

Ad hoc announcement pursuant to Art. 53 LR



**Zhejiang Hangke Technology
Incorporated Company**

**2023 Preliminary Plan for the Issue of A
Shares to Specific Targets**

May 2023

Statement

1. The Company and all members of the Board of Directors guarantee that the contents of this Plan do not contain false records, misleading statements or material omissions, and they shall assume individual and joint legal responsibility for the truthfulness, accuracy, completeness and timeliness of the contents.

2. The Plan is prepared in accordance with the requirements of regulations and normative documents such as the *Measures for the Registration and Administration of Securities Issuance by Listed Enterprises*.

3. The Company shall be responsible for all changes in the operation and earnings of the Company after the completion of the issue of shares to specific targets. Investors shall be responsible for all investment risks arising from the issue of shares to specific targets.

4. This Plan is a description of the issuance of shares to specific targets by the Board of Directors of the Company, and any statement to the contrary is a misrepresentation.

5. Investors should consult their own stockbroker, lawyer, professional accountant or other professional advisor if they have any questions.

6. The matters described in this Plan do not represent the substantive judgment, confirmation, approval or authorization of the approval authority in respect of the matters relating to the issue of shares to specific targets. The effectiveness and completion of the matters related to the issue of shares to specific targets mentioned in this plan still need to be reviewed and approved by the Company's shareholders' meeting, reviewed and approved by Shanghai Stock Exchange (SSE), and approved by China Securities Regulatory Commission (CSRC) for registration.

Special Tips

1. The issue of shares to specific targets has been approved by the Company at the 15th meeting of the 3rd Board of Directors. According to the relevant laws and regulations, the issue of shares to specific targets is subject to the approval of the shareholders' meeting of the Company, review and approval by Shanghai Stock Exchange and registration approval by China Securities Regulatory Commission.

2. The shares will be targeted at no more than 35 (including) specific investors meeting the conditions stipulated by China Securities Regulatory Commission, including securities investment & fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified overseas institutional investors, and other legal persons, natural persons or other qualified investors who meet the requirements stipulated by China Securities Regulatory Commission. Among them, securities investment & fund management companies, securities companies, qualified overseas institutional investors and RMB qualified overseas institutional investors subscribing with more than two products under their management are regarded as one issue target, trust companies, as issue targets, can only subscribe with their own funds.

The final issue targets shall be determined by the Board of Directors or the person authorized by the Board of Directors under the authorization of the shareholders' meeting and in consultation with the lead underwriter, after the application for the issue is approved by Shanghai Stock Exchange and registered by China Securities Regulatory Commission, in accordance with the relevant laws and regulations and the requirements of the regulatory authorities within the authorization of the shareholders' meeting, based on the subscription quotation for the issue and in accordance with the principle of price priority by competitive bidding, etc. If there are new provisions in national laws and regulations on the issue of shares to specific targets, the Company will make adjustment according to the new provisions.

All issue targets shall subscribe for the shares in the issue in cash in RMB at the same price.

3. The issue of shares to specific targets will be made by competitive bidding, and the pricing reference date will be the first day of the issue period.

The issue price for shares to be issued to specific targets shall not be less than 80% of the average price of the Company's stock transactions for the twenty trading days prior to the pricing reference date. The average price of stock transactions in the twenty trading days prior to the first day of the issue period = The total amount of stock transactions in the twenty trading days prior to the first day of the issue period / The total number of shares transacted in the twenty trading days prior to the first day of the issue period.

During the period from the pricing reference date to the issue date of this issue, if the Company has ex-dividend matters such as dividend payment, bonus shares or capital increase, the issue price will be adjusted accordingly. The adjustment formula is as follows:

Cash dividends paid: $P=P_0-D$

Bonus shares or transfer of capital: $P_1=P_0/(1+N)$

Both simultaneously implemented: $P_1=(P_0-D)/(1+N)$

Where P_0 is the issue floor price before adjustment, D is the cash dividend per share, N is the number of bonus shares or conversions per share, and P is the issue floor price after adjustment.

The final issue price for the issue of shares to specific targets will be negotiated between the Board of Directors and the sponsor (lead underwriter) in accordance with the authorization of the shareholders' meeting and the relevant laws, regulations and documents, and in accordance with the investor's subscription quotations by competitive bidding in compliance with the principle of price priority, etc. after the application for the issue is approved by Shanghai Stock Exchange and approved by

China Securities Regulatory Commission for registration, but shall not be lower than the aforementioned issue floor price.

4. The number of shares to be issued to specific targets will be determined by dividing the total amount of funds raised by the issue price, while the number of shares to be issued to specific targets will not exceed 30% of the total share capital (431,194,394 shares) of the listed enterprise before the issue, i.e. 129,358,318 shares. The final number of shares to be issued will be determined by the Board of Directors of the Company in consultation with the sponsor (lead underwriter) of the issue after the issue has been approved by China Securities Regulatory Commission for registration, based on the authorization of the general meeting of shareholders of the Company and the actual situation at the time of the issue.

During the period from the date of announcement of the resolution of the Board of Directors to issue shares to specific targets to the issue date, if there is any change in the shares of the Company caused by bonus issue, capitalization of capital reserve, share incentive, share repurchase and cancellation, the maximum number of shares to be issued to specific targets will be adjusted accordingly in accordance with the relevant regulations of China Securities Regulatory Commission

If there are new provisions in national laws, regulations and regulatory documents on the number of shares to be issued or if the registration decision of China Securities Regulatory Commission requires the Company to adjust the number of shares to be issued, the number of shares to be issued will be adjusted accordingly at that time.

5. The shares subscribed by the specific targets shall not be transferred within six months from the date of closing of the issue. If there are other provisions in laws, regulations, and regulatory documents regarding the restricted sales period, such provisions shall prevail.

After the closing of the issue of shares to specific targets, the shares of the Company increased as a result of bonus shares and capitalization of capital reserve

shall also comply with the above-mentioned arrangement of the restricted sales period. After the end of the restricted sale period, reduction of subscribed shares issued to specific targets shall be subject to the relevant regulations of China Securities Regulatory Commission and Shanghai Stock Exchange.

6. Upon the completion of the issue of shares to specific targets, the new and existing shareholders of the Company will share the undistributed profits accumulated before this issue in proportion to their shareholdings after the completion of the issue.

