model).</p> <p>A motor laminating fixture (utility model).</p> | Industrial application |

| Key Technology | Patent involved | Current stage |
|--|--|--|
| | <p>A servo drive control system and control method for a pivot wheel sorting module (invention patent)</p> <p>A detachable encoder servo motorized roller (utility model).</p> <p>A fatigue testing device for a motorized roller motor (utility model).</p> | |
| Wireless power supply technology | <p>A wireless power supply circuit, power supply, and logistics sorting system (invention patent).</p> <p>A logistics sorting system and its controlling method (invention patent).</p> <p>A load drive system for logistics (invention patent).</p> <p>A load drive device and sorting system for logistics (invention patent).</p> <p>Wireless power supply parcel sorting system and its control method (invention patent).</p> <p>An IPT energy coupling mechanism and energy transmission system (utility model).</p> <p>A cable installation device and load drive system for logistics (utility model).</p> | Industrial application |
| Electrical control system technology based on a modular and distributed architecture | <p>An external rotor servo motorized roller (utility model).</p> <p>A control method for the parcel infeed station (invention patent).</p> <p>An internal rotor servo motorized roller (utility model).</p> <p>A primary-secondary dual-module permanent magnet synchronous linear motor (utility model).</p> <p>A permanent magnet sectioned synchronous linear motor based on a switch Hall sensor (utility model).</p> | Industrial application |
| Remote fault diagnosis technology | <p>Wayzim automated cross belt sorter system barcode complement software (software copyright).</p> <p>An automated logistics sorting remote diagnosis system and its method (invention patent).</p> | Industrial application |
| Integrated warehousing and distribution technology | <p>Self-balancing lifting device (utility model).</p> <p>Wayzim cross belt sorting system control platform software for express parcels (software copyright).</p> <p>Wayzim automated cross belt sorting system barcode complement software (software copyright).</p> <p>Wayzim intelligent warehouse control system software (software copyright).</p> <p>Wayzim intelligent warehouse management system software (software copyright).</p> <p>Warehouse Management System (WMS) Cloud (software copyright).</p> | Industrial application and testing stage |

| Key Technology | Patent involved | Current stage |
|---|---|--|
| | <p>MCS barcode complement system (software copyright).</p> <p>Transportation Management System (TMS) (software copyright).</p> <p>Order Collaboration Platform (OCR) (software copyright).</p> <p>Order Management System (OMS) (software copyright).</p> <p>WMS RFID system (software copyright).</p> <p>WMS Data Exchange Center (DEC) platform (software copyright).</p> <p>WCS (software copyright).</p> <p>Wayzim electrical control system for intelligent warehouse twin-mast stacker cranes (software copyright).</p> <p>Wayzim intelligent warehouse 3D real-time monitoring system software (software copyright).</p> | |
| Design methodology and application technology for integrated solution planning of intelligent logistics | <p>Omnidirectional mobile platform (utility model).</p> <p>Pallet lifting device (utility model).</p> <p>Chain-driven narrow belt sorter (utility model).</p> <p>A carrier for narrow belt sorters (utility model).</p> | Industrial application and testing stage |
| Visual-disordered picking technology for robotic arms | <p>A suction cup structure for enhancing suction (utility model).</p> <p>An efficient express parcel sorting method based on robotic arms (invention patent).</p> <p>An automated parcel sorting method based on deep learning (invention patent).</p> | Industrial application and testing stage |
| Key technologies for key equipment of the high-efficiency and high-density automated warehouse | <p>A horizontal guide wheel correction device (utility model).</p> <p>A fixed aisle stacker crane for ultra-long and ultra-heavy material warehouse (utility model).</p> <p>An easily adjustable guide wheel device for the platform of a stacker crane (utility model).</p> <p>A balanced heavy-duty stacking robot (WZ-FC1530) (industrial design).</p> <p>A latent lifting robot (WZ-WL600) (industrial design).</p> <p>A pallet stacking robot (WZ-FS1430) (industrial design).</p> | Industrial application |
| Fork application technology for multiple | <p>A single-fork double-station structure for stacker cranes (utility model).</p> <p>A vertical-pressing and horizontally retractable self-reset switch trigger device (utility model).</p> | Industrial application |

| Key Technology | Patent involved | Current stage |
|----------------------|-----------------|---------------|
| occasions and models | | |

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, 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, enabling 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 a WCS, a WMS, and an MES. The above logistics systems cover the entire process, including information collection, computing decision, status monitoring, order management, inbound and outbound management, and inventory management.

③ Hardware design

The Company has the key equipment technology to support the comprehensive integration of intelligent logistics and has independently developed many varieties and models of key 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 logistics parcel measurement technology is a system that integrates 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 motor drive and control integration technology integrates and optimizes the traditional control and drive, enhancing the efficiency of the entire intelligent logistics system and strengthening the equipment's anti-interference capability.

National science and technology awards

☐ Applicable ☒ Not applicable

Recognition of national “Little Giant” enterprise and “individual champions” in the manufacturing industry

☒ Applicable ☐ Not applicable

| Recognized title | Year | Product name |
|------------------------------------|------|-------------------------------|
| National “Little Giant” Enterprise | 2022 | Intelligent cross belt sorter |

2. R&D achievements during the reporting period

During the reporting period, the Company added 35 patents, including 14 invention patents, 17 utility model patents, and 4 industrial design patents.

List of intellectual properties acquired during the reporting period

| | New additions this year | | Accumulated quantity | |
|--------------------------|-------------------------|------------------------|------------------------|------------------------|
| | Number of applications | Number of acquisitions | Number of applications | Number of acquisitions |
| Invention Patent | 25 | 14 | 129 | 36 |
| Utility Model Patent | 41 | 17 | 125 | 99 |
| Appearance Design Patent | 7 | 4 | 15 | 9 |
| Software copyright | 0 | 0 | 29 | 29 |
| Others | 0 | 0 | 0 | 0 |
| Total | 73 | 35 | 298 | 173 |

3. Details of R&D investment

Unit: CNY

| | Current year | Previous year | Rate of change |
|--|--------------|---------------|----------------|
|--|--------------|---------------|----------------|

| | | | (%) |
|--|----------------|----------------|---------------------|
| Expensed R&D investment | 167,836,859.93 | 206,675,881.05 | -18.79 |
| Capitalization R&D investment | - | - | - |
| Total R&D investment | 167,836,859.93 | 206,675,881.05 | -18.79 |
| Ratio of total R&D investment to operating revenue (%) | 8.57 | 8.93 | A decrease of 0.36% |
| Ratio of R&D investment capitalization (%) | - | - | |

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. | 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 technical R&D of a logistics intelligent sorting system based on machine vision | 75,528,704.81 | 17,782,558.28 | 61,450,195.83 | 1. The M-type Large Parcel 6-Sided Barcode Scanning Tunnel passed the customer acceptance in October 2022, and was included in the customer's supplier list. The system was tested in conjunction with the M-type dynamic DWS at a site in September 2023 and included in the supplier list. 2. The 5-Sided Barcode Scanning Tunnel for high-speed (3.5 m/s) Cross Belt Sorter has been successfully | 1. The M-type Large Parcel 6-Sided Barcode Scanning Tunnel completes the site acceptance, enters the customer's supplier list, and achieves batch sales. 2. The high-speed (3.5 m/s) Cross Belt Sorter 5-Sided Barcode Scanning Tunnel completes the site trial acceptance and achieves mass sales. 3. The H-type Large Parcel 6-Sided Barcode Scanning Tunnel completes the site acceptance, enters | Barcode scanning products are tracked through data used by customers on-site. Compared to the on-site use of similar application-type products from competitors (imported brands), these products are already at the international advanced level. | The products can be widely used in the logistics sorting lines from domestic and foreign express delivery companies. |

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| | | | | | <p>applied to the ZTO Express project.</p> <p>3. The H-type Large Parcel 6-Sided Barcode Scanning Tunnel passed the trial acceptance at a customer's site in November 2023 and was included in the supplier list.</p> <p>4. The AI Parcel Classification Vision System passed the trial acceptance at a site in September 2023 and was included in the customer's supplier list.</p> | <p>the customer's supplier list, and achieves batch sales.</p> <p>4. The AI Parcel Classification Vision System completes the site acceptance, enters the customer's supplier list, and achieves batch sales.</p> | | |
| 2 | R&D and industrialization of high-end intelligent sorting systems for the logistics and express industry | 803,153,832.05 | 12,023,611.56 | 347,830,879.17 | <p>Progress: R&D completed, and the first-generation equipment has been finalized, pending mass production in Yubei, Chongqing. R&D and design of the high-speed cross belt sorting system with a linear speed of 3.5</p> | <p>1. The 600 mm-pitch Cross Belt Sorter can reliably pass the bend and not dump parcels under the operating condition of a main line speed of 3.5 m/s.</p> <p>2. In conjunction with the newly developed high-</p> | <p>The main line operating speed and sorting efficiency of the high-speed cross belt sorting system with a linear speed of 3.5 m/s and a pitch of 600 mm are significantly ahead of that of the current conventional 2.5 m/s Cross Belt Sorter in</p> | <p>As an upgraded product of the current 2.5 m/s Cross Belt Sorter, the high-speed cross belt sorting system with a linear speed of 3.5 m/s and a pitch of 600 mm can provide a solution for further speed and efficiency</p> |

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| | | | | | <p>m/s and a pitch of 600 mm</p> <p>1. The R&D design, sample line testing, and finalization of the first generation high-speed cross belt sorting system with a linear speed of 3.5 m/s and a pitch of 600 mm have been completed. Mass production is under preparation.</p> <p>2. The R&D sample line has been running for over 4,800 hours with a mileage of 61,000 km for reliability testing, verifying the strength and reliability of each part.</p> <p>3. Two national invention patents and four utility model patents have been applied for. Also one patent for invention and one</p> | <p>speed infeed conveyor, high-speed five-sided scan camera system, permanent magnet linear motor, wireless power supply, and all-electric drive swing discharge points, a new cross belt sorting system is formed. It has improved the theoretical sorting efficiency from 12,000 pcs/h (with a linear speed of 2 m/s, in a single-layer loop, and in a single parcel infeed area) to 21,000 parcels/h (with a linear speed of 3.5 m/s, in a single-layer loop, and in a single parcel infeed area).</p> <p>3. Two national invention patents and four utility model patents have</p> | <p>the industry. The mainline and tidal discharge point design and the sorting logic design are both industry firsts and have been applied for patents. The overall technology has reached an international leading level.</p> | <p>improvement of the sorting line in the future. In terms of intensive use of the site, reduction of labor costs, and improvement of sorting efficiency, it has obvious advantages and is predicted to have high competitiveness in the overall integration project.</p> |
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| | | | | | patent for utility model are in the process of filing. | been applied for key technologies. | | |
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| 3 | Intelligent warehousing R&D project | 106,304,558.45 | 39,164,717.63 | 106,304,558.45 | 1. Intelligent warehousing R&D project—R&D for iterative upgrading of stacker cranes for multiple scenarios: The standard model stacker crane has been optimized in design. The equipment has a weight reduction of 10% compared with the original model. The equipment is currently in the installation and commissioning phase. The double-station stacker crane has been accepted and delivered to the customer for proper use. The traveling dual-drive ultra-high-speed Tote Stacker | 1. Intelligent warehousing R&D project—R&D for iterative upgrading of stacker cranes for multi-scenario applications: Key parameters for electrical control of stacker cranes 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 crane at low and high temperatures. Realize the technological autonomy of multi-temperature | 1. Intelligent warehousing R&D project—R&D for iterative upgrading of stacker cranes for multi-scenario applications: The R&D technology has reached the middle and upper level in China and the updated stacker cranes have been applied to multiple projects, currently operating well. 2. Intelligent warehousing R&D project—R&D of a tote four-way shuttle system for a multi-shuttle automated warehouse: The equipment replaces the market demands for the existing model in the market. The highest technical level in the industry has been reached or exceeded. | 1. Intelligent warehousing R&D project—R&D for iterative upgrading of stacker cranes for multi-scenario applications: The equipment can be applied to multi-scenario projects such as cold warehouses and high-temperature warehouses. 2. Intelligent warehousing R&D project—R&D of a tote four-way shuttle system for a multi-shuttle automated warehouse: to meet various application requirements of domestic and foreign Pallet Four-Way Shuttle automated warehouse systems and multi-shuttle |

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| | | | | | <p>Crane has been applied to practical projects and is currently in the manufacturing process. The stacker crane has been involved in the new energy industry in raw materials, electrodes, formation, and capacity grading processes, all of which have been applied to actual projects and are currently in the trial run stage. The single-post Pallet Stacker Crane has been developed and applied to multiple practical projects. The synchronous motor drive solution for the upper and lower guide rails of the Pallet Stacker Crane has been successfully applied to practical</p> | <p>zones for the stacker cranes, reduce costs, and improve efficiency.</p> <p>2. Intelligent warehousing R&D project—R&D of a tote four-way shuttle system for 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 the pallet shuttle automated warehouse and multi-shuttle warehouse systems.</p> <p>3. Intelligent warehousing R&D project—technical R&D of the</p> | <p>3. Intelligent warehousing R&D project—technical R&D for the narrow aisle single steering wheel stacking robot WZ-FS1400: Compared with the conventional forklift structure, the stacking AGV developed for narrow aisle environments is more compact and requires smaller motion space.</p> <p>4. Intelligent warehousing R&D project—technical R&D of the FC1530 counterbalanced forklift AGV: A three-wheel rear-driven chassis, two-stage lifting gantry, adjustable forging forklift structure, and an integrated electrical control drive system are designed to improve the adaptability of AGVs to pallets.</p> | <p>warehouse systems.</p> <p>3. Intelligent warehousing R&D project—R&D of the narrow aisle single steering wheel stacking robot WZFS1400: First, with warehousing as the starting point, it is combined with other warehouse equipment of the Company to implement the AGV applications in intelligent warehousing environments, and then expanded to applications in industries such as logistics, manufacturing, electronics, and automobiles.</p> <p>4. Intelligent warehousing R&D project—technical R&D of the FC1530 counterbalanced</p> |
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| | | | | | <p>projects and runs well. The CE type Pallet Stacker Crane has been developed and tested by certification authorities, certified with the CE certificate, and has been delivered to the project sites in Europe.</p> <p>2. Intelligent warehousing R&D project—R&D of a Tote Four-way Shuttle system for a multi-shuttle automated warehouse: A prototype has been developed and the equipment in small quantities has been produced in trial. The equipment has passed the prototype test and fatigue test, is currently in mass production and is applied to actual projects.</p> | <p>narrow aisle single-steering wheel stacking robot WZFS1400: Develop a stacking forklift AGV specifically designed for narrow aisle warehousing environments, which can achieve automatic handling and stacking in narrow aisle environments.</p> <p>4. Intelligent warehousing R&D project—technical R&D of the FC1530 counterbalanced forklift AGV: Develop a counterbalanced forklift AGV with a lift of 3 m and a load of 1.5 t and achieve the goals of labor reduction, improved stability and trafficability, comprehensive safety protection,</p> | <p>5. Intelligent warehousing R&D project—technical R&D of the FDT2016 dual lift pallet handling AGV: According to the requirements of a non-standard carrier model with a lift of 1.6 m, a load of 2 t, and the ability to handle two pallets at once, a dual lift pallet handling AGV is designed in a shock absorbing steering wheel, three-stage lifting gantry, and independent hydraulic-control double-forklift structure, with the handling efficiency leading in China.</p> <p>6. Intelligent warehousing R&D project—R&D of general navigation controllers for Forklift AGVs: the controllers integrate motion control,</p> | <p>forklift AGV: It is widely applied to handle and stack pallets in various specifications in fields such as warehousing, logistics, and manufacturing.</p> <p>5. Intelligent warehousing R&D project—technical R&D of the FDT2016 dual lift pallet handling AGV: It can handle two pallets at once, which significantly improves efficiency compared to conventional forklifts, and meets the application scenarios where customers have high requirements for handling efficiency.</p> <p>6. Intelligent warehousing R&D project—R&D of</p> |
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| | | | | | <p>3. Intelligent warehousing R&D project—technical R&D for the narrow aisle single steering wheel stacking robot WZ-FS1400: FS1400 and FT2000 robots have been developed, produced in small quantities, and tested for long-term stability.</p> <p>4. Intelligent warehousing R&D project—technical R&D of FC1530 counterbalanced Forklift AGVs: A prototype has been developed, and the equipment is currently in the stability test and fatigue test.</p> <p>5. Intelligent warehousing R&D project—technical R&D of FDT2016 double lifting pallet handling</p> | <p>and visual management.</p> <p>5. Intelligent warehousing R&D project—technical R&D of the FDT2016 dual lift pallet handling AGV: Develop a dual lift pallet handling AGV with a lift of 1.6 m, a load of 2 t, and the ability to transport 2 pallets at once and achieve the goals of high handling efficiency and long range according to issues such as low handling efficiency and short range of conventional AGVs.</p> <p>6. Intelligent warehousing R&D project—general navigation controllers for Forklift AGVs: The key technology of Forklift AGVs and</p> | <p>SLAM navigation, and multi-robot scheduling and have been applied to a small number of projects.</p> <p>7. Intelligent warehousing R&D project—R&D for iterative upgrading of conveying equipment for multi-scenario and multi-model applications: The middle and upper level in China has been reached in terms of the conveyor line and the equipment is universal and suitable for most customer sites, very helpful for our later project design.</p> <p>8. Intelligent warehousing R&D project—R&D of a Pallet Four-Way Shuttle: The level has been the middle and upper level in the shuttle market, the equipment meets</p> | <p>general navigation controllers for Forklift AGVs: Integrating navigation, motion control, and function safety, the controllers can provide basic functions such as map building, positioning, and navigation for AGVs, and advanced functions such as automatic charging, multi-level obstacle avoidance, and multi-robot scheduling. As the brain of mobile robots, the controllers can be applied to various types of Forklift AGVs.</p> <p>7. Intelligent warehousing R&D project—R&D for iterative upgrading of conveying equipment for multi-scenario and</p> |
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| | | | | | <p>AGVs: A prototype has been developed, and the equipment is currently in the stability test and fatigue test.</p> <p>6. Intelligent warehousing R&D project—R&D of general navigation controllers for Forklift AGVs: The first generation of products with complete functions have been developed and can be used for common Forklift AGVs. The controller features complete hardware drive, motion control, positioning perception, and multi-robot scheduling functions, and can quickly adapt to different sensors, drives, and radars.</p> | <p>the common technology of mobile robots are used and a navigation controller suitable for different types of Forklift AGVs is developed.</p> <p>7. Intelligent warehousing R&D project—R&D for iterative upgrading of conveying equipment for multi-scenario and multi-model applications: Various types of conveying equipment are developed according to tote and pallet carrying models, such as Linear Conveyors, curve conveyors, pop-up transfer sorters, merging conveyors, vertical conveyors, Unstacker/Stackers, turn tables, pop-up tables, vertical</p> | <p>the market demands, and it has been applied to many projects.</p> <p>9. Intelligent warehousing R&D project—R&D of an ultra-thin Pallet Four-Way Shuttle: The equipment replaces the market demands for the existing model in the market. The highest technical level in the industry has been reached or exceeded.</p> <p>10. Intelligent warehousing R&D project—R&D of a mechanical Pallet Four-Way Shuttle: The equipment meets the requirements for zero oil, low-temperature resistance, and cleanliness in unique market scenarios and reaches the leading level in the industry with the smallest height of</p> | <p>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, and chip industries.</p> <p>8. Intelligent warehousing R&D project—R&D of a Pallet Four-Way Shuttle: It meets the application needs of domestic and foreign pallet four-way shuttle automated warehouse systems.</p> <p>9. Intelligent warehousing R&D project—R&D of an ultra-thin Pallet Four-Way Shuttle: It meets the various application needs of domestic</p> |
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| | | | | | <p>It can also adapt to different service scenarios quickly, and is already being used in practical projects.</p> <p>7. Intelligent warehousing R&D project—R&D for iterative upgrading of conveying equipment for multi-scenario and multi-model applications: Tote conveyor: The conveyor line, pop-up transfer sorter, and high-speed vertical conveyor have been developed maturely, and have been applied to multiple practical projects. The CE-type tote shuttle vertical conveyor, CE type tote high-speed vertical conveyor, and CE type inter-level conveyor have been developed,</p> | <p>reciprocating conveyor, three-pronged roller vertical conveyors, AGV connection stations, and RGVs for multi-scenario applications.</p> <p>8. Intelligent warehousing R&D project—R&D of a Pallet Four-Way Shuttle: The Company's first pallet four-way shuttle is developed to fill in this blank.</p> <p>9. Intelligent warehousing R&D project—R&D of an ultra-thin Pallet Four-Way Shuttle: Achieve the same level of technology in the industry and meet the requirements of mass production and realize independent integration, R&D, production, and</p> | <p>pure mechanical carriers.</p> <p>11. Intelligent warehousing R&D project—R&D for iterative upgrading of forklifts for multi-scenario and multi-model applications: The forklift structure and control have reached the top level in the industry.</p> <p>12. Intelligent warehousing R&D project—R&D of automated warehouse equipment for the fruit and vegetable industry: The equipment has achieved modularization, standardization, and mass production.</p> <p>13. Intelligent warehousing R&D project—R&D of a cold chain pallet shuttle: Suitable for the cold chain warehousing</p> | <p>and foreign Pallet Four-Way Shuttle automated warehouse systems and multi-shuttle warehouse systems.</p> <p>10. Intelligent warehousing R&D project—R&D of a mechanical Pallet Four-Way Shuttle: It meets the usage requirements of special scenarios in the market, including medical treatment, fruit and vegetable, and cold chain scenarios.</p> <p>11. Intelligent warehousing R&D project—R&D for iterative upgrading of forklifts for multi-scenario and multi-model applications: Forklifts are autonomously produced to reduce costs and improve efficiency. They are used for tote</p> |
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| | | | | | <p>tested by certification authorities, obtained the CE certificate, and have been currently delivered to the project sites in Europe. Pallet conveyors: The rotary conveyor has been in a trial run at a customer's site and runs well. The chain driven shuttle vertical conveyor has been accepted on a site and delivered to the customer for normal use. The rack and pinion driven shuttle vertical conveyor is currently in the trial run acceptance stage. The new energy clean conveyor line has been in a trial run at a customer's site, runs well, and is waiting for</p> | <p>implementation of the pallet shuttle automated warehouse and multi-shuttle warehouse systems.</p> <p>10. Intelligent warehousing R&D project—R&D of a mechanical Pallet Four-Way Shuttle: Achieve the leading level in the ultra-low mechanical shuttle market and meet the market's demand for this shuttle.</p> <p>11. Intelligent warehousing R&D project—R&D for iterative upgrading of forklifts for multi-scenario and multi-model applications: Develop heavy-load (1.5 t) single-motor, double-reach forklifts for pallets and light-load (50 kg) dual-</p> | <p>industry at a low temperature.</p> <p>14. Intelligent warehousing R&D project—R&D of a narrow pallet shuttle: The shuttle is suitable for pallets with a width of 1100 mm available in the market.</p> <p>15. Intelligent warehousing R&D project—R&D of a new heavy-duty shuttle pop-up mechanism: Suitable for warehousing projects with a load capacity exceeding 1.5 T.</p> | <p>stacker cranes and pallet stacker cranes.</p> <p>12. Intelligent warehousing R&D project—R&D of automated warehouse equipment for the fruit and vegetable industry: The automated warehouse is applied to the fruit and vegetable industry and its related industries.</p> |
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| | | | | | <p>acceptance by the customer.</p> <p>8. Intelligent warehousing R&D project—R&D of a Pallet Four-Way Shuttle: The 180 four-way shuttle has been developed, the goal of stable mass production has been achieved, and it has been used in projects and is in the stage of test run and acceptance.</p> <p>9. Intelligent warehousing R&D project—R&D of an ultra-thin Pallet Four-Way Shuttle: The first generation 124 four-way shuttle has entered the stage of stability and durability testing.</p> <p>10. Intelligent warehousing R&D project—R&D of a mechanical Pallet</p> | <p>station plate-type mini forklifts for totes. Develop a variable pitch mechanism suitable for forklifts and realize the technological autonomy of forklifts, reduce costs, and improve efficiency.</p> <p>12. Intelligent warehousing R&D project—R&D of automated warehouse equipment for the fruit and vegetable industry: Develop a set of stacker cranes suitable for the fruit and vegetable industry, reduce costs by optimizing the structural forms of the stacker cranes and mainly using a single-post form, and enhance the equipment's competitiveness.</p> | | |
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| | | | | | <p>Four-Way Shuttle: The first generation of prototypes of the 140 Pallet Four-Way Shuttle has already been put into production.</p> <p>11. Intelligent warehousing R&D project—R&D for iterative upgrading of forklifts for multi-scenario and multi-model applications: Single-reach and double-reach pallet forklifts have been validated in actual projects and have been accepted by the customer. The standard single-reach and double-reach forklifts have been finalized. The forklifts for new energy formation and grading processes have been designed and manufactured, and</p> | <p>Develop and test a comprehensive plan for automated conveying and handling of infeed and discharged materials with AGV equipment, realize the overall technological autonomy of equipment, reduce costs, and improve efficiency.</p> <p>13. Intelligent warehousing R&D project—R&D of a cold chain pallet shuttle: Suitable for the cold chain warehousing industry, with a load capacity of 1 T at a low temperature of –25°C.</p> <p>14. Intelligent warehousing R&D project—R&D of a narrow pallet shuttle: The shuttle has a width of below 920 mm, with a load</p> | | |
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| | | | | | <p>are currently being tested for installation at project sites.</p> <p>12. Intelligent warehousing R&D project—R&D of a cold chain pallet shuttle: The shuttle has been developed, with parameters up to the standard, and can be put into the project production for verification.</p> <p>13. Intelligent warehousing R&D project—R&D of a narrow pallet shuttle: Prototypes are being assembled, with an expected completion date of April 15, 2024, and waiting for verification.</p> <p>14. Intelligent warehousing R&D project—R&D of a new heavy-duty shuttle pop-up mechanism:</p> | <p>capacity of 1 T. The shuttle is suitable for pallets with a width of 1100 mm available in the market.</p> <p>15. Intelligent warehousing R&D project—R&D of a new heavy-duty shuttle pop-up mechanism: Suitable for warehousing projects with a load capacity exceeding 1.5 T.</p> | | |
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| | | | | | Prototypes are being assembled, with an expected completion date of April 20, 2024, and waiting for verification. | | | |
| 4 | R&D of an automated singulation and alignment system | 30,334,105.28 | 5,356,379.84 | 30,334,105.28 | <p>The 2D Bulk Flow Singulator functions are further upgraded, reducing costs and improving the efficiency of the system. The Linux application for the 2D Bulk Flow Singulator has been deployed and improved, and has been put into use in large quantities.</p> <p>1. For the singulation efficiency and success rate of the low-voltage Hall motorized rollers, 6K, 7K, and 2K indicators have been obtained. The performance has been optimized, and the rollers</p> | <p>The equipment gets the parcel position through visual recognition, controls the motion of each small belt module through algorithms for stable and efficient parcel singulation and alignment, and thus ensures the parcel singulation success rate.</p> <p>1. Develop and design the 2D Bulk Flow Singulator for low-voltage servo motorized rollers to meet the customer's use requirements. 2. Design a diverging mechanism driven</p> | <p>The 2D Bulk Flow Singulator system integrates algorithms such as visual image stitching, deep learning, and drive control algorithms, to accurately locate the parcel positions and evenly convey them in sequence at intervals.</p> | <p>With the explosive development of e-commerce and express delivery, there are broad application prospects for efficient, stable, and low-cost automated singulation and alignment systems for large sorting centers.</p> |

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| | | | | | <p>have been put into use in large quantities.</p> <p>2. The motor drive diverging mechanism has been designed and put into mass production.</p> <p>3. The 10K 2D Bulk Flow Singulator for small parcels has been developed to meet the customer's use requirements and has passed the customer acceptance.</p> <p>4. The small parcel dual-aisle equipment has been developed to meet the customer's use requirements and has been accepted by the customer.</p> <p>5. The 7.2K 2D Bulk Flow Singulator for large parcels has been developed</p> | <p>by a servo motor to reduce the module failure rate and improve stability.</p> <p>3. Develop a 10K 2D Bulk Flow Singulator system to meet customers' use requirements.</p> <p>4. The alignment conveyor achieves cost reduction and efficiency improvement.</p> | | |
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| | | | | | <p>and is being used on a customer's site.</p> <p>6. The express parcel 2D Bulk Flow Singulator has been developed to meet the customer's use requirements, has been accepted by the customer, and has passed the durability test.</p> <p>7. The embedded cost reduction plan has been completed and the electrical cabinet and control combination have been completed for the 3D Bulk Flow Singulator and 2D Bulk Flow Singulator in the automated small parcel infeed plan.</p> <p>8. The 150 mm-wide diverging section has been developed.</p> <p>9. A new singulation</p> | | | |
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| | | | | | <p>algorithm has been developed to effectively improve the stability of the spacing between parcels.</p> <p>10. Calibration and commissioning tools have been optimized and the configuration process has been simplified.</p> <p>11. The 4×7M type 2D Bulk Flow Singulator and 5×7H type 2D Bulk Flow Singulator have been developed and tested, and have passed the factory acceptance for cost reduction and efficiency improvement.</p> <p>12. The 2.5 m/s high-speed 2D Bulk Flow Singulator has been developed and tested, and has passed the factory</p> | | | |
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| | | | | | acceptance for cost reduction and efficiency improvement. | | | |
| 5 | R&D of a high-end intelligent sorting system for agricultural products | 8,097,715.33 | 0.00 | 1,820,352.31 | <p>Progress: R&D completed. Staged achievements:</p> <p>1. A sorting line for fruits in various varieties has been developed for damage-free conveying, internal quality inspection, dynamic weighing, and precise sorting, and has been put into the market.</p> <p>2. Certain fruit grabbing and packaging equipment has been developed, a highly reliable adsorption system has been designed, and a prototype has been created.</p> <p>3. Orange rolling-over and packaging</p> | Develop sorting equipment or related key equipment for commercially valuable fruits and vegetables in various varieties for damage-free conveying, internal quality inspection, dynamic weighing, and precise sorting. | The comprehensive technology of sorting equipment has reached a leading level in China. | High-quality and cost-effective sorting equipment is provided for large-scale fruit and vegetable producers or sellers. |

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| | | | | | <p>equipment has been developed, with a prototype already created.</p> <p>4. Sweet potato sorting equipment has been developed.</p> <p>5. Strawberry sorting equipment has been developed.</p> <p>6. Flexible apple packaging equipment has been designed.</p> | | | |
| 6 | Key technical R&D of dedicated controllers for logistics equipment | 4,606,998.04 | 1,065,680.53 | 1,773,262.49 | <p>1. The controllers for the Narrow Belt Sorter based on the wireless communication function are being used in batches at a customer's site.</p> <p>2. A camera trigger has been developed and is under small batch production.</p> <p>3. The materials for the infeed station and Pivot Wheel Sorter controller have</p> | <p>1. Develop a controller for the Narrow Belt Sorter with a wireless communication function, improve the system communication stability, and realize industrialization.</p> <p>2. Develop an IOT controller pluggable for external terminals without the need for tools, convenient and</p> | Focusing on ARM microcontrollers and using mature solutions and chips, the product achieves an infrared wireless communication function. Compared with similar products, this product is more flexible, stable, and reliable. | It is applied for logistics and warehousing equipment such as cross belt sorting equipment, one-carrier and double-belt sorting equipment for airports, narrow belt sorting equipment, alignment conveyors, and shuttles. |

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| | | | | | <p>been localized and have been put into use in large quantities.</p> <p>4. A one-for-one control card benchmarking Interroll 50 rollers has been developed and put into use.</p> <p>5. ASI one-for-two and CAN one-for-two control cards are being developed.</p> <p>6. A one-for-four control card for the 50 rollers is being developed using networks.</p> <p>7. A shuttle controller board is being developed.</p> | <p>fast. Realize flexible and convenient rail mounting. Add an IOT module via the layout on the SCADA screen at the software level and implement the data transmission of the IOT module and SCADA, thus implementing visual monitoring and settings of the IOT module.</p> <p>3. Develop a camera-dedicated trigger controller to achieve a trigger delay function and drive multiple cameras.</p> <p>Implement stable and reliable 100 Mbps network communication. Support remote update of programs, convenient and fast.</p> <p>4. Use domestic materials to lower</p> | | |
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| | | | | | | <p>dependence on imported materials and reduce unstable supply factors in the later stage. In addition, use domestic materials to reduce costs and improve efficiency.</p> <p>5. Develop an MDR50 controller used to benchmark the original Interroll control card. With domestic chips and programs developed by Wayzim, Interroll products can be replaced completely and customers can replace them one-on-one.</p> <p>6. Develop two types of one-for-two controllers, one using a general CAP protocol, with a low cost, and the other using ASI chips to</p> | | |
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| | | | | | | <p>implement slave mode with high scalability.</p> <p>7. Develop one type of one-for-four controller and use flat cables, fast in installation. Use network communication at a faster rate. Use one controller for four MDR50 rollers, with more convenient and beautiful wiring.</p> <p>8. Develop a shuttle-dedicated controller pluggable for external terminals, convenient for wiring and use. Be pluggable for flash and convenient for replacement.</p> <p>Implement stable and reliable 100 Mbps network communication.</p> | | |
| 7 | R&D of an intelligent passenger check passage system | 9,829,246.52 | 763,486.24 | 2,270,400.95 | The fully automated passenger check | Develop an intelligent passenger check passage system for | It is at the leading level in China. | The civil aviation carousel is suitable for scenarios such as baggage |

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| | for airport security check | | | | channel system has been developed. | airport security check, pass the overall tests of the prototype equipment and relevant qualification certifications, promote it in the market, and finally realize industrialization. | | reclaim, flight loading, and sorting loops. It is suitable for civil aviation check-in depots 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 and the market has a large demand, with a very promising market prospect. |
| 8 | Key technical R&D of dedicated drives for low-voltage servo motors | 12,426,404.40 | 3,686,400.47 | 6,817,848.82 | 1. The 50 roller all-in-one equipment is currently being used in Tailg and overseas projects. 2. The alignment conveyor drive is currently putting into use in large quantities by ZTO Express. | 1. The 50 roller drive is benchmarked against Interroll and adapted to Bihl+Wiedemann and Interroll control cards to meet the needs of customers. 2. The low-voltage servo drive is a | 1. The 50 roller drive reaches the Interroll drive level and meets the usage scenarios of the 50 roller. 2. The low-voltage servo drive adapts to the Hall encoder and meets the usage scenarios of the | The drive and wireless power supply are widely used in various kinds of sorting equipment. |

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| | | | | | <p>3. Wireless power supply is put into use at a customer's site such as ZTO Express, China Post, and STO Express.</p> <p>4. The infrared drive for the Narrow Belt Sorter is widely used in narrow belt sorting equipment in the large quantities.</p> <p>5. The drive for the Cross Belt Sorter is widely used in the cross belt sorting equipment in large quantities.</p> <p>6. The shuttle drive to be upgraded to use CAN communication is under R&D.</p> | <p>Hall sine wave drive to meet the use requirements of the roller alignment conveyor.</p> <p>3. The wireless power supply is used for the cross belt sorting equipment for on-board charging in replacement of insulated conductor rail systems.</p> <p>4. The drive for the Narrow Belt Sorter is in IRDA communication and is a sine wave drive to drive rollers for the Narrow Belt Sorter.</p> <p>5. The drive for the Cross Belt Sorter is a sine wave drive to meet the requirements of the cross belt sorting equipment.</p> <p>6. The shuttle drive replaces the</p> | <p>roller alignment conveyor.</p> <p>3. Wireless power supply is a non-contact power supply in the magnetic field coupling principle.</p> <p>4. The infrared drive for the Narrow Belt Sorter is in IRDA communication to meet the use requirements of the Narrow Belt Sorter.</p> <p>6. The drive for the Cross Belt Sorter is a sine wave drive and is controlled in position mode for precise positioning.</p> <p>7. The shuttle drive matches the inner rotor servo and is a sine wave drive to meet the use scenarios of the shuttles.</p> | |
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| | | | | | | Kinco servo drive to meet the shuttle use requirements. | | |
| 9 | Automated baggage sorting system for civil aviation | 22,381,471.60 | 5,794,847.61 | 22,381,471.60 | The system has been developed and an R&D solution has been issued: The Phase I ICS testing sample line has been established, preliminary joint commissioning has been completed, and the system has been correspondingly optimized and improved according to the testing results. In Phase II, further tests and upgrades will be completed in the R&D project of the cross belt automated passenger baggage sorting system. | Develop "an automated baggage sorting system for civil aviation", pass the overall tests of the prototype equipment and relevant qualification certifications, promote it in the market, and finally realize industrialization. | The skill reaches the industrial advanced level. | It is suitable for new large hub airports (terminal clusters) and new large airports (single terminals) with a high sorting demand and high operational requirements for automated sorting equipment. This system features advantages in technology, price, after-sales service, and brand in the Chinese market and the market has a large demand, with a very promising market prospect. |
| 10 | R&D of key equipment and key technologies for high- | 24,669,789.00 | 10,617,595.51 | 24,669,789.00 | 1. Structure optimized R&D of the coated Pivot Wheel Sorter: | 1. Structure optimized R&D of the coated Pivot Wheel Sorter: The equipment is | It is at the leading level in China. | It is suitable for the production of coated Pivot Wheel Sorters in quantities, which |

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| | efficiency sorting of large parcels | | | | <p>The stability of the series Pivot Wheel Sorters has been optimized currently for cost reduction and efficiency improvement.</p> <p>2. R&D of the new 7.2K Pivot Wheel Sorter: The equipment has been developed and accepted by the customer.</p> <p>3. R&D of the new bidirectional Pivot Wheel Sorter: The equipment has been prototyped and is being tested for reliability.</p> | <p>optimized for structure reliability and achieves cost reduction and efficiency improvement.</p> <p>2. R&D of the SF Express's new 7.2K Pivot Wheel Sorter: The product that meets the customer's latest standards is developed and put into use.</p> <p>3. R&D of the new bidirectional Pivot Wheel Sorter: A bidirectional Pivot Wheel Sorter that meets overseas standards is developed.</p> | | <p>can greatly improve production efficiency and reduce production costs. In addition, the optimized Coated Pivot Wheel Sorter structure can shorten the maintenance time of the equipment. At present, there is a large market demand for Pivot Wheel Sorters, with broad prospects.</p> |
| 11 | R&D of a multi-level intelligent warehousing shuttle system | 4,335,546.68 | 3,961,484.46 | 4,335,546.68 | <p>1. R&D project of the intelligent warehousing shuttle system—R&D of a clamping-type four-way shuttle: A prototype has been produced and has passed the prototype test and</p> | <p>1. Intelligent warehousing shuttle system R&D project—R&D of a clamping-type four-way shuttle: Develop a system suitable for various specifications of cases and cover</p> | <p>1. Intelligent warehousing shuttle system R&D project—R&D of a clamping-type four-way shuttle: It is of high compatibility and a large scope of application, enhancing the</p> | <p>1. Intelligent warehousing shuttle system R&D project—R&D of a clamping-type four-way shuttle: It is suitable for automated warehouses where multiple cases with</p> |

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| | | | | | fatigue test, with the performance up to the requirements. 2. R&D project of the intelligent warehousing shuttle system—R&D of a bidirectional shuttle: The equipment has been tested, with the performance up to the requirements. | common case types in the market. 2. Intelligent warehousing shuttle system R&D project—R&D of a two-way shuttle: Meet the use requirements and efficiency requirements of airport pallets. | market competitiveness. 2. Intelligent warehousing shuttle system R&D project—R&D of a two-way shuttle: The highest technical level in the industry has been reached or exceeded. | significant differences in case sizes are stored. 2. Intelligent warehousing shuttle system R&D project—R&D of a two-way shuttle: It is suitable for airport luggage scenarios with large case sizes and high efficiency requirements. |
| 12 | R&D of a cross belt automated sorting system | 16,961,093.82 | 16,451,309.58 | 16,961,093.82 | 1. The loop cross belt sorting system, linear cross belt sorting system, ICS system, automated warehouse system, and high-level control system included within the sample lines have been installed, individual systems have been tested, and joint commissioning between systems | 1. Establish a verification sample line, pass the qualification inspection and certification of special equipment for civil airports, and obtain certificates. 2. Establish a more comprehensive sample line, simulate actual scenarios, test corresponding functions and efficiency, and | The skill reaches the industrial advanced level. | It is suitable for new large hub airports (terminal clusters) and new large airports (single terminals) with a high sorting demand and high operational requirements for automated sorting equipment. This system features advantages in technology, price, after-sales service, and brand in the |

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| | | | | | has been completed. 2. The third-party test entity has tested the ICS system and the system has obtained the ICS system integration qualification by CAAC (annual passenger throughput greater than 30 million). | meet the requirements of ICS standards and specifications. | | Chinese market and the market has a large demand, with a very promising market prospect. |
| 13 | R&D and industrialization of intelligent integrated information sorting systems for the logistics and express industry | 49,663,833.84 | 49,663,833.84 | 49,663,833.84 | 1. Optimized R&D project of the 3.5 m/s linear speed Cross Belt Sorter: 1) The high-speed cross belt sorting system with a linear speed of 3.5 m/s and a pitch of 600 mm has been installed and tested on the first production line in China, and has been delivered to the customer for use. 2) The patents applied for have | 1. Optimized R&D project of the 3.5 m/s linear speed Cross Belt Sorter: 1) Under the operating condition of the main line speed of 3.5 m/s, the Cross Belt Sorter needs to ensure smooth conveying of goods, stable turning, no parcel dumping, and no damage to the goods. 2) Try to use common components for the | 1. Optimized R&D project of the 3.5 m/s linear speed Cross Belt Sorter: 1) A special structure (carrier or rail) is used to resist centrifugal forces when the equipment turns at high speeds. 2) A three-section variable-diameter 90° curved track section to ensure smooth entry and exit of the carrier and its load. 3) Use the lightweight common carrier, and increase | 1. Optimized R&D project of the 3.5 m/s linear speed Cross Belt Sorter: The high-speed cross belt sorting system with a linear speed of 3.5 m/s and a pitch of 600 mm has broad application prospects in the overall integration project, and is widely used in industries such as express delivery, e-commerce, medicine, and food. The |

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| | | | | | <p>been partially disclosed.</p> <p>3) The carrier structure has been optimized.</p> <p>4) The discharge point components are being optimized.</p> <p>2. R&D of the new Cross Belt Sorter for sorting odd-shaped items:</p> <p>1) The equipment has been developed and finalized and the preset performance indicators have been achieved.</p> <p>2) Two orders have been received. The equipment for the first project has started to be produced, and the equipment for the second project has been designed.</p> <p>3. R&D of the new V-Ribbed Belt Roller Centering Conveyor and the</p> | <p>conventional Cross Belt Sorter to ensure universality and economy.</p> <p>3) Use the lightweight common carrier, and increase the carrier rigidity and strength while reducing weight.</p> <p>4) The equipment is suitable for discharge points for a linear speed of 3.5 m/s.</p> <p>2. R&D of the new Cross Belt Sorter for sorting odd-shaped items:</p> <p>Various unconventional parcels weighing from 30 g to 10 kg, such as spherical, cylindrical, and ultra-light items can be sorted.</p> <p>3. R&D of the new V-Ribbed Belt Roller Centering Conveyor and the new automated infeed V-ribbed</p> | <p>the carrier rigidity and strength while reducing weight.</p> <p>4) Both the main line and tidal discharge point design and the sorting logic, are industry firsts and have applied for patents, which have been publicly disclosed.</p> <p>2. R&D of the new Cross Belt Sorter for sorting odd-shaped items:</p> <p>The design of the innovative depth-sensing camera-assisted item detection system enables accurate recognition of the shape and position of goods. Through software control, the equipment provides appropriate sorting commands for high sorting accuracy.</p> <p>3. R&D of the new V-Ribbed Belt Roller Centering</p> | <p>equipment is suitable for scenarios with high efficiency requirements, and sorts parcels into discharge points through efficient infeed, precise recognition, and accurate sorting to effectively improve the sorting efficiency and accuracy, and reduce labor costs.</p> <p>2. R&D of the new Cross Belt Sorter for sorting odd-shaped items:</p> <p>The equipment is widely used in express delivery and e-commerce industries and fills the blank that odd-shaped items and ultra-light items can only be sorted manually.</p> <p>3. R&D of the new V-Ribbed Belt Roller Centering Conveyor and the</p> |
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| | | | | | <p>new automated infeed V-ribbed belt roller centering conveyor for small parcels:</p> <p>1) The V-ribbed belt centering conveyor has been independently developed, designed, and produced to significantly reduce the equipment cost.</p> <p>2) The 10K high-efficiency V-ribbed belt centering conveyor has been developed to meet the customer's requirements and has been accepted by the customer.</p> <p>3) The standard V-ribbed belt centering conveyor for small parcels has been widely used in multiple project sites, and has met the</p> | <p>belt roller centering conveyor for small parcels:</p> <p>1) By optimizing the structure design, continue to improve the stability and reliability of the equipment, reduce costs, and increase efficiency.</p> <p>2) Develop new equipment according to customer's requirements.</p> <p>3) The speed difference is within three rad/min, and the maintenance period of the V-ribbed belt equipment is reduced by 30%.</p> <p>4) Reduce the V-ribbed belt damage rate by 50% compared to before.</p> <p>4. Optimized R&D of the 300 Narrow Belt Sorter:</p> | <p>Conveyor and the new automated infeed V-ribbed belt roller centering conveyor for small parcels:</p> <p>1) Compared to the Bottom Belt Centering Conveyor, the V-ribbed belt centering conveyor has the advantages of low cost, high operational stability, low vibration, low noise, and easy maintenance.</p> <p>2) The problem that the Bottom Belt Centering Conveyor tends to get involved in soft parcels causing damage to the equipment and parcels has been solved.</p> <p>3) The V-ribbed belt centering conveyor for small parcels is designed for small, thin, and lightweight parcels to achieve stable conveying and centering.</p> | <p>new automated infeed V-ribbed belt roller centering conveyor for small parcels:</p> <p>1) The equipment can be suitable for scenarios where a parcel needs to be centered in logistics sorting lines. The equipment size, roller type, and roller diameter can be adjusted according to the site requirements for stable sorting and full coverage of a parcel.</p> <p>2) The equipment can be suitable for sorting lines with higher efficiency requirements and with wider parcel coverage to solve the efficiency limitations due to speed differences in the V-ribbed belt transmission.</p> |
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| | | | | | <p>customer's requirements.</p> <p>4) The drive mode and structure of the automated infeed V-ribbed belt centering conveyor for small parcels have been optimized, and the equipment has been prototyped, showing a significant improvement in stability.</p> <p>4. Optimized R&D of the 300 Narrow Belt Sorter: The Narrow Belt Sorter with a pitch of 300 mm has been optimized.</p> <p>5. Optimized R&D of the 156/200 Narrow Belt Sorter: 1) The 156/200 Narrow Belt Sorter is currently the main Narrow Belt Sorter product. Based on the site usage conditions</p> | <p>In response to the sorting demand for small parcels in the logistics and express industry, develop the Narrow Belt Sorter with a pitch of 300 mm to meet the customer's small-parcel sorting demand and efficiency requirements.</p> <p>5. Optimized R&D of the 156/200 Narrow Belt Sorter: In response to the site conditions and customer's requirements, optimize the 156/200 Narrow Belt Sorter for higher efficiency, more stable operation, and a lower error rate.</p> <p>1) The double-wheel loop rail structure ensures stable operation.</p> | <p>4) The stability of the centering conveyor has been significantly improved, the speed control is more diversified, and the V-ribbed belt damage rate is significantly reduced, effectively reducing the labor input.</p> <p>4. Optimized R&D of the 300 Narrow Belt Sorter: Based on the small sizes and light structures of small parcels and envelopes, a sorting carrier with a pitch of 300 mm is developed to match the parcel sizes. A linear structure is used to reduce the width requirements for the site space. Dedicated automated infeed equipment is also developed to improve the sorting</p> | <p>4. Optimized R&D of the 300 Narrow Belt Sorter: The 300 Linear Sorter can be used for efficient sorting of small parcels up to 300 mm in length.</p> <p>5. Optimized R&D of the 156/200 Narrow Belt Sorter: The equipment can be suitable for a wider range of parcel sizes, and its linear structure reduces the space requirements for a site, making it widely used in outlet projects.</p> <p>6. Optimized R&D of the 500 Linear Sorter: The equipment can be better used in sorting scenarios such as outlets, centers, and warehouses, and can be suitable for two infeed modes</p> |
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| | | | | | <p>and customer needs, the structure and layout of the two equipment are being further optimized.</p> <p>2) The 200 Narrow Belt Sorter is customized and optimized for the double-wheeled loop rail.</p> <p>6. Optimized R&D of the 500 Linear Sorter:</p> <p>1) The 500 Linear Sorter has been optimized for the mechanical structure and has been tested for a prototype.</p> <p>2) Based on the customization requirements of some customers, the main line carrier structure has been customized.</p> <p>3) Realize the used mode of the side infeed for the 500 Linear Sorter.</p> | <p>2) After the conventional curve structure is optimized, the noise is decreased by 2 dB compared to before.</p> <p>6. Optimized R&D of the 500 Linear Sorter:</p> <p>1) Complete structural optimization design and tests.</p> <p>2) Meet the customized requirements of some customers.</p> <p>3) Realize two usage modes of the end infeed and side infeed for the 500 Linear Sorter.</p> | <p>efficiency for envelopes and small parcels.</p> <p>5. Optimized R&D of the 156/200 Narrow Belt Sorter: Targeted improvements are made to address problems during the project implementation and new requirements from customers. The quick commissioning for tracks, power components, heads and tails, carrier structures, and software is optimized for simple installation and commissioning standards, better stability, and better performance.</p> <p>6. Optimized R&D of the 500 Linear Sorter: After the structural optimization design, the mechanical operation stability is</p> | <p>(end and side infeed) for more flexible use.</p> |
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| | | | | | | | improved and the equipment can be suitable for a wider range of scenarios. | |
| 14 | Cross-platform R&D of high-end intelligent high-level control software for the logistics and express industry | 925,271.90 | 925,271.90 | 925,271.90 | The device is currently in the small-scale site usage stage, and the sorting system in both Windows and Linux versions has been deployed at multiple sites. The individual subsystems in the cross-platform version have been fully deployed. The cross-platform system delivers better performance than previous versions and consumes fewer resources on the industrial computer. | Replace the Windows computers at a customer's site to improve the production environment security and solve costs. | Implement cross-platform, distributed client system architecture using .NET Core, Avalonia, HTTP, and TCP network communication technologies. | The intelligent sorting technology has broad applications in the logistics and express industry and can increase profits. |
| 15 | Technical R&D of integrated sensing, storage, and computing optoelectronic fusion chips | 579,682.48 | 579,682.48 | 579,682.48 | 1. A new energy planar defect detection system has been developed based on the integrated sensing, storage, | 1. The new energy planar defect detection system based on integrated sensing, storage, and computing | The skill reaches the industrial advanced level. | 1. The new energy planar defect detection system can be used to detect planar defects in lithium battery separators, |

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| | | | | | <p>and computing optoelectronic fusion chips.</p> <p>2. An AI parcel type detection system composed of Intelligent Depth-Sensing Cameras based on integrated sensing, storage, and computing optoelectronic fusion chips has been developed.</p> <p>3. A 2D measurement system, namely a Position Detection System composed of intelligent cameras based on integrated sensing, storage, and computing optoelectronic fusion chips has been developed.</p> | <p>optoelectronic fusion chips, on line detects defects high-speed running lithium battery separators in real time.</p> <p>2. The AI parcel type detection system, by using the sensing, storage, and computing processor platform, supports the AI deep learning algorithm deployment, and thus significantly improves the algorithm processing speed to meet real-time requirements in industrial scenarios.</p> <p>3. The 2D measurement system composed of intelligent cameras based on integrated sensing, storage, and computing</p> | | <p>optical films, aluminum plastic films, composite films, and PE films. Detected defect categories include pinholes, foreign objects, folds, bright spots, dark spots, white spots, and liquid drops.</p> <p>2. The AI parcel type detection system, through the combined depth data and RGB data, can accurately distinguish among four types of parcels: parcel consolidation bags, cartons, foam boxes, and soft bags. For cartons and soft bags, the system can further distinguish between damaged cartons and wrapped cartons. The system can also correctly</p> |
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| | | | | | | <p>optoelectronic fusion chips, automatically detects whether there are parcels on the carriers of the Cross Belt Sorter, and provides information such as the parcel location, quantity, and size to the sorting system for precise parcel infeed and discharge, thereby effectively improving the infeed and discharge efficiency and greatly enhancing the accuracy of sorting.</p> | | <p>determine the stacking status of the parcels. It can be widely used in the logistics sorting lines from domestic and foreign express delivery companies.</p> <p>3. The Position Detection System supports the detection of all types of parcels, including envelopes, cartons, soft parcels, plastic bags, and odd-shaped items in complex industrial scenarios. It supports parcels made of white, black, and semi-transparent materials, and can detect single items and multiple stacked items. It can be widely used in the logistics sorting lines from domestic and</p> |
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| | | | | | | | | foreign express delivery companies. |
| Total | / | 1,169,798,2 54.20 | 167,836,859 .93 | 678,118,292. 62 | / | / | / | / |

Notes

None

5. Information on R&D personnel

Unit: CNY 10,000

| Basic Information | | |
|---|--------------------------|---------------------------|
| | Amount of current period | Amount of previous period |
| Number of R&D personnel of the Company | 588 | 594 |
| Percentage of R&D personnel in total employees of the Company (%) | 33.45 | 38.93 |
| Total remuneration of R&D personnel | 10,116.09 | 9,096.75 |
| Average remuneration of R&D personnel | 17.20 | 15.31 |

| Educational structure of R&D personnel | |
|--|-------------------|
| Type | Number of persons |
| Ph.D. | 1 |
| Master | 159 |
| Bachelor | 366 |
| College degree | 58 |
| High school or below graduates | 4 |
| Age structure of R&D personnel | |
| Age | Number of persons |
| Under 30 (30 excluded) | 367 |
| 30 to 40 (30 included, 40 excluded) | 200 |
| 40 to 50 (40 included, 50 excluded) | 20 |
| 50 to 60 (50 included, 60 excluded) | 1 |
| 60 and above | 0 |

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

☐ Applicable ☒ Not applicable

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 2023 and have performed excellently. As of the end of 2023, the total contract amount of the Company's orders on hand was approximately CNY 2.885 billion. The top five customers accounted for 26.48%, 12.77%, 12.51%, 7.03%, and 5.71% of the contract amount of orders on hand. In the contract amount of orders on hand, the Chinese market accounts for 81.69%, and the overseas market 18.31%.