The total proceeds from the issuance of shares to specific targets will not exceed RMB2,272,924,000 yuan (including), all of which, after deducting issuance expenses, will be used for the following projects:

Unit: yuan

S.N.	Project Name	Total Proposed Investment	Amount of Proceeds to Be Invested
1	Intelligent Manufacturing Construction Project of Lithium-ion Battery Charging and Discharging Equipment	1,337,130,200	350,000,000
2	Capacity Expansion Project of Lithium-ion Battery Charging and Discharging Equipment	1,182,689,900	682,430,000
3	Production Intelligence and Information Technology Improvement Innovation Project	302,546,000	302,546,000
4	Technology Innovation R&D Laboratory Center Construction Project	337,948,000	337,948,000
5	Replenish the working capital	600,000,000	600,000,000
Total		3,760,314,100	2,272,924,000

Prior to the availability of the issue proceeds, the Company will invest the projects with self-raised funds according to the actual situation of the investment projects, and will replace the self-raised funds with the proceeds after the issue proceeds are available. If the actual net proceeds after deducting the issue expenses are less than the total amount of proposed investment proceeds, the Company will adjust and finally decide the specific investment projects, the investment priorities, and specific investment amount of each project according to the actual amount of

proceeds and the priorities of the projects, and the insufficient portion of funds will be self-financed by the Company.

7. The issue of shares to specific targets does not constitute a major asset restructuring and will not result in any change in the controlling shareholders and the actual controller of the Company, nor will it result in the Company's equity distribution not meeting the listing conditions..

8. The resolution to issue shares to specific targets shall be valid for 12 months from the date of deliberation and approval of the proposal by the general meeting of shareholders of the Company.

9. The Company has always attached importance to the continuous return to investors. In accordance with the requirements of the *Notice on Further Implementation of Matters Relating to Cash Dividends for Listed Enterprises* (CSRC No. 37 [2012]) and the *Guideline on Supervision of Listed Enterprises No. 3 - Cash Dividends for Listed Enterprises* (CSRC Announcement [2022] No. 3), the Company has formed a comprehensive dividend distribution policy and the currently effective Articles of Association also has clear stipulation on the Company's profit distribution. The profit distribution policy stipulated in the Company's Articles of Association, the shareholder return planning for the next three years (2023-2025), profit distribution and utilization of undistributed profits are all explained in "Chapter IV Profit Distribution Policy and Implementation" of this Plan, for investors' attention.

10. The Company hereby reminds all investors to note that, this issue will face the risk of dilution of immediate returns. After this issue of shares to specific targets, the net assets and share capital of the Company will be increased accordingly. Besides, it will take some time for the projects to generate profits due to the project construction cycle. Therefore, there is a possibility that the Company's return on net assets and earnings per share will decline in the short term, but the Company's earnings per share and return on net assets are expected to gradually increase in the future as the projects will gradually produce benefits. In order to protect the interests

of small and medium-sized investors, the Company has carefully analyzed the impact of this issue on the dilution of immediate returns and formulated specific measures to fill in the diluted immediate returns. For details, see the *Announcement of Zhejiang Hangke Technology Incorporated Company on Measures of Filling In Diluted Immediate Returns on Issuing A Shares to Specific Targets and Commitments by Related Entities*.

Investors are hereby reminded of the risk of dilution of shareholders' immediate returns in this offering and that the measures formulated by the Company to cover the risk of dilution of immediate returns do not constitute a guarantee of the Company's future profits.

11. The Board of Directors of the Company would like to remind investors to read carefully the relevant contents of Section VI. Description of the Risks Associated with This Issue in "Chapter III Discussion and Analysis by the Board of Directors on the Impact of the Issue on the Company" of this Plan and pay attention to the investment risks.

Table of Contents

STATEMENT	1
SPECIAL TIPS	2
TABLE OF CONTENTS	8
DEFINITION	10
CHAPTER I. OUTLINE OF THE PLAN TO ISSUE SHARES TO SPECIFIC TARGETS.....	12
I. BASIC INFORMATION OF THE COMPANY	12
II. BACKGROUND AND PURPOSE OF THIS ISSUE OF SHARES TO SPECIFIC TARGETS.....	12
III. ISSUE TARGETS AND THEIR RELATIONSHIP WITH THE COMPANY	17
IV. OUTLINE OF THE PROPOSAL TO ISSUE SHARES TO SPECIFIC TARGETS.....	18
V. WHETHER THIS ISSUE CONSTITUTES A RELATED PARTY TRANSACTION	23
VI. WHETHER THIS ISSUE WILL LEAD TO A CHANGE OF CONTROL OF THE COMPANY.....	23
VII. APPROVAL PROCEDURES FOR THIS ISSUE	24
CHAPTER II FEASIBILITY ANALYSIS OF THE BOARD OF DIRECTORS ON THE USE OF THE FUNDS RAISED	24
I. THE PLAN FOR THE USE OF THE FUNDS RAISED	24
II. BASIC SITUATION OF THE FUND-RAISING PROJECTS.....	25
III. THE FUND-RAISING PROJECTS BELONG TO THE FIELD OF SCIENCE AND TECHNOLOGY INNOVATION	44
V. IMPACT OF THE ISSUE ON THE COMPANY'S BUSINESS MANAGEMENT AND FINANCIAL POSITION	45
CHAPTER III DISCUSSION AND ANALYSIS BY THE BOARD OF DIRECTORS ON THE IMPACT OF THE ISSUE ON THE COMPANY	47
I. IMPACT OF THE ISSUE ON THE COMPANY'S BUSINESS, ARTICLES OF INCORPORATION, SHAREHOLDER STRUCTURE, SENIOR MANAGEMENT STRUCTURE, AND BUSINESS REVENUE STRUCTURE.....	47
II. CHANGES IN THE COMPANY'S FINANCIAL POSITION, PROFITABILITY AND CASH FLOW AFTER THIS ISSUE	48
III. CHANGES IN THE BUSINESS RELATIONSHIP, MANAGEMENT RELATIONSHIP, AND RELATED PARTY TRANSACTIONS BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER OR ITS RELATED PARTIES AND SITUATION OF HORIZONTAL COMPETITION AFTER THE COMPLETION OF THIS ISSUE	49
IV. AFTER THE COMPLETION OF THIS ISSUE, IS THERE ANY SITUATION WHERE THE COMPANY'S FUNDS OR ASSETS ARE OCCUPIED BY THE CONTROLLING SHAREHOLDER OR ITS RELATED PARTIES, OR IS THERE ANY SITUATION WHERE THE COMPANY PROVIDES GUARANTEES FOR THE CONTROLLING SHAREHOLDER OR ITS RELATED PARTIES.....	49
V. IMPACT OF THE ISSUE ON THE COMPANY'S LIABILITIES	50
VI. DESCRIPTION OF THE RISKS ASSOCIATED WITH THIS ISSUE	50
CHAPTER IV PROFIT DISTRIBUTION POLICY AND IMPLEMENTATION	55

I. PROFIT DISTRIBUTION POLICY	55
II. CASH DIVIDENDS AND USE OF UNDISTRIBUTED PROFITS IN THE PAST THREE YEARS	59
III. SHAREHOLDER RETURN PLAN FOR THE NEXT THREE YEARS	60
CHAPTER V. DILUTION OF IMMEDIATE RETURN ON THE ISSUANCE OF SHARES TO SPECIFIC TARGETS, MEASURES TO BE TAKEN BY THE COMPANY TO FILL THE GAP AND COMMITMENTS BY RELEVANT ENTITIES	66
I. THE IMPACT OF THE ISSUANCE OF SHARES TO SPECIFIC TARGETS ON THE MAIN FINANCIAL INDICATORS OF THE COMPANY	66
II. REMINDER FOR THE RISK OF DILUTED IMMEDIATE RETURN IN THIS ISSUE	69
III. THE RELATIONSHIP BETWEEN THE FUND-RAISING PROJECT AND THE EXISTING BUSINESS OF THE COMPANY AND THE COMPANY'S RESERVES IN TALENTS, TECHNOLOGY, MARKET, AND OTHER ASPECTS WHEN ENGAGING IN THE FUND-RAISING PROJECTS.....	70
IV. MEASURES TO BE TAKEN BY THE COMPANY IN RESPONSE TO THE DILUTION OF THE IMMEDIATE RETURN OF THIS ISSUE.....	72
V. COMMITMENTS BY THE CONTROLLING SHAREHOLDER, THE ACTUAL CONTROLLER, DIRECTORS AND SENIOR MANAGEMENT ON THE MEASURES TO FILL IN DILUTED IMMEDIATE RETURNS UPON COMPLETION OF THE ISSUE OF SHARES TO SPECIFIC TARGETS	74

Definition

Unless the context otherwise requires, the following abbreviations shall have the following specific meanings:

Company, the Company, Hangke Technology, the Issuer	Refers to	Zhejiang Hangke Technology Incorporated Company
Hangke Group	Refers to	Hangzhou Hangke Intelligent Equipment Group Co., Ltd, a shareholder of the Company, formerly known as "Hangzhou Hangke Investment Company Limited", an enterprise controlled by the actual controller of the Company
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
Articles of Association	Refers to	The currently effective Articles of Association of Zhejiang Hangke Technology Incorporated Company
Reporting Period	Refers to	2020, 2021, 2022 and January-March 2023
Lithium-ion battery, lithium battery	Refers to	A secondary battery (rechargeable battery), which works mainly by moving lithium ions between the positive and negative electrodes. During charging and discharging process, lithium ions are embedded and de-embedded back and forth between the two electrodes: When charging, lithium ions are de-embedded from the positive electrode and embedded in the negative electrode through the electrolyte, and the negative electrode is in a lithium-rich state; and vice versa when discharging.
Post-processing	Refers to	The post-processing process is a necessary process for the production of various types of rechargeable batteries (NiMH and lithium-ion batteries, etc.). After this process, the rechargeable batteries can reach a usable state.
Charging and discharging equipment	Refers to	Charging and discharging equipment can be widely used for all kinds of battery formation, plate formation, fast pulse formation charging and discharging, and can realize automatic capacity classification screening and grouping of all kinds of batteries through the detection of single battery voltage and temperature.
Battery cell	Refers to	Single electrochemical cell containing positive and negative electrodes, which is generally not used directly. It is distinguished by the fact that the battery contains a protection

		circuit and a casing. Composition of lithium-ion secondary rechargeable battery: battery cell + protection circuit board. The battery cell is the storage part of the rechargeable battery
Transformed into	Refers to	It means "transformed into", which refers to the chemical and electrochemical reaction process of transforming the raw electrode plate into a charged state by charging in the electrolyte, removing impurities and improving the electrochemical activity of its active material. In short, "transformed into" is the activation of the electric cell to make it capable of storing electricity, similar to the formatting of a hard disk.
Analyze capacity	Refers to	"analyze capacity", also known as the analyze capacity test, is to charge and discharge the transformed battery cell according to the design standards in order to measure the capacity of the battery cell

Any discrepancy between the total count and the sum of the listed values in any table in this Plan is due to rounding.

Chapter I. Outline of the Plan to Issue Shares to Specific Targets

I. Basic Information of the Company

Company name: Zhejiang Hangke Technology Incorporated Company

Place of listing: Shanghai Stock Exchange

Stock abbreviation: Hangke Technology

Stock code: 688006

Share capital: 431,194,394 shares

Legal representative: Yu Pingguang

Date of establishment: November 21, 2011

Date of listing: July 22, 2019

Registered address: No. 77, Gaoxin 11th Road, Xiaoshan Economic and Technological Development Zone, Hangzhou City, Zhejiang Province

Postal code: 311231

Tel: 0571-82210886

Fax: 0571-86881192

II. Background and Purpose of This Issue of Shares to Specific Targets

(I) Background

1. In the Context of Global Energy Structure Transformation, the Demand for "Power + Energy Storage" Is Superimposed, and the Lithium Battery Market Has a Broad Prospect

At the time point of global energy structure transformation, lithium battery has an important strategic position. Lithium battery is the best comprehensive secondary battery. With the continuous improvement of its technology research and production

process level in the world, the application fields of lithium batteries have been continuously expanded. Compared with traditional batteries, lithium-ion batteries have higher energy density and longer service life, and have the advantages of environmental friendliness and strong performance. In the global tide of zero-carbon transformation, the strategic importance of lithium-ion batteries, as the intersection of energy and transportation, is increasingly highlighted; and in the field of energy storage, the dominant position of lithium-ion batteries in the new energy storage technology market is still obvious. As the dominant technology path in the booming new energy storage field, lithium-ion energy storage batteries have broad prospects in the future.

2. The Lithium Battery Industry Has Entered the Era of Global Production Capacity Layout, Overseas Lithium Battery Equipment Market Has Huge Demand, and High-quality Equipment Suppliers Face Great Development Opportunities

Under the global trend of energy saving and emission reduction, the penetration rate of new energy vehicles has achieved rapid growth, and major lithium battery manufacturers are accelerating the process of global production capacity layout, and the lithium battery industry has entered the era of global production capacity layout. At the same time, for the purpose of reducing costs, ensuring supply chain security and further improving the quality of battery products, Tesla, Volkswagen, Mercedes-Benz, BMW and other vehicle manufacturers have cut into the upstream power lithium battery field by building their own battery plants or joint ventures, etc. Vehicle companies cut into the battery track to further promote the expansion of demand for lithium battery capacity construction in overseas markets, especially in the European and American markets. In addition, the domestic head battery factories have also built a large number of factories in overseas countries to bundle customers and seek for orders. Generally speaking, overseas lithium battery capacity, especially in Europe and the United States, is gradually showing an explosive growth trend.

Along with the rapid development of the industry, vehicle manufacturing enterprises have higher and higher requirements on the intelligence, digitalization and line efficiency on their lithium battery production lines, and there is a large demand for high-quality lithium battery production capacity in the market. Therefore, for lithium-ion equipment enterprises with a complete global marketing network and obvious technological leadership advantages, they are expected to occupy a larger market share and gain a stronger competitive advantage in future market competition. Under this trend, domestic high-quality lithium equipment manufacturing enterprises represented by Hangke Technology are also facing a great opportunity for overseas market development.