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. For details, see "(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 and Analysis by the Management".

During the reporting period, the general assembly project and the cross-belt sorter system account for high proportions in the Company's income structure, accounting for 50.59% and 24.60% respectively in the main business income. The products hold a leading position in the industry in key technical indicators such as operational stability, sorting efficiency, sorting accuracy, and operation noise. The Company has delivered over 940 sets of cross-belt sorter systems to customers in total.

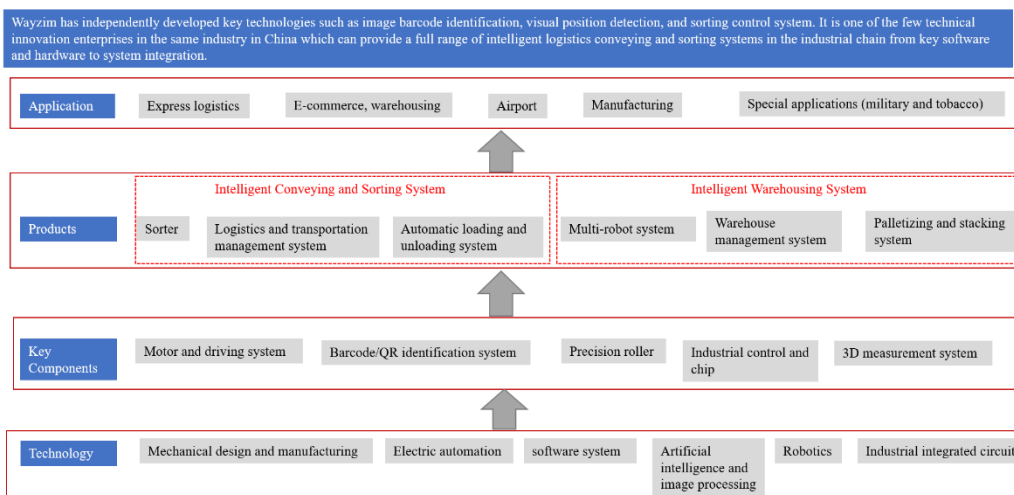
3. Advantages of talent team

Valuing R&D and respecting talents are Wayzim's DNA 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. Wayzim has established the Research Institute for Intelligent Logistics Equipment and Robotics and has many R&D experts in image processing, AI, optics, computers, robots, and microelectronics. As of the end of December 2023, the Company owned 1,758 employees, including 226 employees with master's degrees and above, accounting for 12.86% of the total employees, and 588 R&D talents, accounting for 33.45% of the total employees. Emphasizing the development of the talent system, the Company has established relatively complete systems in target management, compensation, incentives, training, and promotion.

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 and logistics, e-commerce, warehousing, and airports. 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

The Company has experienced fast international development to adapt to the characteristics and requirements of global marketing, transportation, onsite installation, and after-sales service. The Company has established a product system to cater for the international market. As of the disclosure date of this Report, the Company had established branches in Singapore, the United States, Malaysia, Hungary, Mexico, and other places to provide localized services to overseas customers. In addition, the Company's products are exported to many countries and regions such as Thailand, Indonesia, the Philippines, Singapore, Russia, the United Kingdom, America, Hong Kong, Chile, Brazil, Netherlands, and Malaysia.

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

☐ Applicable ☒ Not applicable

IV. Risk Factors

(I) Risks of no profits

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

The Company's operating revenue mainly comes from the sales of the automatic sorting system and the Company's gross profit margin of main business was 28.54%, 14.45%, and 22.25% in 2021,

2022, and 2023, respectively. The Company's gross profit margin was mainly influenced by factors such as market demand, unit price of sales, production costs, and product structure. The Company faces risks of a significant decline in performance or loss if there are significant adverse changes in macroeconomics, market competition, 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

1. Risk of intensified market competition

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

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

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

3. Risk of key technical personnel outflow

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

(IV) Operational risks

√ Applicable □ Not applicable

1. Risk of market demand fluctuations

The market demand of the logistics equipment industry in which the Company operates mainly depends on the scale and growth of fixed assets investment in downstream application fields such as e-commerce, express and logistics, clothing, medicine, tobacco, new retail, and intelligent manufacturing. During the reporting period, the Company's downstream customers were mainly express and logistics enterprises and the Company's business scale grew rapidly due to the rapid growth in the scale of the express and 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 and logistics customers to decline and the scale of fixed assets investment to decrease or the express and 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 2021, 2022, and 2023, the Company's sales income from the top five customers accounted for 94.83%, 75.01%, and 68.97% of the current business income, respectively. The sales revenue from ZTO accounted for 69.40%, 26.44%, and 32.20% of the current business income, respectively. During the reporting period, the Company's major customers were logistics express enterprises. Due to the high concentration of China's logistics express industry, the Company's sales income from the top five customers accounted for a high proportion of operating revenue in each period. Adverse impacts will occur on the Company's operation if the Company's main customers are poor in operations in the future, reduce the purchase of the Company's products, incur problems such as overdue loan recovery and low gross profit margin of sales, or the Company's products cannot continuously meet the customers' business development needs.

4. Risk of supply and price fluctuations of raw materials

The main raw materials required in the production and operation of the Company include sorting carriers, parcel feeders, feeding ports, steel platforms, and motorized rollers, accounting for a large proportion of the operating costs of the Company. Changes in the macroeconomic situation and unexpected events may cause adverse impacts on the supply and prices of raw materials. If there is a supply shortage of main raw materials or the internal procurement management system is not effectively executed, it may lead to the Company being unable to timely purchase the main raw materials required for production, thereby affecting the Company's lead time.

5. Risk of seasonal fluctuations in business performance

The Company's business performance and cash flow for business are subject to seasonal fluctuations. The Company's revenue mainly comes from the express and 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 and 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 and sales receipts.

(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 a 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 2021, 2022, and 2023, the book balances of the Company's accounts receivable were CNY 884.3212 million, CNY 1.0172594 billion, and CNY 722.5128 million, accounting for 40.02%, 43.94%, and 36.91% of the operating revenues, respectively. The accounts receivable within one year accounted for 90.13%, 64.06%, and 80.81% of the closing 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 large inventory and inventory impairment

At the end of 2021, 2022, and 2023, the book values of the Company's inventory were CNY 1.9775866 billion, CNY 1.5 billion, and CNY 2.130991 billion, accounting for 32.22%, 27.01%, and 31.81% 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.

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

4. Risk of decrease in gross profit margin

The Company's operating revenue mainly comes from the sales of the automatic sorting system and the gross profit margin of main business was 28.54%, 14.45%, and 22.25% in 2021, 2022, and 2023, respectively. The Company's gross profit margin was mainly influenced by factors such 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 macroeconomics, market competition, and raw material prices in the future, and the Company cannot reduce production costs and maintain its competitive advantages through measures such as technological innovation, process innovation, and expansion of production scale.

5. Risk of exchange rate fluctuation

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

(VI) Industrial risks

☒ Applicable ☐ Not applicable

The market demand of the logistics equipment industry in which the Company operates mainly depends on the scale and growth of fixed assets investment in downstream application fields such as e-commerce, express and logistics, clothing, medicine, tobacco, new retail, and intelligent manufacturing. During the reporting period, the Company's downstream customers were mainly

express and logistics enterprises and the Company's business scale grew rapidly due to the rapid growth in the scale of the express and 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 and logistics customers to decline and the scale of fixed assets investment to decrease or the express and logistics enterprises gradually complete the investment in the automatic logistics equipment, and reduce the procurement demand for the relevant equipment, which will have a negative impact on the production and operation of the Company.

(VII) Macro environmental risks

☒ Applicable ☐ Not applicable

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

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

(VIII) Risks related to depository receipts

☐ Applicable ☒ Not applicable

(IX) Other major risks

☐ Applicable ☒ Not applicable

V. Main Business in the Reporting Period

During the reporting period, the Company achieved total operating revenue of CNY 1.957397 billion, a YoY decrease of 15.44%. The Company achieved an operating profit of CNY 18.5014 million, a YoY increase of CNY 170.2582 million. The Company achieved a total profit of CNY 17.4099 million, a YoY increase of CNY 171.5112 million. The net profit attributable to the owners of the parent company was CNY 20.8527 million, a YoY increase of CNY 139.5724 million. The net profit attributable to the owners of the parent company after deducting non-recurring profit or loss was CNY -44.9813 million, a YoY increase of CNY 145.7798 million. The basic earnings per share were CNY 0.16, a YoY increase of CNY 1.06.

(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 | 1,957,396,951.00 | 2,314,895,871.41 | -15.44 |
| Operating cost | 1,482,201,517.00 | 1,972,674,097.81 | -24.86 |
| Selling expenses | 137,416,313.47 | 111,309,776.53 | 23.45 |
| Administrative expenses | 125,750,505.90 | 88,972,623.64 | 41.34 |
| Financial expenses | -6,367,285.99 | -7,517,578.67 | Not applicable |
| R&D expenses | 167,836,859.93 | 206,675,881.05 | -18.79 |
| Net cash flow from operating activities | 622,485,339.64 | -37,440,908.80 | Not applicable |
| Net cash flow from investing activities | -511,184,745.09 | -765,151,752.16 | Not applicable |
| Net cash flow from financing activities | -132,661,377.78 | -250,551,827.90 | Not applicable |

Explanation of changes in operating revenue: The operating revenue decreased by 15.44% year on year. The open orders at the end of 2022 decreased compared to that in 2021, causing a decrease in the accepted projects in 2023.

Explanation of changes in operating costs: The operating costs decreased by 24.86% year on year, mainly due to a decrease in the accepted projects in the year.

Explanation of changes in selling expenses: The selling expenses increased by 23.45% year on year. The main reason was that, based on long-term development in the future, the Company further strengthened the construction of a high-quality talent team, actively expanded the sales team, and also expanded the sales and after-sales service teams for overseas businesses. The wages and salaries increased by CNY 19.3067 million YoY, with a YoY increase of 63.70%. The business promotion expenses increased by CNY 5.2709 million year on year, a YoY increase of 191.05%, and the travel expenses increased by CNY 5.3415 million year on year, a YoY increase of 55.74%.

Explanation of changes in administrative expenses: The administrative expenses increased by 41.34% year on year. The main reason was that the accumulated depreciation and amortization increased by CNY 11.8948 million year on year, a YoY increase of 151.07%, mainly due to the depreciation of newly completed factories and the addition of production equipment. The third-party service fees increased by CNY 8.8391 million year on year, a YoY increase of 153.43%.

Explanation of changes in financial expenses: The financial expenses decreased by 15.30% year on year, mainly due to a reduction in interest expenses this year.

Explanation of changes in R&D costs: The R&D costs decreased by 18.79% year on year, mainly due to a decrease of CNY 39.3042 million in the costs of developing testing materials and testing line construction, a YoY decrease of 51.46%.

Explanation of changes in net cash flows from operating activities: The net cash flows from operating activities were CNY 622.4853 million, a YoY increase of CNY 659.9262 million, mainly

due to an increase in cash received from sales of goods and services in this period. Explanation of changes in net cash flows from investing activities: The net cash flows from investing activities were CNY -511.1847 million, with a YoY increase of CNY 253.967 million, mainly due to an increase in net investment returns and gains.

Explanation of changes in net cash flows from financing activities: The net cash flows from financing activities were CNY -132.6614 million, a YoY increase of CNY 117.8905 million, mainly due to a decrease in cash paid for distributed dividends, profits, or interest, and other cash paid related to financing activities.

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

☐ Applicable ☒ Not applicable

2. Income and cost analysis

☒ Applicable ☐ Not applicable

During the reporting period, the Company achieved total operating revenue of CNY 1.957397 billion, a YoY decrease of 15.44%. During the reporting period, the Company reduced costs and improved efficiency to adapt to market competition changes, with a gross profit margin of 24.28% in 2023, a YoY increase of 9.50%.

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

Unit: CNY

| Main Business by Product | | | | | | |
|---------------------------------|-------------------|----------------|-------------------------|--|--|--|
| Product | Operating Revenue | Operating Cost | Gross Profit Margin (%) | YoY Increase/Decrease of Operating Revenue (%) | YoY Increase/Decrease of Operating Costs (%) | YoY Increase/Decrease of Gross Profit Margin (%) |
| Total Integrated Sorting system | 990,245,087.46 | 718,602,696.90 | 27.43 | 11.90 | -12.68 | An increase of 20.43% |
| Cross Belt Sorting System | 481,467,650.32 | 380,644,734.30 | 20.94 | -44.82 | -44.34 | A decrease of 0.68% |
| Large-Parcel Sorting System | 152,634,269.14 | 130,896,875.51 | 14.24 | 0.04 | 6.64 | A decrease of 5.31% |
| Narrow Belt Sorter | 58,160,241.10 | 52,767,992.33 | 9.27 | 355.44 | 333.99 | An increase of 4.48% |
| Intelligent Warehousing System | 44,563,696.51 | 41,948,462.67 | 5.87 | -2.89 | 18.92 | A decrease of 17.26% |
| Dynamic DWS | 43,521,422.65 | 37,292,294.46 | 14.31 | 78.22 | 61.16 | An increase of 9.07% |

| 2D Bulk Flow Singulator | 43,172,298.66 | 39,129,635.74 | 9.36 | -70.76 | -68.58 | A decrease of 6.28% |
|-------------------------|-------------------|------------------|-------------------------|--|--|--|
| Conveying Equipment | 37,713,200.13 | 35,612,166.18 | 5.57 | 2.96 | -6.14 | An increase of 9.16% |
| Others | 24,341,997.81 | 21,599,487.93 | 11.27 | 38.49 | 42.20 | A decrease of 2.31% |
| Main Business by Region | | | | | | |
| Region | Operating Revenue | Operating Cost | Gross Profit Margin (%) | YoY Increase/Decrease of Operating Revenue (%) | YoY Increase/Decrease of Operating Costs (%) | YoY Increase/Decrease of Gross Profit Margin (%) |
| Chinese Mainland | 1,807,592,886.36 | 1,375,975,562.43 | 23.88 | -11.30 | -20.84 | An increase of 9.18% |
| Overseas | 148,723,026.47 | 105,509,008.86 | 29.06 | -46.33 | -55.00 | An increase of 13.67% |

Explanation of performance of the main business by industry, product, and region

By product:

During the reporting period, the operating revenue of the total integrated sorting system increased by 11.9% year on year and the costs decreased by 12.68%, 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 dynamic DWS and the operating revenue of narrow belt sorter increased by 78.22% and 355.44% year on year, respectively. The main reason was that the Company actively explored the market and explored potential customer needs, orders increased rapidly, and the project accepted increased.

During the reporting period, the Company's main business performed well, and the sales gross profit mainly came from the main business. With the gradual maturity and continuous optimization of products, the gross profit margin of the main business increased by 7.8% year on year.

During the reporting period, the gross profit margins in the Chinese mainland and in the overseas regions increased significantly by 9.18% and 13.67% respectively, mainly due to the cost reduction of technologies and the continuous maturation of products.

2). Analysis of production and sales

☐ Applicable ☒ Not applicable

3). Performance of major purchase and sales contracts

☐ Applicable ☒ Not applicable

4). Costs analysis

Unit: CNY

| Products | | | | | | | |
|---------------------------------|-----------------------|----------------|---|--|---|---|-------|
| Product | Cost item | Current amount | Share in total costs (%) - current period | Amount in the same period of the previous year | Share in total costs (%) – the same period of the previous year | Change in amount compared with the same period of the previous year (%) | Notes |
| Total Integrated Sorting system | Direct material | 625,455,729.23 | 87.04 | 738,760,309.42 | 89.77 | -15.34 | |
| | Direct labor | 36,465,862.53 | 5.07 | 36,413,314.88 | 4.42 | 0.14 | |
| | Manufacturing expense | 56,681,105.14 | 7.89 | 47,811,720.70 | 5.81 | 18.55 | |
| | Sub-total | 718,602,696.90 | | 822,985,345.00 | | -12.68 | |
| Cross belt sorting system | Direct material | 316,134,195.77 | 83.05 | 564,158,206.43 | 82.49 | -43.96 | |
| | Direct labor | 35,132,723.37 | 9.23 | 58,973,113.60 | 8.62 | -40.43 | |
| | Manufacturing expense | 29,377,815.16 | 7.72 | 60,776,883.46 | 8.89 | -51.66 | |
| | Sub-total | 380,644,734.30 | | 683,908,203.49 | | -44.34 | |
| Large-parcel sorting system | Direct material | 118,314,672.71 | 90.39 | 109,419,016.12 | 89.14 | 8.13 | |
| | Direct labor | 5,380,902.10 | 4.11 | 6,379,548.92 | 5.20 | -15.65 | |
| | Manufacturing expense | 7,201,300.70 | 5.50 | 6,946,577.92 | 5.66 | 3.67 | |
| | Sub-total | 130,896,875.51 | | 122,745,142.96 | | 6.64 | |
| Narrow Belt Sorter | Direct material | 44,314,301.09 | 83.98 | 9,696,112.47 | 79.74 | 357.03 | |
| | Direct labor | 4,522,467.83 | 8.57 | 1,569,691.20 | 12.91 | 188.11 | |
| | Manufacturing expense | 3,931,223.41 | 7.45 | 893,124.42 | 7.35 | 340.17 | |
| | Sub-total | 52,767,992.33 | | 12,158,928.09 | | 333.99 | |

| | | | | | | | |
|--------------------------------|-----------------------|---------------|-------|----------------|-------|--------|--|
| Intelligent Warehousing System | Direct material | 34,697,705.90 | 82.72 | 32,690,911.76 | 92.68 | 6.14 | |
| | Direct labor | 1,644,173.72 | 3.92 | 470,196.14 | 1.33 | 249.68 | |
| | Manufacturing expense | 5,606,583.05 | 13.36 | 2,114,733.86 | 5.99 | 165.12 | |
| | Sub-total | 41,948,462.67 | | 35,275,841.76 | | 18.92 | |
| Dynamic DWS | Direct material | 33,595,690.62 | 90.09 | 21,886,045.19 | 94.58 | 53.50 | |
| | Direct labor | 433,612.62 | 1.16 | - | - | 100.00 | |
| | Manufacturing expense | 3,262,991.22 | 8.75 | 1,254,416.97 | 5.42 | 160.12 | |
| | Sub-total | 37,292,294.46 | | 23,140,462.16 | | 61.16 | |
| 2D Bulk Flow Singulator | Direct material | 33,148,223.74 | 84.71 | 108,570,162.06 | 87.18 | -69.47 | |
| | Direct labor | 2,190,668.80 | 5.60 | 6,316,226.89 | 5.07 | -65.32 | |
| | Manufacturing expense | 3,790,743.20 | 9.69 | 9,648,563.19 | 7.75 | -60.71 | |
| | Sub-total | 39,129,635.74 | | 124,534,952.14 | | -68.58 | |
| Conveying Equipment | Direct material | 32,567,097.09 | 91.45 | 34,771,567.20 | 91.64 | -6.34 | |
| | Direct labor | 904,537.11 | 2.54 | 1,125,721.43 | 2.97 | -19.65 | |
| | Manufacturing expense | 2,140,531.98 | 6.01 | 2,045,977.12 | 5.39 | 4.62 | |
| | Sub-total | 35,612,166.18 | | 37,943,265.75 | | -6.14 | |
| Others | Direct material | 18,910,059.66 | 87.55 | 12,542,037.69 | 82.57 | 50.77 | |
| | Direct labor | 806,806.53 | 3.74 | 920,890.79 | 6.06 | -12.39 | |
| | Manufacturing expense | 1,882,621.74 | 8.71 | 1,726,524.43 | 11.37 | 9.04 | |
| | Sub-total | 21,599,487.93 | | 15,189,452.91 | | 42.20 | |

Notes for other information about cost analysis

During the reporting period, the elements of production costs of the Company's main products were relatively stable, with direct material expenses as the main element. Among them, the labor cost was the cost paid for the installation service company hired for each project. The labor and manufacturing costs fluctuated during the reporting period mainly due to the gradual diversification of the

Company's product types and downstream customers, the increase in complexity of installation in the Company's projects, the increase in on-site management costs, and the increase in labor and manufacturing costs due to the high cost of overseas labor and transportation.

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

7). Major customers and suppliers

A. Major customers of the Company

☒ Applicable ☐ Not applicable

The sales from the top five customers were CNY 1,350,061,772.94, accounting for 68.97% of the total annual sales. In the top five customer sales, related party sales amounted to 0, accounting for 0% of the annual total sales.

Top five customers of the Company

☒ Applicable ☐ Not applicable

Unit: CNY

| No. | Customer | Sales | Percentage in total annual sales (%) | Related to a listed company |
|-------|----------|------------------|--------------------------------------|-----------------------------|
| 1 | A | 630,362,095.16 | 32.20 | No |
| 2 | B | 249,438,107.45 | 12.74 | No |
| 3 | C | 212,688,498.28 | 10.87 | No |
| 4 | D | 163,722,752.39 | 8.36 | No |
| 5 | E | 93,850,319.66 | 4.79 | No |
| Total | / | 1,350,061,772.94 | 68.97 | / |

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

☐ Applicable ☒ Not applicable

B. Major suppliers of the Company

☒ Applicable ☐ Not applicable

The procurement amount of the top five suppliers was CNY 534,201,044.22, accounting for 23.39% of the total annual procurement amount. The procurement amount of related parties in the top five suppliers was CNY 0, accounting for 0% of the total annual procurement amount.

Top five suppliers of the Company

☒ Applicable ☐ Not applicable

Unit: CNY

| No. | Supplier | Procurement Amount | Percentage in Total Annual Procurement Amount (%) | Related to a Listed Company |
|-------|----------|--------------------|---|-----------------------------|
| 1 | A | 181,817,292.80 | 7.96 | No |
| 2 | B | 114,337,790.70 | 5.01 | No |
| 3 | C | 84,671,750.75 | 3.71 | No |
| 4 | D | 79,539,522.26 | 3.48 | No |
| 5 | E | 73,834,687.71 | 3.23 | No |
| Total | / | 534,201,044.22 | 23.39 | / |

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

For details, see 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

For details, see 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

| Item | Closing balance of this period | Percentage of closing balance in this period in total assets (%) | Closing balance in the previous period | Percentage of closing balance in the previous period in total assets (%) | Change in closing balance in this period compared with the previous period (%) | Notes |
|--|--------------------------------|--|--|--|--|---|
| Accounts receivable financing | 1,800,000.00 | 0.03 | 200,000.00 | - | 800.00 | Mainly due to the increase in notes receivable |
| Advance payment | 111,826,733.12 | 1.67 | 70,610,295.10 | 1.27 | 58.37 | Mainly due to the increase in advance payment for goods |
| Other accounts receivable | 15,973,931.68 | 0.24 | 10,996,165.20 | 0.20 | 45.27 | Mainly due to the increase in advance payments receivable |
| Inventory | 2,130,990,980.59 | 31.81 | 1,499,999,976.30 | 27.01 | 42.07 | Mainly due to the increase in open orders |
| Contract assets | 87,643,899.86 | 1.31 | 134,561,871.18 | 2.42 | -34.87 | Mainly due to the decrease in warranty deposit receivable this year |
| Non-current assets due within one year | 21,651,996.28 | 0.32 | 238,000.00 | - | 8,997.48 | Mainly due to the increase in long-term accounts receivable due within one year this year |
| Other | 78,353,069.56 | 1.17 | 25,786,064.72 | 0.46 | 203.86 | Mainly due |

| | | | | | | |
|--|----------------|-------|----------------|------|--------|---|
| current assets | | | | | | to the increase in input tax to be deducted this year |
| Long-term accounts receivable | 50,316,282.43 | 0.75 | 5,941,988.00 | 0.11 | 746.79 | Mainly due to the increase in long-term accounts receivable from customers |
| Investment in other equity instruments | 166,100,742.87 | 2.48 | 20,000,000.00 | 0.36 | 730.50 | Mainly due to the increase in strategic foreign investment and fair value changes this year |
| Fixed assets | 740,692,197.42 | 11.06 | 333,737,235.67 | 6.01 | 121.94 | Mainly due to the completion of the Company's factories in progress |
| Right-of-use assets | 19,311,139.18 | 0.29 | 8,264,183.41 | 0.15 | 133.67 | Due to the increase of the leases corresponding to the right-of-use assets in accordance with the new leasing standards |
| Long-term deferred expenses | 6,082,427.94 | 0.09 | 3,325,290.91 | 0.06 | 82.91 | Mainly due to the increase in the renovation of office premises leased by the Company |

| | | | | | | |
|---|------------------|-------|----------------|-------|----------------|--|
| Short-term debt | 20,017,722.23 | 0.30 | 124,692,342.70 | 2.25 | -83.95 | Mainly due to the repayment of working capital loans |
| Accounts payable | 905,830,897.28 | 13.52 | 623,404,298.69 | 11.23 | 45.30 | Mainly due to the increase in accounts payable |
| Contract liabilities | 1,233,397,851.67 | 18.41 | 636,982,480.50 | 11.47 | 93.63 | Mainly due to an increase in contractual advance payments received from customers this year |
| Non-current liabilities due within one year | 11,558,159.67 | 0.17 | 3,667,799.81 | 0.07 | 215.13 | Mainly due to the increase in long-term accounts payable due within one year |
| Lease liabilities | 13,981,159.00 | 0.21 | 5,874,477.94 | 0.11 | 138.00 | Mainly due to the addition of new leases in accordance with the new leasing standards in this reporting period |
| Notes payable | 171,544,171.87 | 2.56 | 0 | 0 | Not applicable | Mainly due to the increase in purchases settled by notes this year |
| Other current liabilities | 81,236,281.22 | 1.21 | 0 | 0 | Not applicable | Mainly due to the increase in notes receivable |

| | | | | | | |
|--|--|--|--|--|--|---|
| | | | | | | not yet confirmed as terminated this year |
|--|--|--|--|--|--|---|

Other notes

None

2. Overseas assets

√ Applicable □ Not applicable

(1) Asset size

Including: Overseas assets of CNY 81,232,212.55, accounting for 1.21% 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 | Opening balance | Increase in the current year | Decrease in the current year | Closing balance | Restriction cause |
|--------------------------|-----------------|------------------------------|------------------------------|-----------------|---|
| Other monetary assets | 4,100,499.23 | 23,669,034.26 | 3,778,212.70 | 23,991,320.79 | Security deposit |
| Other monetary assets | 30,000,000.00 | - | 30,000,000.00 | - | Certificate of deposit of bank |
| Other monetary assets | 2,800,000.00 | 7,200,000.00 | 2,800,000.00 | 7,200,000.00 | Frozen funds |
| Other monetary assets | - | 34,948,336.93 | - | 34,948,336.93 | Bank acceptance notes payable deposit |
| Trading financial assets | - | 10,070,191.78 | - | 10,070,191.78 | Pledge of letter of guarantee deposit certificate |
| Total | 36,900,499.23 | 75,887,562.97 | 36,578,212.70 | 76,209,849.50 | / |

4. Other notes

☐ Applicable ☒ Not applicable

(IV) Analysis of operation information of the industry

☒ Applicable ☐ Not applicable

For details of the operation information of the industry during the reporting period, see "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 and Analysis by the Management".

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

√ Applicable □ Not applicable

Unit: CNY

| Amount of investment in the reporting period (CNY) | Amount of investment in the same period of the previous year (CNY) | Change (%) |
|--|--|------------|
| 146,154,631.06 | 326,102,809.22 | -55.18% |

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

- (1) In February 2023, to achieve sharing of technology and supply chain, and indirectly enter the agricultural sorting equipment field, the Company invested CNY 78 million to subscribe for CNY 9.11215 million of additional registered capital of Reemoon Technology Co., Ltd., as approved by the chairman in accordance with the Company's articles of association.
- (2) In February 2023, the 23rd meeting of the first board of directors reviewed and approved the *Proposal on the Establishment of the Shanghai Subsidiary of Wayzim*, and decided that the Company used its own funds of CNY 50 million to establish a wholly-owned subsidiary Weizhizhi Automation, which completed its business registration in March 2023.
- (3) In January 2023, Wayzim Singapore invested in establishing a subsidiary, Wayzim Mexico, with a registered capital of 50,000 pesos.
- (4) In August 2023, Wayzim Singapore invested in establishing a subsidiary, Wayzim Brazil, with a registered capital of 350,000 reais.
- (5) In September 2023, Wayzim Singapore invested in establishing a subsidiary, Wayzim South Korea, with a registered capital of 100,000,000 won.
- (6) In September 2023, Wayzim Germany invested in establishing a representative office, Wayzim France.
- (7) In December 2023, Wayzim increased its investment in Wayzim Singapore by USD 998,320.
- (8) In December 2023, to promote the development of airport baggage sorting equipment business and strengthen the presence in the civil aviation intelligent logistics equipment industry chain, Weizhizhi Automation invested in Beijing EasyAir Intelligence&Integration Technology Co., Ltd. Weizhizhi Automation subscribed to CNY 575,884 of the newly increased registered capital of Beijing EasyAir Intelligence&Integration Technology Co., Ltd. with its own funds of CNY 10 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

| Asset Category | Opening balance | Gains and losses from changes in fair value in this period | Accumulated fair value changes recognized in equity | Impairment provision recognized in this period | Amount purchased in this period | Amount sold/redeemed in this period | Other changes | Closing balance |
|--|------------------|--|---|--|---------------------------------|-------------------------------------|---------------|------------------|
| Others | 1,268,963,114.45 | 5,962,733.70 | 58,100,742.87 | - | 4,644,141,671.23 | 4,620,998,114.56 | 41,184,067.92 | 1,397,354,215.61 |
| Including: Trading financial assets | 1,248,763,114.45 | 5,674,034.45 | - | - | 4,506,695,166.67 | 4,573,151,610.00 | 30,000,000.00 | 1,217,980,705.57 |
| Including: Accounts receivable financing | 200,000.00 | - | - | - | 49,446,504.56 | 47,846,504.56 | - | 1,800,000.00 |
| Including: | 20,000,000.00 | - | 58,100,742.87 | - | 88,000,000.00 | - | - | 166,100,742.87 |

| | | | | | | | | |
|--|------------------|--------------|---------------|---|------------------|------------------|---------------|------------------|
| Investment in other equity instruments | | | | | | | | |
| Including: Other non-current financial assets | - | 288,699.25 | | | | | 11,184,067.92 | 11,472,767.17 |
| Total | 1,268,963,114.45 | 5,962,733.70 | 58,100,742.87 | - | 4,644,141,671.23 | 4,620,998,114.56 | 41,184,067.92 | 1,397,354,215.61 |

Security investments

☐ Applicable ☒ Not applicable

Investment in derivatives

☒ Applicable ☐ Not applicable

(1). Derivative investments for hedging purposes during the reporting period

☐ Applicable ☒ Not applicable

(2). Derivative investments for speculative purposes during the reporting period

☐ Applicable ☒ Not applicable

Other notes

The Company held the fourth meeting of the second board of directors and the fourth meeting of the second supervisory board on October 24, 2023, and approved the *Proposal on Conducting Foreign Exchange Hedging Business*, agreeing to carry out foreign exchange hedging business. For details, see the announcement titled *Wayzim's Announcement on Conducting Foreign Exchange Hedging Business* disclosed by the Company on the website of Shanghai Stock Exchange on October 26, 2023 (Announcement No.: 2023-041). As of December 31, 2023, the company has not conducted foreign exchange hedging business.

4. Private equity investment fund investment

√ Applicable □ Not applicable

Unit: CNY

| Private equity fund | Signing date of investment agreement | Investment purpose | Planned investment amount | Investment amount during the reporting period | Investment amount as of the end of the reporting period | Participating identity | Proportion of capital contribution at the end of the reporting period (%) | Whether the fund is controlled or significantly influenced | Accounting subject | Relation | Underlying assets of the fund | Profit impact in the reporting period | Accumulated profit impact |
|--|--------------------------------------|--------------------|---------------------------|---|---|------------------------|---|--|--------------------|----------|---|---------------------------------------|---------------------------|
| Wuhuaguo Zhiyuan No.1 Private Equity Investment Fund | January 4, 2022 | Earning profits | 30,000,000.00 | - | 0 | - | - | No | Not applicable | No | Index options and fixed income products | - 26,156.24 | 173,531.57 |
| Total | / | / | 30,000,000.00 | - | 0 | / | - | / | / | / | / | - 26,156.24 | 173,531.57 |

Other notes

None

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

☐ Applicable ☒ Not applicable

(VI) Sales of material assets and equities

☐ Applicable ☒ Not applicable

(VII) Analysis of major holding and controlling shareholders

☒ Applicable ☐ Not applicable

Unit: CNY 10,000

| Company | Main business | Registered capital | Shareholding ratio | Total assets | Net assets | Operating revenue | Net profit |
|------------------|---|--------------------|--------------------|--------------|------------|-------------------|------------|
| Wayzim Anhui | Main production base | 1,000 | 100% | 119,028.52 | 18,931.27 | 113,389.08 | 4,662.75 |
| Wayzim Guangdong | South China Regional Sales and After-sales Service Center | 5,000 | 100% | 5,313.22 | 4,754.05 | 1,991.56 | 55.27 |
| Wayzim R&D | Artificial Intelligence Technology R&D Center | 10,000 | 100% | 22,680.45 | 11,407.89 | 7,040.13 | 1,828.49 |
| Zhongke Guanwei | Production and manufacturing of cameras | 1,000 | 100% | 9,436.38 | 6,247.32 | 8,687.33 | 373.34 |

| | | | | | | | |
|----------------------|---|-------------|------|-----------|-----------|----------|---------|
| Intelligent Sensing | R&D, production, and manufacturing of industrial sensors | 10,000 | 100% | 32,991.28 | 9,631.56 | 151.17 | -315.09 |
| Zhitong Intelligent | Overseas market | 1,000 | 100% | 2,992.13 | 106.35 | 9.23 | -9.28 |
| Wayzim Singapore | Southeast Asian Market Sales and After-sales Service Center | USD 998,420 | 100% | 7,395.99 | 751.44 | 3,621.34 | -10.50 |
| Wayzim Chengdu | Southwest China Regional Sales and After-sales Service Center | 5,000 | 100% | 5,275.40 | 4,933.71 | 1,038.08 | 34.31 |
| Wayzim Jiangxi | South China Manufacturing Center | 10,000 | 100% | 28,434.54 | 10,088.83 | 271.72 | 98.69 |
| Jiangsu Power | Market business of power technology components, including motorized rollers | 1,000 | 51% | 0.47 | 0.47 | 0.00 | -0.03 |
| Weizhizhi Automation | Business support, software development, and some domestic trade | 5,000 | 100% | 5,542.01 | 165.04 | 386.24 | -523.80 |

(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

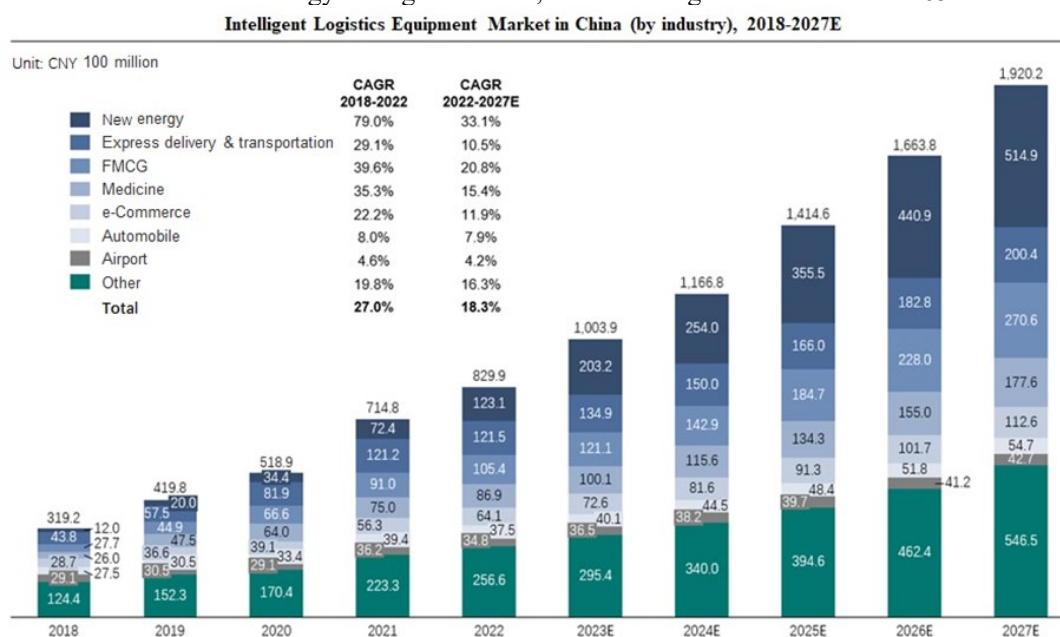
At the beginning of 2024, the State Council of the People's Republic of China issued *Action Plan for Promoting Large-scale Equipment Renewals and Trade-ins of Consumer Goods*, to coordinate the expansion of domestic demand and deepening of the supply-side reform, encourage the advancement, and eliminate the outdated. The Action Plan particularly pointed out that equipment renewal and transformation in key industries need to be promoted. The Action Plan states, Promote new industrialization, focus on energy conservation, carbon reduction, ultra-low emissions, safe production, digital transformation, and intelligent upgrading as important directions, and focus on key industries such as steel, non-ferrous metals, petrochemicals, chemicals, building materials, electricity, machinery, aviation, shipping, textiles, and electronics. Vigorously promote the renewal and technological transformation of production equipment, energy-consuming equipment, and power transmission and distribution equipment. Accelerate the promotion of energy-consuming equipment that meets advanced energy efficiency and energy-saving levels, and implement energy-saving and carbon reduction transformations by industry and sector. Promote the application of intelligent manufacturing equipment and software, accelerate the construction and popularization of the industrial Internet, and promote the cultivation of new modes of digital economy empowerment and intelligence." 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 key components of intelligent logistics equipment, high-end equipment, and comprehensive integrated solutions, which play a leading role in the intelligent logistics equipment industry chain, and are encouraged by the current large-scale equipment renewal and trade-in actions.

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

In 2023, great uncertainty persists in the global macroeconomy. Affected by high inflation in some countries, and the impact of events such as the Russia-Ukraine conflict and the Israel-Palestine conflict, the transmission time of the supply chain and logistics is extended and the supply chain and logistics are disrupted, bringing more uncertainty and challenges to the supply chain. In this context, the world's leading logistics equipment integrators still achieved strong growth. According to *MMH*, an American journal of material handling, the total revenue of the top 20 global logistics equipment industry integrators is stable year on year in 2022, up to around USD 31.774 billion. Among them, the revenue of Daifuku ranking first in 2022 is USD 4.55 billion, a YoY increase of 3.62%. Ranking the second, Dematic generated USD 4.06 billion in revenue in 2022, and Honeywell, ranking the third, generated USD 2.34 billion in revenue in 2022. Many of the top 20 companies focused on providing systems, automation, and software.

According to CIC's report, the market demand for intelligent logistics equipment in China increased by 16.1% YoY in 2023, up to CNY 100.39 billion. The segment market size in the express delivery field reached CNY 13.49 billion, which was still one of the largest segmented application fields. Despite facing macro uncertainty challenges, it still demonstrated high resilience. Meanwhile, the

market size in the new energy field grew fastest, with a YoY growth rate of about 65.1%.



In 2024, the scale of express parcels in China continues to grow, which will drive the market demand for new and upgraded intelligent sorting systems. Monitoring data from State Post Bureau of The People's Republic of China shows that, as of December 31, 2023, the volume of express delivery business in China has reached 130 billion pieces, and the full-process delivery time for express delivery services in key areas nationwide is 56.42 hours, a decrease of 2.4 hours year on year. Furthermore, with the development of cross-border e-commerce and international supply chains, it is becoming increasingly common for Chinese enterprises to establish overseas warehousing and logistics systems, which also creates new opportunities for enterprises in the Chinese intelligent logistics equipment industry to expand overseas. Meanwhile, with the drive from strong terminal demand, there is a strong demand for new energy industry chain companies to expand their production capacity and greater emphasis will be generally paid on automation and intelligence in new production capacity to meet the development needs of enterprises. Therefore, the penetration rate of intelligent logistics equipment in the new energy field is expected to increase rapidly and drive the overall market for development. In terms of policies, intelligent logistics and intelligent warehousing are indispensable for the state to develop modern logistics and fields greatly supported by the state. According to CIC's report, the market size of China's intelligent logistics equipment industry is expected to exceed CNY 190 billion by 2027 and the compound growth rate from 2022 to 2027 is expected to be 18.3%.

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

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

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

(II) Development strategy of the Company

√ Applicable □ Not applicable

The Company plans to further enrich its product matrix, enhance customer coverage, and strengthen production, manufacturing, and supply chain capabilities. Meanwhile, the Company is committed to building Wayzim into a world-leading intelligent logistics equipment and intelligent manufacturing enterprise by focusing on strengthening the layout of technologies, R&D, talents, investments, mergers, acquisitions, and external cooperation.

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

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

Product serialization: Wayzim offers customers integrated solutions of intelligent logistics systems for conveying, sorting, and warehousing. While strengthening the product layout of systems and solutions, the Company will also focus on the layout of the key components of intelligent logistics equipment around sensors, power systems, and other directions. The Company has independently developed and partially produced cameras, sorting carriers, dynamic weighing equipment, and motorized rollers, thus achieving the Company's industrial chain strategy layout of product serialization and integration. For details, see "(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 and 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 such as civil aviation airports, industrial manufacturing, and pharmaceuticals.

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

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

Technical innovation leads all aspects of the Company's products, services, and management. With breakthroughs in key common technologies, the Company can further enhance product competitiveness with standardized solutions and digital operations and expand its businesses more efficiently. 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 to occupy a larger market share.

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

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

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

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

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

(III) Business plan

√ Applicable □ Not applicable

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

1. Technical innovation and product R&D

The Company is engaged in a technology-intensive industry, in which continuous innovation ability is the driving force for the Company's development. Moreover, the Company will further improve the key common technology platform and put more into technical R&D of such systems as express sorting, intelligent warehousing, 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 warehousing. 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 to 5 years, the Company finished the construction of the Nanling Phase II Manufacturing Base Project for capacity expansion during the reporting period. In Nanling Manufacturing Base, there are new production workshops and advanced production and supporting equipment, which will enhance the Company's production capacity of logistics equipment and key components. In addition, the Company has also established the Wayzim Intelligent Equipment Industry Cluster (South China) Base Project in Ganzhou, Jiangxi. After each project is implemented, the Company's production capacity will be further improved, and resources such as venues, equipment, and personnel will be better optimized and configured, thereby enhancing its overall competitiveness.

3. Operation network development plan

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

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

4. Management improvement plan

With the rapid expansion of business scale, the Company will further improve its corporate governance structure, perfect its internal management system, and comprehensively enhance its management. On the basis of constantly improving the current management system, the Company promotes the development of a modern enterprise management system, 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 a high innovation spirit by seeking to establish long-term cooperation mechanisms with higher education institutions and improving various welfare benefits and incentives for R&D personnel.

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

In addition, the Company attaches importance to talent growth, adheres to the enterprise values of "humility, sincerity, honesty, dedication, teamwork, truth, and innovation", and takes enterprise culture, development, and achievements to build a platform and continue to improve the human resource development system and meet the rapid increasing talent requirements in the future.

(IV) Others

☐ Applicable ☒ Not applicable

Section IV Corporate Governance

I. Relevant Information on Corporate Governance

√ Applicable □ Not applicable

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

1. Shareholders and general meeting

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

2. Directors and Board of Directors

During the reporting period, the Board of Directors of the Company held 11 meetings. All directors of the Company carefully attended the meetings of the Board of Directors, attended the general meetings, continuously strengthened their learning of relevant laws and regulations, and fulfilled their corresponding responsibilities with integrity, diligence, and conscientiousness. In strict accordance with the relevant provisions of the *Articles of Association* and the *Rules of Procedure for Meetings of the Board of Directors of Wayzim Technology Co., Ltd.*, the Board of Directors convened and held the meetings of the Board of Directors, implemented the resolutions of the general meetings, and exercised their powers in accordance with the law. The Board of Directors of the Company consisted of Audit Committee, Strategy Committee, Nomination Committee, and Remuneration and Assessment Committee, with great significance for the Company to improve its operation and management capabilities and ensure scientific investment decisions.

3. Supervisors and Board of Supervisors

During the reporting period, the Board of Supervisors of the Company held 9 meetings. In strict accordance with the *Company Law* and the *Rules of Procedure for Meetings of the Board of Supervisors of Wayzim Technology Co., Ltd.*, the Company standardized the convening, holding, and voting procedures of the meetings of the Board of Supervisors and all supervisors conscientiously fulfilled their duties and attended the meetings of the Board of Directors and general meetings of the Company as nonvoting delegates. The Board of Supervisors of the Company was able to independently and effectively supervise the Company's financial affairs and the legality and compliance of the duties of its directors and senior management and safeguard the legitimate rights and interests of the Company and its shareholders.