3. Equipment Manufacturers Need to Continue to Increase Investment in R&D in the Fields of Lithium Equipment Intelligence, New Battery Product Equipment, etc.

The key factors to balance the performance of lithium battery packs are material technology and production process control. A small deviation in any of the parameters and reaction conditions during the production of lithium batteries will affect the consistency of the finished product, resulting in the qualification rate not reaching the level of mass production, thus affecting the consistency of the battery packs. Therefore, improving the level of automation and intelligence of production equipment is the key for the lithium battery industry to move from low-end to high-end. In addition, with the continuous upgrading of technology, the market has more and more demand for new battery products such as solid-state batteries and hydrogen fuel cells, which is also expected to form a huge market space. In the context of the continuous technological upgrading of lithium battery products and the gradual formation of market demand for new battery products, China's major battery production equipment manufacturers need to increase investment in research and development, promote technological progress, enhance the synchronization of supporting capabilities and their own product competitive strength, and gradually increase their market share.

(II) Purpose

1. To Give Full Play to the Advantages of Global Marketing Network, Seize the Opportunity of Globalization of Lithium Industry, Further Enhance the Scale of Production Capacity and Strengthen the Company's Global Market Competitiveness

With the upgrading and iteration of downstream lithium-ion battery products, such as new energy vehicles, energy storage equipment, consumer electronics, and intelligent machine equipment, the requirements for the performance of lithium-ion batteries are increasing, and the market has a huge demand for high-end lithium battery capacity. At the same time, the fierce competition among lithium battery manufacturers, together with the expansion of the industry chain by new energy vehicle companies for the purpose of reducing costs and ensuring supply, further intensifies the degree of competition in the lithium battery market. As a leading manufacturer of lithium battery post-processing industry, the Company has been recognized by both domestic and overseas battery manufacturers, and has long-term and stable cooperation with LG, SK, Samsung and other overseas customers, with mature overseas business experience and rich channel resources. The Company plans to further enhance the capacity scale of the post-processing system of its lithium-ion battery production line through the implementation of the fund-raising projects, continue to actively explore and consolidate overseas markets by taking advantage of the global marketing network, and continuously optimize the global network and resource allocation, so as to improve the core competitiveness of the Company.

2. To Build Intelligent Production Workshops, and Carry Out Cutting-edge Technology Research and Development to Ensure the Company's Technological Leadership Advantage

With the expansion of lithium battery applications and the improvement of its performance requirements, lithium equipment manufacturing will also face greater technical breakthrough challenges. The Company plans to introduce advanced

intelligent production equipment in the plant through the construction of the projects, and implement technical transformation and intelligent upgrading of the Company's existing production lines and systems. At the same time, through the introduction of integrated ERP management system, business intelligence analysis, supply chain management, production execution management and other information modules and with the construction of infrastructure, the Company intends to integrate and optimize software and hardware resources within the overall structure, create a reliable, safe and efficient digital work scene, accelerate the Company's operation efficiency, further optimize its business processes, enhance its market response speed, and promote the Company's performance. In addition, according to the future development path of battery manufacturing industry technology, the Company will also strengthen the frontier technology research and development of solid-state battery testing systems and hydrogen fuel cell testing systems, as well as the construction of automated logistics laboratory to support the Company's medium and long-term development strategy and continuously guarantee the Company's technological leadership.

3. To Improve the Company's Risk Withstanding Capacity to Secure Its Sound Development

With the rapid development of the downstream market of lithium batteries, the Company has continued to maintain a rapid growth in operating revenue in recent years due to its excellent products and services. From 2017 to 2022, the compound growth rate of annual average operating revenue of the Company reached 34.98%, and the compound growth rate of annual average net profit attributable to the parent company reached 22.13%. While the Company's production and sales scale has achieved leapfrog development, the demand for working capital has also increased year by year. In the future, with the orderly implementation of the construction of new projects, the Company's business scale will further increase, and the demand for working capital will also further increase.

In addition, in recent years, the international environment remains complex and

volatile, the trade friction between China and the United States is constant, and competition in domestic and international industries is increasingly intense, which indicates that the Company is facing more and more uncertainties in the external environment. The Company needs to improve its capital strength, optimize its financial structure, reduce its financial costs and improve its ability to withstand various risks by supplementing its working capital.

The issue of shares to specific targets is a practical need for the Company to achieve sustainable and sound development. After the completion of this issue, the Company's production capacity will be further expanded, its R&D and capital strength will be further enhanced, and its risk withstanding capability will be effectively improved, which will help the Company to better enhance its comprehensive competitiveness and achieve sustainable and sound development.

III. Issue Targets and Their Relationship with the Company

The shares will be targeted at no more than 35 (including) specific investors meeting the conditions stipulated by China Securities Regulatory Commission, including securities investment & fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified overseas institutional investors, and other legal persons, natural persons or other qualified investors who meet the requirements stipulated by China Securities Regulatory Commission. Among them, securities investment & fund management companies, securities companies, qualified overseas institutional investors and RMB qualified overseas institutional investors subscribing with more than two products under their management are regarded as one issue target, trust companies, as issue targets, can only subscribe with their own funds.

The final issue targets shall be determined by the Board of Directors under the authorization of the shareholders' meeting and in consultation with the lead underwriter, after the application for the issue is approved by Shanghai Stock Exchange and registered by China Securities Regulatory Commission, in accordance

with the relevant regulations of China Securities Regulatory Commission and Shanghai Stock Exchange, based on the competitive bidding results. If there are new regulations of national laws and regulations on the issue targets for the issue of shares to specific targets, the Company will make adjustment according to the new regulations.

All issue targets shall subscribe for the shares in the issue at the same price and in cash.

IV. Outline of the Proposal to Issue Shares to Specific Targets

(I) Type and Par Value of Shares to Be Issued

The type of shares to be issued to specific targets is domestically listed RMB ordinary shares (A shares) with a par value of RMB1.00 yuan/share.

(II) Issue Method and Issue Time

The price and target subscriber of all shares to be issued this time will be determined by competitive bidding. The Company will select an appropriate time to issue shares to specific targets within the validity period of the consent to registration decision made by China Securities Regulatory Commission.

(III) Pricing Reference Date, Issue Price and Pricing Principle

The issue of shares to specific targets will be made by competitive bidding, and the pricing reference date will be the first day of the issue period.

The issue price for shares to be issued to specific targets shall not be less than 80% of the average price of the Company's stock transactions for the twenty trading days prior to the pricing reference date. The average price of stock transactions in the twenty trading days prior to the first day of the issue period = The total amount of stock transactions in the twenty trading days prior to the first day of the issue period / The total number of shares transacted in the twenty trading days prior to the first day of the issue period.

During the period from the pricing reference date to the issue date of this issue, if the Company has ex-dividend matters such as dividend payment, bonus shares or capital increase, the issue price will be adjusted accordingly. The adjustment formula is as follows:

Cash dividends paid: $P=P_0-D$

Bonus shares or transfer of capital: $P=P_0/(1+N)$

Both simultaneously implemented: $P=(P_0-D)/(1+N)$

Where, P_0 is the pre-adjustment issue price, D is the cash dividend per share, N is the number of bonus shares or conversions per share, and P is the issue floor price after adjustment.

The final issue price for the issue of shares to specific targets will be negotiated between the Board of Directors and the sponsor (lead underwriter) in accordance with the authorization of the shareholders' meeting and the relevant laws, regulations and documents, and in accordance with the investor's subscription quotations by competitive bidding in compliance with the principle of price priority, etc. after the application for the issue is approved by Shanghai Stock Exchange and approved by China Securities Regulatory Commission for registration, but shall not be lower than the aforementioned issue floor price.

(IV) Issue Targets and Subscription Method

The shares will be targeted at no more than 35 (including) specific investors meeting the conditions stipulated by China Securities Regulatory Commission, including securities investment & fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified overseas institutional investors, and other legal persons, natural persons or other qualified investors who meet the requirements stipulated by China Securities Regulatory Commission. Among them, securities investment & fund management companies, securities companies, qualified overseas institutional investors and RMB

qualified overseas institutional investors subscribing with more than two products under their management are regarded as one issue target, trust companies, as issue targets, can only subscribe with their own funds.

The final issue targets shall be determined by the Board of Directors or the person authorized by the Board of Directors under the authorization of the shareholders' meeting and in consultation with the lead underwriter, after the application for the issue is approved by Shanghai Stock Exchange and registered by China Securities Regulatory Commission, in accordance with the relevant laws and regulations and the requirements of the regulatory authorities within the authorization of the shareholders' meeting, based on the subscription quotation for the issue and in accordance with the principle of price priority by competitive bidding, etc. If there are new provisions in national laws and regulations on the issue of shares to specific targets, the Company will make adjustment according to the new provisions.

All issue targets shall subscribe for the shares in the issue in cash in RMB at the same price.

(V) Number of Shares Issued

The number of shares to be issued to specific targets will be determined by dividing the total amount of funds raised by the issue price, while the number of shares to be issued to specific targets will not exceed 30% of the total share capital (431,194,394 shares) of the listed enterprise before the issue, i.e. 129,358,318 shares. The final number of shares to be issued will be determined by the Board of Directors of the Company in consultation with the sponsor (lead underwriter) of the issue after the issue has been approved by China Securities Regulatory Commission for registration, based on the authorization of the general meeting of shareholders of the Company and the actual situation at the time of the issue.

During the period from the date of announcement of the resolution of the Board of Directors to issue shares to specific targets to the issue date, if there is any change in the shares of the Company caused by bonus issue, capitalization of capital reserve,

share incentive, share repurchase and cancellation, the maximum number of shares to be issued to specific targets will be adjusted accordingly in accordance with the relevant regulations of China Securities Regulatory Commission

If there are new provisions in national laws, regulations and regulatory documents on the number of shares to be issued or if the registration decision of China Securities Regulatory Commission requires the Company to adjust the number of shares to be issued, the number of shares to be issued will be adjusted accordingly at that time.

(VI) Restriction Period

The shares subscribed by the specific targets shall not be transferred within six months from the date of closing of the issue. If there are other provisions in laws, regulations, and regulatory documents regarding the restricted sales period, such provisions shall prevail.

After the closing of the issue of shares to specific targets, the shares of the Company increased as a result of bonus shares and capitalization of capital reserve shall also comply with the above-mentioned arrangement of the restricted sales period. After the end of the restricted sale period, reduction of subscribed shares issued to specific targets shall be subject to the relevant regulations of China Securities Regulatory Commission and Shanghai Stock Exchange.

(VII) Scale and Use of the Proceeds

The total proceeds from the issue of shares to specific targets will not exceed RMB2,272,924,000 yuan (including), all of which, after deducting issuance expenses, will be used for the following projects:

Unit: 10,000 yuan

S.N.	Project Name	Total Proposed Investment	Amount of Proceeds to Be Invested	Where: non-capital type investment amount
1	Intelligent Manufacturing Construction Project of	133,713.02	35,000.00	-

	Lithium-ion Battery Charging and Discharging Equipment			
2	Capacity Expansion Project of Lithium-ion Battery Charging and Discharging Equipment	118,268.99	68,243.00	-
3	Production Intelligence and Information Technology Improvement Innovation Project	30,254.60	30,254.60	900.00
4	Technology Innovation R&D Laboratory Center Construction Project	33,794.80	33,794.80	-
5	Replenish the working capital	60,000.00	60,000.00	60,000.00
	Total	376,031.41	227,292.40	60,900.00

Prior to the availability of the issue proceeds, the Company will invest the projects with self-raised funds according to the actual situation of the investment projects, and will replace the self-raised funds with the proceeds after the issue proceeds are available. If the actual net proceeds after deducting the issue expenses are less than the total amount of proposed investment proceeds, the Company will adjust and finally decide the specific investment projects, the investment priorities, and specific investment amount of each project according to the actual amount of proceeds and the priorities of the projects, and the insufficient portion of funds will be self-financed by the Company.

(VIII) Place of Listing

After the expiration of the restricted period, the shares issued this time to specific targets will be listed and traded on the Science and Technology Innovation Board of Shanghai Stock Exchange.

(IX) Arrangements for Undistributed Profits Rolled Over Before the Completion of the Issue of Shares to Specific Targets

After the completion of the issue of shares to specific targets, the new and existing shareholders of the Company will share the undistributed profits accumulated before this issue in proportion to their shareholdings after the completion of the issue.

(X) Validity of the Resolution to Issue Shares to Specific Targets

The resolution to issue shares to specific targets shall be valid for 12 months from the date of deliberation and approval of the proposal by the general meeting of shareholders of the Company.

V. Whether This Issue Constitutes a Related Party Transaction

As of the date of the announcement of this Plan, the Company has not yet determined the issue target, and whether there will be a situation in which related parties subscribe to the Company's shares in this issuance, which constitutes a related party transaction, will be disclosed in the issuance report to be announced after the closing of the issue.

VI. Whether This Issue Will Lead to a Change of Control of the Company

The actual controllers of the Company are Cao Ji and Cao Zheng, father and son.

As of March 31, 2023, the signing date of this Plan, the total share capital of the Company is 431,194,394 shares, of which 187,616,596 shares are directly held by Cao Ji, accounting for 43.51%, 3,948,532 shares are directly held by Cao Zheng, accounting for 0.92%, and 92,361,406 shares are held by Hangke Group, accounting for 21.42%. Cao Ji holds 89.8480% of the equity of Hangke Group, and Cao Zheng holds 1.00% of the equity of Hangke Group. Cao Ji and Cao Zheng together hold 90.8480% of the equity of Hangke Group, and are also the actual controllers of Hangke Group. Therefore, Cao Ji and Cao Zheng directly and indirectly control 65.85% of the shares of the Company and are the actual controllers of the Company.