4. Information disclosure

The Company fulfills the information disclosure obligations in accordance with the relevant provisions of the *Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board* and the *Articles of Association*. During the reporting period, the Company disclosed its information truthfully, accurately, completely, and quickly. 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 are 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

| Session | Date | Inquiry index of the website designated for resolution publishing | Date of disclosure of resolution publishing | Meeting resolution |
|---|-------------------|---|---|--|
| General Meeting 2022 | May 11, 2023 | www.sse.com.cn | May 12, 2023 | The <i>Proposal on the 2022 Work Report of the Board of Directors of the Company</i> , the <i>Proposal on the 2022 Work Report of the Board of Supervisors of the Company</i> , the <i>Proposal on the 2022 Work Report of Independent Directors of the Company</i> , the <i>Proposal on the 2022 Annual Report and Abstract of the Company</i> , and the <i>Proposal on the 2022 Final Accounts Report of the Company</i> were reviewed and approved. See the <i>Announcement of the Resolutions of 2022 Annual General Meeting of Wayzim</i> disclosed on May 12, 2023 on the website of the Shanghai Stock Exchange (www.sse.com.cn) (Announcement No.: 2023-024) for details. |
| The First Extraordinary General Meeting in 2023 | November 10, 2023 | www.sse.com.cn | November 11, 2023 | The <i>Proposal on the Completion of the Digital Workshop Construction Project at the Nanling Manufacturing Base</i> and the <i>Permanent Supplement of the Remaining Raised Funds for Working Capital</i> , the <i>Proposal on the Adjustment of the Internal Investment Structure of Some Raised Investment Projects</i> , and the <i>Election of Mr. Gao Bo as a Non-Independent Director of the Second Board of Directors</i> were reviewed and approved. For details, see the <i>Announcement of the Resolutions of the First Extraordinary General Meeting of Wayzim in 2023</i> disclosed on November 11, 2023 on the website of the Shanghai Stock Exchange (www.sse.com.cn) (Announcement No.: 2023-048). |

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

☐ Applicable ☒ Not applicable

Notes on General Meeting

√ Applicable ☐ Not applicable

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

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

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 | Sex | 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 related parties of the Company |
|------------|--------------------------------------|------|-----|-------------------------|---------------------------|------------------|---------------|--|------------------------------------|--|---|
| Li Gongyan | Chairman and key technical personnel | Male | 45 | March 2020 | May 2026 | 19,800,000 | 19,800,000 | / | / | 136.72 | No |
| Gao Bo | Director | Male | 41 | March 2020 | May 2026 | / | / | / | / | - | Yes |
| Yao Yi | General Manager | Male | 37 | March 2020 | May 2026 | / | / | / | / | 48.71 | No |
| Yao Yi | Chief Financial Officer | Male | 37 | May 2023 | May 2026 | / | / | / | / | | No |

| | | | | | | | | | | | |
|----------------|------------------------------------|--------|----|---------------|----------|---|---|---|---|-------|----|
| Yao Yi | Director | Male | 37 | March 2020 | May 2026 | / | / | / | / | | No |
| Du Ping | Director | Female | 38 | March 2020 | May 2026 | / | / | / | / | 53.18 | No |
| Du Ping | Deputy General Manager | Female | 38 | March 2020 | May 2026 | / | / | / | / | | No |
| Du Ping | Key technical personnel | Female | 38 | March 2020 | May 2026 | / | / | / | / | | No |
| Du Ping | Secretary of Board of Directors | Female | 38 | December 2023 | May 2026 | / | / | / | / | | No |
| Liu Jia | Independent Director | Female | 39 | May 2023 | May 2026 | / | / | / | / | - | No |
| Xu Yan | Independent Director | Male | 62 | May 2023 | May 2026 | / | / | / | / | 5.12 | No |
| Chen Mingfei | Independent Director | Male | 45 | March 2020 | May 2026 | / | / | / | / | 5.89 | No |
| Du Wei | Supervisor | Female | 40 | March 2020 | May 2026 | / | / | / | / | 41.23 | No |
| Zhong Jianpeng | Employee Representative Supervisor | Male | 34 | March 2020 | May 2026 | / | / | / | / | 46.92 | No |

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|------------------|---------------------------------|--------|----|---------------|---------------|---|---|---|---|-------|----|
| Lyu Meiya | Supervisor | Female | 36 | November 2022 | May 2026 | / | / | / | / | 21.52 | No |
| Ke Li | Deputy General Manager | Female | 43 | March 2020 | May 2026 | / | / | / | / | 79.55 | No |
| Li Xiaobing | Deputy General Manager | Male | 56 | March 2020 | May 2026 | / | / | / | / | 63.88 | No |
| Liu Yu | Key technical personnel | Male | 36 | July 2019 | / | / | / | / | / | 48.50 | No |
| Wang Yifeng | Key technical personnel | Male | 45 | August 2019 | / | / | / | / | / | 30.74 | No |
| Wang Xi | Key technical personnel | Male | 37 | August 2019 | / | / | / | / | / | 43.25 | No |
| Ouyang Qingsheng | Key technical personnel | Male | 53 | July 2017 | / | / | / | / | / | 49.37 | No |
| Zuo Xiaofang | Key technical personnel | Female | 37 | March 2020 | / | / | / | / | / | 46.96 | No |
| Xi Yuxiang | Director (departed) | Male | 44 | March 2020 | December 2023 | / | / | / | / | 50.34 | No |
| Xi Yuxiang | Vice General Manager (departed) | Male | 44 | April 2020 | December 2023 | / | / | / | / | | No |

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|--------------|--|--------|----|----------------|---------------|------------|------------|---|---|--------|-----|
| Xi Yuxiang | Secretary of Board of Directors (departed) | Male | 44 | September 2020 | December 2023 | / | / | / | / | | No |
| Shang Liwei | Director (departed) | Male | 42 | March 2020 | October 2023 | / | / | / | / | - | Yes |
| Zou Xi | Director (departed) | Female | 37 | December 2021 | August 2023 | / | / | / | / | 8.66 | No |
| Zou Xi | Chief Financial Officer (departed) | Female | 37 | March 2020 | May 2023 | / | / | / | / | | No |
| Chen Yunsen | Independent Director (departed) | Male | 39 | March 2020 | May 2023 | / | / | / | / | 1.29 | No |
| Feng Jiachun | Independent Director (departed) | Male | 57 | March 2020 | May 2023 | / | / | / | / | 1.03 | No |
| Total | / | / | / | / | / | 19,800,000 | 19,800,000 | | / | 782.86 | / |

| Name | Major working experiences |
|------------|---|
| Li Gongyan | <p>Mr. Li Gongyan, born in June 1979, Chinese, without overseas permanent residency, graduated from the Institute of Automation of the Chinese Academy of Sciences, with a doctoral degree, and is a researcher and doctoral supervisor. He served as an Assistant Researcher at the Institute of Automation of the Chinese Academy of Sciences from July 2008 to July 2010 and Assistant Researcher, Associate Researcher, and Researcher at IMECAS from August 2010 to May 2016. Since June 2016, he has served as the Director of the Intelligent Manufacturing Electronics R&D Center and the Director of the Intelligent Logistics Equipment System Engineering Laboratory at IMECAS. From October 2012 to September 2019, he served as the Technical Director of the Intelligent Transportation Research Center and the Deputy Director of the Laboratory of the Information Recognition and System Control Research Center at Jiangsu IoT Research and Development Center. He served as the Chairman of Wayzim Limited from May 2016 to March 2020 and the Manager of Wayzim Limited from May 2016 to May 2019. He has been serving as the Chairman of the Company since March 2020. He has been serving as the Executing Partner of Wayzim Yuanchuang since April 2018 and the Executing Partner of Qunchuang Zhongda since January 2019.</p> |
| Gao Bo | <p>Mr. Gao Bo, born in September 1983, Chinese, without permanent residency abroad, graduated from the Xinjiang Technical Institute of Physics and Chemistry, Chinese Academy of Sciences, with a doctoral degree. From July 2011 to September 2016, he served as an Associate Researcher at the Institute of Microelectronics of the Chinese Academy of Sciences. From September 2016 to April 2020, he served as the Deputy General Manager of Beijing Zhongke Newmicro Technology Co., LTD. He has served as an Associate Researcher at the Institute of Microelectronics of the Chinese Academy of Sciences since April 2020. He has served as the Executive Deputy General Manager of Zhongke Micro Investment since August 2022. He has served as a Director of the Company since November 2023.</p> |
| Yao Yi | <p>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. From May 2016 to May 2019, he served as the Director and Assistant Manager of Wayzim Limited. From May 2019 to March 2020, he served as a Director and Manager of Wayzim Limited. He has been the Director and General Manager of the Company since March 2020. He also serves as the Chief Financial Officer of the Company since May 2023.</p> |
| 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 the Director of Wayzim Limited from May 2019 to March 2020.</p> |

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| | and the Hardware Engineer of Wayzim Limited from July 2019 to March 2020. She has been the Director and Deputy General Manager of the Company since March 2020, and the Secretary of the Board of Directors of the Company since December 2023. |
| Liu Jia | Ms. Liu Jia, born in December 1985, Chinese, with overseas permanent residency, obtained a master's degree from University of Illinois Urbana-Champaign in June 2009 and a master's degree from University of Washington in December 2014. She served as the Senior Consultant at Ernst & Young from August 2010 to July 2013. She served as the Financial Accountant at Airbiquity Inc. from January 2015 to December 2015. She served as the Financial Analyst at Microsoft Corporation from June 2017 to September 2018. She has been the Senior Tax Consultant at CPA firms since March 2019. She has been an Independent Director of the Company since May 2023. |
| Xu Yan | Mr. Xu Yan, born in August 1962, Chinese, without overseas permanent residency, graduated from Jiangnan University (formerly Wuxi Institute of Light Industry) with a doctoral degree. He is also a professor and doctoral supervisor. Since September 1984, he has successively served as the lecturer, associate professor, and professor of the School of Biotechnology at Jiangnan University. She has been an Independent Director of the Company since May 2023. |
| 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 served as a partner of Boss and Young Attorneys at Law since October 2018. 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 as 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 Internal Control Management Department of the Company since March 2020. |
| Zhong Jianpeng | Mr. Zhong Jianpeng, born in September 1990, Chinese, without overseas permanent 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) and the Purchasing Department of the Company. |

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| Lyu Meiya | Ms. Lyu Meiya, born in January 1988, Chinese, without overseas permanent residency, holds a bachelor's degree. She served as a Legal Specialist at Wuxi Sanying Investment Guarantee Co., Ltd. from January 2010 to February 2014, a Legal Specialist at Jiangsu Finawin Wealth Management Consulting Co., Ltd. from May 2014 to September 2014, a Legal Specialist at Beijing Hengchang Huicheng Information Consulting Co., Ltd. Wuxi Branch from November 2014 to August 2019, and a Legal Specialist at Dongzhu Ecological Environment Protection Co., Ltd. from October 2019 to March 2020. She has been the Legal Specialist of Wayzim Technology Co., Ltd. since June 2020. |
| Ke Li | Ms. Ke Li, born in November 1981, Chinese, without overseas permanent 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 overseas permanent 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 and 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 as 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. |
| Liu Yu | Mr. Liu Yu, born in November 1988, Chinese, without overseas permanent 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 Yifeng | Mr. Wang Yifeng, born in July 1979, Chinese, without overseas permanent 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 and 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. |

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| Wang Xi | Mr. Wang Xi, born in October 1987, Chinese, without overseas permanent residency, graduated from University of Science and 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. |
| Ouyang Qingsheng | Mr. Ouyang Qingsheng, born in October 1971, Chinese, without overseas permanent 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. |
| Zuo Xiaofang | Ms. Zuo Xiaofang, born in March 1987, Chinese, without overseas permanent residency, graduated from Jiangnan University, with a master's degree. She served as a Mechanical Engineer at China Security and 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. |
| Xi Yuxiang (departed) | 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, a Project Manager at 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 served as the Director of the Company from March 2020 to December 2023, the Deputy General Manager from April 2020 to December 2023, and the Secretary of the Board of Directors from September 2020 to December 2023. |

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| Shang Liwei (departed) | 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 a Director of the Company from March 2020 to October 2023. He has been the Director, Manager, and Chairman of Beijing Zhongke Weizhi Intellectual Property Service Co., Ltd. since December 2017, a Manager and Director of Zhongke Micro Investment since July 2018, and the Director of Jiangsu IoT Research and Development Center since January 2020. |
| Zou Xi (departed) | 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 served as the Chief Financial Officer of the Company from March 2020 to May 2023, and a Director of the Company from December 2021 to August 2023. |
| Chen Yunsen (departed) | 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. 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 served as an Independent Director of the Company from March 2020 to May 2023. |
| Feng Jiachun (departed) | 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 studied 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 served as an Independent Director of the Company from March 2020 to May 2023. |

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 Qunchuang Zhongda; Zhong Jianpeng indirectly holds 1,215,000 shares of the Company through Qunchuang Zhongda; Ke Li indirectly holds 450,000 shares of the Company through Qunchuang Zhongda; Liu Yu indirectly holds 1,215,000 shares of the Company through Qunchuang Zhongda; Wang Yifeng indirectly holds 360,000 shares of the Company through 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.

(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

| Relevant personnel | 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 | / |
| Gao Bo | Zhongke Micro Investment | Executive Vice President | August 2022 | / |
| Shang Liwei (departed) | Zhongke Micro Investment | Director and General Manager | July 2018 | / |
| Note for job titles in shareholder companies | None | | | |

2. Job title in other companies

√ Applicable □ Not applicable

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

| | | | | |
|--------------|---|--|----------------|---|
| Yao Yi | Chongqing Branch | Person-in-Charge | June 2021 | / |
| Yao Yi | Jiangxi Zhongwei | Executive Director and General Manager | June 2022 | |
| Yao Yi | Anhui Zhongwei | Executive Director and General Manager | August 2022 | / |
| Yao Yi | Jiangsu Power | Executive Director | November 2022 | / |
| Yao Yi | Weizhizhi Automation | Executive Director and General Manager | March 2023 | / |
| Yao Yi | Anhui Power | Executive Director | January 2023 | / |
| Yao Yi | Shanghai Zhike Power Technology Co., Ltd. | Executive Director | March 2023 | / |
| Yao Yi | Zhengzhou Branch | Person-in-Charge | June 2021 | / |
| Yao Yi | Wayzim Singapore | Director | June 2021 | / |
| Yao Yi | Wayzim Malaysia | Director | March 2022 | / |
| Yao Yi | Wayzim USA | Director | March 2022 | / |
| Yao Yi | Wayzim Hungary | Director | August 2022 | / |
| Yao Yi | Wayzim Germany | Director | December 2022 | / |
| Yao Yi | Wayzim UK | Director | December 2022 | / |
| Yao Yi | Wayzim South Korea | Director | September 2023 | / |
| Li Xiaobing | Wayzim Chengdu | General Manager | January 2022 | / |
| Ke Li | Suzhou Branch | Person-in-Charge | April 2020 | / |
| Ke Li | Jiangsu Power | General Manager | November 2022 | / |
| Ke Li | Shanghai Zhike Power Technology Co., Ltd. | General Manager | March 2023 | |
| Du Ping | Shenzhen Branch | Person-in-Charge | March 2023 | / |
| Chen Mingfei | Shanghai Boss and Young Law Firm | Partner | October 2018 | / |
| Gao Bo | Beijing Xinwei Investment | Executive Director | February 2024 | / |

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|------------------------|---|--|----------------|---|
| | Management Co., Ltd. | | | |
| Gao Bo | SMIC Future Microelectronics Technology Chengdu Co., Ltd. | Director | September 2023 | / |
| Gao Bo | ZKX Epoch Technology Co., Ltd. | Director | November 2023 | / |
| Gao Bo | Chip Cloud Microelectronics Technology Co., Ltd. | Director | November 2023 | / |
| Gao Bo | Jiangsu Zhongke Hanyun Semiconductor Co., Ltd. | Director | July 2023 | / |
| Zhong Jianpeng | Wuxi Zhongke Jinghui Automation Technology Co., Ltd. | Executive Director and General Manager | November 2014 | / |
| Shang Liwei (departed) | Beijing Zhongke Tailong Electronic Technology Co., Ltd. | Director | June 2018 | / |
| Shang Liwei (departed) | Beijing Zhongke Newmicro Technology Co., LTD. | Director | September 2016 | |
| Shang Liwei (departed) | Hangzhou Zhongke Microelectronics Co., Ltd. | Director | July 2016 | / |
| Shang Liwei (departed) | Jiangsu CAS Internet-of-things Technology Venture Capital Co., Ltd. | Chairman | June 2018 | / |
| Shang Liwei (departed) | IMECAS | Director of Industrialization Promotion Center | July 2018 | / |
| Shang Liwei (departed) | Suzhou Mordo IoT Technology Co., Ltd. | Director | March 2011 | / |
| Shang Liwei (departed) | Beijing Laser Technology And Applications., Ltd. | Director | April 2018 | / |
| Shang Liwei (departed) | Jiangsu Ysphotech Integrated Circuit Equipment Co., Ltd. | Director | August 2014 | / |

| | | | | | |
|---------------------|-------|--|---------------------------------|----------------|---|
| Shang (departed) | Liwei | Jiangsu Leuven Instruments Co., Ltd. | Director | September 2015 | / |
| Shang (departed) | Liwei | Xinjiang CIT-SR IoT Technology Co., Ltd. | Director | February 2016 | / |
| Shang (departed) | Liwei | ZKX Epoch Technology Co., Ltd. | Director | April 2017 | / |
| Shang (departed) | Liwei | Beijing Zhongke Saiwei Electronic Technology Co., Ltd. | Director | August 2017 | / |
| Shang (departed) | Liwei | SMIC Future Microelectronics Technology Chengdu Co., Ltd. | Director | August 2017 | / |
| Shang (departed) | Liwei | Beijing Zhongkewei Intellectual Property Service Co., Ltd. | Chairman and General Manager | December 2017 | / |
| Shang (departed) | Liwei | Fuzhi China Technology Industry (Beijing) Co., Ltd. | Manager | January 2019 | / |
| Shang (departed) | Liwei | Zhongke Zhuzhao (Beijing) Technology Co., Ltd. | Director | October 2019 | / |
| Shang (departed) | Liwei | Jiangsu IoT Research and Development Center | Director | January 2020 | / |
| Shang (departed) | Liwei | Beijing Xinwei Investment Management Co., Ltd. | Executive Director | March 2020 | / |
| Shang (departed) | Liwei | Jiangyin Integrated Circuit Design Innovation Center Co., Ltd. | Chairman and General Manager | May 2020 | / |
| Shang (departed) | Liwei | Beijing Xinwei Technology Center (Limited Partnership) | Executing Partner | May 2020 | / |
| Shang (departed) | Liwei | Jiangyin Xinchao Integrated Circuit Industrial Park Management Co., Ltd. | Director | May 2020 | / |

| | | | | |
|----------------------------|--|--|---------------|----------------|
| Shang Liwei (departed) | Beijing Electronic City Integrated Circuit Design Service Co., Ltd. | Director | June 2020 | / |
| Shang Liwei (departed) | Jiangyin Xinwei Technology Center (Limited Partnership) | Executing Partner | June 2020 | / |
| Shang Liwei (departed) | Chengdu Konggang Yuanchuang Private Equity Fund Management Co., Ltd. | Director | December 2020 | / |
| Shang Liwei (departed) | Xinli (Beijing) Technology Co., Ltd. | Executive Director | July 2021 | / |
| Shang Liwei (departed) | Shanghai Ncatest Technologies Co., Ltd. | Director | July 2021 | |
| Shang Liwei (departed) | National Center for Advanced Packaging Co., Ltd. | Chairman | January 2022 | / |
| Zou Xi (departed) | Wayzim Singapore | Director | June 2021 | / |
| Zou Xi (departed) | Wayzim Malaysia | Director | March 2022 | |
| Chen Yunsen (departed) | Central University of Finance and Economics | Deputy Head of Graduate Work Department and Vice Dean of Graduate School | December 2020 | / |
| Chen Yunsen (departed) | Beijing Huaru Technology Co., Ltd. | Independent Director | October 2017 | September 2023 |
| Chen Yunsen (departed) | CITIC Metal Co., Ltd. | Independent Director | July 2021 | July 2024 |
| Feng Jiachun (departed) | Fudan University | Lecturer, Associate Researcher, and Professor | July 2004 | |
| Xi Yuxiang (departed) | Naifen Information Technology (Shanghai) Co., Ltd. | Supervisor | May 2021 | / |
| Xi Yuxiang (departed) | Shanghai Fujie Information Technology Co., Ltd. | Supervisor | May 2021 | / |

| | | | | |
|---|--|------------|-------------|---|
| Xi Yuxiang (departed) | Shanghai Congrong Information Technology Co., Ltd. | Supervisor | May 2021 | / |
| Xi Yuxiang (departed) | Beijing Weijin Information Technology Co., Ltd. | Supervisor | July 2019 | / |
| Xi Yuxiang (departed) | Guangzhou Yuanneng Logistics Automation Equipment Technology Co., Ltd. | Supervisor | August 2015 | / |
| Xi Yuxiang (departed) | IC Seal Co. LTD | Director | March 2022 | / |
| Notes for job titles in other entities | None | | | |

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

√ Applicable □ Not applicable

Unit: CNY 10,000

| | |
|---|---|
| Decision-making procedure for remunerations of directors, supervisors, and senior management | After being reviewed and confirmed by the Remuneration and Assessment Committee, the allowances for directors and supervisors shall be submitted to the Board of Directors/Board of Supervisors and General Meeting for approval. The remuneration of senior management shall be determined by the Board of Directors. |
| Whether a director quits the discussing of his/her own remuneration at the Board of Directors meeting | Yes |
| Specific circumstances of the Remuneration and Assessment Committee or special meeting of independent directors making recommendations on the remuneration of directors, supervisors, and senior management | On April 19, 2023, the Board of Directors' Remuneration and Assessment Committee approved the <i>Proposal on the Remuneration of Directors for 2023</i> and the <i>Proposal on the Remuneration of Senior Management for 2023</i> . |
| Basis for determining the remuneration of directors, supervisors, and senior management | Directors, employee supervisors, and senior management personnel serving in specific positions in the Company receive corresponding remuneration based on their specific positions in the Company. Independent directors are entitled to a fixed amount of allowance. Directors (excluding the independent directors) who do not hold specific positions in the Company will not receive remuneration in the Company. |
| Actual payment of remuneration | During this reporting period, the actual payments of remuneration |

| | |
|---|--|
| of directors, supervisors, and senior management | to the Company's directors and senior management personnel were the same as that disclosed by the Company. |
| Total remunerations actually paid to all directors, supervisors, and senior management at the end of the reporting period | 564.03 |
| Total remunerations actually paid to key technical personnel at the end of the reporting period | 356.20 |

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

√ Applicable □ Not applicable

| Name | Position | Change | Reason for change |
|--------------|---|-------------|---------------------------------------|
| Chen Yunsen | Independent Director | Depart | Departed due to the change of term |
| Feng Jiachun | Independent Director | Depart | Departed due to the change of term |
| Zou Xi | Director, Chief Financial Officer | Depart | Departed due to personal reasons |
| Shang Liwei | Director | Depart | Departed due to personal reasons |
| Xi Yuxiang | Director, Deputy General Manager, Secretary of the Board of Directors | Depart | Departed due to personal reasons |
| Liu Jia | Independent Director | Election | Election of General Meeting |
| Xu Yan | Independent Director | Election | Election of General Meeting |
| Gao Bo | Director | Election | Election of General Meeting |
| Yao Yi | Chief Financial Officer | Appointment | Appointment by the Board of Directors |
| Du Ping | Secretary of Board of Directors | Appointment | Appointment by the Board of Directors |

(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 23rd Meeting of the First Board of Directors | February 26, 2023 | The <i>Proposal on Establishing Wayzim Shanghai Subsidiary, Proposal on Establishing Wayzim Shenzhen Branch, and Proposal on Correction of Prior Accounting Errors and Regular Report Corrections</i> were approved. |
| The 24th Meeting of the First Board of Directors | March 14, 2023 | The <i>Proposal on Establishing Wayzim Yiwu Subsidiary</i> was approved. |
| The 25th Meeting of the First Board of Directors | April 19, 2023 | The <i>Proposal on the 2022 Work Report of the General Manager of the Company, the Proposal on the 2022 Work Report of the Board of Directors of the Company, the Proposal on the 2022 Annual Report and Abstract of the Company, the Proposal on the 2022 Work Report of Independent Directors of the Company, and the Proposal on the 2022 Performance Report of Independent Directors of the Company</i> were reviewed and approved. |
| The 26th Meeting of the First Board of Directors | April 27, 2023 | The <i>Proposal on the Q1 Report of the Company in 2023</i> was reviewed and approved. |
| The 1st Meeting of the Second Board of Directors | May 11, 2023 | The <i>Proposal on the Election of the Chairman of the Second Board of Directors of the Company, the Proposal on the Election of Members of Various Special Committees of the Second Board of Directors of the Company, the Proposal on the Appointment of Senior Management Personnel of the Company, the Proposal on the Appointment of the Head of the Internal Audit Department of the Company, and the Proposal on the Appointment of the Securities Affairs Representative of the Company</i> were reviewed and approved. |
| The 2nd Meeting of the Second Board of Directors | August 29, 2023 | The <i>Proposal on the Company's 2023 Interim Report and Summary, the Proposal on the Special Report on the Deposit and Actual Use of Funds Raised by the Company in the First Half of 2023, the Proposal on Applying for an Increase in Line of Credit from Banks, and the Proposal on Opening a Special Account for Raised Funds</i> were reviewed and approved. |
| The 3rd Meeting of | September 19, | The <i>Proposal on the Regular Reports Correction</i> was |

| | | |
|--|-------------------|--|
| the Second Board of Directors | 2023 | approved. |
| The 4th Meeting of the Second Board of Directors | October 24, 2023 | <i>The Proposal on the Completion of the Digital Workshop Construction Project at the Nanling Manufacturing Base and the Permanent Supplement of the Remaining Raised Funds for Working Capital, the Proposal on the Delay of Some Raised Investment Projects, the Proposal on the Internal Investment Structure Adjustment of Some Raised Investment Projects, the Proposal on Paying Investment Project Funds with Own Foreign Exchange and Exchanging Them with Raised Funds, and the Proposal on Changing the Implementation Location of Some Raised Investment Projects</i> were reviewed and approved. |
| The 5th Meeting of the Second Board of Directors | October 27, 2023 | <i>The Proposal on the Q3 Report of the Company in 2023</i> was reviewed and approved. |
| The 6th Meeting of the Second Board of Directors | November 16, 2023 | <i>The Proposal on Using Excess Raised Funds and Part of Idle Raised Funds for Cash Management and the Proposal on Repurchasing Company Shares through Centralized Competitive Trading</i> were reviewed and approved. |
| The 7th Meeting of the Second Board of Directors | December 28, 2023 | <i>The Proposal on Appointing the Secretary of the Board of Directors</i> was 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 absence | Presence by proxy for two consecutive times or not | Number of attendances at general meetings |
| Li Gongyan | No | 11 | 11 | 9 | 0 | 0 | No | 2 |
| Gao Bo | No | 2 | 2 | 2 | 0 | 0 | No | 1 |
| Yao Yi | No | 11 | 11 | 11 | 0 | 0 | No | 1 |
| Du Ping | No | 11 | 11 | 9 | 0 | 0 | No | 2 |
| Chen Mingfei | Yes | 11 | 11 | 11 | 0 | 0 | No | 2 |
| Liu Jia | Yes | 7 | 7 | 7 | 0 | 0 | No | 2 |
| Xu Yan | Yes | 7 | 7 | 7 | 0 | 0 | No | 1 |
| Shang Liwei (departed) | No | 9 | 9 | 9 | 0 | 0 | No | 1 |
| Xi Yuxiang (departed) | No | 10 | 10 | 8 | 0 | 0 | No | 2 |
| Zou Xi (departed) | No | 5 | 5 | 5 | 0 | 0 | No | 2 |
| Chen Yunsen (departed) | Yes | 4 | 4 | 4 | 0 | 0 | No | 0 |
| Feng Jiachun (departed) | Yes | 4 | 4 | 4 | 0 | 0 | No | 0 |

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 | 11 |
| Including: Number of on-site meetings | 0 |
| Number of meetings held in communication mode | 0 |
| Number of on-site meetings held in communication mode | 11 |

(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

(I). Members of the special committees under the Board of Directors

| Type of special committee | Members |
|---------------------------------------|---|
| Audit Committee | Liu Jia (Chairman), Chen Mingfei, Li Gongyan, Chen Yunsen (departed) |
| Nomination Committee | Chen Mingfei (Chairman), Xu Yan, Li Gongyan, Feng Jiachun (departed) |
| Remuneration and Assessment Committee | Liu Jia (Chairman), Chen Mingfei, Li Gongyan, Chen Yunsen (departed) |
| Strategy Committee | Li Gongyan (Chairman), Liu Jia, Xu Yan, Chen Yunsen (departed), Feng Jiachun (departed) |

(II). During the reporting period, the Audit Committee held a total of eight meetings

| Date | Content | Important comments and suggestions | Other performance of duties |
|-------------------|---|---|-----------------------------|
| February 26, 2023 | Review the <i>Proposal on Prior Accounting Errors Correction and Regular Reports Correction</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |

| | | | |
|--------------------|---|---|----------------|
| April 19, 2023 | Review the <i>Proposal on the Performance Report of the Audit Committee in 2022, the Special Report on the Deposit and Actual Use of Funds Raised in 2022, the Proposal on the Financial Final Accounts Report in 2022, the Proposal on the Audit Report in 2022, and the Proposal on the Financial Budget Report in 2023</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |
| April 27, 2023 | Review the <i>Proposal on the Q1 Report of the Company in 2023</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |
| May 27, 2023 | Review the <i>Company's Internal Audit Department Q1 Work Summary in 2023 and Q2 Work Plan in 2023</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |
| August 29, 2023 | Review the <i>Proposal on the Semi-annual Report and Abstract of the Company in 2023 and the Proposal on the Semi-annual Special Report on the Deposition and Actual Use of Funds Raised for the Company in 2023</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |
| September 14, 2023 | Review the <i>Proposal on the Company's Internal Audit Department Q2 Work Summary and Q3 Work Plan in 2023</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |
| October 27, 2023 | Review the <i>Proposal on the Q3 Report of the Company in 2023</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |
| November 10, 2023 | Review the <i>Proposal on the Company's Internal Audit Department Q3 Work Summary and Q4 Work Plan in 2023</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |

(III). During the reporting period, the Nomination Committee held a total of four meetings

| Date | Content | Important comments and suggestions | Other performance of duties |
|----------------|--|--|-----------------------------|
| April 19, 2023 | Review the <i>Proposal on the 2022 Performance Report of the Nomination Committee of the Board of Directors,</i> | After thorough communication and discussion, the members | Not applicable |

| | | | |
|-------------------|---|---|----------------|
| | the <i>Proposal on the Election of the Board of Directors and Nomination of Non-Independent Director Candidates for the Second Board of Directors</i> , and the <i>Proposal on the Election of the Board of Directors and Nomination of Independent Director Candidates for the Second Board of Directors</i> | unanimously agreed to the above proposals. | |
| April 26, 2023 | Review the <i>Proposal on the Nomination of Senior Management Personnel of the Company</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |
| October 24, 2023 | Review the <i>Proposal on the Nomination of Non-independent Director Candidates of the Company</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |
| December 28, 2023 | Review the <i>Proposal on the Nomination of the Secretary of the Board of Directors of the Company</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |

(IV). During the reporting period, the Strategy Committee held a total of two meetings

| Date | Content | Important comments and suggestions | Other performance of duties |
|-----------------|---|---|-----------------------------|
| April 19, 2023 | Review the <i>Proposal on Applying for General Line of Credit from Banks and Providing Guarantee for Wholly-owned Subsidiaries in 2023</i> , the <i>Proposal on Using Temporary Idle Proprietary Funds for Entrusted Wealth Management</i> , and the <i>Proposal on the Report on the Performance of the Strategy Committee in 2022</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |
| August 29, 2023 | Review the <i>Proposal on Applying for an Increase in Line of Credit from Banks</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |

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

| Date | Content | Important comments and suggestions | Other performance of duties |
|------|---------|------------------------------------|-----------------------------|
|------|---------|------------------------------------|-----------------------------|

| | | | | |
|------------|-----|---|---|----------------|
| April 2023 | 19, | Review the <i>Proposal on Director Compensation of the Company in 2023</i> , the <i>Proposal on Senior Management Personnel Compensation of the Company in 2023</i> , and the <i>Proposal on the Report on the Performance of the Remuneration and Assessment Committee in 2022</i> | After thorough communication and discussion, the members unanimously agreed to the above proposals. | Not applicable |
|------------|-----|---|---|----------------|

(VI). Specific circumstances of objections

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

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

| | |
|--|---------------------|
| Number of current employees of the parent company | 759 |
| Number of current employees of major subsidiaries | 999 |
| Total number of current employees | 1,758 |
| Number of retired employees requiring subsidies from the parent company and major subsidiaries | 0 |
| Professional composition | |
| Type | Number of employees |
| Production personnel | 821 |
| Sales personnel | 190 |
| Technical personnel | 588 |
| Financial personnel | 20 |
| Administrative personnel | 92 |
| Management personnel | 47 |
| Total | 1,758 |
| Education background | |

| Type | Number of employees |
|--------------------------------|---------------------|
| Ph.D. | 2 |
| Master | 224 |
| Bachelor | 744 |
| Junior college degree | 437 |
| High school or below graduates | 351 |
| Total | 1,758 |

(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 timely 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) Outsourcing√ Applicable ☐ Not applicable

| | |
|---|------------------|
| Total working hours of labor outsourcing | Not applicable |
| Total remuneration paid for labor outsourcing | CNY 3,308,441.87 |

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

1. Formulation of the Company's cash dividend policy

In accordance with relevant regulations such as the *Notice on Further Implementation of Cash Dividend of Listed Companies*, *Regulatory Guidelines for Listed Companies No. 3—Distribution of Cash Dividends of Listed Companies*, and *Self-Regulation Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1—Standard Operation*, the Company has clearly defined the principles and forms of profit distribution, cash dividend policy, decision-making procedures and mechanisms for profit distribution schemes, and adjustments to profit distribution policies in the *Articles of Association*. The Company's profit distribution should focus on providing appropriate investment returns to investors and consider the Company's sustainable development.

2. Profit distribution plan in 2023

The Company plans to distribute cash dividends of CNY 0.79 (tax inclusive) per 10 shares to all shareholders. As of March 31, 2024, the Company's total capital stock is 131,608,698 shares. After 3,971,423 shares in the special repurchase account are deducted, the actual number of the profit distribution shares is 127,637,275. Based on this calculation method, the total planned cash dividends to be distributed are CNY 10,083,344.73 (tax inclusive), accounting for 48.36% of the net profit attributable to shareholders of the listed company in 2023. In 2023, the Company didn't convert capital reserve into share capital or distribute bonus shares.

(II) Special notes for cash dividend policy

☒ Applicable ☐ Not applicable

| | |
|---|---|
| Whether it complies with provisions of the Articles of Association or the 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

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

☒ Applicable ☐ Not applicable

Unit: CNY

| | |
|--|------|
| Number of bonus shares per 10 shares | 0 |
| Dividend per 10 shares (CNY) (tax inclusive) | 0.79 |
| Number of shares converted per 10 shares | 0 |

| | |
|--|---------------|
| Cash dividend amount (tax inclusive) | 10,083,344.73 |
| Net profit attributable to common shareholders of the listed company in the annual dividend consolidated financial statements | 20,852,700.49 |
| Percentage of net profit attributable to common shareholders of the listed company in the consolidated financial statements (%) | 48.36% |
| Amount of share repurchases included in cash dividends | 20,447,009.15 |
| Total dividend amount (tax inclusive) | 30,530,353.88 |
| Percentage of total dividend amount to net profit attributable to common shareholders of the listed company in the consolidated financial statements (%) | 146.41% |

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

(I) Overall information on equity incentives

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

Employee stock ownership plan

☒ Applicable ☐ Not applicable

1. On April 24, 2022, the Company held the 17th Meeting of the First Board of Directors and the Sixth Meeting of the First Board of Supervisors, at which the *First Employee Stock Ownership Plan (Draft) of Wayzim Intelligent Manufacturing Technology Co. Ltd.*, the *Management Measures for the First Employee Stock Ownership Plan of Wayzim Intelligent Manufacturing Technology Co. Ltd.*, and relevant proposals were reviewed and approved.

2. The Company held the 18th Meeting of the First Board of Directors and the Seventh Meeting of the First Board of Supervisors On April 26, 2022, and held the 2021 Annual General Meeting on May 16, 2022, at which the *Proposal on the First Employee Stock Ownership Plan (Draft Amendment) of Wayzim Intelligent Manufacturing Technology Co. Ltd. and Abstract* and other relevant proposals were reviewed and approved.

3. On May 7, 2022, the Company held the First Employee Representative Meeting 2022, at which the *Proposal on the First Employee Stock Ownership Plan (Draft Amendment) of Wayzim Intelligent*

Manufacturing Technology Co. Ltd. and Abstract and the Proposal on Management Measures for the First Employee Stock Ownership Plan of Wayzim Intelligent Manufacturing Technology Co. Ltd. (Amendment) were reviewed and approved.

4. On June 29, 2022, the bank accounts and securities accounts for the Phase I Employee Stock Ownership Plan of the Company have been opened, for which the stocks of the Company have not been purchased yet.

5. On July 13, 2022, the Company held the first holders' meeting for the Phase I Employee Stock Ownership Plan, at which relevant proposals were approved, including the *Proposal on Establishing the Management Committee of Phase I Employee Stock Ownership Plan of the Company*, and the *Proposal on Electing Members for the Management Committee of Phase I Employee Stock Ownership Plan of the Company*.

6. On July 29, 2022, the purchase of stocks of the Company was completed for the Phase I Employee Stock Ownership Plan. The underlying stocks purchased as per the Employee Stock Ownership Plan were unlocked successively in ten periods after 12 months from the date of announcement, with 12 months for each period, totaling 120 months.

7. On August 1, 2023, the Company held the second meeting of the first Employee Stock Ownership Plan (ESOP) Management Committee to review and approve the *Arrangements for the Expiration of the First Unlocking Period of the Wayzim First Employee Stock Ownership Plan*. The first tranche of the ESOP has reached the expiration of the first unlocking period, and 10% of the total ESOP shares were unlocked in this period.

8. On August 29, 2023, the Company held the second shareholders' meeting of the first ESOP to approve the *Proposal on Changing the Members of the Management Committee of the First Employee Stock Ownership Plan*.

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 an assessment system and incentive system for senior management during the reporting period

☒ Applicable ☐ Not applicable

According to the *Articles of Association* and *Executive Remuneration Management System of the Company*, the Company has established a scientific and appropriate salary and performance assessment and evaluation system to maximize the enthusiasm, initiative, and creativity of employees. The incentive system was well implemented during the reporting period. The compensation plan for senior management of the Company is developed by the Compensation and

Performance Assessment Committee and executed with the approval of the Board of Directors. The compensation for senior management mainly consists of basic salary and performance bonuses, and is approved and paid based on the annual business operation of the Company, personal job responsibilities, and achievement of goals.

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

☒ Applicable ☐ Not applicable

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

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

The *2023 Internal Control Evaluation Report of the Company* accurately reflects the facts concerning the construction and implementation of internal control of the Company in an all-round way during the reporting period. According to the identification of deficiencies in the internal control of the Company, no material weaknesses or significant deficiencies were identified for the Company in 2023. In the future, the Company will continue to improve its internal control system, normalize its execution, and intensify its internal control supervision and inspection, so as to facilitate the healthy and sustainable development of the Company.

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

☐ Applicable ☒ Not applicable

XV. Management and Control of Subsidiaries during the Reporting Period

☒ Applicable ☐ Not applicable

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

XVI. Explanation of Relevant Information of Internal Control Audit Report

☒ Applicable ☐ Not applicable

For details of the internal control audit report, see *Wayzim Internal Control Audit Report in 2023* disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 23, 2024.

Disclosure of internal control audit report: Yes

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

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

There were no self-inspected problems or rectifications for the Company.

XVIII. Others

☐ 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 perfected the operational mechanisms of the General Meeting, Board of Directors, Board of Supervisors, and the Management. When it comes to employee training, two employee stock ownership platforms, Qunchuang Zhongda and Wayzim Yuanchuang, were established successively. The management and backbone employees of the Company are the holders of the stocks, fully mobilizing the enthusiasm and initiative of core employees, and striving to cultivate a group of outstanding management and technical talents in the Company. On protection of the rights and interests of investors, the Company effectively conveyed its business highlights and development prospects via information disclosure, research, and SSE E-interactive, fully safeguarding the right to know and interests of all shareholders and relevant investors.

II. Environmental Information

| | |
|---|-------|
| Whether environmental protection mechanisms are established | Yes |
| Investment in environmental protection during the reporting period (unit: CNY 10,000) | 10.36 |

(I) Is it a key pollution-discharging unit announced by the environmental protection authorities?

☐ Yes ☒ No

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

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

(III) Resource and energy consumption and emissions

☒ Applicable ☐ Not applicable

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

The Company has established relevant management mechanisms in line with the ISO14001 Environmental Management System and has been certified by the above system. During the reporting period, the Company abided by environmental laws and regulations. Neither environmental pollution

accident in its production or operation, nor violation of environmental laws and regulations happened to the Company, let alone punishment by relevant administrative authorities.

1. Greenhouse gas emission

☐ Applicable ☒ Not applicable

2. Energy and resource consumption

☒ Applicable ☐ Not applicable

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

3. Waste and pollutant discharge

☒ Applicable ☐ Not applicable

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

1. Wastewater

The wastewater of the Company mainly refers to the production sewage and domestic sewage of employees. The production sewage is pretreated by water treatment equipment and then connected to the sewage treatment plant through the municipal pipe network for centralized treatment, which will not be discharged until it satisfies the *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T 31962-2015) and the *Discharge Standard of Main Water Pollutants for Municipal Wastewater Treatment Plant and Key Industries of Taihu Area*.

2. Exhaust gas

The Company strictly controls the uncontrolled emission of exhaust gas, ensuring that the collection and treatment efficiency of various process exhaust gases, as well as the height of exhaust funnels, meet environmental requirements. After effective collection and treatment, the exhaust gas is emitted through a 15-meter-high exhaust funnel. The emission concentration and rate of volatile organic compounds (VOCs) at the outlet of the exhaust funnel comply with the *Emission Control Standard of Volatile Organic Compounds for Industrial Enterprises* (DB 12/524-2020). The particulate matter beyond the plant boundary meets the maximum concentration limit requirements of the monitoring points in the *Integrated Emission Standard of Air Pollutants* (GB 16297-1996).

3. Noise

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

4. Solid waste

The Company implements measures for the collection, disposal, and comprehensive utilization of various types of solid waste in accordance with the disposal principles of reduction, resource utilization, and harmlessness, entrusts the Environmental Sanitation Department to handle household waste; performs comprehensive utilization and disposal of general waste; and commissions qualified units to dispose of wastes such as scrap rubber, spent activated carbon, and waste filter cotton. Before transferring the wastes, the transfer procedures must be handled by the environmental protection administrative department. The stacking, storage, and transfer of solid waste in the plant area shall comply with the relevant requirements of the *Standard for Pollution Control of General Industrial Solid Waste Storage and Disposal Sites* (GB 18599-2020) and the *Standard for Pollution Control on Hazardous Waste Storage* (GB 18597-2001), without generating secondary pollution.

Environmental protection management system of the Company

√ Applicable □ Not applicable

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

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

| | |
|---|--|
| Whether to take carbon reduction measures | Yes |
| Reduction of carbon dioxide equivalent (unit: ton) | 3 |
| Types of carbon reduction measures (e.g. clean energy power generation, carbon reduction technologies in production, research and development of new products for carbon reduction) | To reduce carbon emissions, enhance energy efficiency, and be environmental-friendly, company-use vehicles and high-energy-consuming equipment are shut down during non-working hours, a proper system for usage and energy consumption management is established, energy-saving technologies and equipment are used, and the equipment is automatically or manually shut down during non-operating hours. |

Detailed description

√ Applicable □ Not applicable

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

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

□ Applicable √ Not applicable

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

√ Applicable □ Not applicable

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

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

2. Identify significant environmental factors

The Company identified major environmental factors in various regions and departments, and employed a series of control measures, for example, selecting flame-retardant materials to reduce toxic gas emissions, classifying hazardous waste for unified recycling, and continuously carrying out recycling of recyclable

packing barrels. Besides, corresponding targets were set, and the results were tested and measured to control environmental risks.

3. Launch a hazardous waste management plan

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

III. Social Responsibilities

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

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 and Analysis by the Management".

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

| Type | Amount | Notes |
|---|--------|--|
| Donations contributed | | |
| Including: Fund (in CNY 10,000) | - | Not applicable |
| Amount of goods and materials (in CNY 10,000) | 35.88 | 1. Donated 38,800 RMB relief supplies to impoverished families in Zhangbei County, Zhangjiakou City, Hebei Province. 2. Donated 320,000 RMB to build a 238 kW photovoltaic power station in Cheqiao Town, Huai'an City, Jiangsu Province. |
| Public welfare projects | | |
| Including: Fund (in CNY 10,000) | - | |
| Number of beneficiaries (person) | - | |
| Rural revitalization | | |
| Including: Fund (in CNY 10,000) | - | |
| Amount of goods and materials (in CNY 10,000) | - | |
| Quantity of employment (person) | - | |

1. Specific public welfare projects and charitable activities

√ Applicable □ Not applicable

(1) In addition to developing its business, the Company actively engaged in various social welfare and charitable causes, shouldering its corporate responsibility, contributing to society, and spreading positive energy through actions. During the reporting period, the Company donated 38,800 RMB relief supplies to impoverished families in Zhangbei County, Zhangjiakou City, Hebei Province.

(2) The Company donated 320,000 RMB specifically for the photovoltaic power station project in Cheqiao Town, Huai'an District, Huai'an City. As the first project jointly constructed by two villages under the guidance of the government, the small-scale photovoltaic power station of Cheqiao Town is transformed from an abandoned primary school in the village, and is expected to bring an annual average sustainable income of about 120,000 RMB to the villages, effectively solving the difficulty in increasing the collective income.

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

□ Applicable √ Not applicable

Detailed description

☐ 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, General Meetings, investor research (including but not limited to telephone consultation, email communication, and on-the-spot communication), 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) | 29 |
| Percentage of stockholding employees in the total employees of the Company (%) | 1.65 |
| Quantity of stockholdings of employees (in 10,000 shares) | 4,051.215 |
| Percentage of stockholdings of employees in the total shares (%) | 30.78 |

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

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

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

(VI) Product safety guarantee

As guided by the spirit of "Technological innovation and premium quality", the Company established a technology innovation system with enterprises as the main body, and continued to provide customers with

first-class products and attentive professional services. According to the requirements of the quality management system, the Company executed comprehensive quality management in product production, installation, and after-sales service to manage product safety and quality in an all-round way, in order to ensure the high-speed, stable and highly reliable product operation, and better meet customer needs.

(VII) Other situations in assuming social responsibility

☐ Applicable ☒ Not applicable

IV. Other Situations of Corporate Governance

(I) Party building

☒ Applicable ☐ Not applicable

The party branch of the Company has a total of 84 party members, consisting of 1 party branch secretary, 3 party branch committee members, 3 probationary party members, and 77 formal party members.

Since the establishment of the Company's party branch, it has closely followed the pace of the party, and developed the Company's business by following the party's policies. As a fighting fortress, the party branch pays attention to the Company's business development, and ensures that the development strategy and business direction move forward in full accordance with the guidance of national policies without deviation. The development of an enterprise depends on excellent employees. Excellent employees not only need to have outstanding skills and abilities, but also need to have proper political consciousness and attitudes. The party branch of the Company has taken the work of party building as an important means to cultivate talents, regularly promoting party building activities such as the "three meetings and one lesson" and allowing talents to receive guidance and develop abilities within the party organization. In daily work, under the influence of party branch members of the Company, the Company's employees work together to strive for excellence, move forward with determination, and make contributions to the enterprise and social development with better performance and superior services.

(II) Investor relations and protection

| Type | Number of times | Details |
|---|---|---|
| Performance briefing | 3 | During the reporting period, the Company held three performance briefings, namely, "2022 and 2023 Q1 Performance Briefing", "2023 Semi-annual Performance Briefing", and "2023 Q3 Performance Briefing". The performance briefings were all held by the Shanghai Stock Exchange (SSE) Roadshow Center via online interaction. |
| Investor relations management activities via new media | 3 | The Company presided over investor research activities and received institutional investors, including seller's securities research institutes and securities investment fund companies for research and exchange by resorting to online means like telephone conference call system. |
| Set-up of investor relations column on the official website | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | www.wayzim.com Investor Relations Column |

Specific implementation of investor relations management and protection

☒ Applicable ☐ Not applicable

According to the provisions of the *Company Law*, the *Securities Law*, the *Guidelines for the Work on Listed Companies and Investor Relations*, the *Rules of the Shanghai Stock Exchange for the Listing of*

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

Communication and exchange with investors by other means

☒ Applicable ☐ Not applicable

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

(III) Transparency of information disclosure

☒ Applicable ☐ Not applicable

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

(IV) Protection of intellectual property and information security

☒ Applicable ☐ Not applicable

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

(V) Participation of institutional investors in corporate governance

☐ Applicable ☒ Not applicable

(VI) Other situations of corporate governance

☐ Applicable ☒ Not applicable

Section VI Important Matters

I. Fulfillment of Commitments

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

√ Applicable □ Not applicable

| Commitment background | Commitment type | Committing entity | Commitment description | Commitment time | With performance period or not | Commitment period | Performed in a timely and strict manner or not | Specific reasons if not performed in a timely manner | Further plan if not performed in a timely manner |
|----------------------------|-------------------|--|------------------------|-----------------|--------------------------------|---------------------------------|--|--|--|
| Commitments related to IPO | Restricted shares | Li Gongyan | Note 1 | June 29, 2020 | Yes | 42 months from October 26, 2021 | Yes | N/A | N/A |
| | Restricted shares | Wayzim Yuanchuang, Qunchuang Zhongda | Note 2 | June 29, 2020 | Yes | 42 months from October 26, 2021 | Yes | N/A | N/A |
| | Restricted shares | Zhongke Micro Investment, Yao Yajuan | Note 3 | June 29, 2020 | Yes | 12 months from October 26, 2021 | Yes | N/A | N/A |
| | Restricted shares | Zhu Yi, Talent Innovation and Enterprise No. 1, Zhongke Chuangxing, Xinchao Technology, Zhongjin | Note 4 | June 29, 2020 | Yes | 12 months from October 26, 2021 | Yes | N/A | N/A |

| | | | | | | | | | |
|--|-------------------|--|--------|---------------|-----|---------------------------------|-----|-----|-----|
| | | Qichen, SCGC, IoT Industry Investment, Songhe Growth No. 4, IoT Innovation Center, Fangteng Financial, Zhongshen Xinchuang | | | | | | | |
| | Restricted shares | Yao Yi, Du Ping, Lai Qi, Du Wei, Zhong Jianpeng, Ke Li | Note 5 | June 29, 2020 | Yes | 12 months from October 26, 2021 | Yes | N/A | N/A |
| | Restricted shares | Li Gongyan, Du Ping, Ouyang Qingsheng, Liu Yu, Wang Xi, Wang Yifeng, Zuo Xiaofang | Note 6 | June 29, 2020 | Yes | 12 months from October 26, 2021 | Yes | N/A | N/A |
| | Others | Li Gongyan | Note 7 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | Wayzim Yuanchuang, Qunchuang Zhongda | Note 8 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | Zhongke | Note 9 | June 29, | No | Permanent | Yes | N/A | N/A |

| | | | | | | | | | |
|--|--------|---|---------|---------------|-----|---------------------------------|-----|-----|-----|
| | | Micro Investment, Yao Yajuan | | 2020 | | | | | |
| | Others | Company | Note 10 | June 29, 2020 | Yes | 36 months from October 26, 2021 | Yes | N/A | N/A |
| | Others | Li Gongyan | Note 11 | June 29, 2020 | Yes | 36 months from October 26, 2021 | Yes | N/A | N/A |
| | Others | Li Gongyan, Yao Yi, Du Ping, Xi Yuxiang, Lai Qi, Ke Li, Li Xiaobing, Zou Xi | Note 12 | June 29, 2020 | Yes | 36 months from October 26, 2021 | Yes | N/A | N/A |
| | Others | Company | Note 13 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | Li Gongyan | Note 14 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | Company | Note 15 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | Li Gongyan | Note 16 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | All Directors and Senior Management | Note 17 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | Company | Note 18 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | Company | Note 19 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | Li Gongyan | Note 20 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |

| | | | | | | | | | |
|--|--------|---|---------|------------------|----|-----------|-----|-----|-----|
| | Others | Wayzim Yuanchuang, Qunchuang Zhongda, Zhongke Micro Investment, Yao Yajuan | Note 21 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | All Directors, Supervisors, Senior Management, and key technical personnel | Note 22 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | Li Gongyan | Note 23 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | Li Gongyan | Note 24 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |
| | Others | Li Gongyan | Note 25 | June 29, 2020 | No | Permanent | Yes | N/A | N/A |

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 aforementioned lockup period expires, I will not transfer more than 25% of the total number of issuer's 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 the 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.

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. 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 with 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 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."

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 the 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 the 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 decide 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 the 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 the 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 decide 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 the 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 decide 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, and information disclosure. The specific arrangements are as follows:

(1) Repurchase of the stocks by the Company to stabilize 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 the 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 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 repurchases 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 to take 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, and information disclosure. 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) 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 the 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 to take 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, and information disclosure. 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) 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 the 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 to take 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 appropriate, 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 improves 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 the sustainable development of the Company.

(4) Reinforcing the investor return mechanism

The Company implements an active profit distribution policy and focuses on appropriate 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 to 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 the 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 to 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 Wayzim 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 to 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 in 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 disasters, 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 (For relevant commitments, relevant approval procedures are required to be performed 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 in 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 in relevant laws, regulations, and policies, natural disasters, 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 in 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 in 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 in relevant laws, regulations, and policies, natural disasters, 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, to avoiding horizontal competition

"1. Except for the issuer and its subsidiaries, I currently do not engage in any of 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, to 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 appropriate 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, compensation claims, 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

☐ Achieved ☐ Not achieved ☒ 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 Unit: CNY 1 Currency: CNY

Refer to Section X.V.46, "Changes in significant accounting policies and accounting estimates" for details.

(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) Approval procedures and other explanations

☐ Applicable ☒ Not applicable

VI. Appointment and Dismissal of Accounting Firm

Unit: CNY 1 Currency: CNY

| | Current appointment |
|--|------------------------------|
| Name of domestic accounting firm | KPMG Huazhen LLP |
| Remuneration of domestic accounting firms | 2,030,000.00 |
| Audit term of domestic accounting firm | 3 |
| Name of the certified public accountant of the domestic accounting firm | Huang Xiaodong and Chen Yuzi |
| Audit service years of a certified public accountant of a domestic accounting firm | 3 and 1 |

| | Name | Compensation |
|--|------------------|--------------|
| Accounting firm for internal control audit | KPMG Huazhen LLP | 370,000.00 |

Explanation on appointment and dismissal of accounting firm

☒ Applicable ☐ Not applicable

On April 19, 2023, Wayzim held the 25th Meeting of the First Board of Directors and the 12th Meeting of the First Board of Supervisors. On May 11, 2023, Wayzim held the 2022 Annual General Meeting of Shareholders, and reviewed and approved the *Proposal on the Further Appointment of Accounting Firm in 2023* with a term of one year.