Based on the upper limit of 129,358,318 shares to be issued to specific targets, the total share capital of the Company will be 560,552,712 shares after the closing of the issue. Assuming that neither the actual controllers of the Company nor their concert parties will participate in the subscription, Cao Ji and Cao Zheng will control 50.65% of the shares of the Company directly and indirectly after the end of the issue, and there will be no change in the actual controller. Therefore, the issue will not lead

to a change in the control of the Company.

VII. Approval Procedures for this Issue

The proposal for issuing shares to specific targets has been deliberated and approved at the 15th meeting of the 3rd Board of Directors of the Company and is subject to the approval of the shareholders' meeting of the Company, review and approval by Shanghai Stock Exchange and registration approval by China Securities Regulatory Commission. Upon completion of the above approval procedures, the Company will apply to Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for the issuance, registration and listing of the shares, and complete all the submission and approval procedures for the issuance of shares to the specified targets.

There is uncertainty as to whether the above submissions will be approved and registered, and the timings of such approval and registration are also uncertain. Investors should pay attention to the approval risks.

Chapter II Feasibility Analysis of the Board of Directors on the Use of the Funds Raised

I. The Plan for the Use of the Funds Raised

The total proceeds from the issuance of shares to specific targets will not exceed RMB2,272,924,000 yuan (including), all of which, after deducting issuance expenses, are intended to be used for the following projects:

Unit: yuan

S.N.	Project Name	Total Proposed Investment	Amount of Proceeds to Be Invested	Including: Amount of Non-capital Inputs
1	Intelligent Manufacturing Construction Project of Lithium-ion Battery Charging and Discharging Equipment	1,337,130,200	350,000,000	-
2	Capacity Expansion Project of	1,182,689,900	682,430,000	-

	Lithium-ion Battery Charging and Discharging Equipment			
3	Production Intelligence and Information Technology Improvement Innovation Project	302,546,000	302,546,000	9,000,000
4	Technology Innovation R&D Laboratory Center Construction Project	337,948,000	337,948,000	-
5	Replenish the working capital	600,000,000	600,000,000	600,000,000
Total		3,760,314,100	2,272,924,000	609,000,000

If the actual net proceeds are less than the above proposed amount of investment, the Board of Directors of the Company and its authorized persons will, based on the actual net proceeds and subject to the relevant laws and regulations, adjust and finally decide the specific investment projects, their investment priorities, and specific investment amounts of each project within the scope of the above-mentioned investment projects based on the progress of these investment projects and the actual funds needs. The insufficient portion of funds shall be solved by the Company with its own funds or through other financing methods.

In order to ensure the smooth implementation of the fund-raising investment projects and to protect the interests of all shareholders of the Company, the Company may invest in the projects with self-raised funds according to the actual situation of the projects before the proceeds from the issue of shares to specific targets become available, and replace the self-raised funds with the proceeds according to the procedures of relevant laws and regulations after the proceeds become available.

II. Basic Situation of the Fund-Raising Projects

(I) Intelligent Manufacturing Construction Project of Lithium-ion Battery Charging and Discharging Equipment

1. Project Overview

This project is an intelligent manufacturing construction project of lithium-ion battery charging and discharging equipment, with a total investment amount of RMB

1,337,130,200 yuan. The Company intends to strengthen the development and application of intelligent manufacturing technology in the production process and improve the production efficiency by building a new intelligent production workshop and auxiliary buildings, and introducing advanced fully automated production equipment and production management systems such as universal punching flexible line, laser plate cutting machine, CNC punching machine, SMT production line and welding robot, so as to expand the production capacity of lithium battery reprocessing equipment and realize the automation and intelligence of the Company's processing and manufacturing

Through the construction of this project, the Company will further strengthen its ability of intelligent and large-scale production to meet the growing demand for production equipment in the downstream lithium battery production industry to expand production capacity, and at the same time, improve the intelligence level of the Company's post-processing equipment for lithium-ion batteries and provide advanced lithium battery intelligent production equipment for global lithium battery production customers.

2. The Necessity of the Project

(1) Welcome Market Opportunities in the Rapid Development of the Downstream Lithium New Energy Vehicle and Energy Storage Industries

The world has reached a consensus on the global "double carbon" goal. China, the European Union, the United States and other major countries and regions around the world have formulated policies to promote the development of new energy, and the trend of the whole society towards clean energy development is becoming increasingly clear. With the profound reform of the energy consumption structure, the new energy vehicle and energy storage market will maintain rapid development with growing market and customer demand.

According to Trend Force statistics, approximately 10.65 million new energy vehicles were sold worldwide in 2022, with a year-on-year increase of 63.6%. Among

them, 7.89 million were pure electric vehicles, with an increase of 68.7%; 2.74 million were plug-in hybrid electric vehicles, with an increase of 50.8%. China and Western Europe were the two major markets, with China accounting for 63% of the market share and Western Europe accounting for 29%. The booming development of the new energy vehicle market will significantly increase the demand space for new energy vehicle power lithium batteries and related production equipment and other products. As for the energy storage market, according to GGII statistics, China's energy storage lithium battery shipments has reached 130GWh in 2022, with a year-on-year growth rate of 170%, and the global demand for energy storage lithium batteries is expected to reach 460GWh by 2025, with a CAGR of 60.1% from 2021 to 2025. With the rapid development of the electrochemical energy storage market, the energy storage industry will also usher in a broad space for development.

The booming development of new energy vehicles and energy storage industry has accelerated the production and release of lithium-ion batteries. CATL, BYD and other battery manufacturing companies have announced a number of expansion plans, Tesla, Volkswagen and other OEMs are cutting into the lithium battery track by building their own battery plants or by equity investment. The industry has ushered in an expansion boom, which will pose more demand for the lithium-ion equipment.

(2) Further Expand the Company's Production Capacity to Respond Quickly to the Market Demand at Home and Abroad

During the reporting period, the Company's revenue was 1.493 billion yuan, 2.483 billion yuan, 3.454 billion yuan and 0.951 billion yuan respectively, and the year-on-year growth rate is 13.70%, 66.35%, 39.09% and 19.30%, respectively. The existing production capacity can no longer meet the needs of the lithium battery market, especially the rapid expansion of overseas business layout, which may have a certain restrictive impact on the future growth of the Company. The Company is in urgent need to implement this project, to introduce intelligent production workshops such as machine processing workshop, wire processing workshop, component processing workshop, assembly workshop and inspection workshop, so as to

effectively enhance the production capacity scale of the Company's post-processing system-related products and adapt to the growth of demand for lithium battery post-processing equipment under the new situation. In addition, the new workshops will be built with high precision, high efficiency and high automation production lines and the Company will carry out more in-depth synergistic cooperation with downstream enterprises to give full play to the synergistic role of equipment and products, keep pace with the product technology iteration speed and alleviate the Company from the production capacity bottleneck.