Explanation for changing accounting firm during the audit

☐ Applicable ☒ Not applicable

Explanation of the situation where audit fees have decreased by more than 20% (including 20%) compared to the previous year

☐ 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 significant lawsuit or arbitration matters in the current year
☒ The company has no significant lawsuit or arbitration matters in the current year

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

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

XII. Material Affiliate Transaction**(I) Affiliate transactions related to the Company's day-to-day operation****1. Matters disclosed in the interim announcement and without progress or changes in the follow-up implementation process**

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

On April 19, 2023, Wayzim held the 25th Meeting of the First Board of Directors and the 12th Meeting of the First Board of Supervisors, and approved *Proposal on Confirming the Implementation of Daily Affiliate Transactions in 2022 and the Expected Daily Affiliate Transactions in 2023*. The *Wayzim's Announcement on Confirming the Implementation of Daily Affiliate Transactions in 2022 and the Expected Daily Affiliate Transactions in 2023* (announcement No.: 2023-015) has been disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn). The follow-up development of the above related matters is as follows:

(Unit: CNY 10,000)

| Type of transaction | Affiliates | Estimated amount for 2023 | Actual amount in 2023 |
|---|---|---------------------------|-----------------------|
| Purchase of goods/acceptance of labor service | Jiangsu Carnival Technology Co., Ltd. | 3,800.00 | 2,760.48 |
| | Institute of Microelectronics of the Chinese Academy of | 150.00 | - |

| Type of transaction | Affiliates | Estimated amount for 2023 | Actual amount in 2023 |
|-----------------------------------|--|---------------------------|-----------------------|
| | Sciences | | |
| | Jiangsu R&D Center for Internet of Things | 39.00 | 37.33 |
| Lease of affiliates | Beijing Zhongke Micro Investment Management Co., Ltd. | 205.61 | 182.59 |
| Reimbursed expenses of affiliates | Institute of Microelectronics of the Chinese Academy of Sciences | 60.00 | 66.51 |

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 progress or changes in the follow-up implementation process**

☐ Applicable ☒ Not applicable

2. Matters disclosed in the temporary announcement, but with progress 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 a performance agreement is involved

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

2. Matters disclosed in the temporary announcement, but with progress 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 1 Currency: CNY

| Type | Sources of funding | Amount incurred | Balance before maturity | Amount overdue but not recovered |
|------------------------------------|--------------------|------------------|-------------------------|----------------------------------|
| Bank products for asset management | Equity fund | 394,000,000.00 | 290,000,000.00 | - |
| Bank products for asset management | Idle funds raised | 1,099,000,000.00 | 948,694,166.67 | - |
| Total | - | 1,493,000,000.00 | 1,238,694,166.67 | - |

Other circumstances

□ Applicable √ Not applicable

(2) Individual entrusted asset management

√ Applicable □ Not applicable

Unit: CNY 1 Currency: CNY

| Trustee | Type of entrusted asset management | Amount of entrusted asset management | Beginning date of entrusted asset management | Ending date of entrusted asset management | Sources of funding | Funding destination | Whether there are any restrictions | Remuneration determination method | Annualized yield rate | Prospective earnings (if any) | Actual earnings or losses | Amount within the contract period | Amount overdue but not recovered | Whether through legal procedures | Any entrusted asset management plan in the future | Amount of impairment provision (if any) |
|---|------------------------------------|--------------------------------------|--|---|--------------------|---------------------|------------------------------------|-----------------------------------|-----------------------|-------------------------------|---------------------------|-----------------------------------|----------------------------------|----------------------------------|---|---|
| Bank of Communications Co., Ltd. Wuxi Chengbei Sub-branch | Bank products for asset management | 10,000,000.00 | 2023/11/1 | Not applicable | Funds raised | Bank | No | As agreed in the contract | 1.8% | / | / | / | / | Yes | Yes | / |
| Bank of Communications Co., Ltd. Wuxi Chengbei Sub-branch | Bank products for asset management | 101,714,166.67 | 2023/11/9 | 2026/5/6 | Funds raised | Bank | No | As agreed in the contract | 3.3% | 8,332,500.00 | / | / | / | Yes | Yes | / |

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|---|------------------------------------|----------------|------------|-----------|--------------|------|-----|---------------------------|------------------|--------------|---|---|---|-----|-----|---|
| Bank of Communications Co., Ltd. Wuxi Chengbei Sub-branch | Bank products for asset management | 101,980,000.00 | 2023/12/8 | 2026/5/6 | Funds raised | Bank | No | As agreed in the contract | 3.3% | 8,066,666.67 | / | / | / | Yes | Yes | / |
| Bank of Communications Co., Ltd. Wuxi Chengbei Sub-branch | Bank products for asset management | 10,000,000.00 | 2023/8/31 | 2024/8/30 | Equity fund | Bank | Yes | As agreed in the contract | 2.10% | 212,916.67 | / | / | / | Yes | Yes | / |
| Bank of Nanjing Co., Ltd. Wuxi Chengnan Sub-branch | Bank products for asset management | 20,000,000.00 | 2023/10/30 | 2024/2/20 | Funds raised | Bank | No | As agreed in the contract | 1.60%/2.7%/2.85% | 178,916.66 | / | / | / | Yes | Yes | / |
| Bank of Nanjing Co., Ltd. Wuxi Chengnan Sub-branch | Bank products for asset management | 290,000,000.00 | 2023/11/13 | 2024/1/5 | Funds raised | Bank | No | As agreed in the contract | 1.55%/2.55%/2.8% | 1,195,444.45 | / | / | / | Yes | Yes | / |
| Bank of Nanjing Co., Ltd. Wuxi Chengnan Sub-branch | Bank products for asset management | 100,000,000.00 | 2023/11/24 | 2024/2/28 | Funds raised | Bank | No | As agreed in the contract | 1.6%/2.5%/2.8% | 666,666.67 | / | / | / | Yes | Yes | / |
| Bank of Nanjing Co., Ltd. Wuxi Chengnan Sub-branch | Bank products for asset management | 125,000,000.00 | 2023/12/7 | 2024/1/5 | Funds raised | Bank | No | As agreed in the contract | 1.50%/2.65%/2.8% | 281,944.45 | / | / | / | Yes | Yes | / |
| Bank of Nanjing Co., Ltd. Wuxi Chengnan Sub-branch | Bank products for asset management | 35,000,000.00 | 2023/12/22 | 2024/1/24 | Funds raised | Bank | No | As agreed in the contract | 1.55%/2.5%/2.8% | 80,208.34 | / | / | / | Yes | Yes | / |
| Bank of Nanjing Co., Ltd. Wuxi Chengnan Sub-branch | Bank products for asset management | 20,000,000.00 | 2023/12/20 | 2024/3/20 | Funds raised | Bank | No | As agreed in the contract | 1.6%/2.5%/2.8% | 126,388.89 | / | / | / | Yes | Yes | / |
| Bank of Ningbo Co., Ltd. Wuxi Xishan Sub-branch | Bank products for asset management | 60,000,000.00 | 2023/9/27 | 2024/3/25 | Funds raised | Bank | No | As agreed in the contract | 1.5%-2.95% | 872,876.71 | / | / | / | Yes | Yes | / |
| Bank of Ningbo Co., Ltd. Wuxi Xishan Sub-branch | Bank products for asset management | 20,000,000.00 | 2023/11/30 | 2024/5/30 | Funds raised | Bank | No | As agreed in the contract | 1.00%-2.85% | 288,166.67 | / | / | / | Yes | Yes | / |
| Bank of Ningbo Co., Ltd. Wuxi Xishan Sub-branch | Bank products for asset management | 25,000,000.00 | 2023/12/12 | 2024/6/12 | Funds raised | Bank | No | As agreed in the contract | 1.5%-2.85% | 362,187.50 | / | / | / | Yes | Yes | / |
| Bank of Ningbo Co., Ltd. Wuxi | Bank products for | 40,000,000.00 | 2023/12/28 | 2024/3/28 | Funds raised | Bank | No | As agreed in the contract | 1.5%-2.85% | 284,219.18 | / | / | / | Yes | Yes | / |

| | | | | | | | | | | | | | | | | |
|---|------------------------------------|----------------|------------|-----------|-------------|------|-----|---------------------------|-------------|--------------|---|---|---|-----|-----|---|
| Xishan Sub-branch | asset management | | | | | | | | | | | | | | | |
| Industrial Bank Co., Ltd. Wuxi Liangxi Branch | Bank products for asset management | 10,000,000.00 | 2023/5/8 | 2026/5/8 | Equity fund | Bank | No | As agreed in the contract | 3.25% | 989,444.44 | / | / | / | Yes | Yes | / |
| Industrial Bank Co., Ltd. Wuxi Liangxi Branch | Bank products for asset management | 14,000,000.00 | 2023/8/3 | 2026/5/22 | Equity fund | Bank | No | As agreed in the contract | 3.09% | 1,229,305.00 | / | / | / | Yes | Yes | / |
| China Merchants Bank Co., Ltd. Wuxi Xidong Sub-branch | Bank products for asset management | 26,000,000.00 | 2023/12/29 | 2024/1/5 | Equity fund | Bank | No | As agreed in the contract | 1.55%-2.21% | 11,019.73 | / | / | / | Yes | Yes | / |
| China Minsheng Bank Wuxi Xishan Branch | Bank products for asset management | 210,000,000.00 | 2023/2/17 | 2026/2/17 | Equity fund | Bank | No | As agreed in the contract | 3.30% | 6,641,249.99 | / | / | / | Yes | Yes | / |
| China Minsheng Bank Wuxi Xishan Branch | Bank products for asset management | 20,000,000.00 | 2023/9/27 | 2024/3/26 | Equity fund | Bank | Yes | As agreed in the contract | 1.90% | 191,055.56 | / | / | / | Yes | Yes | / |

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 1

| Source of funds raised | Time when funds raised are available | Total amount of funds raised | Amount of excessive 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) | Total amount of funds raised whose use changes |
|-----------------------------------|--------------------------------------|------------------------------|----------------------------------|--|---|--|---|---|---------------------------------|---|--|
| Initial public offering of shares | 2021/10/20 | 2,976,600,000.00 | 1,409,128,589.34 | 2,748,557,661.34 | 1,339,429,072.00 | 2,748,557,661.34 | 1,842,285,126.57 | 67.03 | 188,370,538.11 | 6.85 | - |

(II) Details of equity investment projects

√ Applicable □ Not applicable

Unit: CNY 1

| Project | Description | Whether a change in investment orientation is involved | Source of funds raised | Time when funds raised are available | Whether excessive funds raised are used | Total committed investment amount of project funds raised | Adjusted total investment amount of funds raised (1) | Amount invested in this year | 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) | Date when the project reaches the scheduled usable state | Whether the project is finally accepted | Is the investment progress in line with the schedule | Specific reasons for the failure of investment progress to reach the schedule | Benefits achieved this year | Benefits or R&D results achieved by the project | Whether the project feasibility has changed significantly? If yes, please state the details | Balance |
|--|-----------------------------|--|-----------------------------------|--------------------------------------|---|---|--|------------------------------|---|---|--|---|--|---|-----------------------------|---|---|---------|
| Intelligent Equipment Manufacturing Center Project | Production and construction | No | Initial public offering of shares | 2021/10/20 | No | 292,521,749.00 | 292,521,749.00 | 33,960,808.60 | 72,226,266.33 | 24.69 | 2025/10/26 | No | Yes | N/A | N/A | No | No | N/A |

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|--|-----------------------------|----|-----------------------------------|------------|-----|------------------|------------------|----------------|------------------|--------|------------|-----|-----|-----|-----|----|----|-----|
| Nanling Manufacturing Base Digital Workshop Construction Project | Production and construction | No | Initial public offering of shares | 2021/10/20 | No | 180,288,098.00 | 180,288,098.00 | 19,872,916.16 | 103,475,845.16 | 57.39 | 2023/10/26 | Yes | Yes | N/A | N/A | No | No | N/A |
| Intelligent Equipment and Artificial Intelligence R&D Center Project | R&D | No | Initial public offering of shares | 2021/10/20 | No | 225,938,725.00 | 225,938,725.00 | 35,926,316.53 | 78,410,120.72 | 34.70 | 2025/10/26 | No | Yes | N/A | N/A | No | No | N/A |
| Market Sales and Product Service Base Construction Project | Operations management | No | Initial public offering of shares | 2021/10/20 | No | 140,680,500.00 | 140,680,500.00 | 11,065,278.19 | 15,150,475.73 | 10.77 | 2025/10/26 | No | Yes | N/A | N/A | No | No | N/A |
| Supplementary working capital | Others | No | Initial public offering of shares | 2021/10/20 | No | 500,000,000.00 | 500,000,000.00 | | 500,000,000.00 | 100.00 | N/A | No | Yes | N/A | N/A | No | No | N/A |
| Supplementary working capital after project completion | Others | No | Initial public offering of shares | 2021/10/20 | No | - | - | 82,747,077.47 | 82,747,077.47 | / | N/A | No | Yes | N/A | N/A | No | No | N/A |
| Permanent supplementati on of working capital | Others | No | Initial public offering of shares | 2021/10/20 | Yes | 845,477,200.00 | 845,477,200.00 | | 845,477,200.00 | 100.00 | N/A | No | Yes | N/A | N/A | No | No | N/A |
| Excessive funds raised | Others | No | Initial public offering of shares | 2021/10/20 | Yes | 418,853,248.18 | 418,853,248.18 | | | | N/A | No | Yes | N/A | N/A | No | No | N/A |
| Share repurchase | Others | No | Initial public offering of shares | 2021/10/20 | Yes | 144,798,141.16 | 144,798,141.16 | 4,798,141.16 | 144,798,141.16 | 100.00 | N/A | No | Yes | N/A | N/A | No | No | N/A |
| Total | | No | Initial public offering of shares | - | | 2,748,557,661.34 | 2,748,557,661.34 | 188,370,538.11 | 1,842,285,126.57 | 67.03 | - | | | - | - | - | - | |

(III) Changes or termination of 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

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

Unit: CNY 10,000 Currency: CNY

| Date of board review | Effective approval amount for cash management using raised funds | Start date | End date | Cash management balance at the end of the reporting period | Whether the highest balance during the period exceeded the authorized limit |
|----------------------|--|-------------------|-------------------|--|---|
| November 12, 2022 | 110,000 | November 12, 2022 | November 12, 2023 | 0 | No |
| November 16, 2023 | 110,000 | November 16, 2023 | November 15, 2024 | 94,869.42 | No |

Other notes

On November 12, 2022, at the 22nd Meeting of the First Board of Directors and the 10th Meeting of the First Board of Supervisors of the Company, the Company reviewed and approved the *Proposal on Using Excessive Funds Raised and Part of Idle Funds Raised for Cash Management*. It was agreed that the Company and its wholly-owned subsidiaries may use up to 1.1 billion RMB (inclusive) of excessive funds raised and some idle funds raised for cash management. The term of use lasts 12 months from the date of approval by the Company's board of directors. For details, refer to the *Announcement of Wayzim on Using Excessive Funds Raised and Part of Idle Funds Raised for Cash Management* (announcement No.: 2022-029) disclosed on the website of the Shanghai Stock Exchange on November 15, 2022.

On November 16, 2023, at the 6th Meeting of the Second Board of Directors and the 6th Meeting of the Second Board of Supervisors of the Company, the Company reviewed and approved the *Proposal on Using Excessive Funds Raised and Part of Idle Funds Raised for Cash Management*. It was agreed that the Company and its wholly-owned subsidiaries may use up to 1.1 billion RMB (inclusive) of excessive funds raised and some idle funds raised for cash management. The term of use lasts 12 months from the date of approval by the Company's board of directors. For details, refer to the *Announcement of Wayzim on Using Excessive Funds Raised and Part of Idle Funds Raised for Cash Management* (announcement No.: 2023-049) disclosed on the website of the Shanghai Stock Exchange on November 18, 2023.

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

☐ Applicable ☒ Not applicable**5. Others**☒ Applicable ☐ Not applicable

On October 24, 2023, at the 4th Meeting of the Second Board of Directors and the 4th Meeting of the Second Board of Supervisors of the Company, the Company reviewed and approved the *Proposal on the Completion of the Nanling Manufacturing Base Digital Workshop Construction Project and Permanently Supplemting Working Capital with the Remaining Raised Funds*. It was agreed to end the Nanling Manufacturing Base Digital Workshop Construction Project and use the remaining raised funds of 82,253,500 RMB (the actual amount is subject to the balance in the special account for fund raising on the

day of fund transfer) to permanently supplement the Company's working capital. For details, refer to the *Announcement of Wayzim on the Completion of Some Equity Investment Projects and the Permanent Supplement of Working Capital with the Remaining Raised Funds* (announcement No.: 2023-037) disclosed by the Company on the website of the Shanghai Stock Exchange on October 26, 2023.

On October 24, 2023, at the 4th Meeting of the Second Board of Directors and the 4th Meeting of the Second Board of Supervisors of the Company, the Company reviewed and approved the *Proposal on Paying Equity Investment Projects with Owned Foreign Exchange and Substituting the Foreign Exchange with Equivalent Raised Funds*. It was agreed to use owned foreign exchange to pay part of the funds required for equity investment projects during the implementation of the equity investment projects, without affecting the normal progress of the project. Later, the foreign exchange can be substituted with equivalent raised funds that will be transferred from the raised funds account to the Company and its subsidiaries' general accounts. For details, refer to the *Announcement of Wayzim on Paying Equity Investment Projects with Owned Foreign Exchange and Substituting the Foreign Exchange with Equivalent Raised Funds* (announcement No.: 2023-039) disclosed by the Company on the website of the Shanghai Stock Exchange on October 26, 2023.

On October 24, 2023, at the 4th Meeting of the Second Board of Directors and the 4th Meeting of the Second Board of Supervisors of the Company, the Company reviewed and approved the *Proposal on Changing the Implementation Locations of Some Equity Investment Projects*. It was agreed to change the implementation location of the Market Sales and Product Service Base Construction Project as required during the implementation. For details, refer to the *Announcement of Wayzim on Changing the Implementation Locations of Some Equity Investment Projects* (announcement No.: 2023-040) disclosed by the Company on the website of the Shanghai Stock Exchange on October 26, 2023.

On October 24, 2023, at the 4th Meeting of the Second Board of Directors and the 4th Meeting of the Second Board of Supervisors of the Company, the Company reviewed and approved the *Proposal on the Internal Investment Structure Adjustment of Some Equity Investment Projects*. It was agreed that the Company can adjust the internal investment structure of projects featuring initial public offerings (Intelligent Equipment and Artificial Intelligence R&D Center Project and Market Sales and Product Service Base Construction Project) while keeping the total amount of investment unchanged. For details, refer to the *Announcement of Wayzim on the Internal Investment Structure Adjustment of Some Equity Investment Projects* (announcement No.: 2023-038) disclosed by the Company on the website of the Shanghai Stock Exchange on October 26, 2023.

On October 24, 2023, at the 4th Meeting of the Second Board of Directors and the 4th Meeting of the Second Board of Supervisors of the Company, the Company reviewed and approved the *Proposal on the Postponement of Some Equity Investment Projects*. It was agreed to change the date when the project reaches the scheduled usable state of the equity investment projects Intelligent Equipment Manufacturing Center Project, Intelligent Equipment and Artificial Intelligence R&D Center Project, and Market Sales and Product Service Base Construction Project from the original date of October 26, 2023, to October 26, 2025. The above postponement does not change the investment content, total investment amount, or implementation entities of the projects, and will not have a substantial impact on the implementation of the projects. For details, refer to the *Announcement of Wayzim on the Postponement of Some Equity Investment Projects* (announcement No.: 2023-036) disclosed by the Company on the website of the Shanghai Stock Exchange on October 26, 2023.

On November 16, 2023, at the 6th Meeting of the Second Board of Directors and the 6th Meeting of the Second Board of Supervisors of the Company, the Company reviewed and approved the *Proposal on the Scheme for Repurchasing Company Shares through Centralized Price Bidding*. It was agreed that the Company would repurchase part of the ordinary CNY shares (A shares) issued by the Company through centralized bidding via the Shanghai Stock Exchange with the initial excessive funds raised. The total repurchase amount shall not be less than 25 million RMB (inclusive) and not more than 50 million RMB (inclusive). The repurchased shares are intended to be used for implementing an employee stock ownership plan or equity incentive. The repurchase period shall be 12 months from the date of approval of this repurchase plan by the Board of Directors of the Company. For details, refer to the *Announcement of Wayzim on the Scheme for Repurchasing Company Shares through Centralized Price Bidding* (announcement No.: 2023-050) disclosed by the Company on the website of the Shanghai Stock Exchange on November 18, 2023.

XV. Description of Other Major Matters that Have a Significant Impact on Investors' Value Determination 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

| | 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 | 67,486,000 | 51.2778 | | | | -886,000 | -886,000 | 66,600,000 | 50.60 |
| 1. State-owned shares | | | | | | | | 0 | 0 |
| 2. Shares held by state-owned legal persons | 0 | 0 | | | | | | 0 | 0 |
| 3. Shares held by other domestic investors | 67,486,000 | 51.2778 | | | | -886,000 | -886,000 | 66,600,000 | 50.60 |
| Including: Shares held by domestic non-state-owned legal persons | 47,686,000 | 36.2332 | | | | -886,000 | -886,000 | 46,800,000 | 35.56 |
| Shares held by domestic natural persons | 19,800,000 | 15.0446 | | | | | | 19,800,000 | 15.04 |
| 4. Shares held by foreign investors | 0 | 0 | | | | | | 0 | 0 |
| Including: Shares held by foreign legal persons | 0 | 0 | | | | | | 0 | 0 |
| Shares held by foreign natural persons | | | | | | | | | |
| II. Tradable shares without | 64,122,698 | 48.7222 | | | | +886,000 | +886,000 | 65,008,698 | 49.40 |

| | | | | | | | | | |
|---------------------------------------|-------------|----------|--|--|--|----------|----------|-------------|----------|
| limited sales conditions | | | | | | | | | |
| 1. CNY ordinary shares | 64,122,698 | 48.7222 | | | | +886,000 | +886,000 | 65,008,698 | 49.40 |
| 2. Domestically listed foreign shares | | | | | | | | | |
| 3. Overseas listed foreign shares | | | | | | | | | |
| 4. Others | | | | | | | | | |
| III. Total shares | 131,608,698 | 100.0000 | | | | 0 | 0 | 131,608,698 | 100.0000 |

2. Notes on changes in shares

√ Applicable □ Not applicable

CITIC Securities Investment Co., Ltd. obtained 990,000 shares of the Company's placed shares during its initial public offering. According to relevant regulations such as the *Implementation Rules for Refinancing Securities Lending and Refinancing Securities Business on the Science and Technology Innovation Board*, it lent some of its restricted shares through refinancing. As of December 31, 2022, it had lent 104,000 shares. During the reporting period, the above-mentioned lent shares have all been returned.

The restricted shares for strategic placement held by CITIC Securities Investment Co., Ltd. have been listed for circulation on October 26, 2023. For details, refer to the *Announcement of Wayzim on Circulation of a Part of IPO Restricted Shares* (announcement No. 2023-035) that was disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on October 19, 2023.

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

(II) Changes in restricted shares

√ Applicable □ Not applicable

Unit: Share

| Name of shareholder | Number of shares subject to restrictions on sale at the beginning of the year | Number of shares relieved from restrictions in the current year | Increase of shares subject to restrictions on sale in the current year | Number of shares subject to restrictions on sale at the end of the year | Reasons for restriction on sale | Date of relieving the restriction on sale |
|---------------------------------------|---|---|--|---|---------------------------------|---|
| CITIC Securities Investment Co., Ltd. | 990,000 | 990,000 | 0 | 0 | Strategic placement | October 26, 2023 |
| Total | 990,000 | 990,000 | 0 | 0 | / | / |

II. Securities Issuance and Listing**(I) Securities issuance as of the reporting period**

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

| | |
|--|--------|
| Total number of common shareholders as of the end of the reporting period (Nos.) | 13,226 |
| Total number of common shareholders as of the end of the month prior to the date of disclosure of annual report (Nos.) | 12,549 |
| 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 rights as of the end of the month prior to the date of disclosure of annual report (Nos.) | 0 |
| Total number of shareholders of special shares with voting power as of the end of the reporting period (Nos.) | 0 |
| Total number of shareholders of special shares with voting power as of the end of the 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 (excluding shares lent through refinancing) | | | | | | | |
|--|---|---|----------------|---|------------------------------|--------|--------------------|
| 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 | Pledge, marking, or freezing | | Shareholder nature |
| | | | | | Share status | Amount | |
| Wuxi Wayzim Yuanchuang Investment Enterprise (Limited Partnership) | 0 | 27,000,000 | 20.52 | 27,000,000 | N/A | 0 | Others |

| Li Gongyan | 0 | 19,800,000 | 15.04 | 19,800,000 | N/A | 0 | Domestic natural person |
|---|---|------------|----------------------------|------------|------|----------|---------------------------------------|
| Wuxi Qunchuang Zhongda Investment Partnership (Limited Partnership) | 0 | 19,800,000 | 15.04 | 19,800,000 | N/A | 0 | Others |
| Beijing Zhongke Micro Investment Management Co., Ltd. | 0 | 13,500,000 | 10.26 | 0 | N/A | 0 | State-owned legal person |
| Yao Yajuan | 0 | 5400000 | 4.10 | 0 | N/A | 0 | Domestic natural person |
| Zhu Yi | 1,338,896 | 3,161,104 | 2.40 | 0 | N/A | 0 | Domestic natural person |
| CITIC Securities Investment Co., Ltd. | 0 | 990000 | 0.75 | 0 | N/A | 0 | Domestic non-state-owned legal person |
| Wuxi Industry Jufeng Investment Management Co., Ltd. - Wuxi Internet of Things Industry Investment Management Partnership (Limited Partnership) | 0 | 978,264 | 0.74 | 0 | N/A | 0 | Others |
| Zhang Dongdong | 238,983 | 910,752 | 0.69 | 0 | N/A | 0 | Domestic natural person |
| China Merchants Bank Co., Ltd. - Southern Alpha Hybrid Securities Investment Fund | 781,549 | 781,549 | 0.59 | 0 | N/A | 0 | Others |
| Shareholding of top ten unrestricted shareholders | | | | | | | |
| Name of shareholder | Number of unrestricted tradable shares held | | Type and quantity of share | | Type | Quantity | |
| | | | | | | | |

| | | | |
|---|---|---------------------|------------|
| Beijing Zhongke Micro Investment Management Co., Ltd. | 13,500,000 | CNY ordinary shares | 13,500,000 |
| Yao Yajuan | 5,400,000 | CNY ordinary shares | 5,400,000 |
| Zhu Yi | 3,161,104 | CNY ordinary shares | 3,161,104 |
| CITIC Securities Investment Co., Ltd. | 990,000 | CNY ordinary shares | 990,000 |
| Wuxi Industry Jufeng Investment Management Co., Ltd. - Wuxi Internet of Things Industry Investment Management Partnership (Limited Partnership) | 978,264 | CNY ordinary shares | 978,264 |
| Zhang Dongdong | 910,752 | CNY ordinary shares | 910,752 |
| China Merchants Bank Co., Ltd. - Southern Alpha Hybrid Securities Investment Fund | 781,549 | CNY ordinary shares | 781,549 |
| Yang Liuqing | 615,705 | CNY ordinary shares | 615,705 |
| Bank of China Co., Ltd. - Dacheng JingHeng Mixed Fund | 593,865 | CNY ordinary shares | 593,865 |
| Wayzim Technology Co., Ltd. - Phase I Employee Stock Ownership Plan | 457,650 | CNY ordinary shares | 457,650 |
| Special accounts for repurchase by top ten shareholders | As of December 31, 2023, the Company has repurchased 3,367,787 shares via centralized bidding of the trading system of the Shanghai Stock Exchange, accounting for 2.5589% of the capital stock (131,608,698 shares) of the Company. The highest transaction price for the repurchase was CNY 44.21 per share, and the lowest one was CNY 34.75 per share. The aggregate amount of funds paid was CNY 144,419,760.96 (excluding transaction costs such as commission and transfer fee). | | |
| Explanation of the above shareholders on delegating/receiving/waiving voting power | Not applicable | | |
| Description of related relationship or acting in concert with the above shareholders | 1. Li Gongyan is the Executing Partner of Qunchuang Zhongda and Wayzim Yuanchuang; 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> . | | |
| Description of preferred shareholders with recovered voting power and number of shares held | Not applicable | | |

Participation of the top ten shareholders in shares lending through refinancing

☐ Applicable ☒ Not applicable

Changes of the top ten shareholders compared to that in the previous period

☒ Applicable ☐ Not applicable

Unit: Share

| Changes of the top ten shareholders compared to that at the end of the previous period | | | | | |
|--|---|---|-------------------|---|-------------------|
| Name of shareholder (full name) | New/Exited shareholder in this reporting period | Number of shares lent through refinancing and not yet returned at the end of the reporting period | | Number of shares held by ordinary shareholders and margin account holders and shares lent through refinancing and not yet returned at the end of the reporting period | |
| | | Total number | Proportion (%) | Total number | Proportion (%) |
| Wang Weizhong | Exit | 0 | 0 | Unknown | Unknown |
| Beijing Zhongke Chuangxing Venture Capital Management Partnership (Limited Partnership) - Beijing Zhongke Chuangxing Hard Technology Venture Capital Partnership (Limited Partnership) | Exit | 0 | 0 | Unknown | Unknown |
| Guangdong Hongtu Venture Capital Management Co., Ltd. - Shenzhen Talent Innovation and Enterprise No. 1 Equity Investment Fund (L.P.) | Exit | 0 | 0 | Unknown | Unknown |
| Wang Jichao | Exit | 0 | 0 | Unknown | Unknown |
| CITIC Securities Investment Co., Ltd. | New | 0 | 0 | 990,000 | 0.75 |
| Wuxi Industry Jufeng Investment Management Co., Ltd. - Wuxi Internet of Things Industry Investment Management Partnership (Limited Partnership) | New | 0 | 0 | 978,264 | 0.74 |
| Zhang Dongdong | New | 0 | 0 | 910,752 | 0.69 |
| China Merchants Bank Co., Ltd. - Southern Alpha Hybrid Securities Investment Fund | New | 0 | 0 | 781,549 | 0.59 |

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 newly tradable shares | |
| 1 | Wuxi Wayzim Yuanchuang Investment Enterprise (Limited Partnership) | 27,000,000 | 2025.4.26 | 0 | Lockup for 42 months from the date of company listing |
| 2 | Li Gongyan | 19,800,000 | 2025.4.26 | 0 | Lockup for 42 months from the date of company listing |
| 3 | Wuxi Qunchuang Zhongda Investment Partnership (Limited Partnership) | 19,800,000 | 2025.4.26 | 0 | Lockup for 42 months from the date of company listing |
| Description of related relationship or acting in concert with the above shareholders | | Li Gongyan is the Executing Partner of Qunchuang Zhongda and Wayzim Yuanchuang. | | | |

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

□ Applicable √ Not applicable

Participation of the top ten depository receipt holders in depository receipt lending through refinancing

□ Applicable √ Not applicable

Changes of the top ten depository receipt holders compared to that in the previous 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

| Name of shareholder | Relation with the Sponsor | Number of rights issue/depository receipt | Tradable time | Increase/decrease of shares during the reporting period | Unit: Share |
|---------------------------------------|---------------------------|---|---------------|---|--|
| | | | | | Number of holdings including refinancing and loaning shares/depository receipts at the end of the period |
| CITIC Securities Investment Co., Ltd. | Wholly-owned subsidiary | 990,000 | 2023.10.26 | 104,000,000 | 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 for the absence of a 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 for 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

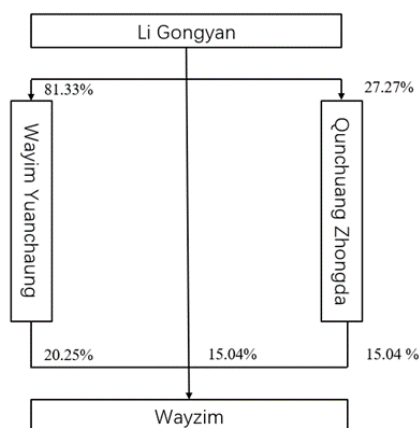
☐ Applicable ☒ Not applicable

(II) Actual controllers**1. Legal person**

☐ Applicable ☒ Not applicable

2. Natural person√ Applicable ☐ Not applicable

| | |
|---|--------------------|
| Name | Li Gongyan |
| Nationality | China |
| Obtaining the right of residence in other countries or regions or not | No |
| Main profession and position | Chairman of Wayzim |
| Information on other domestic and overseas listed companies holding equity in the past 10 years | N/A |

3. Special explanations for the absence of an 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 trusts or other asset management methods**☐ Applicable √ Not applicable**(III) Introduction to other information on controlling shareholders and actual controllers**☐ Applicable √ Not applicable**V. The Cumulative Number of Pledged Shares of the Company's Controlling Shareholder or the Largest Shareholder and Its Concerted Actors Accounts for More Than 80% of That of the Company's Shares**☐ Applicable √ Not applicable**VI. Other Corporate Shareholders with At Least 10% Shares**√ Applicable ☐ Not applicable

Unit: CNY 10,000 Currency: CNY

| Name of corporate shareholder | Person in charge or legal representative | Date of establishment | Organization code | Registered capital | Main business or management activities |
|-------------------------------|--|-----------------------|-------------------|--------------------|--|
|-------------------------------|--|-----------------------|-------------------|--------------------|--|

| | | | | | |
|---|-------------|----------------|------------|---------------------|--|
| Beijing Zhongke Micro Investment Management Co., Ltd. | Shang Liwei | August 5, 2011 | 58086712-8 | CNY 14.8188 million | Investment management; copyright trade; trademark agency; technical development, technical consultation; technical services; conference services; undertaking of exhibition and display activities; and renting out commercial premises. (The market entity may lawfully and independently choose its business items and carry out relevant operating activities; regarding items requiring approval according to laws, the operating activities shall be carried out in accordance with the approved contents with the approval of the department concerned; the market entity is not allowed to be engaged in operating activities prohibited and restricted by the national and municipal industrial policies.) |
| Notes | N/A | | | | |

VII. Information on Restricted Share/Depository Receipt Selling

☐ Applicable ☒ Not applicable

VIII. Specific Implementation of Share Repurchase During the Reporting Period

☒ Applicable ☐ Not applicable

Unit: CNY 1 Currency: CNY

| | |
|--|--|
| Name of the share repurchase plan | Plan of Wayzim Technology on Company Share Repurchase through Centralized Bidding |
| Disclosure time of the share repurchase plan | November 15, 2022 |
| Number of shares to be repurchased and their proportion to the total share capital (%) | Number of shares to be repurchased: 1,330,023 to 2,482,710 shares Proportion to the total share capital: 1.01% to 1.89% |
| Proposed amount of repurchase | RMB 75 million (inclusive) to RMB 140 million (inclusive) |
| Proposed repurchase period | Within 12 months from the date of approval of the share |

| | |
|--|---|
| Name of the share repurchase plan | Plan of Wayzim Technology on Company Share Repurchase through Centralized Bidding |
| | repurchase plan at the 22nd Meeting of the First Board of Directors |
| Purpose of repurchase | The repurchased shares are intended to be used for implementing an employee stock ownership plan or equity incentive. If the repurchased shares are not transferred within 36 months after the date of announcement of the repurchase results and changes in the shares, the Company will follow the legal procedures to reduce the registered capital, and the untransferred shares will be cancelled. |
| Number of shares repurchased (shares) | 3,239,000 shares, and the repurchase for this period has been completed |
| Proportion of the number of shares repurchased to the underlying shares involved in the equity incentive plan (%) (if any) | Not applicable |
| Progress of shares reduction and repurchase by means of centralized bidding by the Company | Not applicable |
| Disclosure time of the share repurchase plan | November 18, 2023 |
| Number of shares to be repurchased and their proportion to the total share capital (%) | Number of shares to be repurchased: 466,244 to 932,487 shares Proportion to the total share capital: 0.35% to 0.71% |
| Proposed amount of repurchase | RMB 25 million (inclusive) to RMB 50 million (inclusive) |
| Proposed repurchase period | Within 12 months from the date of approval of the share repurchase plan at the 6th Meeting of the Second Board of Directors |
| Purpose of repurchase | The repurchased shares are intended to be used for implementing an employee stock ownership plan or equity incentive. If the repurchased shares are not transferred within 36 months after the date of announcement of the repurchase results and changes in the shares, the Company will follow the legal procedures to reduce the registered capital, and the untransferred shares will be cancelled. |
| Number of shares repurchased (shares) | As of December 31, 2023, the Company has repurchased 128,787 shares via centralized bidding of the trading system of the Shanghai Stock Exchange. |
| Proportion of the number of shares repurchased to the underlying shares involved in the equity incentive plan (%) (if any) | Not applicable |
| Progress of shares reduction and repurchase by means of centralized bidding by the Company | Not applicable |

Section VIII Preferred Shares

☐ Applicable ☒ Not applicable

Section IX Bonds

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

☐ Applicable ☒ Not applicable

II. Convertible Corporate Bonds

☐ Applicable ☒ Not applicable

Section X Financial Report

I. Audit Report

√ Applicable ☐ Not applicable

(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, 2023, 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 2023.

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, 2023, and the financial status of the parent company, as well as the merger in 2023 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 professional ethics. We believe that the audit evidence received by us is adequate and appropriate, which provides the basis for offering audit opinions.

Audit Report (Continued)

BMWHZSZ No. 2305188

(III) Key audit matters

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

| Revenue recognition on sales of goods | |
|--|---|
| Refer to the accounting policies described in 39 under Section X.V "Significant Accounting Policies and Accounting Estimates" and the descriptions in 61 under Section X.VII "Notes to Items in Consolidated Financial Statements". | |
| Key audit matters | How key audit matters were handled in the audit |
| <p>Wayzim and its subsidiaries (hereinafter referred to as "Wayzim Group") are mainly engaged in comprehensive solutions to intelligent warehouse and logistics automation systems. In 2023 (hereinafter referred to as the "reporting period"), the operating revenue generated from selling goods was RMB 1,875,819,863.78.</p> <p>Wayzim Group recognized the revenue at a time point when the customer obtained the control right of the relevant goods. Wayzim 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 Group was that Wayzim Group delivered the goods to the place designated by the customers, completed the installation and commissioning, and recognized the revenue while obtaining the final acceptance certificate from the customers according to the sales contract.</p> | <p>The audit procedures related to the evaluation of the recognition of revenue from sales of goods 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 revenue recognition. • Select samples to inspect the sales contracts signed between Wayzim 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 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 Group to check if there is any affiliate relationship. |

Audit Report (Continued)

BMWHZSZ No. 2305188

(III) Key audit matters (continued)

| Revenue recognition on sales of goods (continued) | |
|--|---|
| Refer to the accounting policies described in 38, "Preferred shares, perpetual bonds and other financial instruments" under Section X.V "Significant Accounting Policies and Accounting Estimates" and the descriptions in 61, "Operating revenue and operating cost" under Section X.VII "Notes to Items in Consolidated Financial Statements". | |
| Key audit matters | How key audit matters were handled in the audit |
| Since revenue recognition is one of the key performance indicators of Wayzim 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. | <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 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. • Select revenue accounting entries that meet specific risk standards, and check relevant supporting documents. |

Audit Report (Continued)

BMWHZSZ No. 2305188

(III) Key audit matters (continued)

| Work-in-progress inventory falling price reserves | |
|--|---|
| Refer to the accounting policies described in 16, "Inventory" under Section X.V "Significant Accounting Policies and Accounting Estimates" and the descriptions in 10, "Inventory" under Section X.VII "Notes to Items in Consolidated Financial Statements". | |
| Key audit matters | How key audit matters were handled in the audit |
| <p>The inventories of Wayzim Group mainly included the work in progress that was still awaiting customer acceptance during the installation process. As of December 31, 2023, the book balance of products in progress was CNY 1,974,576,347.71, accounting for 85% of the inventory balance.</p> <p>At the balance sheet date, inventories were measured at the lower of the 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 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 visit to 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 any situations may prevent the final sales of the work in progress. |

Audit Report (Continued)

BMWHZSZ No. 2305188

(III) Key audit matters (continued)

| Work-in-progress inventory falling price reserves (continued) | |
|---|---|
| Refer to the accounting policies described in 16, "Inventory" under Section X.V "Significant Accounting Policies and Accounting Estimates" and the descriptions in 10, "Inventory" under Section X.VII "Notes to Items in Consolidated Financial Statements". | |
| Key audit matters | How key audit matters were handled in the audit |
| | <ul style="list-style-type: none"> • Understand the reasons for long-term non-acceptance as to the work in progress with a long acceptance period based on the inventory age, check the key terms of the corresponding sales contract, and analyze any circumstances failing 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. • Select samples, and compare the estimates used in determining the net realizable value of the work in progress with the actual completion cost and actual selling price of the work in progress that occurred subsequently, in order to evaluate whether there are any signs of Management bias. |

Audit Report (Continued)

BMWHZSZ No. 2305188

(IV) Other information

The Management of Wayzim is responsible for other information. Other information includes those covered by the Annual Report 2023 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.

Audit Report (Continued)

BMWHZSZ No. 2305188

(VI) CPA's responsibility for auditing financial statements

Our goal is to obtain appropriate 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 appropriate 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. It is usually 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 the going-concern assumption used by the Management. Meanwhile, we conclude whether material uncertainties in matters or circumstances may cast significant doubt on Wayzim's ability to continue as a going concern based on the audit evidence acquired. If we conclude that there is material uncertainty, the auditing standards require us to draw the statement user's attention in the audit report to relevant disclosures in the financial statements; and if the disclosure is inadequate, we shall give non-unqualified opinions. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may impair Wayzim's ability to continue as a going concern.
5. Evaluate the overall presentation (including disclosure), structure, and content of financial statements and whether the financial statements fairly reflect relevant transactions and matters.

Audit Report (Continued)

BMWHZSZ No. 2305188

(VI) CPA's responsibility for auditing financial statements (continued)

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

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

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

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

KPMG Huazhen LLP
(Official seal)

Chinese Certified Public Accountant

Huang Xiaodong (project partner)
Signature and seal

Beijing, China Chen Yuze
Signature and seal
April 20, 2024

II. Financial Statements**Consolidated Balance Sheet**

December 31, 2023

Unit: CNY 1 Currency: CNY

| Item | Refer to | December 31, 2023 | December 31, 2022 |
|--------------------------|-----------------|-------------------|-------------------|
| Current assets: | | | |
| Monetary funds | Section X.VII.1 | 476,093,592.90 | 461,257,642.63 |
| Trading financial assets | Section X.VII.2 | 1,217,980,705.57 | 1,248,763,114.45 |
| Notes receivable | Section X.VII.4 | 2,411,000.00 | - |
| Accounts receivable | Section X.VII.5 | 628,574,662.64 | 858,201,489.85 |

| | | | |
|---|------------------|------------------|------------------|
| Receivables-based financing | Section X.VII.7 | 1,800,000.00 | 200,000.00 |
| Advance payment | Section X.VII.8 | 111,826,733.12 | 70,610,295.10 |
| Other receivables | Section X.VII.9 | 15,973,931.68 | 10,996,165.20 |
| Inventory | Section X.VII.10 | 2,130,990,980.59 | 1,499,999,976.30 |
| Contractual assets | Section X.VII.6 | 87,643,899.86 | 134,561,871.18 |
| Non-current assets due within one year | Section X.VII.12 | 21,651,996.28 | 238,000.00 |
| Other current assets | Section X.VII.13 | 78,353,069.56 | 25,786,064.72 |
| Total current assets | | 4,773,300,572.20 | 4,310,614,619.43 |
| Non-current assets: | | | |
| Long-term receivables | Section X.VII.16 | 50,316,282.43 | 5,941,988.00 |
| Investment in other equity instruments | Section X.VII.18 | 166,100,742.87 | 20,000,000.00 |
| Investment real estate | Section X.VII.20 | 28,534,784.98 | 29,201,201.61 |
| Fixed assets | Section X.VII.21 | 740,692,197.42 | 333,737,235.67 |
| Construction in progress | Section X.VII.22 | 456,836,010.48 | 380,829,616.86 |
| Right-of-use assets | Section X.VII.25 | 19,311,139.18 | 8,264,183.41 |
| Intangible assets | Section X.VII.26 | 163,741,122.45 | 150,103,685.56 |
| Long-term deferred expenses | Section X.VII.28 | 6,082,427.94 | 3,325,290.91 |
| Deferred income tax assets | Section X.VII.29 | 139,962,671.02 | 119,529,021.93 |
| Other non-current financial assets | Section X.VII.19 | 11,472,767.17 | - |
| Other non-current assets | Section X.VII.30 | 141,973,277.22 | 191,921,752.63 |
| Total non-current assets | | 1,925,023,423.16 | 1,242,853,976.58 |
| Total assets | | 6,698,323,995.36 | 5,553,468,596.01 |
| Current liabilities: | | | |
| Short-term borrowings | Section X.VII.32 | 20,017,722.23 | 124,692,342.70 |
| Notes payable | Section X.VII.35 | 171,544,171.87 | - |
| Accounts payable | Section X.VII.36 | 905,830,897.28 | 623,404,298.69 |
| Contractual liabilities | Section X.VII.38 | 1,233,397,851.67 | 636,982,480.50 |
| Payroll payable | Section X.VII.39 | 65,354,152.79 | 58,299,517.64 |
| Taxes payable | Section X.VII.40 | 22,228,526.22 | 27,923,177.83 |
| Other payables | Section X.VII.41 | 326,104,774.61 | 295,705,175.04 |
| Non-current liabilities due within one year | Section X.VII.43 | 11,558,159.67 | 3,667,799.81 |
| Other current liabilities | Section X.VII.44 | 81,236,281.22 | - |
| Total current liabilities | | 2,837,272,537.56 | 1,770,674,792.21 |
| Non-current liabilities: | | | |
| Lease liabilities | Section X.VII.47 | 13,981,159.00 | 5,874,477.94 |
| Long-term payables | Section X.VII.48 | 48,897,179.02 | 39,045,936.29 |
| Accrued liabilities | Section X.VII.50 | 23,677,259.13 | 42,629,389.03 |
| Deferred income | Section X.VII.51 | 123,607,380.08 | 126,013,706.04 |
| Total non-current liabilities | | 210,162,977.23 | 213,563,509.30 |
| Total liabilities | | 3,047,435,514.79 | 1,984,238,301.51 |
| Shareholders' equity: | | | |
| Paid-in capital (or share capital) | Section X.VII.53 | 131,608,698.00 | 131,608,698.00 |
| Capital reserve | Section X.VII.55 | 3,278,664,483.15 | 3,136,873,589.95 |
| Minus: Treasury stock | Section X.VII.56 | 144,419,760.96 | 2,880,000.00 |

| | | | |
|--|------------------|------------------|------------------|
| Other comprehensive income | Section X.VII.57 | 58,197,006.50 | 10,492.26 |
| Special reserves | Section X.VII.58 | 4,750,807.87 | 2,382,813.90 |
| Surplus reserve | Section X.VII.59 | 39,327,753.08 | 39,327,753.08 |
| Undistributed profits | Section X.VII.60 | 282,759,647.80 | 261,906,947.31 |
| Total equity attributable to the parent company's shareholders | | 3,650,888,635.44 | 3,569,230,294.50 |
| Minority equity | | -154.87 | - |
| Total shareholders' equity | | 3,650,888,480.57 | 3,569,230,294.50 |
| Total liabilities and shareholders' equity | | 6,698,323,995.36 | 5,553,468,596.01 |

Person in charge of the Company: Li Gongyan Person in charge of the accounting affairs: Yao Yi
 Person in charge of the accounting organization: Yao Yi

Balance Sheet of Parent Company

December 31, 2023

Unit: CNY 1 Currency: CNY

| Item | Refer to | December 31, 2023 | December 31, 2022 |
|---|-----------------|-------------------|-------------------|
| Current assets: | | | |
| Monetary funds | | 409,924,967.75 | 435,053,398.28 |
| Trading financial assets | | 1,191,977,557.08 | 1,246,752,110.45 |
| Notes receivable | | 2,411,000.00 | - |
| Accounts receivable | Section X.XIX.1 | 619,725,141.61 | 833,135,986.49 |
| Receivables-based financing | | 1,800,000.00 | 200,000.00 |
| Advance payment | | 85,957,967.65 | 42,953,436.24 |
| Other receivables | Section X.XIX.2 | 461,723,330.13 | 162,108,695.56 |
| Inventory | | 1,909,385,903.95 | 1,334,093,292.03 |
| Contractual assets | | 87,643,899.86 | 134,561,871.18 |
| Non-current assets due within one year | | 20,651,996.28 | 238,000.00 |
| Other current assets | | 11,935,234.92 | 1,196,490.09 |
| Total current assets | | 4,803,136,999.23 | 4,190,293,280.32 |
| Non-current assets: | | | |
| Long-term receivables | | 48,276,365.38 | 4,057,988.00 |
| Long-term equity investment | Section X.XIX.3 | 429,884,929.59 | 333,767,862.88 |
| Investment in other equity instruments | | 156,100,742.87 | 20,000,000.00 |
| Fixed assets | | 250,470,316.89 | 129,096,891.68 |
| Construction in progress | | 8,945,601.94 | 77,377,463.90 |
| Right-of-use assets | | 12,956,930.05 | 7,936,528.38 |
| Intangible assets | | 29,630,938.26 | 28,126,500.00 |
| Long-term deferred expenses | | 2,757,288.41 | 1,735,309.37 |
| Deferred income tax assets | | 96,448,746.76 | 73,470,816.26 |
| Other non-current financial assets | | 11,472,767.17 | - |
| Other non-current assets | | 126,601,484.14 | 123,760,482.41 |
| Total non-current assets | | 1,173,546,111.46 | 799,329,842.88 |
| Total assets | | 5,976,683,110.69 | 4,989,623,123.20 |
| Current liabilities: | | | |
| Short-term borrowings | | 20,017,722.23 | 124,692,342.70 |
| Notes payable | | 297,249,452.34 | - |
| Accounts payable | | 505,179,482.79 | 345,253,349.57 |
| Contractual liabilities | | 1,207,332,489.99 | 630,276,021.80 |
| Payroll payable | | 38,564,808.17 | 36,311,510.45 |
| Taxes payable | | 2,709,214.41 | 18,145,870.86 |
| Other payables | | 379,174,737.90 | 331,209,548.50 |
| Non-current liabilities due within one year | | 4,581,988.14 | 3,334,331.89 |
| Other current liabilities | | 17,525,351.34 | - |
| Total current liabilities | | 2,472,335,247.31 | 1,489,222,975.77 |
| Non-current liabilities: | | | |
| Lease liabilities | | 10,496,341.53 | 5,874,477.94 |
| Long-term payables | | 22,027,767.67 | 19,425,936.29 |
| Accrued liabilities | | 23,653,025.85 | 42,629,389.03 |

| | | | |
|--|--|------------------|------------------|
| Deferred income | | 9,857,902.57 | 10,082,797.55 |
| Total non-current liabilities | | 66,035,037.62 | 78,012,600.81 |
| Total liabilities | | 2,538,370,284.93 | 1,567,235,576.58 |
| Shareholders' equity: | | | |
| Paid-in capital (or share capital) | | 131,608,698.00 | 131,608,698.00 |
| Capital reserve | | 3,279,014,631.09 | 3,136,920,048.21 |
| Minus: Treasury stock | | 144,419,760.96 | 2,880,000.00 |
| Other comprehensive income | | 58,100,742.87 | - |
| Special reserves | | 4,539,755.32 | 2,382,813.90 |
| Surplus reserve | | 39,327,753.08 | 39,327,753.08 |
| Undistributed profits | | 70,141,006.36 | 115,028,233.43 |
| Total shareholders' equity | | 3,438,312,825.76 | 3,422,387,546.62 |
| Total liabilities and shareholders' equity | | 5,976,683,110.69 | 4,989,623,123.20 |

Person in charge of the Company: Li Gongyan Person in charge of the accounting affairs: Yao Yi
 Person in charge of the accounting organization: Yao Yi

Consolidated Income Statement

January to December, 2023

Unit: CNY 1 Currency: CNY

| Item | Refer to | Year 2023 | Year 2022 |
|--|------------------|------------------|------------------|
| I. Operating revenue | Section X.VII.61 | 1,957,396,951.00 | 2,314,895,871.41 |
| Including: Operating revenue | | 1,957,396,951.00 | 2,314,895,871.41 |
| II. Total operating costs | Section X.VII.61 | 1,926,352,250.62 | 2,390,283,208.75 |
| Minus: Operating costs | Section X.VII.61 | 1,482,201,517.00 | 1,972,674,097.81 |
| Taxes and surcharges | Section X.VII.62 | 19,514,340.31 | 18,168,408.39 |
| Selling expenses | Section X.VII.63 | 137,416,313.47 | 111,309,776.53 |
| Management expenses | Section X.VII.64 | 125,750,505.90 | 88,972,623.64 |
| R&D expenses | Section X.VII.65 | 167,836,859.93 | 206,675,881.05 |
| Financial expenses (gains expressed with "-") | Section X.VII.66 | -6,367,285.99 | -7,517,578.67 |
| Including: Interest expenses | | 1,567,031.72 | 3,671,841.88 |
| Interest income | | 5,916,928.81 | 5,720,953.25 |
| Plus: Other income | Section X.VII.67 | 65,072,719.86 | 35,212,756.09 |
| Investment income (loss expressed with "-") | Section X.VII.68 | 3,757,788.06 | 26,215,147.97 |
| Gain on changes in fair value (loss expressed with "-") | Section X.VII.70 | 29,499,769.86 | 27,028,260.49 |
| Credit impairment loss (loss expressed with "-") | Section X.VII.71 | 61,286,579.77 | -90,030,130.37 |
| Asset impairment loss (loss expressed with "-") | Section X.VII.72 | -171,742,256.41 | -74,793,260.47 |
| Income from disposal of assets (loss expressed with "-") | Section X.VII.73 | -417,887.78 | -2,204.85 |
| II. Operating profits (loss expressed with "-") | | 18,501,413.74 | -151,756,768.48 |
| Plus: Non-operating revenue | Section X.VII.74 | 1,317,156.33 | 572,907.39 |
| Minus: Non-operating expenses | Section X.VII.75 | 2,408,661.06 | 2,917,437.79 |
| III. Total profit (total loss expressed with "-") | | 17,409,909.01 | -154,101,298.88 |
| Minus: Income tax expenses | Section X.VII.76 | -3,442,636.61 | -35,381,645.27 |
| IV. Net profit (net loss expressed with "-") | | 20,852,545.62 | -118,719,653.61 |
| (I) Classification by operation continuity | | | |
| 1. Continuous operation Net profit (net loss expressed with -) | | 20,852,545.62 | -118,719,653.61 |
| 2. Discontinuing operation | | - | - |

| | | | |
|--|------------------|---------------|-----------------|
| Net profit (net loss expressed with -) | | | |
| (II) Classified by ownership | | | |
| 1. Net profit attributable to shareholders of the parent company (net loss expressed with "-") | | 20,852,700.49 | -118,719,653.61 |
| 2. Minority interest income (net loss expressed with "-") | | -154.87 | - |
| V. After-tax net amount of other comprehensive income | Section X.VII.57 | 58,186,514.24 | 10,492.26 |
| (I) After-tax net amount of other comprehensive income attributable to the parent company's shareholders | | 58,186,514.24 | 10,492.26 |
| 1. Other comprehensive income not to be re-classified into profit or loss | | 58,100,742.87 | - |
| 1) Changes in fair value of investment in other equity instruments | | 58,100,742.87 | - |
| 2. Other comprehensive income to be reclassified into profit or loss | | 85,771.37 | 10,492.26 |
| 1) Translation difference of financial statements in foreign currency | | 85,771.37 | 10,492.26 |
| (II) After-tax net amount of other comprehensive income attributable to minority shareholders | | - | - |
| VI. Total comprehensive income | | 79,039,059.86 | -118,709,161.35 |
| (I) Total comprehensive income attributable to the parent company's shareholders | | 79,039,214.73 | -118,709,161.35 |
| (II) Total comprehensive income attributable to minority shareholders | | -154.87 | - |
| VII. Earnings per share | | | |
| (I) Basic earnings per share (CNY/share) | | 0.16 | -0.90 |
| (II) Diluted earnings per share (CNY/share) | | 0.16 | -0.90 |

Person in charge of the Company: Li Gongyan Person in charge of the accounting affairs: Yao Yi
Person in charge of the accounting organization: Yao Yi

Income Statement of Parent Company

January to December, 2023

Unit: CNY 1 Currency: CNY

| Item | Refer to | Year 2023 | Year 2022 |
|--|-----------------|------------------|------------------|
| I. Operating revenue | Section X.XIX.4 | 1,965,681,399.70 | 2,240,623,665.34 |
| Minus: Operating costs | Section X.XIX.4 | 1,594,817,816.49 | 1,999,504,956.79 |
| Taxes and surcharges | | 7,096,654.49 | 8,619,519.97 |
| Selling expenses | | 151,878,106.10 | 121,384,045.81 |
| Management expenses | | 92,011,917.58 | 72,942,655.46 |
| R&D expenses | | 148,769,423.61 | 193,163,682.59 |
| Financial expenses (gains expressed with "-") | | -14,451,032.50 | -9,585,406.84 |
| Including: Interest expenses | | 4,128,238.23 | 5,178,390.39 |
| Interest income | | 15,157,966.58 | 9,295,873.45 |
| Plus: Other income | | 27,485,819.72 | 23,952,573.52 |
| Investment income (loss expressed with "-") | Section X.XIX.5 | 3,754,385.42 | 25,526,975.78 |
| Gain on changes in fair value (loss expressed with "-") | | 29,496,621.37 | 26,841,768.99 |
| Credit impairment loss (loss expressed with "-") | | 64,606,180.27 | -88,572,881.05 |
| Asset impairment loss (loss expressed with "-") | | -176,878,829.19 | -64,866,968.39 |
| Income from disposal of assets (loss expressed with "-") | | 12,687.55 | -1,704.56 |
| II. Operating profit (loss expressed with "-") | | -65,964,620.93 | -222,526,024.15 |
| Plus: Non-operating revenue | | 187,913.44 | 542,393.43 |
| Minus: Non-operating expenses | | 1,772,676.54 | 2,297,276.76 |
| III. Total profit (total loss expressed with "-") | | -67,549,384.03 | -224,280,907.48 |
| Minus: Income tax expenses | | -22,662,156.96 | -46,824,068.38 |
| IV. Net profit (net loss expressed with "-") | | -44,887,227.07 | -177,456,839.10 |
| (I) Net profit from continuous operations (net loss expressed with "-") | | -44,887,227.07 | -177,456,839.10 |
| (II) Net profit from discontinued operations (net loss expressed with "-") | | - | - |
| V. After-tax net amount of other comprehensive income | | 58,100,742.87 | - |
| (I) Other comprehensive income not to be re-classified into profit or loss | | 58,100,742.87 | - |
| 1. Changes in fair value of investment in other equity instruments | | 58,100,742.87 | - |
| VI. Total comprehensive income | | 13,213,515.80 | -177,456,839.10 |

Person in charge of the Company: Li Gongyan Person in charge of the accounting affairs: Yao Yi
 Person in charge of the accounting organization: Yao Yi

Consolidated Cash Flow Statement

January to December, 2023

Unit: CNY 1 Currency: CNY

| Item | Refer to | Year 2023 | Year 2022 |
|--|---------------------|------------------|-------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sales of goods or rendering of services | | 3,377,098,466.71 | 2,066,733,505.06 |
| Cash received from other operating activities | Section X.VII.78(1) | 129,728,201.18 | 109,248,560.80 |
| Subtotal of cash inflows from operating activities | | 3,506,826,667.89 | 2,175,982,065.86 |
| Cash paid for goods purchased and services received | | 2,138,536,064.86 | 1,689,194,990.39 |
| Cash paid to and for employees | | 325,807,450.15 | 264,828,985.09 |
| Tax payments | | 80,597,009.69 | 103,065,563.80 |
| Cash paid for other operating activities | Section X.VII.78(1) | 339,400,803.55 | 156,333,435.38 |
| Subtotal of cash outflows from operating activities | | 2,884,341,328.25 | 2,213,422,974.66 |
| Net cash flow from operating activities | Section X.VII.79(1) | 622,485,339.64 | -37,440,908.80 |
| II. Cash flows from investing activities: | | | |
| Cash received from the disposal of investments | | 4,571,000,000.00 | 13,082,950,084.33 |
| Cash received from investment income | | 30,122,621.31 | 48,269,786.88 |
| Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets | | 370,164.17 | 2,929.20 |
| Cash received from other investing activities | Section X.VII.78(2) | 5,916,928.81 | 5,720,950.51 |
| Subtotal of cash inflows from investing activities | | 4,607,409,714.29 | 13,136,943,750.92 |
| Cash paid for the purchase and construction of fixed assets, intangible assets, and other long-term assets | | 523,900,292.71 | 532,145,503.08 |
| Cash paid for investment | Section X.VII.78(2) | 4,594,694,166.67 | 13,369,950,000.00 |
| Subtotal of cash outflows from investing activities | | 5,118,594,459.38 | 13,902,095,503.08 |
| Net cash flow from investing activities | | -511,184,745.09 | -765,151,752.16 |
| III. Cash flows from financing activities: | | | |
| Cash received from borrowings | Section X.VII.78(3) | 20,000,000.00 | 39,672,766.00 |
| Subtotal of cash inflows from financing activities | | 20,000,000.00 | 39,672,766.00 |
| Cash paid for debt repayments | Section X.VII.78(3) | 122,544,450.00 | 82,050,400.00 |

| | | | |
|---|---------------------|-----------------|-------------------|
| Cash paid for distribution of dividends and profits or payment of interests | | 2,913,864.67 | 82,397,006.42 |
| Cash paid for other financing activities | Section X.VII.78(3) | 27,203,063.11 | 125,777,187.48 |
| Subtotal of cash outflows from financing activities | | 152,661,377.78 | 290,224,593.90 |
| Net cash flow from financing activities | | -132,661,377.78 | -250,551,827.90 |
| IV. Impact of exchange rate changes on cash and cash equivalents | | 6,957,575.01 | 1,614,282.51 |
| V. Net increase in cash and cash equivalents | Section X.VII.79(1) | -14,403,208.22 | -1,051,530,206.35 |
| Plus: Balance of cash and cash equivalents at the beginning of the period | | 424,357,143.40 | 1,475,887,349.75 |
| VI. Balance of cash and cash equivalents at the end of the period | Section X.VII.79(4) | 409,953,935.18 | 424,357,143.40 |

Person in charge of the Company: Li Gongyan Person in charge of the accounting affairs: Yao Yi
 Person in charge of the accounting organization: Yao Yi

Cash Flow Statement of Parent Company
January to December, 2023

Unit: CNY 1 Currency: CNY

| Item | Refer to | Year 2023 | Year 2022 |
|--|----------|------------------|-------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sales of goods or rendering of services | | 3,037,485,226.36 | 2,022,203,069.36 |
| Cash received from other operating activities | | 62,947,135.72 | 64,272,778.91 |
| Subtotal of cash inflows from operating activities | | 3,100,432,362.08 | 2,086,475,848.27 |
| Cash paid for goods purchased and services received | | 2,109,826,804.20 | 1,893,997,972.48 |
| Cash paid to and for employees | | 197,766,902.67 | 153,337,612.89 |
| Tax payments | | 39,426,758.93 | 52,924,638.96 |
| Cash paid for other operating activities | | 283,474,795.69 | 131,365,581.00 |
| Subtotal of cash outflows from operating activities | | 2,630,495,261.49 | 2,231,625,805.33 |
| Net cash flow from operating activities | | 469,937,100.59 | -145,149,957.06 |
| II. Cash flows from investing activities: | | | |
| Cash received from the disposal of investments | | 4,569,000,000.00 | 12,842,950,000.00 |
| Cash received from investment income | | 30,108,214.67 | 47,405,205.81 |
| Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets | | 632,598.56 | 2,929.20 |
| Cash received from other investing activities | | 67,936,374.49 | 84,501,785.38 |
| Subtotal of cash inflows from investing activities | | 4,667,677,187.72 | 12,974,859,920.39 |
| Cash paid for the purchase and construction of fixed assets, intangible assets, and other long-term assets | | 47,487,343.61 | 80,383,193.70 |
| Cash paid for investment | | 4,652,523,344.63 | 13,418,100,000.04 |
| Cash paid for other investing activities | | 346,170,147.55 | 144,286,533.18 |
| Subtotal of cash outflows from investing activities | | 5,046,180,835.79 | 13,642,769,726.92 |
| Net cash flow from investing activities | | -378,503,648.07 | -667,909,806.53 |
| III. Cash flows from financing activities: | | | |
| Cash received from borrowings | | 20,000,000.00 | 39,672,766.00 |
| Cash received from other financing activities | | - | 60,000,000.00 |
| Subtotal of cash inflows from financing activities | | 20,000,000.00 | 99,672,766.00 |
| Cash paid for debt repayments | | 122,544,450.00 | 82,050,400.00 |
| Cash paid for distribution of dividends and profits or payment of interests | | 2,913,864.67 | 81,674,757.15 |

| | | | |
|---|--|-----------------|-------------------|
| Cash paid for other financing activities | | 45,867,300.58 | 125,359,467.44 |
| Subtotal of cash outflows from financing activities | | 171,325,615.25 | 289,084,624.59 |
| Net cash flow from financing activities | | -151,325,615.25 | -189,411,858.59 |
| IV. Impact of exchange rate changes on cash and cash equivalents | | 6,728,815.36 | 1,569,623.00 |
| V. Net increase in cash and cash equivalents | | -53,163,347.37 | -1,000,901,999.18 |
| Plus: Balance of cash and cash equivalents at the beginning of the period | | 399,487,689.05 | 1,400,389,688.23 |
| VI. Balance of cash and cash equivalents at the end of the period | | 346,324,341.68 | 399,487,689.05 |

Person in charge of the Company: Li Gongyan Person in charge of the accounting affairs: Yao Yi
 Person in charge of the accounting organization: Yao Yi

Consolidated Statement of Changes in Shareholders' Equity
Year 2023

Unit: CNY 1

Currency: CNY

| Item | Year 2023 | | | | | | | | | |
|--|--|------------------|-----------------------|----------------------------|------------------|-----------------|-----------------------|------------------|-----------------|----------------------|
| | Equity attributable to the parent company's shareholders | | | | | | | | Minority equity | Total owner's equity |
| | Paid-in capital (or share capital) | Capital reserve | Minus: Treasury stock | Other comprehensive income | Special reserves | Surplus reserve | Undistributed profits | Sub-total | | |
| I. Ending balance of the previous year | 131,608,698.00 | 3,136,873,589.95 | -2,880,000.00 | 10,492.26 | 2,382,813.90 | 39,327,753.08 | 261,906,947.31 | 3,569,230,294.50 | - | 3,569,230,294.50 |
| Plus: Changes in accounting policies | - | - | - | - | - | - | - | - | - | - |
| Corrections of errors in the previous period | - | - | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - | - | - |
| II. Beginning balance of the current year | 131,608,698.00 | 3,136,873,589.95 | -2,880,000.00 | 10,492.26 | 2,382,813.90 | 39,327,753.08 | 261,906,947.31 | 3,569,230,294.50 | - | 3,569,230,294.50 |
| III. Increases/decreases in the amount of the current period (decrease expressed with "-") | - | 141,790,893.20 | -141,539,760.96 | 58,186,514.24 | 2,367,993.97 | - | 20,852,700.49 | 81,658,340.94 | -154.87 | 81,658,186.07 |
| (I) Total comprehensive income | - | - | - | 58,186,514.24 | - | - | 20,852,700.49 | 79,039,214.73 | -154.87 | 79,039,059.86 |
| (II) Capital injection and reduction by shareholders | - | 141,790,893.20 | -141,539,760.96 | - | - | - | - | 251,132.24 | - | 251,132.24 |

| | | | | | | | | | | |
|--|----------------|------------------|-----------------|---------------|---------------|---------------|----------------|------------------|---------|------------------|
| 1. Ordinary shares invested by shareholders | - | - | -20,447,009.15 | - | - | - | - | - | - | -20,447,009.15 |
| 2. Amount of share-based payments recorded in shareholders' equity | - | 25,214,831.44 | - | - | - | - | - | 25,214,831.44 | - | 25,214,831.44 |
| 3. Others | - | 116,576,061.76 | -121,092,751.81 | - | - | - | - | -4,516,690.05 | - | -4,516,690.05 |
| (III) Profit distribution | - | - | - | - | - | - | - | - | - | - |
| 1. Withdrawal of surplus reserve | - | - | - | - | - | - | - | - | - | - |
| 2. Distribution to the owner (or shareholders) | - | - | - | - | - | - | - | - | - | - |
| (IV) Special reserves | - | - | - | - | 2,367,993.97 | - | - | 2,367,993.97 | - | 2,367,993.97 |
| 1. Amount withdrawn in the current period | - | - | - | - | 6,478,587.87 | - | - | 6,478,587.87 | - | 6,478,587.87 |
| 2. Amount used in the current period | - | - | - | - | -4,110,593.90 | - | - | -4,110,593.90 | - | -4,110,593.90 |
| IV. Ending balance of the current period | 131,608,698.00 | 3,278,664,483.15 | -144,419,760.96 | 58,197,006.50 | 4,750,807.87 | 39,327,753.08 | 282,759,647.80 | 3,650,888,635.44 | -154.87 | 3,650,888,480.57 |

| Item | Year 2022 | | | | | | | | |
|--|--|------------------|-----------------------|----------------------------|------------------|-----------------|-----------------------|------------------|----------------------------|
| | Equity attributable to the parent company's shareholders | | | | | | | | Total shareholders' equity |
| | Paid-in capital (or share capital) | Capital reserve | Minus: Treasury stock | Other comprehensive income | Special reserves | Surplus reserve | Undistributed profits | Sub-total | |
| I. Ending balance of the previous year | 131,608,698.00 | 3,222,307,183.41 | - | - | - | 39,327,753.08 | 459,591,819.72 | 3,852,835,454.21 | 3,852,835,454.21 |
| II. Beginning balance of the current year | 131,608,698.00 | 3,222,307,183.41 | - | - | - | 39,327,753.08 | 459,591,819.72 | 3,852,835,454.21 | 3,852,835,454.21 |
| III. Increases/decreases in the amount of the current period (decrease expressed with "-") | - | -85,433,593.46 | -2,880,000.00 | 10,492.26 | 2,382,813.90 | - | -197,684,872.41 | -283,605,159.71 | -283,605,159.71 |
| (I) Total comprehensive income | - | - | - | 10,492.26 | - | - | -118,719,653.61 | -118,709,161.35 | -118,709,161.35 |
| (II) Capital injection and reduction by shareholders | - | -85,433,593.46 | -2,880,000.00 | - | - | - | - | -88,313,593.46 | -88,313,593.46 |
| 1. Ordinary shares invested by shareholders | - | -121,092,751.81 | -2,880,000.00 | - | - | - | - | -123,972,751.81 | -123,972,751.81 |
| 2. Amount of share-based payments recorded in shareholders' equity | - | 38,481,558.33 | - | - | - | - | - | 38,481,558.33 | 38,481,558.33 |
| 3. Others | - | -2,822,399.98 | - | - | - | - | - | -2,822,399.98 | -2,822,399.98 |
| (III) Profit distribution | - | - | - | - | - | - | -78,965,218.80 | -78,965,218.80 | -78,965,218.80 |
| 1. Withdrawal of surplus reserve | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|--|----------------|------------------|-------------------|-----------|---------------|---------------|----------------|------------------|------------------|
| 2. Distribution to the owner (or shareholders) | - | - | - | - | - | - | -78,965,218.80 | -78,965,218.80 | -78,965,218.80 |
| (IV) Special reserves | - | - | - | - | 2,382,813.90 | - | - | 2,382,813.90 | 2,382,813.90 |
| 1. Amount withdrawn in the current period | - | - | - | - | 6,427,505.55 | - | - | 6,427,505.55 | 6,427,505.55 |
| 2. Amount used in the current period | - | - | - | - | -4,044,691.65 | - | - | -4,044,691.65 | -4,044,691.65 |
| IV. Ending balance of the current period | 131,608,698.00 | 3,136,873,589.95 | - 2,880,000.00 | 10,492.26 | 2,382,813.90 | 39,327,753.08 | 261,906,947.31 | 3,569,230,294.50 | 3,569,230,294.50 |

Person in charge of the Company: Li Gongyan Person in charge of the accounting affairs: Yao Yi Person in charge of the accounting organization: Yao Yi

Statement of Changes in Parent Company Shareholders' Equity
Year 2023

Unit: CNY 1 Currency: CNY

| Item | Year 2023 | | | | | | | |
|--|---------------------------------------|------------------|--------------------------|----------------------------|------------------|-----------------|-----------------------|----------------------------|
| | Paid-in capital (or share capital) | Capital reserve | Minus: Treasury stock | Other comprehensive income | Special reserves | Surplus reserve | Undistributed profits | Total shareholders' equity |
| I. Ending balance of the previous year | 131,608,698.00 | 3,136,920,048.21 | -2,880,000.00 | - | 2,382,813.90 | 39,327,753.08 | 115,028,233.43 | 3,422,387,546.62 |
| Plus: Changes in accounting policies | - | - | - | - | - | - | - | - |
| Corrections of errors in the previous period | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - |
| II. Beginning balance of the current year | 131,608,698.00 | 3,136,920,048.21 | -2,880,000.00 | - | 2,382,813.90 | 39,327,753.08 | 115,028,233.43 | 3,422,387,546.62 |
| III. Increases/decreases in the amount of the current period (decrease expressed with "-") | - | 142,094,582.88 | -141,539,760.96 | 58,100,742.87 | 2,156,941.42 | - | -44,887,227.07 | 15,925,279.14 |
| (I) Total comprehensive income | - | - | - | 58,100,742.87 | - | - | -44,887,227.07 | 13,213,515.80 |
| (II) Capital injection and reduction by shareholders | - | 142,094,582.88 | -141,539,760.96 | - | - | - | - | 554,821.92 |
| 1. Ordinary shares invested by shareholders | - | - | -20,447,009.15 | - | - | - | - | -20,447,009.15 |
| 2. Amount of share-based payments recorded in shareholders' equity | - | 23,230,632.37 | - | - | - | - | - | 23,230,632.37 |
| 3. Others | - | 118,863,950.51 | -121,092,751.81 | - | - | - | - | -2,228,801.30 |
| (III) Profit distribution | - | - | - | - | - | - | - | - |
| 1. Withdrawal of surplus reserve | - | - | - | - | - | - | - | - |
| (IV) Special reserves | - | - | - | - | 2,156,941.42 | - | - | 2,156,941.42 |
| 1. Amount withdrawn in the current period | - | - | - | - | 4,840,666.04 | - | - | 4,840,666.04 |
| 2. Amount used in the current period | - | - | - | - | -2,683,724.62 | - | - | -2,683,724.62 |

| | | | | | | | | |
|--|----------------|------------------|---------------------|---------------|--------------|---------------|---------------|------------------|
| IV. Ending balance of the current period | 131,608,698.00 | 3,279,014,631.09 | - 144,419,760.96 | 58,100,742.87 | 4,539,755.32 | 39,327,753.08 | 70,141,006.36 | 3,438,312,825.76 |
|--|----------------|------------------|---------------------|---------------|--------------|---------------|---------------|------------------|

| Item | Year 2022 | | | | | | | |
|--|---------------------------------------|---------------------|--------------------------|----------------------------|------------------|-----------------|-----------------------|----------------------------|
| | Paid-in capital (or share capital) | Capital reserve | Minus: Treasury stock | Other comprehensive income | Special reserves | Surplus reserve | Undistributed profits | Total shareholders' equity |
| I. Ending balance of the previous year | 131,608,698.00 | 3,222,307,183.41 | - | - | - | 39,327,753.08 | 371,450,291.33 | 3,764,693,925.82 |
| Plus: Changes in accounting policies | - | - | - | - | - | - | - | - |
| Corrections of errors in the previous period | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - |
| II. Beginning balance of the current year | 131,608,698.00 | 3,222,307,183.41 | - | - | - | 39,327,753.08 | 371,450,291.33 | 3,764,693,925.82 |
| III. Increases/decreases in the amount of the current period (decrease expressed with "-") | - | - 85,387,135.20 | -2,880,000.00 | - | 2,382,813.90 | - | -256,422,057.90 | -342,306,379.20 |
| (I) Total comprehensive income | - | - | - | - | - | - | -177,456,839.10 | -177,456,839.10 |
| (II) Capital injection and reduction by shareholders | - | - 85,387,135.20 | -2,880,000.00 | - | - | - | - | -88,267,135.20 |
| 1. Ordinary shares invested by shareholders | - | - 121,092,751.81 | -2,880,000.00 | - | - | - | - | -123,972,751.81 |
| 2. Amount of share-based payments recorded in shareholders' equity | - | 38,053,453.75 | - | - | - | - | - | 38,053,453.75 |
| 3. Others | - | - 2,347,837.14 | - | - | - | - | - | -2,347,837.14 |
| (III) Profit distribution | - | - | - | - | - | - | -78,965,218.80 | -78,965,218.80 |
| 1. Withdrawal of surplus reserve | - | - | - | - | - | - | - | - |
| 2. Distributions to shareholders | - | - | - | - | - | - | -78,965,218.80 | -78,965,218.80 |
| (IV) Special reserves | - | - | - | - | 2,382,813.90 | - | - | 2,382,813.90 |
| 1. Amount withdrawn in the current period | - | - | - | - | 4,819,051.25 | - | - | 4,819,051.25 |

| | | | | | | | | |
|--|----------------|------------------|---------------|---|---------------|---------------|----------------|------------------|
| 2. Amount used in the current period | - | - | - | - | -2,436,237.35 | - | - | -2,436,237.35 |
| IV. Ending balance of the current period | 131,608,698.00 | 3,136,920,048.21 | -2,880,000.00 | - | 2,382,813.90 | 39,327,753.08 | 115,028,233.43 | 3,422,387,546.62 |

Person in charge of the Company: Li Gongyan Person in charge of the accounting affairs: Yao Yi Person in charge of the accounting organization: Yao Yi

III. Company Profile

1. Company overview

√ Applicable ☐ Not applicable

Wayzim Technology Co., Ltd. (hereinafter referred to as "the Company") is a limited liability company established in Wuxi, Jiangsu Province, People's Republic of China, and headquarters 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.

2. Scope of consolidated financial statements

√ Applicable ☐ Not applicable

The scope of consolidated financial statements is determined based on control. See Section X.IX for the increase or decrease in subsidiaries of the Group. Refer to Section X.X for detailed information on the scope of the consolidated financial statements for this year.

IV. Basis for Preparation of Financial Statements

1. Basis for preparation

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

2. Going concern

√ Applicable ☐ Not applicable

There are no significant doubts about the Group's ability to continue as a going concern for 12 months from the end of the reporting period.

V. Significant Accounting Policies and Accounting Estimates

Hints for specific accounting policies and accounting estimates:

√ Applicable ☐ Not applicable

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

capitalization conditions for R&D expenses, and recognition and measurement of revenue of the Group are formulated based on the characteristics of the relevant business operations of the Group.

For specific policies, please refer to the relevant notes.

1 Statement on compliance with *Accounting Standards for Business Enterprises*

This Financial Statement complies with the requirements of the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance, and truthfully and completely reflects the consolidated financial status and financial position of the Company as of December 31, 2023, and the consolidated operating results and operating results as well as the consolidated cash flows and cash flows for the year 2023.

In addition, the Financial Statements of the Company conform to disclosure requirements concerning Financial Statements and their notes in the *Preparation and 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 2023.

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 10, "Foreign currency business and translation of foreign currency statements" under Section X.V "Significant Accounting Policies and Accounting Estimates".

5 Importance determining method and selection basis

√ Applicable ☐ Not applicable

| Item | Importance |
|--|---------------------------------------|
| Provision for bad debt recovery or reversal of significant accounts receivable | 0.5% of the total assets of the Group |
| Write-off of significant accounts receivable | 0.5% of the total assets of the Group |
| Provision for bad debt recovery or reversal of significant contractual assets | 0.5% of the total assets of the Group |
| Write-off of significant contractual assets | 0.5% of the total assets of the Group |
| Significant advance payments aging over 1 year | 0.5% of the total assets of the Group |
| Provision for bad debt recovery or reversal of other significant accounts receivable | 0.5% of the total assets of the Group |
| Significant construction in progress | 1% of the total assets of the Group |
| Significant accounts payable aging over 1 year or overdue | 0.5% of the total assets of the Group |

| | |
|---|---------------------------------------|
| Significant contract liabilities aging over 1 year | 0.5% of the total assets of the Group |
| Other significant accounts payable aging over 1 year or overdue | 0.5% of the total assets of the Group |
| Significant cash flows from investing activities | 2% of the total assets of the Group |
| Significant externally acquired in-process projects | 0.5% of the total assets of the Group |
| Important non-wholly-owned subsidiaries | 2% of the total assets of the Group |
| Significant contingencies | 0.5% of the total assets of the Group |

6 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/constitute its business, the transaction or event constitutes a business combination. Business combination is classified into business combination under common control and business combination not under common control.

For transactions not under common control, the acquirer will consider whether to choose the simplified judgment method of the "concentration ratio test" when judging whether the acquired asset portfolio constitutes a business. If the portfolio passes the concentration ratio test, it is determined that it does not constitute a business. If it fails the test, it shall still be determined according to the business conditions.

When the Group acquires a set of assets or net assets that do not constitute a business, the purchase cost should be allocated based on the relative fair values of the identifiable assets and liabilities acquired on the acquisition date, instead of using the following accounting treatment methods for business combinations.

Business combination under common control

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

Business combination not under common control

A business combination not under common control is defined as a business amalgamation where companies involved are ultimately not under the common control of one party or multiple parties. The positive balance between the sum of the fair values, on the acquisition date, 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.

7 Criteria for determining control and methods of preparing consolidated financial statements

√ Applicable ☐ Not applicable

(1) General principle

The scope of consolidated financial statements is determined based on 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 power over the investee, the Group only considers the substantive rights related to the investee (including the substantive rights enjoyed by it and the substantive rights enjoyed by other parties). As long as the control is effective, the financial position, operating results, and cash flows of the subsidiaries are consolidated into the consolidated financial statements.

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

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

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

(2) Changes in minority shareholders' equity

The difference between the costs of long-term equity investment newly acquired by the Company due to the acquisition of minority interest and the subsidiaries' identifiable net assets attributable to the Company and calculated at the 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 the disposal of long-term equity investment are both adjusted to the capital reserve (capital premium) in the

consolidated balance sheet; if the capital reserve (capital premium) is not sufficient to be offset, it is adjusted to the retained earnings.

8 Classification of joint venture arrangement and accounting method for joint operation

☐ Applicable ☒ Not applicable

9 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.

10 Foreign currency business and translation of foreign currency statements

☒ Applicable ☐ Not applicable

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

At the balance sheet date, a monetary item in foreign currency is translated at the spot exchange rate at that date. Exchange differences, other than the exchange difference arising from borrowings' principals and interests for the purchase and construction of qualifying assets (refer to 26, "Borrowing costs" under Section X.V "Significant Accounting Policies and Accounting Estimates"), 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 are 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.

11 Financial instruments

☒ Applicable ☐ Not applicable

The financial instruments of the Group cover monetary funds, equity investments other than long-term ones (refer to 22, "Long-term equity investment" under Section X.V "Significant Accounting Policies and Accounting Estimates"), 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 instruments.

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 39 under Section X.V "Significant Accounting Policies and Accounting Estimates".

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets of the Group

Based on the business model for the 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 the 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 a financial asset 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 the 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 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 the 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 in 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 to 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 the 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 has not retained control over the financial assets, although almost all the risks and returns arising from the ownership thereof are neither transferred nor retained.

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

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

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

(6) Impairment

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

Financial assets at amortized 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 the 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 notes receivable, accounts receivable, receivables-based financings, and contractual assets formed from daily operating activities such as sales of goods and services, as well as lease receivables from lease transactions, the Group always measures its loss provisions based on the amount equivalent to the expected credit losses over the entire remaining period. 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 notes receivable, accounts receivable, receivables-based financings, contractual assets, and lease receivables, 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.

Bad debt provision for accounts receivable

(a) Categories of combination for bad debt provision based on credit risk characteristics and determination basis

| | |
|-----------------------------|--|
| Notes receivable | Based on different credit risk characteristics of acceptors, the Group classifies accounts receivable into two combinations: bank acceptance bills and commercial acceptance bills. |
| Accounts receivable | Based on the Group's historical experience, there is no significant difference in loss occurrence among different segmented customer groups. Therefore, the Group treats all accounts receivable as one combination and does not further distinguish between different customer groups when calculating bad debt provision for accounts receivable. |
| Receivables-based financing | The Group's receivables-based financing consists of bank acceptance receivables held for dual purposes. Because the accepting banks are of high credit ratings, the Group treats all receivables-based financings as one combination. |
| Other receivables | Other receivables of the Group mainly include security deposits. Based on the Group's historical experience, there is no significant difference in the loss occurrence of receivables of different natures and counterparties. Therefore, the Group treats all other receivables as one combination and does not further distinguish between different counterparties when calculating bad debt provision for other receivables. |
| Contractual assets | Based on the Group's historical experience, there is no significant difference in loss occurrence among different segmented customer groups. Therefore, the Group treats all contractual assets as one combination and does not further distinguish between different customer groups when calculating bad debt provision for contractual assets. |
| Long-term receivables | Long-term receivables of the Group mainly include security deposits and margins and installment sales of goods. Based on the nature of receivables and the credit risk characteristics of different counterparties, the Group classifies long-term receivables into two combinations. |

(b) Criteria of provision for bad debts by individual item

The Group usually measures the loss provision for notes receivable, accounts receivable, receivables-based financings, other receivables, and contractual assets by combining credit risk characteristics. If the credit risk characteristics of a counterparty significantly differ from those of other counterparties in the combination, or if there is a significant change in the credit risk characteristics of the counterparty, provision for loss by individual item is made for the receivables from that counterparty. For example, when a counterparty experiences severe financial difficulties and the expected credit loss rate for the receivables from that counterparty is significantly higher than the expected credit loss rate for the corresponding aging category, provision for loss by individual item is required.

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 in credit risks

In order 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 appropriate 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 deteriorates significantly;
The accrued or expected debtor's operating results seriously deteriorate;
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 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;

The financial distress of the issuer or debtor has caused the 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 usually 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.

12 Notes receivable

Recognition method and accounting treatment of expected credit losses of notes receivable

√ Applicable ☐ Not applicable

Refer to 11, "Financial instruments" under Section X.V "Significant Accounting Policies and Accounting Estimates".

13 Accounts receivable

Recognition method and accounting treatment of expected credit losses of accounts receivable

√ Applicable ☐ Not applicable

Refer to 11, "Financial instruments" under Section X.V "Significant Accounting Policies and Accounting Estimates".

14 Receivables-based financing

Recognition method and accounting treatment of expected credit losses of receivables-based financings

√ Applicable ☐ Not applicable

Refer to 11, "Financial instruments" under Section X.V "Significant Accounting Policies and Accounting Estimates".

15 Other receivables

Recognition method and accounting treatment of expected credit losses of other receivables

√ Applicable ☐ Not applicable

Refer to 11, "Financial instruments" under Section X.V "Significant Accounting Policies and Accounting Estimates".

16 Inventory

√ Applicable ☐ Not applicable

Inventory categories, valuation method for issuing inventory, inventory system, amortization method for low-value consumables and packaging materials

√ Applicable ☐ Not applicable

(1) Inventory categories

Inventory includes raw materials, work in progress, and turnover materials. Turnover materials refer to low-value consumables, packaging materials, and other materials that can be used multiple times but are not fixed assets.

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) Inventory system

The Group's inventory system is perpetual inventory system.

(4) Amortization method for low-value consumables and packaging materials

Low-value consumables and packaging materials are amortized using the method of one-time turnover sales, and are included in the cost of related assets or current profit or loss.

Criteria and provision method for inventory falling price reserves

☒ Applicable ☐ Not applicable

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. The 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.

Categories and determination basis of provision for inventory falling price reserves by combination and determination basis of net realizable value for different categories of inventory

☐ Applicable ☒ Not applicable

Age-based calculation method and determination basis of net realizable value for each age group of inventory

☐ Applicable ☒ Not applicable

17 Contractual assets

Recognition methods and standards of contractual assets

☒ Applicable ☐ Not applicable

Refer to 39 under Section X.V "Significant Accounting Policies and Accounting Estimates".

Determination method and accounting treatment of expected credit loss of contractual assets

☒ Applicable ☐ Not applicable

Refer to 11, "Financial instruments" under Section X.V "Significant Accounting Policies and Accounting Estimates".

18 Held-for-sale non-current assets or disposal groups

☐ Applicable ☒ Not applicable

19 Debt investment

Recognition method and accounting treatment of expected credit loss of debt investment

☐ Applicable ☒ Not applicable

20 Other debt investment

Recognition method and accounting treatment of expected credit loss of other debt investment

☐ Applicable ☒ Not applicable

21 Long-term receivables

Recognition method and accounting treatment of expected credit loss of long-term receivables

☒ Applicable ☐ Not applicable

Refer to 12, "Notes receivable" under Section X.V "Significant Accounting Policies and Accounting Estimates".

22 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 the capital reserve is not sufficient to set off such a difference, the retained earnings shall be adjusted.

For long-term equity investment in a subsidiary arising from a 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 a 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
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 by subsidiaries to be distributed is recognized as current investment gain, except for the declared but not distributed dividends or profits included in the consideration paid for the acquisition.

The investment in subsidiaries is presented in the Balance Sheet at the cost minus the provision for impairment.

Refer to 32 under Section X.V "Significant Accounting Policies and Accounting Estimates" 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 8, "Classification of joint venture arrangement and accounting method for joint operation" under Section X.V "Significant Accounting Policies and Accounting Estimates".

(3) Determination of judgment criteria with the joint control and significant influence on the investee

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.

23 Investment real estate

The Group classifies properties held for rent earnings, capital appreciation, or both as investment real estate. The Group uses a cost model to measure investment real estate, which is presented in the Balance Sheet at cost minus cumulative depreciation, amortization, and impairment provisions.

The Group shall deduct the estimated net residual value and cumulative provision for impairment from the cost of the investment real estate, and then accrue the depreciation within the service life according to the straight-line method.

Refer to 32 under Section X.V "Significant Accounting Policies and Accounting Estimates" for the methods for impairment test and accrual of impairment provision.

Depreciation or amortization methods

| Category | Depreciation method | Depreciation life (years) | Residual value rate | Yearly depreciation |
|-----------|----------------------|---------------------------|---------------------|---------------------|
| Buildings | Straight-line method | 20 | 5% | 4.75% |

24 Fixed assets

(1) Recognition conditions√ Applicable ☐ Not applicable

Fixed assets refer to tangible assets with service life over one fiscal year, which are 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 26, "Borrowing costs" under Section X.V "Significant Accounting Policies and Accounting Estimates".

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 a single fixed asset.

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 their cost minus cumulative depreciation and the provision for impairment.

The Group will derecognize the fixed assets if either of the following conditions is met:

The fixed assets are in the state of disposal;

The fixed assets are unable to generate any economic benefits from use or disposal as expected.

The profit or loss arising from the scrapping or disposal of fixed assets is the difference between the net proceeds from disposal and the carrying amount of the project, and shall be recognized in the profit or loss on the date of scrapping or disposal.

(2) Depreciation method√ Applicable ☐ Not applicable

| Category | Depreciation method | Depreciation life (years) | Residual value rate | Yearly depreciation |
|----------------------------|----------------------|---------------------------|---------------------|---------------------|
| Buildings | Straight-line method | 20 | 5% | 4.75% |
| Machinery and equipment | Straight-line method | 5-10 | 5% | 9.50%-19.00% |
| Means of transport | Straight-line method | 5 | 5% | 19% |
| Office and other equipment | Straight-line method | 3-5 | 5% | 19.00%-31.67% |

At the end of each year, the Group shall review the service life, estimated net residual value, and depreciation method of fixed assets.

(3) Identification basis and valuation and depreciation methods of fixed assets under financing lease

☐ Applicable ☒ Not applicable

25 Construction in progress

☒ Applicable ☐ Not applicable

The costs of self-constructed fixed assets include engineering materials, direct labor, capitalized borrowing costs (refer to 27, "Biological assets" under Section X.V "Significant Accounting Policies and Accounting Estimates"), and expenditures necessary to bring the asset to its intended serviceability.

Specific criteria and timing for the conversion of various types of construction in progress into fixed assets within the Group:

| | |
|---|--|
| Buildings | (1) The main construction and supporting projects have been substantially completed. (2) Relevant departments have completed on-site acceptance and the buildings meet the conditions for use. (3) If the construction project has reached the predetermined usable state but the final accounts have not been settled, the project shall be converted to fixed assets based on the actual cost of the project according to the estimated value from the date it reaches the predetermined usable state. |
| Machinery and equipment that require installation and commissioning | (1) The relevant equipment and supporting facilities have been installed. (2) The equipment can maintain normal and stable operation for a period of time during commissioning. (3) The production equipment can stably produce qualified products for a period of time. (4) The equipment has been accepted by the asset management personnel and users. |

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 (refer to X.V.32).

Enterprises sell the products or by-products produced before the fixed assets reach the intended serviceability. According to the *Accounting Standards for Business Enterprises No. 14 - Revenue*, *Accounting Standards for Business Enterprises No. 1 – Inventory*, and other provisions, revenues and costs shall be accounted for and recorded into the current profit or loss.

26 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 interest 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 the 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 been 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.

27 Biological assets

☐ Applicable ☒ Not applicable

28 Oil and gas assets

☐ Applicable ☒ Not applicable

29 Right-of-use assets

☒ Applicable ☐ Not applicable

Refer to X.V.44.

30 Intangible assets

(1) Service life and amortization method

☒ Applicable ☐ Not applicable

Intangible assets are presented in balance sheets as cost minus accumulated amortization (limited to intangible assets with limited service life) and provision for impairment (refer to Section X.V.31). 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 service life, determination basis, and amortization method of various intangible assets are as follows:

| Item | Service life (year) | Determination basis | Amortization method |
|----------------|---------------------|---------------------------------------|----------------------|
| Patent right | 8 | The effective period of patent rights | Straight-line method |
| Land use right | 50 | The period to use the land | Straight-line method |
| Software | 1–5 years | Benefit period | Straight-line method |

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). Classification scope of R&D expenditures and related accounting treatment

☒ Applicable ☐ Not applicable

The Group's expenditures on internal research and development projects are divided into research and development expenditures. The expenditures incurred during the R&D of the Group mainly include payrolls, material consumption costs, and related depreciation and amortization expenses. The Company accounts for R&D expenses and aggregates various expenses based on R&D projects.

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 Company 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 (refer to Section X.V.31). Other development expenses are recognized as expenses during the period in which they are incurred.

Enterprises sell the products or by-products produced in the process of research and development. According to the *Accounting Standards for Enterprises No. 14 – Revenues*, *Accounting Standards for Enterprises No. 1 – Inventories*, and other provisions, revenues and costs shall be accounted for and recorded into the current profit or loss.

31. 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 the balance sheet date, including:

–Fixed assets

–Construction in progress

–Right-of-use assets

- Intangible assets
- Investment properties measured using the cost model
- Long-term deferred expenses
- Long-term equity investment

If any evidence shows possible asset impairment, the Group shall carry out impairment testing and estimate the recoverable amount of the assets.

The recoverable amount is the higher between the net amount of the fair value (refer to Section X.V.46(1)) of assets (or asset group/portfolio of asset groups, similarly hereafter) minus the disposal expenses and the present value of the expected future cash flow of the assets.

Made up of the assets generating cash flows, the “asset group” is the smallest portfolio that can be identified, the cash inflow generated by which is basically independent of other assets or asset groups.

The discounted amount of the current value of the expected future cash flow of assets shall be determined by using an appropriate pre-tax discount rate based on the projected future cash flows arising from the ongoing use of the assets and their eventual disposal.

The measurement result of the recoverable amount indicates that if an asset’s recoverable amount is lower than its book value, the book value of the asset will be written down to the recoverable amount, the written-down amount will be recognized as the asset impairment loss and recorded in current profit or loss, and the provision for impairment of the asset will 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 goodwill which are allocated to the asset group or the portfolio of asset groups, and then charge 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 goodwill excluded. The book value of each asset after deduction shall not be lower than the highest among the net amount (if determinable) of the fair value of the asset minus the disposal expenses, the current value (if determinable) of the expected future cash flow, and zero.

Once recognized, the asset impairment loss will not be reversed in the following accounting period.

32. Long-term deferred expenses

√ Applicable ☐ Not applicable

The Group shall recognize all expenses that have been incurred and have a benefit period of more than one year as long-term deferred expenses. Long-term deferred expenses are presented in the balance sheet at its cost minus accumulated amortization and the provision for impairment.

Long-term deferred expenses shall be averagely amortized over the benefit period. The amortization periods of these expenses are as follows:

| Item | Years of amortization |
|-----------------------|--|
| Employee benefits | 5–7 years |
| Leasehold improvement | 5 years or remaining lease term (whichever is shorter) |

33. Contract liabilities

(1). Recognition methods of contract liabilities√ Applicable ☐ Not applicable

Refer to Section X.V.40.

34. Payroll

(1). Accounting treatment of short-term payroll√ 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 plan that the Group participates in is the basic pension insurance program under the social security system established and managed by government agencies 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 records them into current profit or loss or in relevant asset cost.

(3). Accounting treatment of dismiss benefits

☒ Applicable ☐ Not applicable

If 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 dismiss benefits and record them into current profit or loss at the earlier of the following two:

–The Group cannot withdraw the dismiss benefits provided as a result of termination plans or proposed layoffs.

–The Group has a detailed and formal restructuring plan involving the payment of dismiss benefits, and the restructuring plan has commenced or the parties affected have been informed of the main contents of the plan, so that there is a reasonable expectation that the Group will be restructured.

(4). Accounting treatment for other long-term employee benefits

☐ Applicable ☒ Not applicable

35. Lease liabilities

☒ Applicable ☐ Not applicable

Refer to Section X.V.44.

36. Estimated liabilities

☒ Applicable ☐ Not applicable

The obligation pertinent to contingencies shall be recognized as estimated 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, and the amount of the obligation can be measured in a reliable way.

Estimated 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 estimated 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 estimated liabilities should be reviewed by the Group on the balance sheet date, and the book value adjusted as per the best estimate available.

37. Share-based payments

☒ Applicable ☐ Not applicable

(1). Type of share-based payments

The Group's share-based payments are equity-settled.

(2). Accounting treatment for share-based payment plans

–Equity-settled share-based payments

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 the grant date and increase the capital surplus 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 waiting 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 surplus accordingly as per the fair value on the grant date of equity instruments.

For share-based payments within the Group, when the Company acts as the settlement entity and an investor of the enterprise that accepts services, the Company recognizes the long-term equity investments in the enterprise that accepts services during the waiting period based on the fair value of the equity instruments on the grant date, while also recognizing capital surplus.

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.

38. Preferred shares, perpetual bonds, and other financial instruments

☐ Applicable ☒ Not applicable

39. 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 standalone 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. Standalone selling price refers to the price at which the Group sells goods or renders services to customers separately. Where the standalone selling price cannot be directly observed, the Group shall give full consideration to all reasonably available information and estimate standalone selling 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 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 the 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 the effective interest rate 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.

The Group determines whether it is a principal or an agent in a transaction based on whether it has control over the goods or services before transferring them to the customer. If the Group has control over the goods or services before transferring them to the customer, the Group is the principal and recognizes revenue based on the total amount of the consideration received or receivable. Otherwise, the Group is an agent and recognizes revenue based on the amount of expected commission or fees to be received, which is the net amount of the consideration received or receivable deducting the consideration payable to other relevant parties, or based on predetermined commission amounts or percentages.

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 standalone selling 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, which means 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 the transfer of goods or services to customers (depending on factors other than the passage of time) is presented as contract assets. The impairment on the contract assets shall be accrued on the basis of expected credit loss. The Company'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 contract liabilities.

The specific accounting policies related to the Group's major activities for generating revenue are described below:

1). Revenue from sales of goods

According to the sales contract, the Group shall deliver the goods to the place designated by the customers, complete the installation and debugging, and recognize the revenue while obtaining final acceptance notes from the customers. Besides the revenue from sales of goods to be accepted by customers, the Group usually recognizes the revenue after the products are shipped to the agreed place of delivery and signed by the Buyer as per the sales contract.

2). 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, recognizes the revenue on the completion or during the rendering of the quality assurance service. In addition to separate quality assurance services, the Group provides customers with disassembly and reassembly services of intelligent sorting equipment. According to the labor service contract, the Group recognizes the revenue after the completion of the disassembly and reassembly services.

3). Revenue from technical services

The Group's revenue from technical services is mainly from the installation and use of intelligent sorting equipment and the upgrading of sorting system software. According to the technical service contract, the Group recognizes the revenue after the completion of technical services.

(2). The same type of business with different business models involves different revenue recognition methods and measurement methods.

☐ Applicable ☒ Not applicable

40. 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 the 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 assets recognized from contract acquisition cost and contract performance cost, hereinafter referred to as “assets related 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 book value of the assets related 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.

41. Government subsidies

☒ Applicable ☐ Not applicable

Government subsidies refer to the monetary or non-monetary assets obtained free of charge by the Group from the government, but do not include the capital invested by the government in the Group as an investor.

When made available, the government subsidies shall be recognized if the relevant conditions are satisfied.

In the case of monetary assets, the government subsidies shall be measured according to the amount received or accrued. In the case of non-monetary assets, the government subsidies 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 deferred income and shall be recorded by installment into other income or non-operating income 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 income of the period when the expenses or losses are recognized. Otherwise, they are directly recorded into other income or non-operating income.

42. Special reserves

☒ Applicable ☐ Not applicable

The work safety expenses withdrawn by the Group in accordance with national regulations are recorded into the cost of relevant products or current profit or loss, and are also included in special reserves.

When used by the Group, the special reserves shall, in case of any expenses, be directly written off. Where fixed assets are formed, the relevant assets shall be recognized as fixed assets when they reach the intended serviceability. Meantime, the special reserves shall be written down at the cost of forming fixed assets, and the accumulated depreciation of the same amount shall be recognized. The fixed assets will no longer be depreciated in subsequent periods.

43. Deferred income tax assets/Deferred income tax liabilities

☒ Applicable ☐ Not applicable

In addition to the income taxes arising from business combinations 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 deductible temporary differences or taxable temporary differences, respectively. A temporary difference is the difference between the book 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 a single transaction is not a business combination transaction and does neither affect the accounting profit nor taxable income (or deductible loss) at the time of the transaction, and the initially recognized assets and liabilities do not result in equal amounts of taxable temporary differences and deductible temporary differences, the temporary differences arising from the transaction will not incur the deferred income tax. Temporary differences arising from the initial recognition of goodwill will also not incur the deferred income tax.

On the balance sheet date, the Group shall, based on the expected recovery or settlement method of deferred income tax assets and liabilities, measure the book 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 book value of deferred income tax assets. Write down the book 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. Within the period during which each future material deferred income tax assets and liabilities are transferred back, the taxpayers intend either to settle current income tax assets and liabilities on a net basis or to acquire assets and pay off liabilities simultaneously.

44. Leases

√ Applicable ☐ Not applicable

At the 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 Lessor shall split the contract and make accounting treatment for each separate lease. Where the contract contains both lease and non-lease parts, the Lessee and Lessor shall split the lease part from the non-lease one. However, for the land and buildings that are rented by the Group, the Group chooses not to split the lease part from the non-lease one in the contract and combines each lease part and its related non-lease part into a lease. 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 Lessor shall apportion the contract consideration in accordance with the accounting policies for transaction price apportionment set out in Section X.V.40.

The Group as the Lessee

On the commencement date of the lease term, the Group recognizes the right-of-use assets and lease liabilities for the lease. The right-of-use assets are initially measured by cost, including the 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 the 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 X.V.31.

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:

- 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.

Determination basis and accounting treatment for the simplified treatment of short-term leases and low-value asset leases for the Lessee

√ Applicable ☐ Not applicable

The Group has chosen not to recognize right-of-use assets and lease liabilities for short-term leases (with a lease term not exceeding 12 months) and low-value asset leases (with a single leased asset whose value is low when it is a new asset), and chosen to record 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.

The Group as the Lessor

Classification criteria and accounting treatment for the Lessor

√ Applicable ☐ Not applicable

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 finance leases.

When the Group serves as the Lessor 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. 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 related to the operating lease, apportions them over the lease term on the same basis as recognition of rental 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.

45. 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 and restrictions on the sales or use of assets, and uses valuation techniques applicable in the current situation and supported by sufficiently available data and other information. The valuation techniques used mainly include the market approach, income approach, and cost approach.

(2). Dividend distributions

After the balance sheet date, if the profits to be distributed in the approved profit distribution plan are not recognized as liabilities, the profits will be announced separately in a note.

(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 Measures for the Administration of Information Disclosure by Listed Companies promulgated by the China Securities Regulatory Commission.

(4). Segment reports

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. Section X.VII.29, "Deferred income tax assets/deferred income tax liabilities"
- ii. Section X.VII.50, "Accrued liabilities"
- iii. Section X.XIII, "Disclosure of Fair Value"
- iv. Section X.XV, "Share-Based Payment"

46. Changes in significant accounting policies and accounting estimates

(1). Changes in significant accounting policies

√ Applicable ☐ Not applicable

Unit: CNY

| Contents and reasons of changes in accounting policies | Approval procedure | Remarks (report items and amounts significantly affected) |
|--|-----------------------|--|
| See the details below | See the details below | |

Other notes

In 2023, the Group implemented the relevant provisions and guidelines of the *Accounting Standards for Business Enterprises* promulgated by the Ministry of Finance in recent years.

(a). *Accounting Standards for Enterprises No. 25 – Insurance Contracts* (No. 20 [2020] of the Ministry of Finance), which is briefly New Insurance Contracts Standard, and related implementation questions and answers

The *New Insurance Contracts Standard* replaces the *Accounting Standards for Enterprises No. 25 – Original Insurance Contracts* and the *Accounting Standards for Enterprises No. 26 – Reinsurance Contracts* issued in 2006, as well as the Provisions on the Accounting Treatment Related to Insurance Contracts (No. 15 [2009] of the Ministry of Finance) issued in 2009.

Since the Group had no insurance-related transactions, the adoption of the above provisions has not had a significant impact on the Group's financial position and operating results.

(b). The provision that “the deferred income tax expenses related to assets and liabilities arising from a single transaction is not applicable to the initial recognition exemption” in the Interpretation No. 16 of the *Accounting Standards for Business Enterprises* (No. 31 [2022] of the Ministry of Finance)

The provision regarding the exemption of the initial recognized deferred income tax liabilities and deferred income tax assets does not apply to a single transaction (lease transaction) that is not a business combination transaction and affects neither the accounting profit nor taxable income (or deductible loss) at the time of the transaction, with the initially recognized assets and liabilities resulting in equal amounts of taxable temporary differences and deductible temporary differences. At the time of the transaction, the Group recognizes deferred income tax liabilities of the additional taxable temporary differences arising from the initial recognition of the transaction in accordance with relevant provisions including *Accounting Standards for Enterprises No. 18 – Income Tax*.

In addition, the Group has sufficient deductible temporary differences of unrecognized deferred income tax assets when the above-mentioned additional taxable temporary differences are transferred back in future periods, and therefore recognizes deferred income tax assets equal to the quantity of

deferred income tax liabilities. The newly recognized deferred income tax assets and deferred income tax liabilities meet the conditions for the presentation of the net amount in the balance sheet. After the presentation, the application of the above provision has not had a significant impact on the Group's financial position and operating results.

(2). Changes in significant accounting estimates

☐ Applicable ☒ Not applicable

(3). The first implementation of the new accounting standards or interpretation of the standards from 2023 involves adjusting the financial statements at the beginning of the first implementation year.

☐ Applicable ☒ Not applicable

47. 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 the current period is the value-added tax payable. | 13%/9%/7%/6% |
| Local education surcharges | Levied on the actual VAT paid | 2% |

| | | |
|--|--|--------|
| Educational surcharges | Levied on the actual VAT paid | 3% |
| Urban maintenance and construction tax | Levied on the actual VAT paid | 7%/5% |
| Corporate income tax | Levied on the amount of taxable income | 9%-30% |

Notes to the taxpayers with different enterprise income tax rates

√ Applicable □ Not applicable

| Name of taxpayers | Income tax rate (%) |
|----------------------|---------------------|
| The Company | 15 |
| Wayzim Anhui | 25 |
| Intelligent Sensing | 25 |
| Zhongke Guanwei | 25 |
| Wayzim R&D | 25 |
| Wayzim Guangdong | 20 |
| Zhitong Intelligent | 20 |
| Wayzim Chengdu | 25 |
| Wayzim Jiangxi | 25 |
| Jiangxi Zhongwei | 25 |
| Anhui Zhongwei | 20 |
| Anhui Power | 20 |
| Jiangsu Power | 20 |
| Zhike Power | 20 |
| Weizhizhi Automation | 20 |
| Wayzim Singapore | 17 |
| Wayzim Malaysia | 24 |
| Wayzim Russia | 20 |
| Wayzim Thailand | 20 |
| Wayzim UK | 19 |
| Wayzim Hungary | 9 |
| Wayzim Germany | Note 1 |
| Wayzim USA | Note 2 |
| Wayzim Mexico | 30 |
| Wayzim Brazil | 15 |
| Wayzim South Korea | 9 |

Note 1: It is located in Düsseldorf, Germany. The corporate income tax is divided into federal income tax and Düsseldorf income tax. The federal income tax is 15%, and the Düsseldorf income tax is 15.4%.