(3) Comprehensively Strengthen the Company's Comprehensive Advantages and Scale Advantages

With the upgrading of downstream products of lithium-ion batteries, such as consumer electronics, long-mileage new energy vehicles, intelligent machinery and equipment, the requirements for the performance of lithium-ion batteries are also increasing. Therefore, lithium-ion battery manufacturers not only put forward higher requirements for the safety, stability and automation of production equipment, but also require suppliers to have higher production capacity and technology development level. The Company has mature operation experience in overseas business development and maintenance, and has long-term and stable cooperation with LG, SK, Samsung and other overseas customers. Therefore, the Company has more comprehensive advantages and scale advantages in the global market compared with foreign single lithium-ion battery equipment manufacturing enterprises in Japan and South Korea. Through the construction of this project, the Company will further improve its production capacity of lithium-ion battery production equipment, further widen the scale gap with competitors and maintain a sustainable competitive advantage.

3. The Feasibility of the Project

(1) The Rapid Growth of Market Demand Is the Foundation for Capacity Absorption

With the global energy crisis and environmental pollution problems becoming increasingly prominent, people are paying more and more attention to the development of energy saving and environmental protection related industries. The development of new energy vehicles has become a global consensus. Not only governments around the world have successively announced time plans to ban the sale of fuel vehicles, but also major international vehicle manufacturers have released new energy vehicle strategies. On October 20, 2020, the State Council issued the *Development Plan for the New Energy Vehicle Industry (2021-2035)*. By 2025, the competitiveness of China's new energy vehicle market will be significantly enhanced, major breakthroughs will be made in key technologies such as power batteries, drive motors and vehicle operating systems, the safety levels will be comprehensively improved, and the sales of new energy vehicles will account for about 20% of the total sales volume of new vehicles.

As the power system of new energy vehicles, the rapid popularization of new energy vehicles in the future will directly have a significant impact on the supply and demand of lithium batteries. In addition, as major vehicle manufacturers are expanding their industrial chain for the purpose of reducing costs and ensuring supply, investment in lithium battery production will usher in another wave of boom, bringing unprecedented development opportunities and huge market space for the lithium battery production equipment industry. These will become the market foundation for the construction of this project and help the Company to fully absorb the new production capacity of this project.

(2) The Company's Efficient R&D System Construction and the Ability to Transform Results Are the Basis for the Smooth Implementation of the Project

The Company has been committed to the development of technologies and products related to lithium battery post-processing. After years of development, the Company has built a unique R&D system structure according to the characteristics of the industry and its own actual situation, set up R&D institutions according to the categories of products and different target customer groups, formed a set of efficient product and technological innovation mechanisms, with mature product production technology, and mastered a series of core technologies. In recent years, the Company has been increasing its R&D investment year by year, steadily ranking among the top in the industry. From 2020 to 2022, the Company had a Compound Average Growth

Rate of 41.48%. Therefore, it is technically feasible to implement this project.

(3) The company's perfect service system and good brand image provide effective guarantee for the capacity digestion of the project

Post-processing equipment is one of the core equipment for lithium battery production, and the performance of the equipment directly affects the performance, yield and consistency of lithium batteries, so lithium battery manufacturers are extremely cautious in selecting equipment suppliers in the early stage, and need to go through multiple links to obtain customer approval. Due to the relatively high cost of selection, once a supply relationship is formed, unless there are major problems, lithium battery manufacturers generally do not easily change equipment suppliers, they tend to form a long-term and stable relationship with their suppliers. With years of research and development in post-processing equipment of lithium-ion battery production lines and in-depth cooperation with first-class lithium-ion battery manufacturers, the Company's post-processing equipment of lithium-ion battery production lines is highly mature and stable, with strong anti-interference capability, high integration and high testing accuracy as well.

With years of experience in the industry, good operation records, highly sophisticated product positioning, and excellent rapid response services, the Company has established close cooperation with well-known lithium-ion battery manufacturers at home and abroad, including SK, Samsung, LG Energy Solution, BYD, Gotion Hi-Tech, Sunwoda, CATL, and EVE. These high-quality customers have good reputation and rapid business development, which also drive the rapid growth of the Company. At the same time, with the help of these high-quality customers, the Company is able to expand its influence in the industry, strengthen its brand advantage, and lay a stable market foundation and good reputation for the Company in the post-processing system industry. The Company's good brand image will provide effective protection for the smooth promotion of the Company's lithium-ion battery production line.

4. Project Implementation Body and Investment

The implementation body of the project is the Company, and the total investment is expected to be RMB 1,337,130,200 yuan. The details are as follows:

Unit: 10,000 yuan

Fund-raising Project	Investment Direction	Investment Amount	Amount of Proceeds to Be Used
Intelligent Manufacturing Construction Project of Lithium-ion Battery Charging and Discharging Equipment	Construction	77,275.00	35,000.00
	Equipment acquisition and installation	42,350.00	
	Basic reserve	5,981.25	-
	Initial working capital	8,106.77	
	Subtotal	133,713.02	35,000.00

5. Project Approval Matters

As of the date of announcement of this Plan, the project has completed the filing of enterprise investment projects in Zhejiang Province, obtained the approval of environmental assessment, and obtained the land use right of the project site.

(II) Capacity Expansion Project of Lithium-ion Battery Charging and Discharging Equipment

1. Project Overview

The project is a capacity expansion project of lithium-ion battery charging and discharging equipment and the total investment will be RMB 1,182,689,900 yuan, including investment in construction, equipment acquisition and installation, basic reserve, and initial working capital. The Company intends to expand the production capacity of lithium-ion battery charging and discharging equipment by building new production and supporting plants and acquiring related production equipment so as to meet the growing demand for production equipment in the downstream lithium battery production industry for expanding production capacity.

2. The Necessity of the Project

See Section II (I) 2. "The Necessity of the Project" in "Chapter II Feasibility Analysis of the Board of Directors on the Use of the Funds Raised".

3. The Feasibility of the Project

See Section II (I) 3. "The Feasibility of the Project" in "Chapter II Feasibility Analysis of the Board of Directors on the Use of the Funds Raised".

4. Project Implementation Body and Investment

The implementation body of the project is the Company, and the total investment is expected to be RMB 1,182,689,900 yuan. The details are as follows:

Unit: 10,000 yuan

Fund-raising Project	Investment Direction	Investment Amount	Amount of Proceeds to Be Used
Capacity Expansion Project of Lithium-ion Battery	Construction	73,975.00	68,243.00
	Equipment acquisition and installation	34,243.00	
Charging and Discharging Equipment	Basic reserve	5,410.90	-
	Initial working capital	4,640.09	
	Subtotal	118,268.99	

5. Project Approval Matters

As of the date of announcement of this Plan, the project has completed the filing of enterprise investment projects in Zhejiang Province, and has obtained the land use right of the project site, but has not yet obtained the approval of environmental assessment.