Note 2: It is located in Delaware, USA. The corporate income tax is divided into federal income tax and Delaware income tax. The federal income tax is 21%, and the Delaware income tax is 8.7%.

2. Tax preferences

√ Applicable ☐ Not applicable

In accordance with 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 accredited new and high-tech enterprises. The Company obtained the high-tech enterprise Certificate (No.: GR202132006502) on November 30, 2021. As a result, the Company enjoys a preferential tax rate of 15% from 2021 to 2023.

According to the announcement of the Ministry of Finance and the State Taxation Administration on the implementation of preferential tax policies for small and micro enterprises, low-profit enterprises whose annual taxable income does not exceed CNY 3 million shall pay the taxable income at a rate of 25% and the enterprise income tax at a rate of 20%. The subsidiaries Wayzim Guangdong, Zhitong Intelligent, Wayzim Anhui, Weizhizhi Automation, Jiangsu Power, Anhui Power, and Zhike Power are eligible for tax relief in 2023 in accordance with relevant policies.

In accordance with the *Notice by the Ministry of Finance and the State Taxation Administration of the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises* (Announcement No. 43 [2023] of the Ministry of Finance and the State Taxation Administration), from January 1, 2023 to December 31, 2027, an advanced manufacturing enterprise is allowed to credit the amount of input tax creditable in the current period plus 5% thereof against the amount of tax payable. The Company meets the above requirements and can enjoy the additional input tax credit policy.

In accordance with the *Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Value-Added Tax Reduction and Exemption Policies for Small-Scale Value-Added Tax Taxpayers and Other Policies* (Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration), from January 1, 2023 to December 31, 2023, a taxpayer in the productive service industry is allowed to credit the amount of input tax creditable in the current period plus 5% thereof against the amount of tax payable. The subsidiaries Wayzim Guangdong and Wayzim R&D meet the above requirements and can enjoy the additional value-added tax credit policy.

3. Others

☐ Applicable ☒ Not applicable

VII. Notes to Items in Consolidated Financial Statements**1. Money funds**

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|---------------------------------------|----------------|-------------------|
| Bank deposits | 409,953,934.82 | 424,357,143.40 |
| Other money funds | 66,139,658.08 | 36,900,499.23 |
| Total | 476,093,592.90 | 461,257,642.63 |
| Including: Total overseas deposits | 18,203,237.99 | 3,105,638.08 |

Other notes

None

2. Trading financial assets

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance | Designated reasons and basis |
|--|------------------|-------------------|---------------------------------|
| Financial assets measured at fair value through current profit or loss | 1,217,980,705.57 | 1,248,763,114.45 | / |
| Including: | | | |
| Financial products | 1,217,980,705.57 | 1,246,612,504.45 | / |
| Exchange forward contracts | - | 2,150,610.00 | / |
| Total | 1,217,980,705.57 | 1,248,763,114.45 | / |

Other notes

☐ Applicable ☒ Not applicable

3. Derivatives

☐ Applicable ☒ Not applicable

4. Notes receivable**(1). Notes receivable by category**

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|---------------------|----------------|-------------------|
| Banker's acceptance | 2,411,000.00 | - |
| Total | 2,411,000.00 | - |

The above notes receivable are all due within one year.

(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

Unit: CNY

| Item | Ending amount derecognized | Ending amount not derecognized |
|---------------------|----------------------------|--------------------------------|
| Banker's acceptance | - | 2,315,000.00 |
| Total | - | 2,315,000.00 |

(4). Disclosure by provision for bad debts

☐ Applicable ☒ Not applicable

(5). Provision for bad debts

☐ Applicable ☒ Not applicable

(6). Notes receivable actually written off in the 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 | Beginning book balance |
|----------------------------------|---------------------|------------------------|
| Within 1 year | 583,875,290.30 | 651,631,742.66 |
| Subtotal for aging within 1 year | 583,875,290.30 | 651,631,742.66 |
| 1–2 years | 119,299,536.52 | 317,826,763.49 |
| 2–3 years | 6,735,364.61 | 40,634,480.85 |
| More than 3 years | 12,602,570.45 | 7,166,451.05 |
| Sub-total | 722,512,761.88 | 1,017,259,438.05 |
| Minus: Provision for bad debts | 93,938,099.24 | 159,057,948.20 |
| Total | 628,574,662.64 | 858,201,489.85 |

The aging shall be calculated from the date of recognition of accounts receivable.

(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 | Ratio (%) | Amount | Accrual ratio (%) | | Amount | Ratio (%) | Amount | Accrual ratio (%) | |
| Accrued provision for bad debts by individual item | 20,604,243.52 | 3 | 20,604,243.52 | 100 | - | 6,248,770.00 | 1 | 6,248,770.00 | 100 | - |

| | | | | | | | | | | |
|--|----------------|-----|---------------|----|----------------|------------------|-----|----------------|----|----------------|
| Accrued provision for bad debts by portfolio | 701,908,518.36 | 97 | 73,333,855.72 | 10 | 628,574,662.64 | 1,011,010,668.05 | 99 | 152,809,178.20 | 15 | 858,201,489.85 |
| Total | 722,512,761.88 | 100 | 93,938,099.24 | 13 | 628,574,662.64 | 1,017,259,438.05 | 100 | 159,057,948.20 | 16 | 858,201,489.85 |

Accrued provision for bad debts by individual item:

☒ Applicable ☐ Not applicable

Unit: CNY

| Name | Ending balance | | | |
|--|----------------|-------------------------|-------------------|------------------------------|
| | Book balance | Provision for bad debts | Accrual ratio (%) | Reason for accrual |
| ANJI Technology Co., Ltd | 13,682,758.00 | 13,682,758.00 | 100 | Expected to be uncollectible |
| Suning Logistics (Shenzhen) Co., Ltd. | 3,432,000.00 | 3,432,000.00 | 100 | Expected to be uncollectible |
| Neolix Technologies (Beijing) Co., Ltd. | 1,750,000.00 | 1,750,000.00 | 100 | Expected to be uncollectible |
| ZTOAsiaPteLtd | 1,312,500.00 | 1,312,500.00 | 100 | Expected to be uncollectible |
| Tian Tian Express Co., Ltd. | 426,985.52 | 426,985.52 | 100 | Expected to be uncollectible |
| Total | 20,604,243.52 | 20,604,243.52 | 100 | / |

Note to accrued provision for bad debts by individual item:

☐ Applicable ☒ Not applicable

Accrued provision for bad debts by portfolio:

☒ Applicable ☐ Not applicable

Portfolio accrual item:

Unit: CNY

| Name | Ending balance | | |
|---------------|---------------------|-------------------------|-------------------|
| | Accounts receivable | Provision for bad debts | Accrual ratio (%) |
| Within 1 year | 579,152,716.30 | 28,957,636.11 | 5 |

| | | | |
|-------------------|----------------|---------------|-----|
| 1–2 years | 107,159,857.35 | 32,147,957.21 | 30 |
| 2–3 years | 6,735,364.61 | 3,367,682.30 | 50 |
| More than 3 years | 8,860,580.10 | 8,860,580.10 | 100 |
| Total | 701,908,518.36 | 73,333,855.72 | / |

Notes to accrued 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 overdue days and the expected 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 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.

Accrued provision for bad debts by the general model of expected credit loss

☐ Applicable ☒ Not applicable

Notes to significant changes in the book balance of accounts receivable whose loss provision changes in the current period

☐ Applicable ☒ Not applicable

(3). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: CNY

| Category | Beginning balance | Amount of change in the current period | | | | Ending balance |
|--|-------------------|--|-------------------------------|----------------------|---------------|----------------|
| | | Accrual | Recovered or transferred back | Write-off/Charge-off | Other changes | |
| Accrued provision for bad debts by individual item | 6,248,770.00 | 16,164,258.00 | 1,589,000.00 | 219,784.48 | - | 20,604,243.52 |
| Accrued provision for bad debts by portfolio | 152,809,178.20 | 55,028,072.56 | 134,497,395.94 | - | 5,999.10 | 73,333,855.72 |
| Total | 159,057,948.20 | 71,192,330.56 | 136,086,395.94 | 219,784.48 | 5,999.10 | 93,938,099.24 |

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 the current period

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Write-off amount |
|--|------------------|
| Accounts receivable actually written off | 219,784.48 |

Write-off of significant accounts receivable

☐ Applicable ☒ Not applicable

Notes to written-off accounts receivable:

☐ Applicable ☒ Not applicable

(5). Accounts receivable and contract assets of top 5 companies in terms of ending balance collected by the debtor

√ Applicable □ Not applicable

Unit: CNY

| Company | Ending balance of accounts receivable | Ending balance of contract assets | Ending balance of accounts receivable and contract Assets | Proportion in total ending balance of accounts receivable and contract assets (%) | Ending balance of provision for bad debts |
|--|---------------------------------------|-----------------------------------|---|---|---|
| Shanghai Zhongtongji Network Technology Ltd. ("Zhongtongji Network") | 187,642,816.64 | 49,025,400.44 | 236,668,217.08 | 25 | 17,898,941.25 |
| Wayzim (Hangzhou) Intelligent Manufacturing Technology Co., Ltd. ("Wayzim Hangzhou") | 61,319,107.35 | 36,689,249.93 | 98,008,357.28 | 10 | 7,090,489.03 |
| J&T Express Malaysia Sdn Bhd | 29,875,983.79 | 13,587,327.02 | 43,463,310.81 | 5 | 9,714,999.97 |
| Shanxi Zhongtongji Supply Chain Management Co., Ltd. | 28,630,063.43 | 4,720,067.60 | 33,350,131.03 | 4 | 1,667,506.55 |
| PT Nusantara Ekspres Kilat | 13,852,698.80 | 4,594,193.36 | 18,446,892.16 | 2 | 922,344.61 |
| Total | 321,320,670.01 | 108,616,238.35 | 429,936,908.36 | 46 | 37,294,281.41 |

6. Contract assets**(1). Contract assets**

√ Applicable □ Not applicable

Unit: CNY

| Item | Ending balance | | | Beginning balance | | |
|----------------------------|----------------|-------------------------|---------------|-------------------|-------------------------|----------------|
| | Book balance | Provision for bad debts | Book value | Book balance | Provision for bad debts | Book value |
| Retention money receivable | 92,444,236.99 | 4,800,337.13 | 87,643,899.86 | 141,644,075.32 | 7,082,204.14 | 134,561,871.18 |
| Total | 92,444,236.99 | 4,800,337.13 | 87,643,899.86 | 141,644,075.32 | 7,082,204.14 | 134,561,871.18 |

(2). Amount of and reason for significant changes in the book value during the reporting period

□ Applicable √ Not applicable

(3). 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 | Ratio (%) | Amount | Accrual ratio (%) | | Amount | Ratio (%) | Amount | Accrual ratio (%) | |
| Accrued provision for bad debts by individual item | 187,500.00 | 0 | 187,500.00 | 100 | - | - | 0 | - | 100 | - |
| Accrued provision for bad debts by portfolio | 92,256,736.99 | 100 | 4,612,837.13 | 5 | 87,643,899.86 | 141,644,075.32 | 100 | 7,082,204.14 | 5 | 134,561,871.18 |

| | | | | | | | | | | |
|-------|---------------|---|--------------|---|---------------|----------------|---|--------------|---|----------------|
| Total | 92,444,236.99 | / | 4,800,337.13 | / | 87,643,899.86 | 141,644,075.32 | / | 7,082,204.14 | / | 134,561,871.18 |
|-------|---------------|---|--------------|---|---------------|----------------|---|--------------|---|----------------|

Accrued provision for bad debts by individual item:

☒ Applicable ☐ Not applicable

Unit: CNY

| Name | Ending balance | | | |
|-------------------|----------------|-------------------------|-------------------|------------------------------|
| | Book balance | Provision for bad debts | Accrual ratio (%) | Reason for accrual |
| ZTO Asia Pte Ltd. | 187,500.00 | 187,500.00 | 100 | Expected to be uncollectible |
| Total | 187,500.00 | 187,500.00 | 100 | / |

Note to accrued provision for bad debts by individual item:

☐ Applicable ☒ Not applicable

Accrued provision for bad debts by portfolio:

☒ Applicable ☐ Not applicable

Portfolio accrual item:

Unit: CNY

| Name | Ending balance | | |
|----------------------------|-----------------|-------------------------|-------------------|
| | Contract assets | Provision for bad debts | Accrual ratio (%) |
| Retention money receivable | 92,256,736.99 | 4,612,837.13 | 5 |
| Total | 92,256,736.99 | 4,612,837.13 | 5 |

Notes to accrued provision for bad debts by portfolio

☒ Applicable ☐ Not applicable

The Group always measures provisions for losses at an amount equal to the expected credit loss in the duration. 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.

Based on the Group's historical experience, there is no significant difference in the loss occurrence among different customer segments. Therefore, the Group treats all contract assets as a portfolio and does not further differentiate different customer segments in the calculation of the bad debt provision for contract assets.

Accrued provision for bad debts by the general model of expected credit loss

☐ Applicable ☒ Not applicable

Classification basis in different stages and accrual ratio of provision for bad debts

☐ Applicable ☒ Not applicable

Notes to significant changes in the book balance of contract assets whose loss provision changes in the current period

☐ Applicable ☒ Not applicable

(4). Accrual of provision for bad debts of contract assets in the current period

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Accrual in the Current Period | Amounts recovered or transferred back during the period | Write-off/Charge-off in the current period | Reason |
|----------------------------|-------------------------------|---|--|--------|
| Accrual by individual item | 187,500.00 | - | - | / |
| Accrual by portfolio | 8,775,825.90 | 11,245,192.91 | - | / |
| Total | 8,963,325.90 | 11,245,192.91 | - | / |

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

☐ Applicable ☒ Not applicable

Other notes

The contract 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 customers who purchase logistics sorting equipment, and provides a free warranty for failures and quality problems within 1–5 years after the completion of the 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 contract assets will be converted into accounts receivable. For contract assets whose remaining warranty period exceeds one year on the balance sheet date, the Group shall include them into other non-current assets.

(5). Contract assets actually written off in the current period

☐ Applicable ☒ Not applicable

Write-off of significant contract assets

☐ Applicable ☒ Not applicable

Write-off of contract assets

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

7. Accounts receivable financing**(1). Classification of accounts receivable financing**

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|----------------------|----------------|-------------------|
| Banker's acceptances | 1,800,000.00 | 200,000.00 |
| Total | 1,800,000.00 | 200,000.00 |

(2). Financing of accounts receivable pledged by the company at the end of the period

☐ Applicable ☒ Not applicable

(3). Financing of accounts endorsed or discounted by the company and yet undue on the balance sheet date at the end of the period√ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending amount derecognized | Ending amount not derecognized |
|----------------------|----------------------------|--------------------------------|
| Banker's acceptances | 131,132,303.09 | - |
| Total | 131,132,303.09 | - |

(4). Disclosure by provision for bad debts☐ Applicable √ Not applicable**(5). Provision for bad debts**☐ Applicable √ Not applicable**(6). Financing of accounts receivable actually written off in the current period**☐ Applicable √ Not applicable**(7). Increase/Decrease of receivables-based financing in the current period and changes in fair value:**☐ Applicable √ Not applicable**(8). Other notes**☐ Applicable √ Not applicable**8. Advance payments****(1). Advance payments presented by aging**√ Applicable ☐ Not applicable

Unit: CNY

| Aging | Ending balance | | Beginning balance | |
|-------------------|----------------|-----------|-------------------|-----------|
| | Amount | Ratio (%) | Amount | Ratio (%) |
| Within 1 year | 103,630,174.69 | 92.67 | 59,250,734.06 | 83.91 |
| 1–2 years | 4,456,013.83 | 3.99 | 11,143,568.50 | 15.78 |
| More than 2 years | 3,740,544.60 | 3.34 | 215,992.54 | 0.31 |
| Total | 111,826,733.12 | 100.00 | 70,610,295.10 | 100.00 |

Notes to reasons for failure to timely settle advance payments with aging more than one year and significant amount:

None

(2). Advance payments of top 5 companies in terms of ending balance collected by supplier

☒ Applicable ☐ Not applicable

| Company | Ending balance | Proportion in total ending balance of advance payments (%) |
|--|----------------|--|
| Zhejiang Rigor Logistics Technology Co., Ltd. | 16,496,000.00 | 14.75 |
| SSI SCHAEFER Warehousing Systems (Kunshan) Co., Ltd. | 15,561,000.00 | 13.92 |
| Jiangxi Chixinke Intelligent Equipment Co., Ltd. | 8,831,495.84 | 7.90 |
| Wuxi Shengmai Precision Manufacturing Technology Co., Ltd. | 7,172,889.99 | 6.41 |
| Wuxi Lishuang Machinery Manufacturing Co., Ltd. | 5,317,435.48 | 4.76 |
| Total | 53,378,821.31 | 47.74 |

Other notes

☐ Applicable ☒ Not applicable

9. Other accounts receivable**Items**

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|----------------------------------|----------------|-------------------|
| Amounts due from related parties | - | - |
| Amounts due from third parties | 17,683,674.12 | 11,946,292.27 |
| Minus: Provision for bad debts | 1,709,742.44 | 950,127.07 |
| Total | 15,973,931.68 | 10,996,165.20 |

Other notes

☐ Applicable ☒ Not applicable

Interests receivable**(1). Classification of interests receivable**

☐ Applicable ☒ Not applicable

(2). Material overdue interests

☐ Applicable ☒ Not applicable

(3). Disclosure by provision for bad debts

☐ Applicable ☒ Not applicable

(4). Accrued provision for bad debts by the general model of expected credit loss

☐ Applicable ☒ Not applicable

(5). Provision for bad debts

☐ Applicable ☒ Not applicable

(6). Interest receivable actually written off in the current period

☐ Applicable ☒ Not applicable

Dividends receivable**(1). Dividends receivable**

☐ Applicable ☒ Not applicable

(2). Significant dividends receivable with aging over one year

☐ Applicable ☒ Not applicable

(3). Disclosure by provision for bad debts

☐ Applicable ☒ Not applicable

(4). Accrued provision for bad debts by the general model of expected credit loss

☐ Applicable ☒ Not applicable

(5). Provision for bad debts

☐ Applicable ☒ Not applicable

(6). Dividend receivable actually written off in the current period

☐ Applicable ☒ Not applicable

Other accounts receivable**(1). Disclosure by aging**

☒ Applicable ☐ Not applicable

Unit: CNY

| | |
|---------------|---------------------|
| Aging | Ending book balance |
| Within 1 year | |

| | |
|-------------------------------------|---------------|
| Including: Within 1 year (itemized) | |
| Within 1 year | 15,478,558.07 |
| Subtotal for aging within 1 year | 15,478,558.07 |
| 1–2 years | 1,635,745.63 |
| 2–3 years | 248,559.10 |
| More than 3 years | 320,811.32 |
| Sub-total | 17,683,674.12 |
| Minus: Provision for bad debts | 1,709,742.44 |
| Total | 15,973,931.68 |

(2). Classification by payment nature√ Applicable ☐ Not applicable

Unit: CNY

| Nature of payment | Ending book balance | Beginning book balance |
|--------------------------------|---------------------|------------------------|
| Bid and project security | 11,260,812.10 | 7,483,732.17 |
| Petty cash for employees | 26,976.14 | 94,100.00 |
| Advance payments receivable | 6,030,733.81 | 1,982,036.22 |
| Others | 365,152.07 | 2,386,423.88 |
| Sub-total | 17,683,674.12 | 11,946,292.27 |
| Minus: Provision for bad debts | 1,709,742.44 | 950,127.07 |
| Total | 15,973,931.68 | 10,996,165.20 |

(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, 2023 | 948,127.07 | - | 2,000.00 | 950,127.07 |
| Transferred to stage III | - | - | - | - |

| | | | | |
|--|--------------|---|----------|--------------|
| Accrual in the Current Period | 1,045,846.96 | - | - | 1,045,846.96 |
| Transferred back in the current period | 287,793.54 | - | - | 287,793.54 |
| Write-off in the current period | - | - | - | - |
| Charge-off in the current period | - | - | - | - |
| Other changes | 1,561.95 | - | - | 1,561.95 |
| Balance as of December 31, 2023 | 1,707,742.44 | - | 2,000.00 | 1,709,742.44 |

Classification basis in different stages and accrual ratio of provision for bad debts

As of December 31, 2023, the Group has no other accounts receivable in Stage II. The analysis of other accounts receivable in Stages I and III is as follows:

1). Other accounts receivable of individual accrued provisions for bad debts are all in Stage III. The analysis is as follows:

| Item | Ending balance | | | |
|-------------------|----------------|-------------------------|--|---|
| | Book balance | Provision for bad debts | Expected credit loss rate within the entire duration (%) | Reason for accrual |
| More than 3 years | 2,000.00 | 2,000.00 | 100 | The aging of the accounts receivable is over three years. After multiple negotiations with the counterparty, it is expected that the amount will be hardly recovered. |
| Total | 2,000.00 | 2,000.00 | / | |

2). Other accounts receivable of portfolio accrued provision for bad debts are all in Stage I. The analysis is as follows:

| Item | Ending balance | | |
|-------------------|----------------|-------------------------|---|
| | Book balance | Provision for bad debts | Expected credit loss rate within the next 12 months (%) |
| Within 1 year | 15,478,558.07 | 773,927.89 | 5 |
| 1–2 years | 1,635,745.63 | 490,723.69 | 30 |
| 2–3 years | 248,559.10 | 124,279.55 | 50 |
| More than 3 years | 318,811.32 | 318,811.31 | 100 |
| Total | 17,681,674.12 | 1,707,742.44 | / |

Notes to significant changes in the book balance of other accounts receivable whose loss provision changes in the current period:

☐ Applicable ☒ Not applicable

The basis for provision for bad debts of the current period and evaluation on a significant increase in the credit risk of financial instruments is as follows:

☐ Applicable ☒ Not applicable

(4). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: CNY

| Category | Beginning balance | Amount of change in the current period | | | | Ending balance |
|--|-------------------|--|-------------------------------|----------------------|---------------|----------------|
| | | Accrual | Recovered or transferred back | Write-off/Charge-off | Other changes | |
| Accrued provision for bad debts by individual item | 2,000.00 | - | - | - | - | 2,000.00 |
| Accrued provision for bad | 948,127.07 | 1,045,846.96 | 287,793.54 | - | 1,561.95 | 1,707,742.44 |

| | | | | | | |
|--------------------|------------|--------------|------------|---|----------|--------------|
| debts by portfolio | | | | | | |
| Total | 950,127.07 | 1,045,846.96 | 287,793.54 | - | 1,561.95 | 1,709,742.44 |

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

☐ Applicable ☒ Not applicable

(5). Other accounts receivable actually written off in the current period

☐ Applicable ☒ Not applicable

(6). Other accounts receivable of top 5 companies in terms of ending balance collected by debtor

☒ Applicable ☐ Not applicable

Unit: CNY

| Company | Nature of payment | Ending balance | Aging | Proportion in the total ending balance of other accounts receivable (%) | Ending balance of provision for bad debts |
|--|-----------------------------|----------------|---------------|---|---|
| Zhejiang Youtong Wenbo Services Co., Ltd. | Advance payments receivable | 4,189,289.17 | Within 1 year | 24 | 209,464.46 |
| Nanling Licheng Automation Equipment Co., Ltd. | Advance payments receivable | 815,459.44 | Within 1 year | 5 | 40,772.97 |
| Lianyungang Xinsilu Enterprise Management Consulting Co., Ltd. | Security deposit | 700,000.00 | Within 1 year | 4 | 35,000.00 |

| | | | | | |
|--|------------------|--------------|-------------------------|----|------------|
| Anhui Conch Zhongnan Intelligent Robot Co., Ltd. | Security deposit | 683,660.00 | Within 1 year/1–2 years | 4 | 70,598.00 |
| Hangzhou Xiniao Logistics Technology Co., Ltd. | Security deposit | 600,000.00 | 1–2 years | 3 | 180,000.00 |
| Total | / | 6,988,408.61 | / | 40 | 535,835.43 |

(7). Other accounts receivable that are presented due to the centralized management of funds

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

10. Inventories

(1). Classification of inventories

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | | | Beginning balance | | |
|------------------|------------------|--|------------------|-------------------|--|------------------|
| | Book balance | Inventory falling price reserves/Provision for impairment of contract performance cost | Book value | Book balance | Inventory falling price reserves/Provision for impairment of contract performance cost | Book value |
| Raw materials | 363,198,700.73 | 71,988,018.75 | 291,210,681.98 | 316,530,043.79 | 52,617,289.70 | 263,912,754.09 |
| Goods in process | 1,974,576,347.71 | 134,796,049.10 | 1,839,780,298.61 | 1,275,498,705.62 | 39,411,483.41 | 1,236,087,222.21 |
| Total | 2,337,775,048.44 | 206,784,067.85 | 2,130,990,980.59 | 1,592,028,749.41 | 92,028,773.11 | 1,499,999,976.30 |

(2). Inventory falling price reserves√ Applicable ☐ Not applicable

Unit: CNY

| Item | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance |
|------------------|-------------------|--------------------------------|--------------------------------|----------------|
| | | Accrual | Carryover or write-off | |
| Raw materials | 52,617,289.70 | 19,370,729.05 | - | 71,988,018.75 |
| Goods in process | 39,411,483.41 | 194,569,799.43 | 99,185,233.74 | 134,796,049.10 |
| Total | 92,028,773.11 | 213,940,528.48 | 99,185,233.74 | 206,784,067.85 |

Reasons for transferring back or writing off the inventory falling price reserves in the current period

☐ Applicable √ Not applicable

Accrued provision of inventory falling price reserves by portfolio

☐ Applicable √ Not applicable

Standard for the accrued provision of inventory falling price reserves by portfolio

☐ Applicable √ Not applicable**(3). Capitalization amount of borrowing expenses in the ending balance of inventories and the calculation standards and basis**☐ Applicable √ Not applicable**(4). Notes to the current amortization amount of the contract performance cost**☐ Applicable √ Not applicable

Other notes

√ Applicable ☐ Not applicable

The net realizable value of inventories is the estimated selling price minus the estimated cost to be incurred until completion, estimated selling expenses, and related taxes. The reasons for transferring back or writing off the inventory falling price reserves during the year are completion of projects,

recognition of revenue costs, and inventory obsolescence. In addition, the inventory amount at the end of the year is not the capitalized amount of borrowing expenses.

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 |
|--------------------------------|----------------|-------------------|
| Long-term accounts receivable | 22,270,522.40 | 238,000.00 |
| Minus: Provision for bad debts | 618,526.12 | - |
| Total | 21,651,996.28 | 238,000.00 |

13. Other current assets

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|-------------------------------|----------------|-------------------|
| Input tax to be certified | 78,297,692.09 | 25,786,064.72 |
| Prepaid enterprise income tax | 55,377.47 | - |
| Total | 78,353,069.56 | 25,786,064.72 |

Other notes

None

14. Debt investments

(1). Debt investments

☐ Applicable ☒ Not applicable

(2). Significant debt investments at the end of the period

☐ Applicable ☒ Not applicable

(3). Accrual of provision for impairment

☐ Applicable ☒ Not applicable

(4). Debt investments actually written off in the current period

☐ Applicable ☒ Not applicable

15. Other debt investments

(1). Other debt investments

☐ Applicable ☒ Not applicable

Changes in impairment provision for other debt investments in the current period

☐ Applicable ☒ Not applicable

(2). Significant other debt investments at the end of the period

☐ Applicable ☒ Not applicable

(3). Accrual of provision for impairment

☐ Applicable ☒ Not applicable

(4). Other debt investments actually written off in the current period

☐ Applicable ☒ Not applicable

16. Long-term accounts receivable

(1). Long-term accounts receivable

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | | Beginning balance | | | | Range of discount rate |
|----------------------------------|----------------|-------------------------|-------------------|--------------|-------------------------|--------------|------------------------|
| | Book balance | Provision for bad debts | Book value | Book balance | Provision for bad debts | Book value | |
| Employee borrowings | 5,155,604.14 | - | 5,155,604.14 | 5,222,000.00 | - | 5,222,000.00 | / |
| Security deposit and margin | 12,673,463.06 | - | 12,673,463.06 | 957,988.00 | - | 957,988.00 | / |
| Installment sales of goods | 56,988,643.70 | 2,849,432.19 | 54,139,211.51 | - | - | - | 3.85% |
| Minus: Parts due within one year | 22,270,522.40 | 618,526.12 | 21,651,996.28 | 238,000.00 | - | 238,000.00 | / |
| Total | 52,547,188.50 | 2,230,906.07 | 50,316,282.43 | 5,941,988.00 | - | 5,941,988.00 | / |

(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 | Accrual ratio (%) | | Amount | Proportion (%) | Amount | Accrual ratio (%) | |
| Provision for bad debts by portfolio | 52,547,188.50 | 100 | 2,230,906.07 | 4 | 50,316,282.43 | 5,941,988.00 | 100 | - | / | 5,941,988.00 |
| Total | 52,547,188.50 | / | 2,230,906.07 | / | 50,316,282.43 | 5,941,988.00 | / | - | / | 5,941,988.00 |

Accrued provision for bad debts by individual item:

□ Applicable √ Not applicable

Note to accrued provision for bad debts by individual item:

□ Applicable √ Not applicable

Accrued provision for bad debts by portfolio:

☒ Applicable ☐ Not applicable

Portfolio accrual item: Long-term accounts receivable

Portfolio 1: Employee borrowings receivable

| Name | Ending balance | | |
|----------------------------------|-------------------------------|-------------------------|-------------------|
| | Long-term accounts receivable | Provision for bad debts | Accrual ratio (%) |
| Employee borrowings | 5,155,604.14 | - | / |
| Minus: Parts due within one year | 2,900,000.00 | - | / |
| Total | 2,255,604.14 | - | / |

Portfolio 2: Third-party portfolios receivable

| Name | Ending balance | | |
|----------------------------------|-------------------------------|-------------------------|-------------------|
| | Long-term accounts receivable | Provision for bad debts | Accrual ratio (%) |
| Security deposit and margin | 12,673,463.06 | - | / |
| Minus: Parts due within one year | 7,000,000.00 | - | - |
| Installment sales of goods | 56,988,643.70 | 2,849,432.19 | 5 |
| Minus: Parts due within one year | 12,370,522.40 | 618,526.12 | 5 |
| Total | 50,291,584.36 | 2,230,906.07 | / |

Notes to accrued provision for bad debts by portfolio

☐ Applicable ☒ Not applicable

(3). 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, 2023 | - | - | - | - |
| Transferred to Stage III | - | - | - | - |
| Accrual in the Current Period | 2,230,906.07 | - | - | 2,230,906.07 |
| Transferred back in the current period | - | - | - | - |
| Write-off in the current period | - | - | - | - |
| Charge-off in the current period | - | - | - | - |
| Other changes | - | - | - | - |
| Balance as of December 31, 2023 | 2,230,906.07 | - | - | 2,230,906.07 |

Classification basis in different stages and accrual ratio of provision for bad debts

As of December 31, 2023, long-term accounts receivable of portfolio accrued provision for bad debts are all in Stage I. The analysis is as follows:

| Item | Ending balance | | |
|-------------------|----------------|-------------------------|---|
| | Book balance | Provision for bad debts | Expected credit loss rate within the next 12 months (%) |
| Within 1 year | 44,618,121.30 | 2,230,906.07 | 5 |
| 1–2 years | - | - | / |
| 2–3 years | - | - | / |
| More than 3 years | - | - | / |
| Total | 44,618,121.30 | 2,230,906.07 | / |

Notes to significant changes in the book balance of long-term accounts receivable whose loss provision changes in the current period

☐ Applicable ☒ Not applicable

The basis for provision for bad debts of the current period and evaluation on significant increase in credit risk of financial instruments

☐ Applicable ☒ Not applicable

(4). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: CNY

| Category | Beginning balance | Amount of change in the current period | | | | Ending balance |
|--|-------------------|--|-------------------------------|----------------------|---------------|----------------|
| | | Accrual | Recovered or transferred back | Write-off/Charge-off | Other changes | |
| Accrued provision for bad debts by portfolio | - | 2,230,906.07 | - | - | - | 2,230,906.07 |
| Total | - | 2,230,906.07 | - | - | - | 2,230,906.07 |

(5). Long-term accounts receivable actually written off in the current period

☐ Applicable ☒ Not applicable

17. Long-term equity investments

☐ Applicable ☒ Not applicable

18. Investment in other equity instruments**(1). Investment in other equity instruments**

√ Applicable □ Not applicable

Unit: CNY

| Item | Beginning balance | Changes in the current period | | | | | Ending balance | Dividend income recognized in the current period | Accumulated gains in other comprehensive income | Accumulated losses in other comprehensive income | Reasons for being designated as being measured at fair value through other comprehensive income |
|---|-------------------|-------------------------------|--------------------|---|--|--------|----------------|--|---|--|---|
| | | Additional investment | Reduced investment | Profits in other comprehensive income in the current period | Losses in other comprehensive income in the current period | Others | | | | | |
| Reemoon Technology Co., Ltd. | - | 78,000,000.00 | - | 63,899,273.27 | - | - | 141,899,273.27 | - | 63,899,273.27 | - | To be held for a long term for strategic purposes |
| Beijing EasyAir Intelligence & Integration Technology Co., Ltd. | - | 10,000,000.00 | - | - | - | - | 10,000,000.00 | - | - | - | To be held for a long term for strategic purposes |
| YG Magnet Co., Ltd. | 20,000,000.00 | - | - | - | -5,798,530.40 | - | 14,201,469.60 | - | - | -5,798,530.40 | To be held for long term for strategic purposes |
| Total | 20,000,000.00 | 88,000,000.00 | | 63,899,273.27 | -5,798,530.40 | - | 166,100,742.87 | - | 63,899,273.27 | -5,798,530.40 | |

(2). Notes to termination confirmation in the current period

□ Applicable √ Not applicable

Other notes

☐ Applicable ☒ Not applicable

19. Other non-current financial assets

√ Applicable □ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|-------------------------------|----------------|-------------------|
| Employee stock ownership plan | 11,472,767.17 | - |
| Total | 11,472,767.17 | - |

Other notes

√ Applicable □ Not applicable

The item “employee stock ownership plan” represents the net amount of funds paid by the Group on July 18, 2022 to repurchase shares for the implementation of the first phase of the employee stock ownership plan, amounting to CNY 19,272,315.30. The above amount shall be amortized during the service period of the corresponding employee stock ownership plan. As of December 31, 2023, the unamortized balance was CNY 11,472,767.17. The employee stock ownership plan is detailed in XV. Share-Based Payment 2.

20. Investment properties

Measurement model of investment properties

(1). Investment properties measured at cost

Unit: CNY

| Item | Buildings |
|---|---------------|
| I. Original book value | |
| 1. Beginning balance | 29,670,992.33 |
| 2. Increase in the current period | 809,030.35 |
| (1) Outsourcing | 809,030.35 |
| (2) Inventories/Fixed assets/Carry-over from construction in progress | - |
| (3) Increase from business combination | - |
| 3. Decrease in the current period | - |
| (1) Disposal | - |
| (2) Other transfer-out | - |
| 4. Ending balance | 30,480,022.68 |
| II. Accumulated depreciation and accumulated amortization | |
| 1. Beginning balance | 469,790.72 |
| 2. Increase in the current period | 1,475,446.98 |
| (1) Accrual or amortization | 1,475,446.98 |
| 3. Decrease in the current period | - |
| (1) Disposal | - |
| (2) Other transfer-out | - |
| 4. Ending balance | 1,945,237.70 |
| III. Provision for impairment | |
| 1. Beginning balance | - |

| | |
|--|---------------|
| 2. Increase in the current period | - |
| (1) Accrual | - |
| 3. Decrease in the current period | - |
| (1) Disposal | - |
| (2) Other transfer-out | - |
| 4. Ending balance | - |
| IV. Book value | |
| 1. Book value at the end of the period | 28,534,784.98 |
| 2. Book value at the beginning of the period | 29,201,201.61 |

(2). Investment properties with pending title deeds√ Applicable ☐ Not applicable

Unit: CNY

| Item | Book value | Reason for pending title deeds |
|-----------|---------------|--------------------------------|
| Buildings | 28,534,784.98 | In progress |

(3). Impairment testing of investment properties measured at cost☐ Applicable √ Not applicable

Other notes

☐ Applicable √ Not applicable**21. Fixed assets****Items**√ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|--------------|----------------|-------------------|
| Fixed assets | 740,692,197.42 | 333,737,235.67 |
| Total | 740,692,197.42 | 333,737,235.67 |

Other notes

☐ Applicable √ Not applicable**Fixed assets****(1). Fixed assets**√ Applicable ☐ Not applicable

Unit: CNY

| Item | Buildings | Machinery and equipment | Means of transport | Office equipment | Total |
|------|-----------|-------------------------|--------------------|------------------|-------|
|------|-----------|-------------------------|--------------------|------------------|-------|

| | | | | and other equipment | |
|---|----------------|----------------|--------------|------------------------|----------------|
| I. Original book value | | | | | |
| 1. Beginning balance | 266,932,111.47 | 94,495,950.20 | 4,291,411.51 | 22,052,342.77 | 387,771,815.95 |
| 2. Increase in the current period | | | | | |
| (1) Acquisition | 29,806,306.00 | 330,424.78 | 534,384.95 | 9,522,451.53 | 40,193,567.26 |
| (2) Transferred from construction in progress | 374,166,827.38 | 23,292,735.69 | 148,672.56 | 3,670,303.03 | 401,278,538.66 |
| 3. Decrease in the current period | | | | | |
| (1) Disposal or scrapping | - | 2,337,588.51 | - | 234,410.33 | 2,571,998.84 |
| 4. Foreign exchange translation differences | - | - | - | 281.75 | 281.75 |
| 5. Ending balance | 670,905,244.85 | 115,781,522.16 | 4,974,469.02 | 35,010,968.75 | 826,672,204.78 |
| II. Accumulated depreciation | | | | | |
| 1. Beginning balance | 24,144,842.80 | 19,554,019.37 | 2,259,953.94 | 8,075,764.17 | 54,034,580.28 |
| 2. Increase in the current period | | | | | |
| (1) Accrual | 15,575,874.03 | 10,221,795.03 | 813,476.05 | 6,518,278.49 | 33,129,423.60 |
| 3. Decrease in the current period | | | | | |
| (1) Disposal or scrapping | - | 990,974.76 | - | 193,753.69 | 1,184,728.45 |
| 4. Foreign exchange translation differences | - | - | - | 731.93 | 731.93 |
| 5. Ending balance | 39,720,716.83 | 28,784,839.64 | 3,073,429.99 | 14,401,020.90 | 85,980,007.36 |
| III. Provision for impairment | | | | | |
| 1. Beginning balance | - | - | - | - | - |
| 2. Increase in the current period | | | | | |
| (1) Accrual | - | - | - | - | - |
| 3. Decrease in the current period | | | | | |
| (1) Disposal or scrapping | - | - | - | - | - |

| | | | | | |
|--|----------------|---------------|--------------|---------------|----------------|
| 4. Ending balance | - | - | - | - | - |
| IV. Book value | | | | | |
| 1. Book value at the end of the period | 631,184,528.02 | 86,996,682.52 | 1,901,039.03 | 20,609,947.85 | 740,692,197.42 |
| 2. Book value at the beginning of the period | 242,787,268.67 | 74,941,930.83 | 2,031,457.57 | 13,976,578.60 | 333,737,235.67 |

(2). Temporarily idle fixed assets

☐ Applicable ☒ Not applicable

(3). Fixed assets leased out under operating leases

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Book value at the end of the period |
|--|-------------------------------------|
| Airport Baggage Handling System Wuxi Shuofang Line 1 | 3,459,527.59 |
| Narrow Belt Sorter JD Shaanxi Xi'an Line 1 | 2,050,463.14 |

(4). Fixed assets with pending title deeds

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Book value | Reasons for pending title deeds |
|-----------|----------------|---------------------------------|
| Buildings | 255,103,004.54 | In progress |

(5). Impairment testing of fixed assets

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

Liquidation of fixed assets

☐ Applicable ☒ Not applicable

22. Construction in progress**Items**

√ Applicable □ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|--------------------------|----------------|-------------------|
| Construction in progress | 456,836,010.48 | 380,829,616.86 |
| Total | 456,836,010.48 | 380,829,616.86 |

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 |
| Wayzim Factory Building Phase II | 6,705,871.75 | - | 6,705,871.75 | 76,569,252.98 | - | 76,569,252.98 |
| Renovation of Wayzim Factory Building Phase I | 498,098.00 | - | 498,098.00 | - | - | - |
| Wayzim Anhui Nanling Factory Construction-Phase II | 9,559,935.87 | - | 9,559,935.87 | 147,787,677.69 | - | 147,787,677.69 |
| Intelligent Sensing Factory Building Phase I | 260,317,715.14 | - | 260,317,715.14 | 93,769,915.57 | - | 93,769,915.57 |
| Jiangxi Zhongwei Plot 1 | 93,872,828.07 | - | 93,872,828.07 | 47,890,929.33 | - | 47,890,929.33 |
| Jiangxi Weizhi Plot 2 | 66,295,135.24 | - | 66,295,135.24 | 1,666,438.73 | - | 1,666,438.73 |
| Others | 19,586,426.41 | - | 19,586,426.41 | 13,145,402.56 | - | 13,145,402.56 |
| Total | 456,836,010.48 | - | 456,836,010.48 | 380,829,616.86 | - | 380,829,616.86 |

(2). Current changes in major construction in progress

√ Applicable □ Not applicable

Unit: CNY

| Item | Budget | Beginning balance | Increase in the current period | Fixed assets carried over in the current period | Other decreases in the current period | Ending balance | Proportion of cumulative project investment to the budget (%) | Project progress | Cumulative amount of capitalized interests | Including: Capitalized amount of interests in the current period | Interest capitalization rate in the current period (%) | Sources of funds |
|--|----------------|-------------------|--------------------------------|---|---------------------------------------|----------------|---|------------------|--|--|--|------------------|
| Intelligent Sensing Factory Building Phase I | 268,735,800.00 | 93,769,915.57 | 166,625,413.45 | - | 77,613.88 | 260,317,715.14 | 96.87% | In progress | - | - | - | Self-financing |
| Jiangxi Zhongwei Plot 1 | 111,672,245.22 | 47,890,929.33 | 45,981,898.74 | - | - | 93,872,828.07 | 84.06% | In progress | - | - | - | Self-financing |
| Total | 380,408,045.22 | 141,660,844.90 | 212,607,312.19 | - | 77,613.88 | 354,190,543.21 | / | / | - | - | - | / |

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

☐ Applicable ☒ Not applicable

(4). Impairment testing of construction in progress

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

Engineering materials

(1). Engineering materials

☐ Applicable ☒ Not applicable

23. Productive biological assets

(1). Productive biological assets measured at cost

☐ Applicable ☒ Not applicable

(2). Impairment testing of productive biological assets measured at cost

☐ Applicable ☒ Not applicable

(3). Productive biological assets measured at fair value

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

24. Oil and gas assets

(1) Oil and gas assets

☐ Applicable ☒ Not applicable

(2) Impairment testing of oil and gas assets

☐ Applicable ☒ Not applicable

Other notes

None

25. Right-of-use assets**(1). Right-of-use assets**

√ Applicable □ Not applicable

Unit: CNY

| Item | Buildings | Total |
|--|---------------|---------------|
| I. Original book value | | |
| 1. Beginning balance | 12,359,963.80 | 12,359,963.80 |
| 2. Increase in the current period | | |
| (1) Rent | 17,657,850.33 | 17,657,850.33 |
| (2) Foreign exchange translation differences | 26,064.24 | 26,064.24 |
| 3. Decrease in the current period | | |
| (1) Disposal | 1,177,304.83 | 1,177,304.83 |
| 4. Ending balance | 28,866,573.53 | 28,866,573.53 |
| II. Accumulated depreciation | | |
| 1. Beginning balance | 4,095,780.39 | 4,095,780.39 |
| 2. Increase in the current period | | |
| (1) Accrual | 6,026,876.77 | 6,026,876.77 |
| (2) Foreign exchange translation differences | 21,429.60 | 21,429.60 |
| 3. Decrease in the current period | | |
| (1) Disposal | 588,652.41 | 588,652.41 |
| 4. Ending balance | 9,555,434.35 | 9,555,434.35 |
| III. Provision for impairment | | |
| 1. Beginning balance | - | - |
| 2. Increase in the current period | | |
| (1) Accrual | - | - |
| 3. Decrease in the current period | | |
| (1) Disposal | - | - |
| 4. Ending balance | - | - |
| IV. Book value | | |
| 1. Book value at the end of the period | 19,311,139.18 | 19,311,139.18 |
| 2. Book value at the beginning of the period | 8,264,183.41 | 8,264,183.41 |

(2) Impairment testing of right-of-use assets

□ Applicable √ Not applicable

Other notes

None

26. Intangible assets**(1). Intangible assets**

√ Applicable □ Not applicable

Unit: CNY

| Item | Land use right | Patent right | Software | Total |
|---|----------------|--------------|---------------|----------------|
| I. Original book value | | | | |
| 1. Beginning balance | 148,338,502.78 | 1,499,900.00 | 8,050,366.96 | 157,888,769.74 |
| 2. Increase in the current period | 14,985,531.00 | - | 4,464,851.75 | 19,450,382.75 |
| (1) Acquisition | 14,985,531.00 | - | 2,757,321.28 | 17,742,852.28 |
| (2) Transferred from construction in progress | - | - | 1,707,530.47 | 1,707,530.47 |
| 3. Decrease in the current period | - | - | - | - |
| 4. Ending balance | 163,324,033.78 | 1,499,900.00 | 12,515,218.71 | 177,339,152.49 |
| II. Accumulated amortization | | | | |
| 1. Beginning balance | 4,722,918.57 | 1,124,925.10 | 1,937,240.51 | 7,785,084.18 |
| 2. Increase in the current period | 3,252,121.28 | 187,487.40 | 2,373,337.18 | 5,812,945.86 |
| (1) Accrual | 3,252,121.28 | 187,487.40 | 2,373,337.18 | 5,812,945.86 |
| 3. Decrease in the current period | - | - | - | - |
| (1) Disposal | - | - | - | - |
| 4. Ending balance | 7,975,039.85 | 1,312,412.50 | 4,310,577.69 | 13,598,030.04 |
| III. Provision for impairment | | | | |
| 1. Beginning balance | - | - | - | - |
| 2. Increase in the current period | - | - | - | - |
| (1) Accrual | - | - | - | - |
| 3. Decrease in the current period | - | - | - | - |
| (1) Disposal | - | - | - | - |
| 4. Ending balance | - | - | - | - |
| IV. Book value | | | | |
| 1. Book value at the end of the period | 155,348,993.93 | 187,487.50 | 8,204,641.02 | 163,741,122.45 |
| 2. Book value at the beginning of the period | 143,615,584.21 | 374,974.90 | 6,113,126.45 | 150,103,685.56 |

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 of pending title deeds

☐ Applicable ☒ Not applicable

(3). Impairment testing of intangible assets

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

27. 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). Specific determination method of the recoverable amount

The recoverable amount equals the net amount of the fair value minus the disposal expenses

☐ Applicable ☒ Not applicable

The recoverable amount equals the current value of the expected future cash flow

☐ Applicable ☒ Not applicable

Reasons for the differences between the above information and the information used in impairment tests in previous years or external information

☐ Applicable ☒ Not applicable

Reasons for the differences between the information used in impairment tests in previous years by the Company and the actual situation in the current year

☐ Applicable ☒ Not applicable

(5). Performance commitments and corresponding goodwill impairment

Goodwill was recognized with performance commitments and the reporting period or the previous reporting period was during the performance commitment period

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

28. Long-term deferred expenses

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Beginning balance | Increase in the current period | Amortization amount in the current period | Other deductions | Ending balance |
|-----------------------|-------------------|--------------------------------|---|------------------|----------------|
| Employee benefits | 1,245,605.94 | 682,000.00 | 235,438.37 | 140,000.00 | 1,552,167.57 |
| Leasehold improvement | 2,079,684.97 | 3,656,572.84 | 1,205,997.44 | - | 4,530,260.37 |
| Total | 3,325,290.91 | 4,338,572.84 | 1,441,435.81 | 140,000.00 | 6,082,427.94 |

Other notes

None

29. 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 differences | Deferred income tax assets | Deductible temporary differences | Deferred income tax assets |
| Provision for impairment of assets | | | | |
| Unrealized intercompany profits | | | | |
| Deductible losses | | | | |
| Provision for bad debts | 109,641,613.26 | 16,920,255.07 | 172,264,722.44 | 25,995,230.68 |
| Estimated liabilities | 38,863,377.19 | 5,829,506.58 | 42,629,389.03 | 6,394,408.35 |
| Government subsidies | 135,463,165.71 | 31,225,501.17 | 165,723,124.67 | 38,785,501.41 |

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Inventory falling price reserves | 206,784,067.85 | 33,919,614.69 | 92,028,773.11 | 15,471,068.42 |
| Lease liabilities | 19,755,242.48 | 3,479,888.50 | 9,934,916.03 | 1,441,377.90 |
| Share-based payments | 3,685,976.78 | 634,307.17 | 2,546,095.71 | 424,724.81 |
| Loss to offset | 266,986,551.33 | 40,476,874.85 | 173,007,930.50 | 26,326,638.21 |
| Accrued expenses | 16,360,590.00 | 3,007,161.50 | - | - |
| Unrealized profit or loss on internal sales | 58,087,765.86 | 8,546,108.48 | 44,992,685.21 | 6,748,902.78 |
| Total | 855,628,350.46 | 144,039,218.01 | 703,127,636.70 | 121,587,852.56 |

(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 |
| Asset assessment and increment of business combinations not under common control | - | - | - | - |
| Changes in fair value of debt investments | - | - | - | - |
| Changes in fair value of investment in other equity instruments | - | - | - | - |
| Fixed assets | 8,953.21 | 1,342.98 | 9,580.76 | 1,437.11 |
| Profits or losses from changes in fair value | 9,286,538.90 | 1,324,226.97 | 5,763,114.45 | 865,567.57 |
| Effect of the purchase of subsidiaries | - | - | 4,521.24 | 1,130.31 |
| Right-of-use assets | 15,799,100.29 | 2,750,977.04 | 8,264,183.41 | 1,190,695.64 |
| Total | 25,094,592.40 | 4,076,546.99 | 14,041,399.86 | 2,058,830.63 |

(3). Deferred income tax assets or liabilities presented on a net offset basis

√ Applicable □ Not applicable

Unit: CNY

| Item | Amount of offsetting | Ending balance of deferred income tax assets or liabilities | Set-off amount of deferred income tax assets and liabilities at the beginning of the period | Beginning balance of deferred income tax assets or liabilities after offset |
|---------------------------------|----------------------|---|---|---|
| Deferred income tax assets | 4,076,546.99 | 139,962,671.02 | 2,058,830.63 | 119,529,021.93 |
| Deferred income tax liabilities | 4,076,546.99 | - | 2,058,830.63 | - |

(4). Details of unrecognized deferred income tax assets√ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|----------------------------------|----------------|-------------------|
| Deductible temporary differences | 192,593.66 | - |
| Deductible losses | 1,311,750.30 | - |
| Total | 1,504,343.96 | - |

(5). Deductible losses of unrecognized deferred income tax assets to be due in the following year√ Applicable ☐ Not applicable

Unit: CNY

| Year | Ending balance | Beginning balance |
|-------|----------------|-------------------|
| 2023 | - | - |
| 2024 | - | - |
| 2025 | - | - |
| 2026 | - | - |
| 2027 | 179,281.10 | - |
| 2028 | 1,132,469.20 | - |
| 2030 | - | - |
| 2031 | - | - |
| Total | 1,311,750.30 | - |

30. 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 |
| Contract assets | 215,824,089.61 | 10,969,330.03 | 204,854,759.58 | 244,029,430.48 | 12,201,472.17 | 231,827,958.31 |
| Input tax to be deducted | 10,108,979.64 | - | 10,108,979.64 | 9,843,681.96 | - | 9,843,681.96 |
| Advance payments on long-term assets | 14,653,437.86 | - | 14,653,437.86 | 68,362,068.20 | - | 68,362,068.20 |
| Employee stock ownership plan | - | - | - | 16,449,915.34 | - | 16,449,915.34 |

| | | | | | | |
|---|----------------|--------------|----------------|----------------|--------------|----------------|
| Minus: Parts due within one year | 92,444,236.99 | 4,800,337.13 | 87,643,899.86 | 141,644,075.32 | 7,082,204.14 | 134,561,871.18 |
| Total | 148,142,270.12 | 6,168,992.90 | 141,973,277.22 | 197,041,020.66 | 5,119,268.03 | 191,921,752.63 |

Other notes

None

31. Assets with restricted ownership or use rights

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Book value at the end of the period | Restriction reasons |
|--------------------------|-------------------------------------|-------------------------|
| Other money funds | 23,991,320.79 | Guarantee deposit |
| Other money funds | 7,200,000.00 | Litigation frozen funds |
| Other money funds | 34,948,336.93 | Notes payable deposit |
| Trading financial assets | 10,070,191.78 | Guarantee deposit |
| Total | 76,209,849.50 | / |

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 | 20,017,722.23 | 124,692,342.70 |
| Total | 20,017,722.23 | 124,692,342.70 |

Notes to the classification of short-term borrowings:

None

(2). Short-term borrowings due yet unpaid

☐ Applicable ☒ Not applicable

Significant short-term borrowings due yet unpaid:

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

33. Trading financial liabilities

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

34. Derivative financial liabilities

☐ Applicable ☒ Not applicable

35. Notes payable

(1). Notes payable

☒ Applicable ☐ Not applicable

Unit: CNY

| Category | Ending balance | Beginning balance |
|----------------------|----------------|-------------------|
| Banker's acceptances | 171,544,171.87 | - |
| Total | 171,544,171.87 | - |

36. Accounts payable

(1). Accounts payable

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|--------------------------------|----------------|-------------------|
| Amounts payable to affiliates | 48,008,942.78 | 78,759,014.80 |
| Amounts due from third parties | 857,821,954.50 | 544,645,283.89 |
| Total | 905,830,897.28 | 623,404,298.69 |

(2). Significant accounts payable aging over one year or overdue

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Reason for outstanding or not carrying forward |
|--|----------------|--|
| Kunshan Meibang Environmental Technology Co., Ltd. | 36,268,388.42 | Not yet settled with suppliers |
| Total | 36,268,388.42 | |

Other notes

☐ Applicable ☒ Not applicable

37. Advances received from customers

(1). Advance from customers

☐ Applicable ☒ Not applicable

(2). Significant advances received from customers aging over one year

☐ Applicable ☒ Not applicable

(3). Amount of and reason for significant changes in the book value during the reporting period

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

38. Contract liabilities

(1). Contract liabilities

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|----------------------|------------------|-------------------|
| Contract liabilities | 1,233,397,851.67 | 636,982,480.50 |
| Total | 1,233,397,851.67 | 636,982,480.50 |

(2). Significant contract liabilities aging over one year

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Reason for outstanding or not carrying forward |
|----------------------------------|----------------|---|
| Shopee Express Malaysia Sdn.Bhd. | 52,252,148.83 | Not yet reached the time of revenue recognition |
| Total | 52,252,148.83 | / |

(3). Amount of and reason for significant changes in the book value during the reporting period

☐ Applicable ☒ Not applicable

Other notes

☒ Applicable ☐ Not applicable

Contract liabilities mainly relate to the Group's advance receipts from customers on contracts for the sales of equipment. The revenue related to the contracts shall be recognized after the Group has fulfilled its performance obligations.

39. Payroll payable

(1). 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 payroll | 58,251,243.51 | 314,211,077.72 | 307,259,717.93 | 65,202,603.30 |
| II. Welfare after-service-defined contribution plan | 48,274.13 | 16,518,316.94 | 16,415,041.58 | 151,549.49 |
| III. Dismiss welfare | - | - | - | - |
| IV. Other benefits due within one year | - | - | - | - |
| Total | 58,299,517.64 | 330,729,394.66 | 323,674,759.51 | 65,354,152.79 |

(2). Short-term payroll

√ Applicable □ Not applicable

Unit: CNY

| Item | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance |
|---|-------------------|--------------------------------|--------------------------------|----------------|
| I. Wages, bonuses, allowances, and subsidies | 56,922,201.96 | 283,747,076.32 | 276,708,445.72 | 63,960,832.56 |
| II. Employee benefits | 3,000.00 | 11,179,954.92 | 11,182,954.92 | - |
| III. Social insurance premiums | 29,634.63 | 9,382,992.50 | 9,251,872.95 | 160,754.18 |
| Including: Medical insurance premiums | 27,411.03 | 7,748,392.91 | 7,618,452.37 | 157,351.57 |
| Work-related injury insurance | 933.61 | 393,115.95 | 392,793.70 | 1,255.86 |
| Maternity insurance premiums | 1,289.99 | 779,288.35 | 778,645.40 | 1,932.94 |
| Other social security for overseas subsidiaries | - | 462,195.29 | 461,981.48 | 213.80 |
| IV. Housing provident fund | 10,416.79 | 7,457,520.05 | 7,424,449.04 | 43,487.80 |
| V. Labor union and personnel education expenditures | 1,285,990.13 | 2,443,533.93 | 2,691,995.30 | 1,037,528.76 |
| Total | 58,251,243.51 | 314,211,077.72 | 307,259,717.93 | 65,202,603.30 |

(3). Defined contribution plan

√ Applicable □ Not applicable

Unit: CNY

| Item | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance |
|------------------------------|-------------------|--------------------------------|--------------------------------|----------------|
| 1. Basic endowment insurance | 46,786.06 | 16,023,906.07 | 15,922,932.65 | 147,759.48 |
| 2. Unemployment insurance | 1,488.07 | 494,410.87 | 492,108.93 | 3,790.01 |
| Total | 48,274.13 | 16,518,316.94 | 16,415,041.58 | 151,549.49 |

Other notes

☐ Applicable ☒ Not applicable**40. Taxes payable**☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|--|----------------|-------------------|
| Value-added tax | 4,775,660.09 | 17,003,997.86 |
| Corporate income tax | 12,327,045.06 | 4,744,103.44 |
| Urban land use tax | 1,648,575.03 | 1,968,197.81 |
| Urban maintenance and construction tax | 175,864.76 | 1,328,865.56 |
| Local and education surcharges | 149,810.04 | 950,713.63 |
| Individual income tax | 1,320,396.40 | 765,716.34 |
| Stamp duty | 759,561.32 | 506,088.44 |
| Property tax | 926,024.24 | 602,700.80 |
| Others | 145,589.28 | 52,793.95 |
| Total | 22,228,526.22 | 27,923,177.83 |

None

41. Other accounts payable**(1). Items**☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|------------------------|----------------|-------------------|
| Other accounts payable | 326,104,774.61 | 295,705,175.04 |
| Total | 326,104,774.61 | 295,705,175.04 |

Other notes

☐ Applicable ☒ Not applicable**(2). Interests payable**

Presentation by category

☐ Applicable ☒ Not applicable

Overdue significant interests payable:

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

(3). Dividends payable

Presentation by category

☐ Applicable ☒ Not applicable

(4). Other accounts payable

Other accounts payable presented by nature

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Amounts payable to affiliates | 146,219.46 | 28,488.29 |
| Security deposit | 750,101.79 | 1,147,244.23 |
| Suspense government subsidies | 133,192,797.42 | 102,814,700.00 |
| Employee reimbursement payable | 11,326,415.40 | 12,746,213.80 |
| Transportation and installation charges | 22,002,538.47 | 62,185,347.95 |
| Payment payable for engineering equipment | 145,829,359.28 | 106,884,730.84 |
| Service charges payable | 10,436,446.66 | 7,864,223.51 |
| Others | 2,420,896.13 | 2,034,226.42 |
| Total | 326,104,774.61 | 295,705,175.04 |

Other significant accounts payables aging over one year or overdue

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Reason for outstanding or not carrying forward |
|--|----------------|--|
| Suspense government subsidies—Administrative Committee of Xishan Economic & Technological Development Zone | 60,000,000.00 | There are return clauses for obtaining government subsidies and the requirements were not fully met. |
| Total | 60,000,000.00 | / |

Other notes

☒ Applicable ☐ Not applicable

Suspense government subsidies are conditional government subsidies received by the Group and the Company. When the conditions specified by the government are satisfied, the Group and the Company recognize the government subsidies as deferred income, other income, or non-operating income.

42. Liabilities held for sale

☐ Applicable ☒ Not applicable

43. Non-current liabilities due within one year

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|--|----------------|-------------------|
| Lease liabilities due within one year | 6,590,418.70 | 3,667,799.81 |
| Long-term accounts payable due within one year | 4,967,740.97 | - |
| Total | 11,558,159.67 | 3,667,799.81 |

Other notes

None

44. Other current liabilities

Other current liabilities

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Estimated liabilities—loss contracts | 1,007,321.05 | - |
| Estimated liabilities—product quality assurance due within one year | 14,203,030.29 | |
| Banker's acceptances without derecognition | 66,025,929.88 | - |
| Total | 81,236,281.22 | - |

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

☐ Applicable ☒ Not applicable

46. Bonds payable

(1). Bonds payable

☐ Applicable ☒ Not applicable

(2). Specific situation of bonds payable (excluding preferred shares classified as financial liabilities, perpetual bonds, and other financial instruments)

☐ Applicable ☒ Not applicable

(3). Notes to convertible corporate bonds

☐ Applicable ☒ Not applicable

Accounting treatment and judgment basis for conversion rights

☐ Applicable ☒ Not applicable

(4). Notes to other financial instruments classified as financial liabilities

Basic situation of financial instruments outstanding at the end of the period, such as preferred shares and perpetual bonds

☐ Applicable ☒ Not applicable

Changes in financial instruments outstanding at the end of the 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 | 20,571,577.70 | 9,542,277.75 |
| Minus: Lease liabilities due within one year | 6,590,418.70 | 3,667,799.81 |
| Total | 13,981,159.00 | 5,874,477.94 |

Other notes

None

48. Long-term accounts payable**Items**☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|----------------------------|----------------|-------------------|
| Long-term accounts payable | 48,897,179.02 | 39,045,936.29 |
| Total | 48,897,179.02 | 39,045,936.29 |

Other notes

☐ Applicable ☒ Not applicable**Long-term accounts payable****(1). Long-term accounts payable presented by nature**☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Suspense government subsidies | 500,000.00 | 500,000.00 |
| Project payable | 35,861,135.43 | 18,701,834.52 |
| Warranty payable | 17,503,784.56 | 19,844,101.77 |
| Minus: Long-term accounts payable due within one year | 4,967,740.97 | - |
| Total | 48,897,179.02 | 39,045,936.29 |

Other notes

None

Special payables**(1). Special payables presented by nature**☐ Applicable ☒ Not applicable**49. Long-term payroll payable**☐ Applicable ☒ Not applicable**50. Estimated liabilities**☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Beginning balance | Ending balance | Reason |
|--|-------------------|----------------|---------------------------|
| Pending litigation and arbitration | - | 862,586.85 | Litigation disputes |
| Product quality assurance | 42,629,389.03 | 37,017,702.57 | Product quality assurance |
| Minus: Product quality assurance due within one year | - | 14,203,030.29 | |
| Total | 42,629,389.03 | 23,677,259.13 | / |

Other notes, including notes to major assumptions and estimations of significant estimated liabilities:

The Group provides product quality assurance to customers who purchase logistics sorting equipment, and provides a free warranty for failures and quality problems within 1–5 years after the completion of the 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 estimated liabilities. Any increase or decrease in the estimated 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 | Reason |
|------|-------------------|--------------------------------|--------------------------------|----------------|--------|
|------|-------------------|--------------------------------|--------------------------------|----------------|--------|

| | | | | | |
|----------------------|----------------|---------------|---------------|----------------|---|
| Government subsidies | 126,013,706.04 | 22,466,920.00 | 24,873,245.96 | 123,607,380.08 | Government subsidies related to assets and income |
| Total | 126,013,706.04 | 22,466,920.00 | 24,873,245.96 | 123,607,380.08 | / |

Other notes

√ Applicable □ Not applicable

Projects involving government subsidies:

| Liability item | 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 the Institute of Microelectronics of the Chinese Academy of Sciences Wuxi Industrialization Base for Intelligent Manufacturing | 10,082,797.55 | - | 224,894.98 | 9,857,902.57 | Asset-related |
| Construction of Wayzim Intelligent Logistics Equipment Nanling Industrialization Base | 5,018,137.38 | - | 1,078,351.31 | 3,939,786.07 | 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 | 45,185,504.03 | - | 2,004,183.24 | 43,181,320.79 | Asset-related |

| | | | | | |
|--|---------------|---------------|---------------|---------------|----------------|
| Express Logistics Equipment Manufacturing and Industrial Park Project (Phase II) of the Institute of Mechanical Innovation Design for Express Logistics Intelligent Equipment of the Chinese Academy of Sciences | 40,338,043.44 | 2,180,000.00 | 832,301.03 | 41,685,742.41 | Asset-related |
| The Fourth Municipal Financial Support Funds for the Selected Talent of the Fifth Batch of Provincial "Special Support Program for High-level Talents" | 300,000.00 | - | - | 300,000.00 | Asset-related |
| Cooperation Project of Intelligent Logistics Equipment and Robot Technology Industrial Base with the Management Committee of Xishan Economic and Technological Development Zone | 3,000,000.00 | 1,000,000.00 | - | 4,000,000.00 | Asset-related |
| Land Subsidy for Jiangxi Xinfeng High-tech Industrial Park Management Committee | - | 10,286,920.00 | 154,062.01 | 10,132,857.99 | Asset-related |
| Cooperation Project of Intelligent | 22,089,223.64 | 9,000,000.00 | 20,579,453.39 | 10,509,770.25 | Income-related |

| | | | | | |
|---|----------------|---------------|---------------|----------------|---|
| Logistics Equipment and Robot Technology Industrial Base with the Management Committee of Xishan Economic and Technological Development Zone and "Xishan Talent Program" Entrepreneurial Leading team | | | | | |
| Total | 126,013,706.04 | 22,466,920.00 | 24,873,245.96 | 123,607,380.08 | / |

52. Other non-current liabilities

☐ Applicable ☒ Not applicable

53. Capital stock

☒ Applicable ☐ Not applicable

Unit: CNY

| | Beginning balance | Increase/Decrease (+/-) | | | | | Ending balance |
|------------------------|-------------------|-------------------------|-------------|--------------------------------|--------|-----------|----------------|
| | | New share issue | Bonus issue | Shares converted from reserves | Others | Sub-total | |
| Total number of shares | 131,608,698.00 | - | - | - | - | - | 131,608,698.00 |

Other notes

None

54. Other equity instruments**(1). Basic situation of financial instruments outstanding at the end of the period, such as preferred shares and perpetual bonds**

☐ Applicable ☒ Not applicable

(2). Changes in financial instruments outstanding at the end of the period, such as preferred shares and perpetual bonds

☐ Applicable ☒ Not applicable

Notes to 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 surplus

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance |
|----------------------------------|-------------------|--------------------------------|--------------------------------|------------------|
| Capital premium (stock premium) | 2,825,880,105.98 | 121,092,751.81 | - | 2,946,972,857.79 |
| Share-based payments | 244,004,930.24 | 25,214,831.44 | 4,516,690.05 | 264,703,071.63 |
| Reform of the joint-stock system | 66,988,553.73 | - | - | 66,988,553.73 |
| Total | 3,136,873,589.95 | 146,307,583.25 | 4,516,690.05 | 3,278,664,483.15 |

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

No changes in current capital surplus and reasons are detailed in VII. Notes to Items in Consolidated Financial Statements 56 and XV. Share-Based Payment 2.

56. Treasury stocks

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance |
|-----------------|-------------------|--------------------------------|--------------------------------|----------------|
| Treasury stocks | 2,880,000.00 | 141,539,760.96 | - | 144,419,760.96 |
| Total | 2,880,000.00 | 141,539,760.96 | - | 144,419,760.96 |

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

On November 12, 2022, the Group held the 22nd Meeting of the first Board of Directors, deliberating the *Proposal on the Scheme for Repurchasing Company Shares through Centralized Price Bidding*. It's agreed that the Company would repurchase part of the ordinary CNY shares (A shares) issued by the Company through centralized bidding from the trading system of the Shanghai Stock Exchange with the initial excessive funds raised. The repurchased shares will be fully used for the employee stock ownership plan or equity incentives at an appropriate time in the future.

On November 16, 2023, the Group held the sixth Meeting of the second Board of Directors, deliberating the *Proposal on the Scheme for Repurchasing Company Shares through Centralized Price Bidding*. It's agreed that the Company would repurchase part of the ordinary CNY shares (A shares) issued by the Company through centralized bidding from the trading system of the Shanghai Stock Exchange with the initial excessive funds raised. The repurchased shares will be fully used for the employee stock ownership plan or equity incentives at an appropriate time in the future.

As of December 31, 2023, the Company has repurchased 3,367,787 shares through centralized bidding from the trading system of the Shanghai Stock Exchange, accounting for 2.559% of the Company's total capital stock (131,608,698 shares). The aggregate amount of funds paid is CNY 144,419,760.96.

57. Other comprehensive income

√ Applicable □ Not applicable

Unit: CNY

| Item | Beginning balance | Current amount incurred | | | | | | Ending balance |
|---|-------------------|--|---|--|---------------------|---|--|----------------|
| | | Amount before income tax in the current period | Minus: Amount included in other comprehensive income and then transferred into the current profit or loss | Minus: Amount included in other comprehensive income and then transferred into current retained earnings | Minus: Income taxes | After-tax amount attributable to the parent company | After-tax amount attributable to the minority shareholders | |
| I. Other comprehensive income not to be re-classified into profit or loss | - | 58,100,742.87 | - | - | - | 58,100,742.87 | - | 58,100,742.87 |
| Changes in fair value of investment in other equity instruments | - | 58,100,742.87 | - | - | - | 58,100,742.87 | - | 58,100,742.87 |
| II. Other comprehensive income to be reclassified into profit or loss | 10,492.26 | 85,771.37 | - | - | - | 85,771.37 | - | 96,263.63 |
| Translation difference of financial statements in foreign currency | 10,492.26 | 85,771.37 | - | - | - | 85,771.37 | - | 96,263.63 |

| | | | | | | | | |
|----------------------------------|-----------|---------------|---|---|---|---------------|---|---------------|
| Total other comprehensive income | 10,492.26 | 58,186,514.24 | - | - | - | 58,186,514.24 | - | 58,197,006.50 |
|----------------------------------|-----------|---------------|---|---|---|---------------|---|---------------|

Other notes, including the adjustment converting the effective part of profit and loss of cash flow hedges to the initial recognition amount of the hedged item

None

58. Special reserves

√ Applicable ☐ Not applicable

Unit: CNY

| Item | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance |
|----------------------|-------------------|--------------------------------|--------------------------------|----------------|
| Work safety expenses | 2,382,813.90 | 6,478,587.87 | 4,110,593.90 | 4,750,807.87 |
| Total | 2,382,813.90 | 6,478,587.87 | 4,110,593.90 | 4,750,807.87 |

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

The increase in special reserves this year is the work safety expenses accrued by the Company and its subsidiary Wayzim Anhui in accordance with the *Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds* (CZ [2022] No.136).

59. Surplus reserves

√ Applicable ☐ Not applicable

Unit: CNY

| Item | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance |
|----------------------------|-------------------|--------------------------------|--------------------------------|----------------|
| Statutory surplus reserves | 39,327,753.08 | - | - | 39,327,753.08 |
| Total | 39,327,753.08 | - | - | 39,327,753.08 |

Notes to surplus reserves, including notes to current changes and related reasons:

None

60. Undistributed profits

√ Applicable ☐ Not applicable

Unit: CNY

| Item | Current period | Prior period |
|--|----------------|-----------------|
| Undistributed profits at the beginning of the period | 261,906,947.31 | 459,591,819.72 |
| Plus: Net profits attributable to shareholders of the parent company in the current period | 20,852,700.49 | -118,719,653.61 |

| | | |
|--|----------------|----------------|
| Minus: Statutory surplus reserves | - | - |
| Ordinary share dividends payable | - | 78,965,218.80 |
| Undistributed profits at the end of the period | 282,759,647.80 | 261,906,947.31 |

As of December 31, 2023, the Group's undistributed profits attributable to the parent company include the surplus reserve of CNY 12,990,322.63 withdrawn by the subsidiary of the Company.

61. Operating revenue and operating costs

(1). Operating revenue and operating costs

√ Applicable □ Not applicable

Unit: CNY

| Item | Current amount incurred | | Prior amount incurred | |
|------------------|-------------------------|------------------|-----------------------|------------------|
| | Revenue | Cost | Revenue | Cost |
| Main business | 1,875,819,863.78 | 1,458,494,346.02 | 2,194,941,056.07 | 1,877,881,594.26 |
| Other businesses | 81,577,087.22 | 23,707,170.98 | 119,954,815.34 | 94,792,503.55 |
| Total | 1,957,396,951.00 | 1,482,201,517.00 | 2,314,895,871.41 | 1,972,674,097.81 |

(2). Deductions from operating revenue

Unit: CNY

| Item | Current year | Specific deductions | Previous year | Specific deductions |
|--|------------------|--|------------------|--|
| Amount of operating revenue | 1,957,396,951.00 | Including main business income and other business income | 2,314,895,871.41 | Including main business income and other business income |
| Total amount of deductions from operating revenue | 81,577,087.22 | Mainly the sales of accessories, rental of fixed assets, and rendering of labor and technical services | 119,954,815.34 | Mainly the sales of accessories, rental of fixed assets, and rendering of labor and technical services |
| Proportion of the total amount of deductions in the operating revenue (%) | 4.17% | / | 5.18% | / |
| I. Business income unrelated to the main business | | | | |
| 1. Income from other businesses other than the normal operation. For example, income from leasing fixed assets, intangible assets, and packaging materials, selling materials, exchanging materials for non-monetary assets, operating entrusted management business, as well as the income included in the main business income but outside the normal operation of the listed company. | 62,388,496.67 | Mainly the sales of accessories and rental of fixed assets | 112,741,474.43 | Mainly the sales of accessories and rental of fixed assets |
| 2. Non-qualified quasi-financial business income, such as interest income from lending funds. The income from the new quasi-financial business in the current fiscal year and the previous fiscal year, such as the income from the business of guarantee, commercial factoring, petty loan, finance lease, pawn, excluding the finance lease for the sales of main products. | - | / | - | / |
| 3. Income from new trading business in the current fiscal year and the previous fiscal year. | - | / | - | / |
| 4. Income from affiliate transactions unrelated to the existing normal business of the listed company. | - | / | - | / |

| | | | | |
|---|------------------|---|------------------|---|
| 5. Income from the beginning to the date of the business combination of subsidiaries under common control. | - | / | - | / |
| Income from businesses that have not or hardly established a stable business model. | 19,188,590.55 | Mainly the rendering of labor and technical services | 7,213,340.91 | Mainly the rendering of labor and technical services |
| Subtotal | 81,577,087.22 | Mainly the sales of accessories, rental of fixed assets, and rendering of labor and technical services | 119,954,815.34 | Mainly the sales of accessories, rental of fixed assets, and rendering of labor and technical services |
| II. Income without commercial substance | | | | |
| 1. Income from transactions or events that do not significantly alter the risk, time distribution, or amount of future cash flows in enterprises. | - | / | - | / |
| 2. Income from transactions that do not have real business. For example, false income in the form of self-dealing or using Internet technology or other means to construct transactions, etc. | - | / | - | / |
| 3. Income from a business that trades at a significantly unfair price. | - | / | - | / |
| 4. Income from a consolidated subsidiary or business in the current fiscal year at an appreciably unfair consideration or otherwise. | - | / | - | / |
| 5. Income not involved in the standard audit opinion. | - | / | - | / |
| 6. Income from other transactions or events that do not make commercial sense. | - | / | - | / |
| Subtotal | - | / | - | / |
| III. Other incomes not related to the main business or free from commercial substance | | | | |
| Amount after deductions from operating revenue | 1,875,819,863.78 | Operating revenue after deducting the sales of accessories, rental of fixed assets, and rendering of labor and technical services | 2,194,941,056.07 | Operating revenue after deducting the sales of accessories, rental of fixed assets, and rendering of labor and technical services |

(3). Breakdown information of operating revenue and operating costs

√ Applicable □ Not applicable

Unit: CNY

| Classification of contracts | Total | |
|---|-------------------|------------------|
| | Operating revenue | Operating cost |
| By business region | | |
| Chinese Mainland | 1,807,592,886.36 | 1,375,975,562.43 |
| Others | 148,723,026.47 | 105,509,008.86 |
| Contract type | | |
| –Sales of total integrated sorting systems | 990,245,087.46 | 718,602,696.90 |
| –Sales of cross belt sorting systems | 481,467,650.32 | 380,644,734.30 |
| –Sales of large-parcel sorting systems | 152,634,269.14 | 130,896,875.51 |
| –Sales of Narrow Belt Sorters | 58,160,241.10 | 52,767,992.33 |
| –Sales of the intelligent warehouse system | 44,563,696.51 | 41,948,462.67 |
| –Sales of dynamic DWSs | 43,521,422.65 | 37,292,294.46 |
| –Sales of 2D Bulk Flow Singulators | 43,172,298.66 | 39,129,635.74 |
| –Sales of conveying equipment | 37,713,200.13 | 35,612,166.18 |
| –Sales of other equipment | 24,341,997.81 | 21,599,487.93 |
| Sales of accessories | 61,307,458.50 | 13,227,475.36 |
| Rendering of labor services | 15,937,938.57 | 9,687,690.96 |
| Rendering of technical services | 3,250,651.98 | 75,058.95 |
| By the time of the transfer of goods | | |
| –Revenue recognition at a certain point of time | 1,954,152,700.53 | 1,481,479,398.54 |
| –Revenue recognition over a period of time | 2,163,212.30 | 5,172.75 |
| Total | 1,956,315,912.83 | 1,481,484,571.29 |

Other notes

□ Applicable √ Not applicable

(4). Performance obligations

□ Applicable √ Not applicable

(5). Apportionment to remaining performance obligations

□ Applicable √ Not applicable

(6). Significant contract modifications or significant adjustments to transaction prices

☐ Applicable ☒ Not applicable

Other notes

In 2023, the operating revenue of the Group included CNY 1,081,038.17 of rental income not generated by contracts.

62. Taxes and surcharges

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|--|-------------------------|-----------------------|
| Urban maintenance and construction tax | 2,914,559.23 | 3,835,508.58 |
| Urban land use tax | 6,409,121.42 | 5,823,540.89 |
| Local and education surcharges | 2,124,904.13 | 2,778,639.39 |
| Property tax | 3,170,117.68 | 2,474,284.68 |
| Stamp duty | 2,557,489.09 | 1,402,862.03 |
| Others | 2,338,148.76 | 1,853,572.82 |
| Total | 19,514,340.31 | 18,168,408.39 |

Other notes

None

63. Selling expenses

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|---------------------------------|-------------------------|-----------------------|
| Payroll | 49,614,364.73 | 30,307,711.88 |
| Share-based payments | 1,505,791.20 | 1,903,881.24 |
| Depreciation and amortization | 2,187,058.15 | 1,378,432.14 |
| Sales promotion expenses | 20,493,915.97 | 16,535,692.82 |
| After-sales service charges | 27,786,375.45 | 32,924,115.84 |
| Business entertainment expenses | 7,780,717.47 | 7,136,579.97 |

| | | |
|-----------------------------|----------------|----------------|
| Traveling expenses | 14,925,057.88 | 9,583,588.84 |
| Business publicity expenses | 8,029,762.54 | 2,758,880.56 |
| Office expenses | 1,802,448.28 | 4,048,509.47 |
| Freight and insurance | 1,262,899.91 | 3,471,037.60 |
| Others | 2,027,921.89 | 1,261,346.17 |
| Total | 137,416,313.47 | 111,309,776.53 |

Other notes

None

64. Administrative expenses

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|---------------------------------|-------------------------|-----------------------|
| Payroll | 49,165,983.84 | 44,932,461.77 |
| Share-based payments | 7,369,448.27 | 8,083,057.91 |
| Depreciation and amortization | 19,768,383.01 | 7,873,619.41 |
| Office expenses | 3,208,028.87 | 7,708,325.45 |
| Business entertainment expenses | 5,599,202.29 | 2,730,461.96 |
| Traveling expenses | 5,054,251.01 | 2,535,437.83 |
| Rental fees | 1,364,593.59 | 537,967.57 |
| Third-party service fees | 14,600,308.44 | 5,761,179.50 |
| Utilities | 2,386,781.12 | 478,749.21 |
| Recruitment expenses | 5,341,145.42 | 1,496,162.91 |
| Labor service fees | 3,308,441.87 | 3,144,295.39 |
| Work safety expenses | 6,466,307.27 | 3,145,419.41 |
| Others | 2,117,630.90 | 545,485.32 |
| Total | 125,750,505.90 | 88,972,623.64 |

Other notes

None

65. R&D expenses

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|----------------------|-------------------------|-----------------------|
| Payroll | 101,160,935.55 | 90,967,451.47 |
| Share-based payments | 15,058,122.41 | 20,677,860.15 |

| | | |
|-------------------------------|----------------|----------------|
| Depreciation and amortization | 5,157,106.90 | 5,702,227.17 |
| Traveling expenses | 918,722.25 | 1,094,973.45 |
| Material consumption | 37,078,832.16 | 76,383,078.48 |
| R&D commission expenses | 4,188,770.27 | 4,540,728.55 |
| Others | 4,274,370.39 | 7,309,561.78 |
| Total | 167,836,859.93 | 206,675,881.05 |

Other notes

None

66. Financial expenses

√ Applicable □ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|---|-------------------------|-----------------------|
| Interest expense on loans and payables | 855,664.48 | 3,431,787.62 |
| Interest expense on lease liabilities | 711,367.24 | 240,054.26 |
| Interest income on deposits and receivables | -5,916,928.81 | -5,720,953.25 |
| Net exchange gain | -3,653,791.09 | -7,049,000.19 |
| Other financial expenses | 1,636,402.19 | 1,580,532.89 |
| Total | -6,367,285.99 | -7,517,578.67 |

Other notes

None

67. Other income

√ Applicable □ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|-------------------------------------|-------------------------|-----------------------|
| Asset-related government subsidies | 4,293,792.57 | 4,002,771.44 |
| Income-related government subsidies | 48,091,746.90 | 31,163,844.25 |
| VAT super-deduction | 12,687,180.39 | 46,140.40 |
| Total | 65,072,719.86 | 35,212,756.09 |

Other notes

None

68. Gains on investment√ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|---|-------------------------|-----------------------|
| Gains on investment from the disposal of trading financial assets | 3,757,788.06 | 26,215,147.97 |
| Including: Trading financial assets | 3,757,788.06 | 26,215,147.97 |
| Total | 3,757,788.06 | 26,215,147.97 |

Other notes

None

69. Net exposure hedge gains☐ Applicable √ Not applicable**70. Gains on changes in fair value**√ Applicable ☐ Not applicable

Unit: CNY

| Sources of the gains on changes in fair value | Current amount incurred | Prior amount incurred |
|---|-------------------------|-----------------------|
| Trading financial assets | 29,960,227.98 | 27,028,260.49 |
| Other non-current financial assets | -460,458.12 | - |
| Total | 29,499,769.86 | 27,028,260.49 |

Other notes

None

71. Credit impairment losses√ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|---|-------------------------|-----------------------|
| Losses from bad debt of accounts receivable | -64,894,065.38 | 89,524,785.17 |

| | | |
|---|----------------|---------------|
| Losses from bad debt of other accounts receivable | 758,053.42 | 505,345.20 |
| Non-current assets due within one year | 618,526.12 | - |
| Losses from bad debt of long-term accounts receivable | 2,230,906.07 | - |
| Total | -61,286,579.77 | 90,030,130.37 |

Other notes

None

72. Impairment loss

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|----------------------------------|-------------------------|-----------------------|
| Contract assets | -2,281,867.01 | 3,818,732.66 |
| Other non-current assets | 1,049,724.87 | -358,510.33 |
| Inventory falling price reserves | 172,974,398.55 | 71,333,038.14 |
| Total | 171,742,256.41 | 74,793,260.47 |

Other notes

None

73. Income from disposal of assets

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|--|-------------------------|-----------------------|
| Profits and losses on the disposal of non-current assets | -417,887.78 | -2,204.85 |
| Total | -417,887.78 | -2,204.85 |

Other notes

None

74. Non-operating income

Non-operating income

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred | Amount included in non-recurring profits or losses of the current period |
|--------------------|-------------------------|-----------------------|--|
| Gains from penalty | 1,308,205.52 | 572,907.39 | 308,205.52 |
| Others | 8,950.81 | - | 8,950.81 |
| Total | 1,317,156.33 | 572,907.39 | 317,156.33 |

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 profits or losses of the current period |
|---------------------------------------|-------------------------|-----------------------|--|
| Losses from scrapping of fixed assets | 591,449.96 | 620,161.03 | 591,449.96 |
| Donation expenditure | 358,860.00 | 36,697.25 | 358,860.00 |
| Sponsorship expenditure | - | 133,557.00 | - |
| Liquidated damages | 1,334,886.37 | 1,980,100.00 | 1,334,886.37 |
| Tax overdue fines | 57,574.73 | 146,922.51 | 57,574.73 |
| Others | 65,890.00 | - | 65,890.00 |
| Total | 2,408,661.06 | 2,917,437.79 | 2,408,661.05 |

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 | 16,991,012.48 | 9,992,665.49 |
| Deferred income tax expenses | -20,433,649.09 | -45,374,310.76 |
| Total | -3,442,636.61 | -35,381,645.27 |

(2). Adjustment process of accounting profits and income tax expenses

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred |
|---|-------------------------|
| Total profits | 17,409,909.01 |
| Income tax expenses calculated at the statutory/applicable tax rates | 4,352,477.25 |
| Impact of different tax rates applied to subsidiaries | 112,014.60 |
| Influence of non-taxable income | 138,146.71 |
| Impact of non-deductible costs, expenses, and losses | 7,456,335.19 |
| Effects of tax incentives | 16,232,644.48 |
| Extra tax deductions on R&D expenses | -33,186,504.97 |
| Change in the income tax rate | -70,020.38 |
| Impact of adjusting income taxes in previous years | 17,926.55 |
| Deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period | 1,324,583.51 |
| Release of deductible temporary differences or deductible losses of recognized deferred income tax assets in previous years | 179,760.45 |
| Income tax expenses | -3,442,636.61 |

Other notes

☐ Applicable ☒ Not applicable

77. Other comprehensive income

☒ Applicable ☐ Not applicable

Refer to Section X.VII.57 for details.

78. Items in the cash flow statement**(1). Cash related to operating activities**

Cash received from other operating activities

√ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|----------------------------------|-------------------------|-----------------------|
| Security deposit | 47,913,733.91 | 42,202,885.52 |
| Government subsidies | 80,357,310.93 | 65,772,767.89 |
| Repayment of employee borrowings | - | 700,000.00 |
| Gains from penalty | 1,308,205.52 | 572,907.39 |
| Others | 148,950.81 | |
| Total | 129,728,201.18 | 109,248,560.80 |

Notes to cash received from other operating activities

None

Cash paid for other operating activities

√ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|---------------------------------|-------------------------|-----------------------|
| After-sales service charges | 27,786,375.45 | 32,523,388.89 |
| Business entertainment expenses | 11,535,504.08 | 9,867,041.93 |
| Traveling expenses | 44,633,302.94 | 32,118,828.49 |
| Business publicity expenses | 9,154,093.74 | 2,611,522.16 |
| Office expenses | 5,412,596.75 | 13,197,163.16 |
| Labor protection fees | 272,653.12 | 541,898.63 |
| Service charges | 24,638,702.44 | 15,606,650.32 |
| Security deposit | 169,651,073.18 | 37,605,440.51 |
| Others | 46,316,501.85 | 12,261,501.29 |
| Total | 339,400,803.55 | 156,333,435.38 |

Notes to cash paid for other operating activities

None

(2). Cash related to investment activities

Significant cash received from investment activities

√ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|----------------------------------|-------------------------|-----------------------|
| Sales of certificates of deposit | 30,000,000.00 | 10,000,000.00 |
| Sales of financial products | 4,541,000,000.00 | 13,072,950,084.33 |
| Total | 4,571,000,000.00 | 13,082,950,084.33 |

Significant cash paid for investment activities

√ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|--|-------------------------|-----------------------|
| Purchase of financial products | 4,506,694,166.67 | 13,349,950,000.00 |
| Investment in other equity instruments | 88,000,000.00 | 20,000,000.00 |
| Total | 4,594,694,166.67 | 13,369,950,000.00 |

Cash received from other investing activities

√ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|-----------------|-------------------------|-----------------------|
| Interest income | 5,916,928.81 | 5,720,950.51 |
| Total | 5,916,928.81 | 5,720,950.51 |

Note to cash received from other investing activities

None

Cash paid for other investing activities

☐ Applicable √ Not applicable

(3). Cash related to financing activities

Cash received from other financing activities

☐ Applicable √ Not applicable

Cash paid for other financing activities

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|---|-------------------------|-----------------------|
| Share repurchase | 20,447,009.15 | 123,972,751.85 |
| Payment of principal and interests on lease liabilities | 6,756,053.96 | 1,804,435.63 |
| Total | 27,203,063.11 | 125,777,187.48 |

Note to cash paid for other financing activities

None

Changes in various liabilities generated by financing activities

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Beginning balance | Increase in the current period | | Decrease in the current period | | Ending balance |
|-----------------------|-------------------|--------------------------------|--------------------|--------------------------------|--------------------|----------------|
| | | Change in cash | Change in non-cash | Change in cash | Change in non-cash | |
| Short-term borrowings | 124,692,342.70 | 20,000,000.00 | 855,664.48 | - 125,458,314.67 | -71,970.28 | 20,017,722.23 |
| Lease liabilities | 9,542,277.75 | - | 18,369,217.57 | -6,756,053.96 | - 583,863.66 | 20,571,577.70 |
| Total | 134,234,620.45 | 20,000,000.00 | 19,224,882.05 | - 132,214,368.63 | - 655,833.94 | 40,589,299.93 |

(4). Notes to reporting cash flows on a net basis

☐ Applicable ☒ Not applicable

(5). Significant activities and financial effects that do not involve cash receipts or payments in the current period but may affect the financial position of the enterprise or its future cash flows

☐ Applicable ☒ Not applicable

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 profits to cash flow from operating activities | | |
| Net profits | 20,852,545.62 | -118,719,653.61 |
| Plus: Provision for impairment of assets | 171,742,256.41 | 74,793,260.47 |
| Credit impairment losses (reversals expressed with "-") | -61,286,579.77 | 90,030,130.37 |
| Depreciation of fixed assets | 33,129,423.60 | 24,889,536.20 |
| Amortization of investment properties | 1,475,446.98 | 469,790.72 |
| Amortization of right-of-use assets | 6,026,876.77 | 2,919,972.07 |
| Amortization of intangible assets | 5,812,945.86 | 3,816,962.76 |
| Amortization of long-term deferred expenses | 1,441,435.81 | 957,500.87 |
| Losses from disposal of fixed assets, intangible assets, and other long-term assets (profits expressed with "-") | 417,887.78 | 2,204.85 |
| Losses on scrapping of fixed assets (profits expressed with "-") | 591,449.96 | 620,161.03 |
| Losses on the changes in fair value (profits expressed with "-") | -29,499,769.86 | -27,028,260.49 |
| Financial expenses (profits expressed with "-") | -11,213,327.93 | -2,233,088.88 |
| Investment losses (profits expressed with "-") | -3,757,788.06 | -26,215,147.97 |
| Decrease in deferred income tax assets (increase expressed with "-") | -20,433,649.09 | -45,374,648.41 |
| Decrease in inventory (increase expressed with "-") | -803,965,402.83 | 406,253,620.39 |
| Increase or decrease in estimated liabilities expressed with "-" | -3,741,778.56 | 16,936,419.77 |
| Share-based payments | 25,214,831.44 | 38,481,558.33 |
| Decrease in operating receivables (increase expressed with "-") | 112,529,403.84 | -201,397,690.66 |
| Increase in operating payables (decrease expressed with "-") | 1,177,149,131.67 | -276,643,536.61 |
| Net cash flow from operating activities | 622,485,339.64 | -37,440,908.80 |

| | | |
|--|----------------|-------------------|
| 2. Net changes in cash and cash equivalents: | | |
| Ending balance of cash and cash equivalents | 409,953,935.18 | 424,357,143.40 |
| Minus: Beginning balance of cash equivalents | 424,357,143.40 | 1,475,887,349.75 |
| Net increase in cash and cash equivalents | -14,403,208.22 | -1,051,530,206.35 |

(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 |
|--|----------------|-------------------|
| I. Cash | 409,953,935.18 | 424,357,143.40 |
| Including: Cash on hand | - | - |
| Bank deposits readily available for payment | 409,953,934.82 | 424,357,143.40 |
| Other money funds readily available for payment | 0.36 | - |
| II. Cash equivalents | - | - |
| III. Ending balance of cash and cash equivalents | 409,953,935.18 | 424,357,143.40 |

(5). Cash flows whose use is restricted but are still presented as cash and cash equivalents

☐ Applicable ☒ Not applicable

(6). Money funds that are not cash and cash equivalents√ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount | Prior amount | Reason |
|-------------------------|----------------|---------------|--------------------------------------|
| Security deposit | 58,939,657.72 | 4,100,499.23 | Security deposit |
| Litigation frozen funds | 7,200,000.00 | 2,800,000.00 | Frozen |
| Certificate of deposit | - | 30,000,000.00 | Mainly for obtaining interest income |
| Total | 66,139,657.72 | 36,900,499.23 | / |

Other notes

☐ Applicable √ Not applicable**80. Notes to items in the statement of changes in 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. 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 |
|----------------|--------------------------------------|---------------------------|-----------------------|
| Money funds | | | |
| Including: USD | 4,637,441.76 | 7.0827 | 32,845,608.76 |
| EUR | 678,280.96 | 7.8592 | 5,330,745.72 |
| RUB | 35,111,481.37 | 0.0803 | 2,819,451.95 |
| SGD | 46,923.90 | 5.3772 | 252,319.20 |
| MYR | 34,306.59 | 1.5415 | 52,883.61 |
| THB | 467,370.93 | 0.2074 | 96,932.73 |

| | | | |
|---|----------------|--------|---------------|
| KRW | 101,156,627.00 | 0.0055 | 556,361.45 |
| GBP | 7,199.49 | 9.0411 | 65,091.31 |
| MXN | 17,921.28 | 0.4181 | 7,492.89 |
| HUF | 9,376,047.51 | 0.0205 | 192,208.97 |
| Accounts receivable | | | |
| Including: USD | 8,419,353.83 | 7.0827 | 59,631,757.37 |
| EUR | 367,763.95 | 7.8592 | 2,890,330.44 |
| RUB | 17,602,275.80 | 0.0803 | 1,413,462.75 |
| MYR | 316,147.60 | 1.5415 | 487,341.53 |
| THB | 1,582,847.83 | 0.2074 | 328,282.64 |
| Contract assets | | | |
| Including: USD | 2,458,335.73 | 7.0827 | 17,411,654.47 |
| Other non-current assets | | | |
| Including: USD | 1,195,435.00 | 7.0827 | 8,466,907.47 |
| EUR | 40,842.81 | 7.8592 | 320,991.81 |
| Lease liabilities | | | |
| Including: USD | -50,188.20 | 7.0827 | -355,467.96 |
| EUR | -163,389.31 | 7.8592 | -1,284,109.27 |
| SGD | -39,157.18 | 5.3772 | -210,555.99 |
| THB | -99,332.93 | 0.2074 | - 20,601.65 |
| HUF | -10,786,867.29 | 0.0205 | - 221,130.78 |
| Non-current liabilities due within one year | | | |
| Including: USD | -34,433.52 | 7.0827 | -243,882.29 |
| EUR | -61,664.93 | 7.8592 | -484,637.02 |
| RUB | -2,837,493.28 | 0.0803 | - 227,850.71 |
| SGD | -29,799.40 | 5.3772 | -160,237.33 |
| THB | -388,081.90 | 0.2074 | - 80,488.19 |
| HUF | -2,691,589.40 | 0.0205 | - 194,125.45 |
| Accounts payable | | | |
| Including: USD | -120,778.80 | 7.0827 | -855,440.01 |
| Other accounts payable | | | |
| Including: USD | -316,215.30 | 7.0827 | -2,239,658.11 |
| EUR | -135,160.00 | 7.8592 | -1,062,249.47 |
| SGD | -52,591.75 | 5.3772 | -282,796.36 |
| MYR | -777.60 | 1.5415 | -1,198.67 |
| THB | -3,131,336.14 | 0.2074 | -649,439.12 |
| HUF | -5,886,012.73 | 0.0205 | -120,663.26 |
| Other accounts receivable | | | |
| Including: USD | 76,099.34 | 7.0827 | 538,988.80 |
| EUR | 3,700.00 | 7.8592 | 29,079.04 |
| SGD | 46,097.19 | 5.3772 | 247,873.81 |
| THB | 90,000.00 | 0.2074 | 18,666.00 |

| | | | |
|-------------------------------|--------------|--------|------------|
| HUF | 1,500,000.00 | 0.0205 | 30,750.00 |
| Long-term accounts receivable | | | |
| Including: USD | 8,048.12 | 7.0827 | 57,002.42 |
| EUR | 80,175.93 | 7.8592 | 630,118.67 |
| RUB | 689,584.00 | 0.0803 | 55,373.60 |
| SGD | 18,057.36 | 5.3772 | 97,098.04 |
| THB | 99,960.00 | 0.2074 | 20,731.70 |
| HUF | 5,434,763.32 | 0.0205 | 111,412.65 |

Other notes

None

(2) Notes to overseas operation entities (Significant overseas operation entities shall disclose their principal places of business, recording currencies, and selection bases. Entities with a change in recording currency shall specify the reasons.)

√ Applicable □ Not applicable

| Name of subsidiary | Principal places of business | Recording currency |
|--------------------|------------------------------|--------------------|
| Wayzim Singapore | Singapore | SGD |
| Wayzim Malaysia | Malaysia | MYR |
| Wayzim USA | USA | USD |
| Wayzim Russia | Russia | RUB |
| Wayzim Hungary | Hungary | HUF |
| Wayzim Thailand | Thailand | THB |
| Wayzim Germany | Germany | EUR |
| Wayzim UK | United Kingdom | GBP |
| Wayzim Mexico | Mexico | MXN |
| Wayzim South Korea | South Korea | KRW |
| Wayzim Brazil | Brazil | BRL |

82. Leases

(1). As the Lessee

√ Applicable □ Not applicable

Variable lease payments not included in the measurement of lease liabilities

□ Applicable √ Not applicable

Lease expenses of short-term leases or low-value assets with simplified treatment

√ Applicable ☐ Not applicable

CNY 2,486,540.08

The lease expenses of short-term leases or low-value assets of the Group in the current year that use the simplified treatment amount to RMB 2,486,540.08.

Sale-leaseback transactions and judgment basis

☐ Applicable √ Not applicable

Total cash outflows related to leasing amount to CNY 10,339,476.90 (Unit: CNY).

(2). As the Lessor

Operating lease as the Lessor

√ Applicable ☐ Not applicable

Unit: CNY

| Item | Rental income | Including: Revenue related to variable lease payments not included in lease receipts |
|------------------|---------------|--|
| Building rental | 373,394.49 | - |
| Equipment rental | 707,643.68 | 545,401.79 |
| Total | 1,081,038.17 | 545,401.79 |

Finance lease as the Lessor

☐ Applicable √ Not applicable

Adjustment table of undiscounted lease receipts and net lease investment

☐ Applicable √ Not applicable

Undiscounted lease receipts for the next five years

√ Applicable ☐ Not applicable

Unit: CNY

| Item | Annual undiscounted lease receipts | |
|------|------------------------------------|-------------------|
| | Ending balance | Beginning balance |

| | | |
|--|--------------|------------|
| First year | 2,188,000.00 | 554,400.00 |
| Second year | 1,298,400.00 | 369,600.00 |
| Third year | 63,333.33 | - |
| Fourth year | - | - |
| Fifth year | - | - |
| Total undiscounted lease receipts after five years | - | - |

(3) Recognized finance lease sales profit and loss as the manufacturer or dealer

☐ Applicable ☒ Not applicable

Other notes

None

83. Others

☐ Applicable ☒ Not applicable

VIII. R&D Expenditures

1. Presented by nature of expenses

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|--------------------------------------|-------------------------|-----------------------|
| Payroll | 101,160,935.55 | 90,967,451.47 |
| Share-based payments | 15,058,122.41 | 20,677,860.15 |
| Depreciation and amortization | 5,157,106.90 | 5,702,227.17 |
| Traveling expenses | 918,722.25 | 1,094,973.45 |
| Material consumption | 37,078,832.16 | 76,383,078.48 |
| R&D commission expenses | 4,188,770.27 | 4,540,728.55 |
| Others | 4,274,370.39 | 7,309,561.78 |
| Total | 167,836,859.93 | 206,675,881.05 |
| Including: Expensed R&D expenditures | 167,836,859.93 | 206,675,881.05 |
| Capitalized R&D expenditures | - | - |

Other notes

None

2. Development expenditures of R&D projects meeting capitalization criteria

☐ Applicable ☒ Not applicable

Significant capitalized R&D projects

☐ Applicable ☒ Not applicable

Impairment provision for development expenditures

☐ Applicable ☒ Not applicable

Other notes

None

3. Significant outsourcing R&D projects

☐ Applicable ☒ Not applicable

IX. Changes in the Scope of Combination

1. Business combination not under common control

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

Other notes

None

(2). Combination costs and goodwill

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(4). Profits 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). Notes to failure to reasonably determine the combination consideration or fair value of identifiable assets and liabilities of the acquiree on the acquisition date or at the end of the combination period

☐ Applicable ☒ Not applicable

(6). Other notes

☐ Applicable ☒ Not applicable

2. Business combinations under common control

☐ Applicable ☒ Not applicable

3. Counter purchase

☐ Applicable ☒ Not applicable

4. Disposal of subsidiaries

Is there any transaction or event in the current period that resulted in the loss of control over subsidiaries?

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

Is there a situation where the investment in a subsidiary is disposed of step by step through multiple deals and the control over the subsidiary is lost in the current period?

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

5. Changes in the scope of combinations for other reasons

Any changes in the scope of combinations for other reasons (such as the establishment of a new subsidiary and liquidation of a subsidiary) and relevant circumstances

☒ Applicable ☐ Not applicable

| No. | Name of subsidiary | Reasons for inclusion in the current period |
|-----|----------------------|---|
| 1 | Weizhizhi Automation | A new wholly-owned subsidiary |
| 2 | Zhike Power | A new holding subsidiary |
| 3 | Anhui Power | A new holding subsidiary |
| 4 | Wayzim Mexico | A new wholly-owned subsidiary |
| 5 | Wayzim Brazil | A new wholly-owned subsidiary |
| 6 | Wayzim South Korea | A new wholly-owned subsidiary |

6. Others

☐ Applicable ☒ Not applicable

X. Equity in Other Entities**1. Equity in subsidiaries****(1). Composition of corporate group**

√ Applicable □ Not applicable

Unit: CNY 10,000

| Subsidiary Name | Principal place of business | Registered capital | Domicile | Business nature | Shareholding ratio (%) | | Mode of acquisition |
|---------------------|-----------------------------|--------------------|-----------|---------------------------------------|------------------------|----------|---------------------|
| | | | | | Direct | Indirect | |
| Wayzim Guangdong | Guangdong | 5,000 | Guangzhou | Sales service | 100 | | Establishment |
| Wayzim R&D | Jiangsu | 10,000 | Wuxi | Research and experimental development | 100 | | Establishment |
| Wayzim Anhui | Anhui | 1,000 | Wuhu | Research and experimental development | 100 | | Establishment |
| Zhongke Guanwei | Jiangsu | 1,000 | Wuxi | Special equipment manufacturing | 100 | | Purchase |
| Zhitong Intelligent | Shanghai | 1,000 | Shanghai | Research and experimental development | 100 | | Establishment |
| Wayzim Singapore | Singapore | USD 998,420 | Singapore | Research and experimental development | 100 | | Establishment |
| Intelligent | Zhejiang | 10,000 | Hangzhou | Research and | 100 | | Establishment |

| | | | | | | | |
|----------------------|----------|------------|----------|---------------------------------------|-----|-----|---------------|
| Sensing | | | | experimental development | | | |
| Wayzim Chengdu | Chengdu | 5,000 | Chengdu | Sales service | 100 | | Establishment |
| Wayzim Jiangxi | Jiangxi | 10,000 | Jiangxi | Research and experimental development | 100 | | Establishment |
| Weizhizhi Automation | Shanghai | 5,000 | Shanghai | Research and experimental development | 100 | | Establishment |
| Jiangsu Power | Jiangsu | 1,000 | Wuxi | Research and experimental development | 51 | | Establishment |
| Zhike Power | Shanghai | 1,000 | Shanghai | Research and experimental development | | 51 | Establishment |
| Anhui Power | Anhui | 1,000 | Nanling | Research and experimental development | | 51 | Establishment |
| Jiangxi Zhongwei | Jiangxi | 10,000 | Jiangxi | Research and experimental development | | 100 | Establishment |
| Wayzim Malaysia | Malaysia | MYR 100 | Malaysia | Research and experimental development | | 100 | Establishment |
| Wayzim USA | USA | USD 20,000 | USA | Research and experimental | | 100 | Establishment |

| | | | | | | | |
|--------------------|----------------|-----------------|----------------|---------------------------------------|--|-----|---------------|
| | | | | development | | | |
| Wayzim Russia | Russia | RUB 10,000 | Russia | Research and experimental development | | 100 | Establishment |
| Wayzim Hungary | Hungary | HUF 3 million | Hungary | Research and experimental development | | 100 | Establishment |
| Wayzim Thailand | Thailand | THB 1 million | Thailand | Research and experimental development | | 100 | Establishment |
| Wayzim Germany | Germany | EUR 25,000 | Germany | Research and experimental development | | 100 | Establishment |
| Wayzim UK | United Kingdom | GBP 50,000 | United Kingdom | Research and experimental development | | 100 | Establishment |
| Anhui Zhongwei | Anhui | 1,000 | Wuhu | Research and experimental development | | 100 | Establishment |
| Wayzim Mexico | Mexico | MXN 50,000 | Mexico | Research and experimental development | | 100 | Establishment |
| Wayzim Brazil | Brazil | BRL 350,000 | Brazil | Research and experimental development | | 100 | Establishment |
| Wayzim South Korea | South Korea | KRW 100 million | South Korea | Research and experimental | | 100 | Establishment |

| | | | | | | | |
|--|--|--|--|-------------|--|--|--|
| | | | | development | | | |
|--|--|--|--|-------------|--|--|--|

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

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. Transactions 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 operations

☐ 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

XI. Government Subsidies**1. Government subsidies not recognized as receivables at the end of the reporting period**

☐ Applicable ☒ Not applicable

Reasons for not receiving expected amounts of government subsidies at the expected point of time

☐ Applicable ☒ Not applicable

2. Liability items involving government subsidies

☒ Applicable ☐ Not applicable

Unit: CNY

| Financial statement item | Beginning balance | Amount of subsidies added in the current year | Amount of non-operating income included in this year | Amount of other transferred income in this year | Other changes | Ending balance | Asset-related/Income-related |
|--------------------------|-------------------|---|--|---|---------------|----------------|------------------------------|
| Deferred income | 103,924,482.40 | 12,466,920.00 | - | 4,293,792.57 | 1,000,000.00 | 113,097,609.83 | Asset-related |
| Deferred income | 22,089,223.64 | - | - | 20,579,453.39 | 9,000,000.00 | 10,509,770.25 | Income-related |
| Other | 23,444,700.00 | 2,500,000.00 | - | - | - | 24,944,700.00 | Asset-related |

| | | | | | | | |
|---|----------------|---------------|---|---------------|----------------|----------------|----------------|
| accounts payable | | | | | 1,000,000.00 | | |
| Other accounts payable | 79,370,000.00 | 52,275,000.00 | - | 14,396,902.58 | - 9,000,000.00 | 108,248,097.42 | Income-related |
| Long-term accounts payable | 500,000.00 | - | - | - | -500,000.00 | - | Income-related |
| Non-current liabilities due within one year | - | - | - | - | 500,000.00 | 500,000.00 | Income-related |
| Total | 229,328,406.04 | 67,241,920.00 | - | 39,270,148.54 | - | 257,300,177.50 | / |

3. Government subsidies included in the current profit and loss

√ Applicable □ Not applicable

Unit: CNY

| Type | Current amount incurred | Prior amount incurred |
|----------------|-------------------------|-----------------------|
| Asset-related | 4,293,792.57 | 4,002,771.44 |
| Income-related | 48,091,746.90 | 31,163,844.25 |
| Total | 52,385,539.47 | 35,166,615.69 |

Other notes

None

XII. Risks Related to Financial Instruments

√ Applicable ☐ Not applicable

The Group is exposed to risks from financial instruments in its daily activities, mainly including:

–Credit risks

–Liquidity risks

–Interest rate risks

–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 the changes of risks 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 money funds, accounts receivable, and contractual assets. The Management will continuously monitor the exposure to these credit risks.

Except for cash, the other money funds of the Group are mainly deposited in credit-worthy financial institutions, and thus the Management level believes that there are no material credit risks or losses 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 40% of the Group's total accounts receivable and contractual assets (vs. 48% in 2022).

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.

Refer to Section X.VII.5, 6, and 30 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. If borrowings exceed the preset authorization limits, the approval of the Company's Board of Directors is needed. 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.

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, 2023 | | | | | 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 | 20,404,388.90 | - | - | - | 20,404,388.90 | 20,017,722.23 |
| Accounts payable | 905,830,897.28 | - | - | - | 905,830,897.28 | 905,830,897.28 |
| Other accounts payable | 326,104,774.61 | - | - | - | 326,104,774.61 | 326,104,774.61 |
| Non-current liabilities due within one year | 12,046,290.31 | - | - | - | 12,046,290.31 | 11,558,159.67 |
| Lease liabilities | - | 6,114,620.70 | 5,101,758.06 | 4,488,000.00 | 15,704,378.76 | 13,981,159.00 |
| Long-term accounts payable | - | 40,456,812.05 | 8,440,366.97 | - | 48,897,179.02 | 48,897,179.02 |

| | | | | | | |
|-------|------------------|---------------|---------------|--------------|------------------|------------------|
| Total | 1,264,386,351.10 | 46,571,432.75 | 13,542,125.03 | 4,488,000.00 | 1,328,987,908.88 | 1,326,389,891.81 |
|-------|------------------|---------------|---------------|--------------|------------------|------------------|

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, 2023 | | December 31, 2022 | |
|-------------------------------------|--------------------------|----------------|--------------------------|------------------|
| | Annual interest rate (%) | Amount | Annual interest rate (%) | Amount |
| Fixed-rate financial instruments | | | | |
| Financial assets | | | | |
| –Money funds | 0.00 - 3.26 | 74,821,879.01 | 0.25 – 2.25 | 50,116,713.30 |
| –Trading financial assets | 2.10-3.36 | 454,849,906.40 | | |
| Financial liabilities | | | | |
| –Trading financial assets | | | | |
| –Short-term borrowings | 2.90 | -20,017,722.23 | 3.85 | -40,000,000.00 |
| Total | | 509,654,063.18 | | 10,116,713.30 |
| Floating-rate financial instruments | | | | |
| Financial assets | | | | |
| –Money funds | 0.00 - 5.70 | 401,271,713.89 | 0.00 – 5.47 | 411,140,929.33 |
| –Trading financial assets | 1.50 - 2.95 | 763,130,799.17 | 0.10 – 3.40 | 1,248,763,114.45 |
| Financial liabilities | | | | |

| | | | | |
|------------------------|--|------------------|-----------|------------------|
| –Short-term borrowings | | - | EURIBOR+1 | -84,692,342.70 |
| Total | | 1,164,402,513.06 | | 1,575,211,701.08 |

(2). Sensitivity analysis

As of December 31, 2023, 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 9,827,838.86 (vs. CNY 13,368,575.50 in 2022), with other variables being constant.

4. Exchange rate risks

For foreign currency assets and liabilities such as money funds, accounts receivable, contractual assets, other non-current assets, and other accounts payable 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. Translation differences from foreign currency transactions in the financial statements are not included.

| Item | December 31, 2023 | | December 31, 2022 | |
|---------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| | Foreign currency balance | Balance of CNY conversion | Foreign currency balance | Balance of CNY conversion |
| Money funds | | | | |
| –CNY | 13,622,608.43 | 13,622,608.43 | - | - |
| –EUR | 657,460.37 | 5,167,112.54 | 705,180.63 | 5,234,485.30 |
| –USD | 4,580,129.57 | 32,439,683.71 | 5,104,118.34 | 35,548,142.59 |
| –GBP | 7,199.49 | 65,091.31 | 1,966.84 | 16,509.85 |
| Accounts receivable | | | | |
| –EUR | 367,763.95 | 2,890,330.44 | - | - |
| –USD | 8,393,828.83 | 59,450,971.45 | 7,313,440.89 | 50,935,190.42 |

| | | | | |
|----------------------------|---------------|----------------|----------------|----------------|
| Other accounts receivable | | | | |
| –CNY | 192,525.74 | 192,525.74 | - | - |
| –USD | 76,099.34 | 538,988.80 | - | - |
| –THB | 90,000.00 | 18,662.52 | - | - |
| Contractual assets | | | | |
| –USD | 2,458,335.73 | 17,411,654.47 | 438,890.03 | 3,056,693.50 |
| –EUR | - | - | 24,097.50 | 178,873.33 |
| Other non-current assets | | | | |
| –EUR | 40,842.81 | 320,991.81 | - | - |
| –USD | 1,195,435.00 | 8,466,907.47 | 2,530,917.15 | 17,626,825.58 |
| Short-term borrowings | | | | |
| –EUR | - | - | -11,409,603.08 | -84,692,342.70 |
| Accounts payable | | | | |
| –USD | -120,778.80 | -855,440.01 | - | - |
| Other accounts payable | | | | |
| –EUR | -135,160.00 | -1,062,249.47 | - | - |
| –USD | -305,278.39 | -2,162,195.25 | - | - |
| –THB | -2,704,897.41 | -560,891.12 | - | - |
| Net balance sheet exposure | | | | |
| EUR | - | - | -10,680,324.95 | -79,278,984.07 |
| USD | 16,285,819.40 | 115,347,573.07 | 15,387,366.41 | 107,166,852.09 |

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

| Currency | Average exchange rate | |
|----------|-----------------------|--------|
| | 2023 | 2022 |
| GBP | 8.7176 | 8.5003 |
| SGD | 5.2802 | 4.9505 |
| THB | 0.2043 | 0.1962 |
| EUR | 7.6411 | 7.3213 |
| USD | 7.0237 | 6.6702 |
| RUB | 0.0867 | 0.0898 |
| MYR | 1.5592 | 1.5519 |
| KRW | 0.0055 | 0.0054 |
| HUF | 0.0195 | 0.0191 |
| MXN | 0.3856 | 0.3331 |
| AUD | 4.7811 | 4.6679 |

| Currency | Intermediate rate on reporting day | |
|----------|------------------------------------|--------|
| | 2023 | 2022 |
| GBP | 9.0411 | 8.3941 |
| SGD | 5.3772 | 5.1831 |
| THB | 0.2074 | 0.2014 |
| EUR | 7.8592 | 7.4229 |
| USD | 7.0827 | 6.9646 |
| RUB | 0.0803 | 0.0942 |
| MYR | 1.5415 | 1.5772 |
| KRW | 0.0055 | 0.0055 |
| HUF | 0.0205 | 0.0186 |

| | | |
|-----|--------|--------|
| MXN | 0.4181 | 0.3577 |
| AUD | 4.8484 | 4.7138 |

3. Sensitivity analysis

Assuming that risk variables other than the exchange rate remain unchanged, a 10% appreciation of the CNY due to the exchange rate changes of the CNY against the SGD, EUR, USD, GBP, and THB on December 31, 2023 and December 31, 2022 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 profits |
|-------------------|----------------------|--------------|
| December 31, 2023 | | |
| USD | 978,887.04 | 978,887.04 |
| EUR | 61,628.41 | 61,628.41 |
| CNY | 110,625.91 | 110,625.91 |
| THB | -4,613.54 | -4,613.54 |
| GBP | 553.28 | 553.28 |
| December 31, 2022 | | |
| EUR | -509,680.78 | -509,680.78 |
| USD | 9,109,762.30 | 9,109,762.30 |
| GBP | 1,403.34 | 1,403.34 |

XIII. 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 | - | - | - | - |
| (I) Trading financial assets | - | - | - | - |
| 1. Financial assets measured at fair value through the current profit or loss | - | - | 1,217,980,705.57 | 1,217,980,705.57 |
| (1) Financial products | - | - | 1,217,980,705.57 | 1,217,980,705.57 |
| (II) Accounts receivable financing | - | 1,800,000.00 | - | 1,800,000.00 |
| (III) Investment in other equity instruments | - | - | 166,100,742.87 | 166,100,742.87 |
| (IV) Other non-current financial assets | 11,472,767.17 | - | - | 11,472,767.17 |
| Total assets continuously measured at fair value | 11,472,767.17 | 1,800,000.00 | 1,384,081,448.44 | 1,397,354,215.61 |

2. Determination basis for the market price of items measured at Level 1 fair value on a recurring and non-recurring basis√ Applicable ☐ Not applicable

The Group uses the active market quotations on December 29, 2023 as the fair value of other non-current financial assets on December 31, 2023.

3. Valuation techniques and qualitative and quantitative information on important parameters adopted for items measured at Level 2 fair value on a recurring and non-recurring basis√ Applicable ☐ Not applicable

The receivables financing with recurring Level 2 fair value measurements is banker's acceptances, whose remaining period is short and the book balance is close to the fair value.

4. Valuation techniques and qualitative and quantitative information on important parameters adopted for items measured at Level 3 fair value on a recurring and non-recurring basis√ Applicable ☐ Not applicable

The trading financial assets with recurring Level 3 fair value measurements mainly consist of financial products and investments in unlisted equity instruments held by the Group. The Group adopts the valuation technique to measure fair value. The valuation model is mainly a 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, 2023 | Valuation technique | Unobservable inputs | Range |
|-----------------------|---------------------------------------|--------------------------------|------------------------|---------------|
| Financial products | 1,217,980,705.57 | Discounted cash flow method | Expected yield | 2.21% - 3.36% |

| | | | | |
|---|----------------|-----------------------------|----------------|-------|
| Investment in unlisted equity instruments | 166,100,742.87 | Discounted cash flow method | Expected yield | 9.08% |
|---|----------------|-----------------------------|----------------|-------|

5. Adjustment information between beginning and ending book values and sensitivity analysis of unobservable parameters of items measured at Level 3 fair value on a recurring basis

√ Applicable ☐ Not applicable

Adjustment information between beginning and ending book values of items measured at Level 3 fair value on a recurring basis

| Item | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Beginning balance | 1,086,355,139.73 | 971,780,508.26 |
| Transferred to Level 3 | 30,000,000.00 | - |
| Realized profits or losses booked into profit or loss | | |
| –Gains on investment | -5,196,289.35 | -11,058,750.05 |
| –Profits or losses from changes in fair value | -24,286,193.53 | -24,692,762.21 |
| Profits or losses in other comprehensive income | | |

| | | |
|--|-------------------|--------------------|
| –Changes in fair value of investment in other equity instruments | 58,100,742.87 | - |
| Purchases and investments, sales, and settlements | | |
| –Purchases and investments | 4,594,694,167.00 | 12,439,960,000.00 |
| –Redemption | -4,361,000,000.00 | -12,293,000,000.00 |
| –Settlements | 5,413,881.72 | 3,366,143.73 |
| Ending balance | 1,384,081,448.44 | 1,086,355,139.73 |

6. The reason for transfers and the policy to determine the transfer time of items measured at fair value on a recurring basis with transfers among different levels in the current period

☐ Applicable ☒ Not applicable

7. Changes in valuation techniques in the 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

XIV. Affiliates and Affiliate Transactions

1. The Company's parent company

☐ Applicable ☒ Not applicable

2. The Company's subsidiaries

Refer to Section X.X.1 for status details of the Company's subsidiaries.

☐ Applicable ☒ Not applicable

3. The Company's joint ventures and associates

The Company's important joint ventures or associates will be presented in a note.

☐ Applicable ☒ Not applicable

Other joint ventures and associates having affiliate transactions with the Company in the current period or having affiliate transactions with the Company to generate balances in the previous period

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

4. Other affiliates

☒ Applicable ☐ Not applicable

| Name of other affiliates | Relationship between other affiliates and the Company |
|--|--|
| Li Gongyan | Key management personnel |
| Yao Yi | Key management personnel |
| Zou Xi | Key management personnel until August 31, 2023 |
| Du Ping | Key management personnel |
| Gao Bo | Key management personnel |
| Xu Yan | Key management personnel |
| Liu Jia | Key management personnel |
| Chen Mingfei | Key management personnel |
| Du Wei | Key management personnel |
| Lyu Meiya | Key management personnel |
| Zhong Jianpeng | Key management personnel |
| Ke Li | Key management personnel |
| Li Xiaobing | Key management personnel |
| Xi Yuxiang | Key management personnel until December 28, 2023 |
| Institute of Microelectronics of the Chinese Academy of Sciences | Shareholders indirectly holding more than 5% of the shares |

| | |
|---|--|
| Beijing Zhongke Micro Investment Management Co., Ltd. | Shareholders directly holding more than 5% of the shares |
| Jiangsu IoT Research and Development Center | Enterprise controlled by a shareholder directly holding more than 5% of the shares |
| Jiangsu Carnival Technology 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 |
| Wuxi Lianshun Machinery Equipment Co., Ltd. | Enterprises controlled by other close relatives of key management personnel as of September 30, 2022 |

Other notes

None

5. Affiliate transactions

(1). Affiliate transactions involving the purchasing 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 transactions | Current amount incurred | Prior amount incurred |
|--|-----------------------------------|-------------------------|-----------------------|
| Jiangsu Carnival Technology Co., Ltd. | Purchasing of goods | 27,604,824.64 | 35,210,160.24 |
| Kunshan Meibang Environmental Technology Co., Ltd. | Purchasing of goods | - | 81,000.07 |

| | | | |
|--|-----------------------|----------------|---------------|
| Jiangsu IoT Research and Development Center | Receiving of services | 373,334.76 | - |
| Institute of Microelectronics of the Chinese Academy of Sciences | Receiving of services | - | 1,500,000.00 |
| Wuxi Lianshun Machinery Equipment Co., Ltd. | Receiving of services | Not applicable | 8,861,029.39 |
| Total | | 27,978,159.40 | 45,652,189.70 |

Sales of goods and rendering of services

√ Applicable □ Not applicable

Unit: CNY

| Affiliates | Content of affiliate transactions | Current amount incurred | Prior amount incurred |
|--|-----------------------------------|-------------------------|-----------------------|
| Jiangsu Carnival Technology Co., Ltd. | Sales of accessories | - | 470,796.46 |
| Kunshan Meibang Environmental Technology Co., Ltd. | Sales of accessories | - | 39,823.02 |
| Total | | - | 510,619.48 |

Affiliate transactions of purchasing and sales of goods and rendering and receiving of services

√ Applicable □ Not applicable

The amount of goods purchased by Wuxi Lianshun Machinery Equipment Co., Ltd. in 2022 is the amount from January 1, 2022 to September 30, 2022.

(2). Affiliate trusteeship/Contracting and entrusted management/Outsourcing

Trusteeship/Contracting of the Company:

☐ Applicable ☒ Not applicable

Affiliate trusteeship/Contracting

☐ Applicable ☒ Not applicable

Affiliate trusteeship/Contracting of the Company

☐ Applicable ☒ Not applicable

Affiliate management/Outsourcing

☐ Applicable ☒ Not applicable

(3). Lease among associates

The Company acts as the Lessor:

☐ Applicable ☒ Not applicable

The Company acts as the Lessee:

☒ Applicable ☐ Not applicable

Unit: CNY

| Name of the Lessor | Type of assets leased | Lease expenses of short-term leases and low-value assets with simplified treatment (if applicable) | | Variable lease payments not included in the measurement of lease liabilities (if applicable) | | Rental payment | | Interest expenses on lease liabilities assumed | | Increased right-of-use assets | |
|---|-----------------------|--|-----------------------|--|-----------------------|-------------------------|-----------------------|--|-----------------------|-------------------------------|-----------------------|
| | | Current amount incurred | Prior amount incurred | Current amount incurred | Prior amount incurred | Current amount incurred | Prior amount incurred | Current amount incurred | Prior amount incurred | Current amount incurred | Prior amount incurred |
| Beijing Zhongke Micro Investment Management Co., Ltd. | Buildings | - | - | - | - | 1,825,859.54 | 398,552.13 | 228,618.64 | 211,664.62 | - | 1,675,243.39 |
| Total | | - | - | - | - | 1,825,859.54 | 398,552.13 | 228,618.64 | 211,664.62 | - | 1,675,243.39 |

Lease among associates

☐ Applicable ☒ Not applicable

(4). Guarantee with associates

The Company as the Guarantor

☐ Applicable ☒ Not applicable

The Company as the Secured Party

☐ Applicable ☒ Not applicable

Guarantee with affiliates

☐ Applicable ☒ Not applicable**(5). Fund borrowing from/to affiliates**☐ Applicable ☒ Not applicable**(6). Asset transfer and debt restructuring of affiliates**☐ Applicable ☒ Not applicable**(7). Remuneration of key management personnel**☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|--|-------------------------|-----------------------|
| Equity-settled share-based payment | 1,094.78 | 1,335.66 |
| Other means of payment | 564.03 | 473.89 |
| Remuneration of key management personnel | 1,658.81 | 1,809.55 |

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

| Other affiliate transactions | Content of affiliate transactions | Current amount incurred | Prior amount incurred |
|--|-----------------------------------|-------------------------|-----------------------|
| Institute of Microelectronics of the Chinese Academy of Sciences | Reimbursed expenses of affiliates | 665,086.50 | 491,269.29 |

6. Status of unsettled items such as receivables and payables from related parties**(1). Receivables**☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Affiliates | Ending balance | | Beginning balance | |
|-------------------------------|---|----------------|-------------------------|-------------------|-------------------------|
| | | Book balance | Provision for bad debts | Book balance | Provision for bad debts |
| Accounts receivable | Kunshan Meibang Environmental Technology Co., Ltd. | 45,000.00 | 13,500.00 | 45,000.01 | 2,250.00 |
| Total | | 45,000.00 | 13,500.00 | 45,000.01 | 2,250.00 |
| Long-term accounts receivable | Beijing Zhongke Micro Investment Management Co., Ltd. | 63,528.00 | - | 63,528.00 | - |
| Total | | 63,528.00 | - | 63,528.00 | - |

(2). Payables

√ Applicable □ Not applicable

Unit: CNY

| Item | Affiliates | Ending book balance | Beginning book balance |
|------------------------|--|---------------------|------------------------|
| Accounts payable | Kunshan Meibang Environmental Technology Co., Ltd. | 36,268,388.42 | 62,823,919.14 |
| Accounts payable | Jiangsu Carnival Technology Co., Ltd. | 11,740,554.36 | 15,935,095.66 |
| Total | | 48,008,942.78 | 78,759,014.80 |
| Notes payable | Jiangsu Carnival Technology Co., Ltd. | 6,343,533.00 | - |
| Total | | 6,343,533.00 | - |
| Other accounts payable | Key management personnel | 146,219.46 | 28,488.29 |
| Total | | 146,219.46 | 28,488.29 |

(3). Other items

□ Applicable √ Not applicable

7. Commitments by affiliates

□ Applicable √ Not applicable

8. Others

□ Applicable √ Not applicable

XV. Share-Based Payments**1. Various equity instruments**

√ Applicable □ Not applicable

Unit: CNY

| Category of grantee | Granted in this period | | Exercised in this period | | Unlocked in this period | | Expired in this period | |
|---|------------------------|--------|--------------------------|--------|-------------------------|------------|------------------------|--------------|
| | Quantity | Amount | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| Core management/technical/production/business personnel | - | - | - | - | 943.17 | 157,500.00 | 44,186.96 | 1,527,779.00 |
| Total | - | - | - | - | 943.17 | 157,500.00 | 44,186.96 | 1,527,779.00 |

Outstanding stock options or other equity instruments at the end of the period

☐ 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 | Market price and company fair value assessment report of the fair value of equity instruments on the grant date |
| Key parameters of the fair value of equity instruments on the grant date | Market price and assessment price on the grant date |
| The basis for determining the number of vested equity instruments | On each balance sheet date within the waiting period, the Group adjusts the number of available equity instruments by making the best estimate of the latest acquired follow-up information such as the change in the number of employees with the latest available rights. |
| Reasons for material differences between the estimates of the current period and those of the prior period | None |
| The accumulated amount of equity-settled share-based payments included in the capital surplus | 264,703,071.63 |

Other notes

In accordance with the decision on the implementation of equity incentives deliberated at the General Meeting of the Company on September 28, 2018, the Company implemented equity incentives (hereinafter referred to as the "Second Share-based Payment") for other 17 partners except Li Gongyan through Qunchuang Zhongda. The partners paid a consideration of CNY 1 to join Qunchuang Zhongda for the indirect acquisition of shares in the Company. The Company entered into the *Incentive Equity Grant Agreement* with each of such partners on December 25, 2018. In accordance with the *Incentive Equity Grant Agreement*, the incentive shares are oriented to the incentive objects for their continued employment with or provision of services to the Company for a period of not less than ten years. On June 30, 2019, the interim Board of Directors and the shareholders' meeting of the Company deliberated and approved the *Equity Incentive Plan of Wayzim*. (hereinafter referred to as the "Equity Incentive Plan"). According to the Equity Incentive Plan, the service period corresponding to the incentive equity is changed from no less than ten years to a stepped service period of 3-10 years.

According to the decision of the Board of Directors of the Company on the implementation of equity incentives, which was deliberated and approved on November 1, 2019, the Company implemented equity incentives for employees Zuo Xiaofang, Zhang Jing, and Zhong Jianpeng through Qunchuang Zhongda (hereinafter referred to as the "Fourth Share-based Payment"). Zuo Xiaofang and Zhang Jing acquired the Company's shares of Qunchuang Zhongda indirectly from Li Gongyan at the consideration of CNY 5 per registered capital. Zhong Jianpeng acquired the Company's shares of Qunchuang Zhongda indirectly from Li Gongyan at the consideration of CNY 1 per registered capital. On December 17, 2019, the Company entered into the *Incentive Equity Grant Agreement* with each of these employees. The service period is governed by the Equity Incentive Plan adopted on June 30, 2019, as set out in the *Incentive Equity Grant Agreement*.

The Company implemented the first tranche of the employee stock ownership plan in 2022 in accordance with the *Proposal on the First Employee Stock Ownership Plan (Draft Amendment) of Wayzim Intelligent Manufacturing Technology Co. Ltd. and Abstract*, the *Proposal on Management Measures for the First Employee Stock Ownership Plan of Wayzim Intelligent Manufacturing Technology Co. Ltd. (Amendment)*, and the *Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Related to the First Tranche of Employee Stock Ownership Plan* adopted at the 18th Meeting of the First Board of Directors and the 7th Meeting of the First Board of Supervisors held on April 26, 2022 as well as the Annual General Meeting 2021 held on May 16, 2022. On July 18, 2022, the Company made a total payment of CNY 20,000,000.00 to the first tranche of the Employee Stock Ownership Plan for the purchase of the Company's shares. On July 29, 2022, the Company completed the purchase of 508,500 shares for a total amount of CNY 19,272,315.30 under the first tranche of the Employee Stock Ownership Plan. On August 1, 2022, the Employee Stock Ownership Plan refunded the remaining amount of CNY 727,684.70 to the Company. The underlying shares acquired under the Employee Stock Ownership Plan will be unlocked in ten installments 12 months after July 29, 2022, with a lockup period of 12 months for each installment, totaling 120 months.

3. Cash-settled share-based payment

☐ Applicable ☒ Not applicable

4. Share-based payment expenses in the current period

☒ Applicable ☐ Not applicable

Unit: CNY

| Category of grantee | Equity-settled share-based payment expenses | Cash-settled share-based payment expenses |
|---|---|---|
| Core management/technical/production/business personnel | 25,214,831.44 | - |
| Total | 25,214,831.44 | - |

Other notes

None

5. Modification and termination of share-based payment

☐ Applicable ☒ Not applicable

6. Others

☐ Applicable ☒ Not applicable

XVI. 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, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Asset purchase contracts in progress and signed but not yet performed | 193,912,049.37 | 204,865,037.38 |

(2). Operating lease commitments

According to the irrevocable operating lease agreement, the minimum lease payments payable by the Group after December 31, 2023 and after December 31, 2022 are as follows:

| Item | December 31, 2023 | December 31, 2022 |
|----------------------------------|-------------------|-------------------|
| Subtotal for aging within 1 year | 3,166,865.17 | 25,137.50 |
| 1–2 years | - | - |
| 2–3 years | - | - |
| More than 3 years | - | - |
| Total | 3,166,865.17 | 25,137.50 |

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

XVII. Events After the Balance Sheet Date**1. Significant non-adjusting events**

☒ Applicable ☐ Not applicable

Except for contingencies already disclosed in Section X.XIV.2, the Group has no material events after the balance sheet date to be disclosed.

2. Profit distribution√ Applicable ☐ Not applicable

Unit: CNY

| | |
|--|---------------|
| Profits or dividends to be distributed | 10,083,344.73 |
|--|---------------|

The Board of Directors proposed on April 20, 2024 that the Company distributes cash dividends of CNY 0.79 (tax inclusive) per 10 shares to all shareholders. As of March 31, 2024, the Company's total capital stock is 131,608,698 shares. After 3,971,423 shares in the special repurchase account are deducted, the actual number of the profit distribution shares is 127,637,275. Based on this calculation method, the total planned cash dividends to be distributed are CNY 10,083,344.73 (tax inclusive). 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**XVIII. Other Important Matters****1. Correction of accounting errors in the prior period****(1). Retrospective restatement**☐ Applicable √ Not applicable**(2). Prospective application**☐ Applicable √ Not applicable**2. Important 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. Discontinued operations

☐ 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). Reasons for a company that has no reporting segments or fails to disclose the total assets and liabilities of each reporting segment

☐ Applicable ☒ Not applicable

The Group operates as a whole, known for a unified internal organizational structure, a management evaluation system, and an internal reporting system. The Management conducts resource allocation and performance evaluation by regularly reviewing financial information at the company level. The Group has no separately managed operating segments during the reporting period and therefore has only one operating segment.

The Group's non-current assets (excluding financial assets and deferred income tax assets) are mainly located in Chinese Mainland by the location of physical assets (for fixed assets) and of related businesses (for intangible assets).

(4). Other notes

☒ Applicable ☐ Not applicable

The Group has two customers whose revenue accounts for 10% or more of the total revenue (one customer in 2022), or rather, about 33% (19% in 2022).

| Customer | 2023 | 2022 |
|----------|------|------|
|----------|------|------|

| | | |
|----------------------|----------------|---|
| Shanghai Zhongtongji | 427,010,437.53 | 429,246,425.97 |
| Wayzim Hangzhou | 212,688,498.28 | Less than 10% of the total revenue of the Group |

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

☐ Applicable ☒ Not applicable

8. Others

☐ Applicable ☒ Not applicable

XIX 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 | Beginning book balance |
|----------------------------------|---------------------|------------------------|
| Within 1 year | 577,025,435.72 | 625,205,889.29 |
| Subtotal for aging within 1 year | 577,025,435.72 | 625,205,889.29 |
| 1-2 years | 112,998,614.59 | 317,826,763.49 |
| 2-3 years | 6,383,520.10 | 40,634,480.85 |
| More than 3 years | 12,602,570.45 | 7,166,451.05 |
| Sub-total | 709,010,140.86 | 990,833,584.68 |
| Minus: Provision for bad debts | 89,284,999.25 | 157,697,598.19 |
| Total | 619,725,141.61 | 833,135,986.49 |

(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 | Ratio (%) | Amount | Accrual ratio (%) | | Amount | Ratio (%) | Amount | Accrual ratio (%) | |
| Accrued provision for bad debts by individual item | 20,604,243.52 | 3 | 20,604,243.52 | 100 | - | 6,248,770.00 | 1 | 6,248,770.00 | 100 | - |
| Including: | | | | | | | | | | |
| Portfolio 1: Affiliates within the Group | - | - | - | - | - | - | - | - | - | - |
| Portfolio 2: Other customers | 20,604,243.52 | 3 | 20,604,243.52 | 100 | - | 6,248,770.00 | 1 | 6,248,770.00 | 100 | - |
| Accrued provision for bad debts by portfolio | 688,405,897.34 | 97 | 68,680,755.73 | 10 | 619,725,141.61 | 984,584,814.68 | 99 | 151,448,828.19 | 15 | 833,135,986.49 |
| Including: | | | | | | | | | | |

| | | | | | | | | | | |
|--|----------------|-----|---------------|----|----------------|----------------|-----|----------------|----|----------------|
| Portfolio 1: Affiliates within the Group | 44,888,168.37 | 6 | - | / | 44,888,168.37 | 781,146.06 | - | - | - | 781,146.06 |
| Portfolio 2: Other customers | 643,517,728.97 | 91 | 68,680,755.73 | 11 | 574,836,973.24 | 983,803,668.62 | 99 | 151,448,828.19 | 15 | 832,354,840.43 |
| Total | 709,010,140.86 | 100 | 89,284,999.25 | / | 619,725,141.61 | 990,833,584.68 | 100 | 157,697,598.19 | 16 | 833,135,986.49 |

Accrued provision for bad debts by individual item:

√ Applicable □ Not applicable

Unit: CNY

| Name | Ending balance | | | |
|---------------------------------------|----------------|-------------------------|-------------------|------------------------------|
| | Book balance | Provision for bad debts | Accrual ratio (%) | Reason for accrual |
| ANJI Technology Co., Ltd | 13,682,758.00 | 13,682,758.00 | 100 | Expected to be uncollectible |
| Suning Logistics (Shenzhen) Co., Ltd. | 3,432,000.00 | 3,432,000.00 | 100 | Expected to be uncollectible |
| Neolix Technologies Beijing Co., Ltd. | 1,750,000.00 | 1,750,000.00 | 100 | Expected to be uncollectible |
| ZTOAsiaPteLtd. | 1,312,500.00 | 1,312,500.00 | 100 | Expected to be uncollectible |
| Tian Tian Express Co., Ltd. | 426,985.52 | 426,985.52 | 100 | Expected to be uncollectible |
| Total | 20,604,243.52 | 20,604,243.52 | 100 | / |

Note to accrued provision for bad debts by individual item:

□ Applicable √ Not applicable

Accrued provision for bad debts by portfolio:

√ Applicable □ Not applicable

Portfolio accrual item: Accounts receivable

Unit: CNY

| Name | Ending balance | | |
|--|---------------------|-------------------------|-------------------|
| | Accounts receivable | Provision for bad debts | Accrual ratio (%) |
| Portfolio 1: Affiliates within the Group | 44,888,168.37 | - | / |
| Portfolio 2: Other customers | 643,517,728.97 | 68,680,755.73 | 11 |
| Total | 688,405,897.34 | 68,680,755.73 | 11 |

Notes to accrued 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 overdue 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.

Accrued provision for bad debts by the general model of expected credit loss

☐ Applicable ☒ Not applicable

(3). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: CNY

| Category | Beginning balance | Amount of change in the current period | | | | Ending balance |
|--|-------------------|--|-------------------------------|----------------------|---------------|----------------|
| | | Accrual | Recovered or transferred back | Write-off/Charge-off | Other changes | |
| Accrued provision for bad debts by individual item | 6,248,770.00 | 16,164,258.00 | 1,589,000.00 | 219,784.48 | - | 20,604,243.52 |
| Accrued provision for bad debts by portfolio | 151,448,828.19 | 51,194,550.54 | 133,962,623.00 | - | - | 68,680,755.73 |
| Total | 157,697,598.19 | 67,358,808.54 | 135,551,623.00 | 219,784.48 | - | 89,284,999.25 |

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

☐ Applicable ☒ Not applicable

Other notes

None

(4). Accounts receivable actually written off in the current period

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Written-off amount |
|--|--------------------|
| Accounts receivable actually written off | 219,784.48 |

Write-off of significant accounts receivable

☐ Applicable ☒ Not applicable**(5). Accounts receivable and contract assets of top 5 companies in terms of ending balance collected by the debtor**☒ Applicable ☐ Not applicable

Unit: CNY

| Company | Ending balance of accounts receivable | Ending balance of contract assets | Ending balance of accounts receivable and contract Assets | Proportion in total ending balance of accounts receivable and contract assets (%) | Ending balance of provision for bad debts |
|--|---------------------------------------|-----------------------------------|---|---|---|
| Shanghai Zhongtongji | 187,642,816.64 | 49,025,400.44 | 236,668,217.08 | 26 | 17,989,941.25 |
| Wayzim Hangzhou | 61,114,189.83 | 36,689,249.93 | 97,803,439.76 | 11 | 7,080,243.15 |
| J&T Express (Malaysia) Sdn Bhd | 29,875,983.79 | 13,587,327.02 | 43,463,310.81 | 5 | 9,714,999.97 |
| Wayzim Anhui | 35,656,387.50 | - | 35,656,387.50 | 4 | - |
| Shanxi Zhongtongji Supply Chain Management Co., Ltd. | 28,630,063.43 | 4,720,067.60 | 33,350,131.03 | 4 | 1,667,506.55 |
| Total | 342,919,441.19 | 104,022,044.99 | 446,941,486.18 | 50 | 36,452,690.92 |

Other notes

None

Other notes

☐ Applicable ☒ Not applicable**2. Other accounts receivable****Items**☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|--------------------------------|----------------|-------------------|
| Interests receivable | 12,236,523.65 | 4,321,978.93 |
| Other accounts receivable | 450,988,221.26 | 158,550,929.40 |
| Minus: Provision for bad debts | 1,501,414.78 | 764,212.77 |
| Total | 461,723,330.13 | 162,108,695.56 |

Other notes

☐ Applicable ☒ Not applicable**Interests receivable****(1). Classification of interests receivable**☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Ending balance | Beginning balance |
|-----------------------|----------------|-------------------|
| Loans to subsidiaries | 12,236,523.65 | 4,321,978.93 |
| Total | 12,236,523.65 | 4,321,978.93 |

(2). Material overdue interests☐ Applicable ☒ Not applicable**(3). Disclosure by provision for bad debts**☐ Applicable ☒ Not applicable**(4). Provision for bad debts**☐ Applicable ☒ Not applicable**(5). Interest receivable actually written off in the current period**☐ Applicable ☒ Not applicable**Dividends receivable****(1). Dividends receivable**☐ Applicable ☒ Not applicable**(2). Significant dividends receivable with aging over one year**☐ Applicable ☒ Not applicable**(3). Disclosure by provision for bad debts**☐ Applicable ☒ Not applicable

(4). Provision for bad debts

☐ Applicable ☒ Not applicable

(5). Dividend receivable actually written off in the current period

☐ Applicable ☒ Not applicable

Other accounts receivable**(1). Disclosure by aging**

☒ Applicable ☐ Not applicable

Unit: CNY

| Aging | Ending book balance |
|-------------------------------------|---------------------|
| Within 1 year | |
| Including: Within 1 year (itemized) | |
| Within 1 year | 461,191,905.89 |
| Subtotal for aging within 1 year | 461,191,905.89 |
| 1-2 years | 1,565,516.50 |
| 2-3 years | 175,311.20 |
| More than 3 years | 292,011.32 |
| Sub-total | 463,224,744.91 |
| Minus: Provision for bad debts | 1,501,414.78 |
| Total | 461,723,330.13 |

The aging shall be calculated from the date of recognition of other accounts receivable.

(2). Classification by payment nature

☒ Applicable ☐ Not applicable

Unit: CNY

| Nature of payment | Ending book balance | Beginning book balance |
|--------------------------------|---------------------|------------------------|
| Amounts due from subsidiaries | 448,150,047.89 | 153,377,555.54 |
| Bid and project security | 10,121,879.78 | 7,385,836.57 |
| Petty cash for employees | 26,976.14 | 92,000.00 |
| Advance payments receivable | 4,564,944.65 | - |
| Others | 360,896.45 | 2,017,516.22 |
| Sub-total | 463,224,744.91 | 162,872,908.33 |
| Minus: Provision for bad debts | 1,501,414.78 | 764,212.77 |
| Total | 461,723,330.13 | 162,108,695.56 |

(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 | Expected credit loss for the entire | |

| | | duration without credit impairment | duration with credit impairment | |
|--|--------------|------------------------------------|---------------------------------|--------------|
| Balance as of January 1, 2023 | 762,212.77 | - | 2,000.00 | 764,212.77 |
| Transferred to Stage III | - | - | - | - |
| Accrual in the Current Period | 886,604.82 | - | - | 886,604.82 |
| Transferred back in the current period | 149,402.81 | - | - | 149,402.81 |
| Balance as of December 31, 2023 | 1,499,414.78 | - | 2,000.00 | 1,501,414.78 |

Classification basis in different stages and accrual ratio of provision for bad debts

As of December 31, 2023, the Group does not have other accounts receivable in Stage II. The analysis of other accounts receivable in Stages I and III is as follows:

(1) Other accounts receivable of individual accrued provisions for bad debts are all in stage III. The analysis is as follows:

| Item | Ending balance | | | Reason for accrual |
|-------------------|----------------|-------------------------|--|---|
| | Book balance | Provision for bad debts | Expected credit loss rate within the entire duration (%) | |
| More than 3 years | 2,000.00 | 2,000.00 | 100 | The aging of the accounts receivable is over three years. After multiple negotiations with the counterparty, it is expected that the amount will be hardly recovered. |
| Total | 2,000.00 | 2,000.00 | / | / |

(2) As of December 31, 2023, other accounts receivable of portfolio accrued provision for bad debts are all in Stage I. The analysis is as follows:

Portfolio 1: Affiliates within the Group

| Item | Ending balance | | |
|-------------------|----------------|-------------------------|---|
| | Book balance | Provision for bad debts | Expected credit loss rate within the next 12 months (%) |
| Within 1 year | 448,150,047.89 | - | - |
| 1-2 years | - | - | / |
| 2-3 years | - | - | / |
| More than 3 years | - | - | / |
| Total | 448,150,047.89 | - | / |

Portfolio 2: Other counterparties

| Item | Ending balance | | |
|-------------------|----------------|-------------------------|---|
| | Book balance | Provision for bad debts | Expected credit loss rate within the next 12 months (%) |
| Within 1 year | 13,041,857.99 | 652,092.90 | 5 |
| 1–2 years | 1,565,516.50 | 469,654.95 | 30 |
| 2–3 years | 175,311.20 | 87,655.60 | 50 |
| More than 3 years | 290,011.33 | 290,011.33 | 100 |
| Total | 15,072,697.02 | 1,499,414.78 | / |

Notes to significant changes in the book balance of other accounts receivable whose loss provision changes in the current period:

☐ Applicable ☒ Not applicable

The basis for the provision for bad debts of the current period and evaluation on the significant increase in the credit risk of financial instruments is as follows:

☐ Applicable ☒ Not applicable

(4). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: CNY

| Category | Beginning balance | Amount of change in the current period | | | | Ending balance |
|--|-------------------|--|-------------------------------|----------------------|---------------|----------------|
| | | Accrual | Recovered or transferred back | Write-off/Charge-off | Other changes | |
| Accrued provision for bad debts by individual item | 2,000.00 | - | - | - | - | 2,000.00 |
| Accrued provision for bad debts by portfolio | 762,212.77 | 886,604.82 | 149,402.81 | - | - | 1,499,414.78 |
| Total | 764,212.77 | 886,604.82 | 149,402.81 | - | - | 1,501,414.78 |

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

☐ Applicable ☒ Not applicable

(5). Other accounts receivable actually written off in the current period

☐ Applicable ☒ Not applicable

Details of significant write-off of other accounts receivable:

☐ Applicable ☒ Not applicable

Notes to write-off of other accounts receivable:

☐ Applicable ☒ Not applicable

(6). Other accounts receivable of top 5 companies in terms of ending balance collected by debtor

☒ Applicable ☐ Not applicable

Unit: CNY

| Company | Nature of payment | Ending balance | Aging | Proportion in the total ending balance of other accounts receivable (%) | Provision for bad debts Ending balance |
|----------------------|--------------------------|----------------|---------------|---|--|
| Wayzim Anhui | Borrowings by affiliates | 193,848,259.22 | Within 1 year | 42 | - |
| Intelligent Sensing | Borrowings by affiliates | 189,272,815.49 | Within 1 year | 41 | - |
| Zhitong Intelligent | Borrowings by affiliates | 28,855,892.79 | Within 1 year | 6 | - |
| Wayzim R&D | Borrowings by affiliates | 19,147,513.52 | Within 1 year | 4 | - |
| Weizhizhi Automation | Borrowings by affiliates | 10,047,945.63 | Within 1 year | 2 | - |
| Total | / | 441,172,426.65 | / | 95 | - |

(7). Other accounts receivable that are presented due to the centralized management of funds

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

3. Long-term equity investments

☒ 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 | 429,884,929.59 | - | 429,884,929.59 | 333,767,862.88 | - | 333,767,862.88 |
| Total | 429,884,929.59 | - | 429,884,929.59 | 333,767,862.88 | - | 333,767,862.88 |

(1). Investment in subsidiaries

√ Applicable □ Not applicable

Unit: CNY

| Investee | Beginning balance | Increase in the current period | Decrease in the current period | Ending balance | Provision for impairment accrued in the current period | Ending balance of provision for impairment |
|----------------------|-------------------|--------------------------------|--------------------------------|----------------|--|--|
| Wayzim Anhui | 10,000,000.00 | - | - | 10,000,000.00 | - | - |
| Wayzim R&D | 64,474,562.88 | 22,787,101.86 | - | 87,261,664.74 | - | - |
| Zhongke Guanwei | 22,093,300.00 | - | - | 22,093,300.00 | - | - |
| Wayzim Guangdong | 35,000,000.00 | 10,800,000.00 | - | 45,800,000.00 | - | - |
| Zhitong Intelligent | 600,000.00 | 570,000.00 | - | 1,170,000.00 | - | - |
| Intelligent Sensing | 100,000,000.00 | - | - | 100,000,000.00 | - | - |
| Wayzim Chengdu | 46,000,000.00 | 3,300,000.00 | - | 49,300,000.00 | - | - |
| Wayzim Jiangxi | 55,600,000.00 | 44,400,000.00 | - | 100,000,000.00 | - | - |
| Jiangsu Power | - | 5,000.00 | - | 5,000.00 | - | - |
| Weizhizhi Automation | - | 7,115,033.07 | - | 7,115,033.07 | - | - |
| Wayzim Singapore | - | 7,139,931.78 | - | 7,139,931.78 | - | - |
| Total | 333,767,862.88 | 96,117,066.71 | - | 429,884,929.59 | - | - |

(2) Impairment testing of long-term equity investments

□ Applicable √ Not applicable

The recoverable amount equals the net amount of the fair value minus the disposal expenses

□ Applicable √ Not applicable

The recoverable amount equals the current value of the expected future cash flow

□ Applicable √ Not applicable

Reasons for the differences between the above information and the information used in impairment tests in previous years or external information

□ Applicable √ Not applicable

Reasons for the differences between the information used in impairment tests in previous years by the Company and the actual situation in the current year

☐ Applicable ☒ Not applicable

Other notes

None

4. Operating revenue and operating costs

(1). Operating revenue and operating costs

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | | Prior amount incurred | |
|------------------|-------------------------|------------------|-----------------------|------------------|
| | Revenue | Cost | Revenue | Cost |
| Main business | 1,875,779,326.26 | 1,532,425,473.04 | 2,194,941,056.12 | 1,963,964,988.54 |
| Other businesses | 89,902,073.44 | 62,392,343.45 | 45,682,609.22 | 35,539,968.25 |
| Total | 1,965,681,399.70 | 1,594,817,816.49 | 2,240,623,665.34 | 1,999,504,956.79 |

(2). Breakdown information of operating revenue and operating costs

☒ Applicable ☐ Not applicable

Unit: CNY

| Classification of contracts | Total | |
|--|-------------------|------------------|
| | Operating revenue | Operating cost |
| By business region | | |
| Chinese Mainland | 1,817,886,568.94 | 1,487,285,153.22 |
| Others | 147,087,187.08 | 107,169,392.00 |
| Contract type | | |
| –Sales of total integrated sorting systems | 990,245,087.46 | 761,944,579.70 |
| –Sales of cross belt sorting systems | 481,467,650.32 | 401,828,278.60 |
| –Sales of large-parcel sorting systems | 152,634,269.14 | 134,707,475.93 |
| –Sales of Narrow Belt Sorters | 58,160,241.10 | 54,210,257.37 |
| –Sales of the intelligent warehouse system | 44,563,696.51 | 42,382,233.49 |
| –Sales of dynamic DWSs | 43,521,422.65 | 39,575,525.78 |
| –Sales of 2D Bulk Flow Singulators | 43,172,298.66 | 39,770,035.89 |
| –Sales of conveying equipment | 37,672,662.61 | 35,950,612.46 |
| –Sales of other equipment | 24,341,997.81 | 22,056,473.82 |
| Revenue from sales of accessories | 72,638,626.67 | 53,869,306.06 |
| Revenue from rendering labor services | 13,989,149.43 | 8,089,879.92 |
| Revenue from technical service fee | 2,566,653.66 | 69,886.20 |
| By the time of the transfer of goods | | |
| Revenue recognition at a certain point of time | 1,963,491,444.69 | 1,594,454,545.22 |
| Revenue recognition over a period of time | 1,482,311.33 | - |
| Total | 1,964,973,756.02 | 1,594,454,545.22 |

Other notes

☐ Applicable ☒ Not applicable

(3). Performance obligations

☐ Applicable ☒ Not applicable

(4). Apportionment to remaining performance obligations

☐ Applicable ☒ Not applicable

(5). Significant contract modifications or significant adjustments to transaction prices

☐ Applicable ☒ Not applicable

Other notes

In 2023, the operating revenue of the Company included CNY 707,643.68 of rental income not generated by contracts.

5. Gains on investment

☒ Applicable ☐ Not applicable

Unit: CNY

| Item | Current amount incurred | Prior amount incurred |
|---|-------------------------|-----------------------|
| Gains on investment from the disposal of trading financial assets | 3,754,385.42 | 25,526,975.78 |
| Including: Trading financial assets | 3,754,385.42 | 25,526,975.78 |
| Total | 3,754,385.42 | 25,526,975.78 |

Other notes

None

6. Others

☐ Applicable ☒ Not applicable

XX Supplementary Data**1. 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 | 0.58% | 0.16 | 0.16 |
| Net profits attributable to common shareholders of the Company after deducting non-recurring profits or losses | -1.25% | -0.35 | -0.35 |

2. Statement of non-recurring profits or losses in the current period

√ Applicable □ Not applicable

Unit: CNY

| Item | Amount | Description |
|---|---------------|--------------------------|
| Profit and loss on the disposal of non-current assets, including the write-off of the previously recognized provision for impairment of assets | -1,009,337.74 | Listed by pre-tax amount |
| Government subsidies recognized in the current profit and loss, excluding those closely related to the Company's normal business operations, in compliance with the national policies, enjoyed in accordance with the specified criteria, and have a continuous impact on the Company's profit and loss | 48,091,746.90 | Listed by pre-tax amount |
| In addition to effective hedging businesses related to the normal operation businesses of the Company, gains and losses from changes in fair value of the financial assets and financial liabilities held by non-financial enterprises, as well as profits and losses from disposal of financial assets and financial liabilities | 33,257,557.92 | Listed by pre-tax amount |
| Fund possession cost recorded in the current profit and loss charged to non-financial companies | - | |
| Profits and losses from entrusting others with investment or asset management | - | |
| Profits and losses from external entrusted loans | - | |
| Asset losses due to force majeure, including natural disasters | - | |
| Return from receivables impairment provisions tested with impairment solely | 1,589,000.00 | Listed by pre-tax amount |
| Income generated since the investment cost for acquiring investments in subsidiaries, associates, or joint ventures is less than the fair value of the share in the recognizable net asset of the investee when the investment is conducted | - | |
| Current net profits/losses of a subsidiary established by business combination under common control from the beginning of the period to the date of combination | - | |
| Profits/losses from non-monetary assets exchange | - | |
| Profits and losses related to debt restructuring | - | |
| The Company's one-time expenses due to the discontinuation of related businesses, including expenses for employee resettlement | - | |
| One-time impact on the current profit and loss due to adjustments in tax, accounting, and other laws and regulations | - | |
| One-time share-based payment expenses due to the cancellation or modification of the Equity Incentive Plan | - | |
| Profits and losses generated by the fair value changes of payrolls payable for shares settled in cash after the exercisable date. | - | |
| 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 | - | |

| | | |
|--|---------------|--------------------------|
| Income from trades with significantly unfair prices | - | |
| Profits/losses from contingency irrelevant to the normal operations of the Company | - | |
| Income from entrusted custody operation | - | |
| Other non-operating income and expenditures except for the aforementioned items | -500,054.77 | Listed by pre-tax amount |
| Other gains/losses items conforming to the definition of non-recurring profits or losses | - | |
| Minus: Affected amount of income tax | 15,594,953.55 | |
| Amount of affected minority interests (after tax) | - | |
| Total | 65,833,958.76 | |

If an item that is not listed in the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profits and Losses* is identified as non-recurring profits and losses and the amount is significant, or if non-recurring profits and losses listed in the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profits and Losses* are classified as recurring profits and losses, the causes should be detailed.

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

In accordance with the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profits and Losses (Revised in 2023)*, the government subsidies of CNY 4,002,771.44, reported as non-recurring profits and losses for the Group in 2022, were classified as recurring profits and losses, leading to a reduction of CNY 4,002,771.44 in the subtotal of non-recurring profits and losses for 2022. After the impacts of income tax and minority interests are deducted, the total non-recurring profits and losses for 2022 have decreased by CNY 3,024,568.08.

3. Differences in accounting data under Chinese and international accounting standards

☐ Applicable ☒ Not applicable

4. Others

☐ Applicable ☒ Not applicable

Chairman: Li Gongyan

Submission date approved by the Board of Directors: April 20, 2024

Revision information

☐ Applicable ☒ Not applicable