(III) Production Intelligence and Information Technology Improvement Innovation Project

1. Project Overview

The project includes two parts: (1) the intelligent transformation and upgrading of the existing production workshops and (2) the upgrading of the Company's overall information system, with a total investment of RMB 302,546.000 yuan.

For the first part, intelligent transformation and upgrading of the existing production workshops, the Company will introduce advanced industrial robots and other intelligent production equipment in the two plants locating at Gaoxin 11th Road

and Gaoxin 5th Road, and conduct technical transformation and intelligent upgrading of the Company's original production lines and systems to achieve a flexible intelligent manufacturing system to produce intelligent equipment required by the lithium industry.

For the second part, the upgrading of the Company's overall information system, the Company will introduce integrated ERP management system, business intelligence analysis, supply chain management, production execution management and other information modules and carry out infrastructure construction to integrate and optimize software and hardware resources within the scope of the "Hangke cloud" architecture, so as to create a reliable, safe and efficient digital work scene, accelerate the Company's operation efficiency, further optimize its business processes, enhance its market response speed and improve the Company's performance.

Through the implementation of this project, the Company will bridge the data silos between the production end and the management end, realize comprehensive system integration through the cloud-based information system, provide support for building leaner and more effective business processes, and help improve internal operation capabilities. The Company's decision-making level can also make more timely, scientific and effective decisions through the comprehensive analysis provided by the improved information management system, make timely and correct responses to the rapidly changing market, and gradual achieve comprehensive and intelligent upgrading of production and decision-making.

2. The Necessity of the Project

(1) The Construction of the Project Is Conducive to the Company's Grasp of Policy and Market Trends to Achieve Intelligent Transformation and Upgrading

Downstream lithium battery technology develops rapidly and updates frequently, and the market constantly puts forward high-standard personalized demand for battery equipment, which requires equipment suppliers to be very proficient in battery production processes, have the ability to provide production solutions quickly and

efficiently, and ultimately provide reliable automation equipment. The Company needs to seize the opportunity of industry development, actively implement intelligent transformation and upgrade, and continuously improve the overall market scale and market influence of the Company. The construction and implementation of this project will significantly improve the Company's production intelligence and management informationization level, thus improving the Company's production efficiency and laying a solid foundation for the Company's future development.

(2) The Construction of the Project Is Conducive to the Efficient Integration of the Company's Businesses and Provides Technical Support for the Realization of the Company's Overall Development Strategy

Advanced manufacturing processes and efficient information systems are the core material foundation of battery equipment industry, and are the key to achieving lean production and providing customers with refined services. The Company intends to use advanced information technology means to build a symbiotic ecosystem of modern equipment manufacturing industry through the construction of this project, so as to realize the platform-based upgrade of the Company's business.

(3) The Construction of the Project Is Conducive to the Company's Continuous Improvement of Its Own Product Quality and Core Competitiveness

The construction of this project will help the Company improve its product quality, shorten the development cycle and production cycle of battery post-processing equipment products through advanced information technology and accumulated rich industry data, save the production costs for the Company and enhance its core competitiveness.

3. The Feasibility of the Project

Since its establishment, the Company has always regarded improving its technical strength as the key to cultivating its core competitiveness. Committed to combining information technology with its years of experience in production processes, the Company has been constantly improving the integration and

intelligence of post-processing equipment for lithium-ion battery production lines. After years of technical accumulation, it has independent researched and developed and mastered a number of core technologies, and laid a solid foundation for the Company's development in the industry. With the advanced technology level and strong R & D capability, the Company has been continuously promoting the development of modularization and standardization of post-processing equipment for lithium-ion battery production lines, which has laid a solid technical foundation for the Company to realize the transformation and upgrading of intelligent manufacturing. Meanwhile, after years of business precipitation, the Company has cultivated a development team skilled in advanced production technology and information technology, which are able to provide strong support in service innovation, improving basic technology and enhancing business efficiency. The Company believes that its comprehensive talent team and efficient technology development capability will provide a better technical foundation for the project implementation.

4. Project Implementation Body and Investment

The implementation body of this project is the Company, and the total investment is expected to be RMB 302.546 million yuan. The details are as follows:

Unit: 10,000 yuan

Fund-raising Project	Investment Direction	Investment Amount	Amount of Proceeds to Be Used
Production Intelligence and Information Technology Improvement Innovation Project	Factory renovation	2,000.00	29,354.60
	Equipment acquisition and installation	27,354.60	
	Personnel input	900.00	900.00
	Subtotal		30,254.60

5. Project Approval Matters

As of the date of announcement of this Plan, this project has completed the filing of enterprise investment projects in Zhejiang Province, and has completed the filing

of environmental impact assessment and commitment for construction projects. This project is for renovation and construction within the existing plant of the Company, and no new land is used for project construction, hence no land approval is involved.

(IV) Technology Innovation R&D Laboratory Center Construction Project

1. Project Overview

The total investment for the construction of this project will be RMB 337,948,000 yuan, which includes the necessary investment in land acquisition, construction works, equipment acquisition and installation, etc. The construction of this project is for the future development planning of the Company, to strengthen the R&D of cutting-edge technology of solid-state battery testing systems and hydrogen fuel cell testing systems, as well as the construction of automated logistics laboratory, support the medium and long-term development strategy of the Company, and guarantee the continuous leading position of the Company's future technological advantages.

Solid-state lithium-ion batteries, as a new generation of lithium technology, can fundamentally solve the lithium-ion battery safety problem, and can reduce the capacity loss caused by electrolyte side reactions and thus extend the battery life, which also have the advantages of wide operating temperature range and easy recycling, and have become an important development direction for energy storage batteries and new energy vehicle battery technology. Fuel cell is a chemical device that converts the chemical energy of fuel directly into electrical energy. As another new energy battery, fuel cell is essentially a primary battery, and has its own advantages compared with lithium-ion battery, and forms a relationship of coexistence and complementarity with lithium-ion battery. By building a standardized software system architecture and developing a new generation of special test machines through the automated logistics laboratory, the Company will form a series of standard units for logistics lines, thus building a system solution for the Company's automated logistics system and helping battery factories realize a seamless connection between

production and logistics intelligence.

2. The Necessity of the Project

(1) Early Layout of Solid-state Battery Testing System to Seize the Next-generation High Land of Lithium Battery Technology

At present, all the mainstream lithium battery products mainly use liquid electrolyte. With the large-scale application of lithium batteries, the safety hazards of liquid batteries are gradually exposed. In addition, the energy density of liquid lithium battery has reached the bottleneck at 350Wh/kg and it is difficult to make further breakthrough. Solid-state lithium battery is a kind of battery that uses solid positive and negative electrodes and solid electrolyte. It does not contain any liquid, and all materials are composed of solid-state materials. This battery has the advantages of high safety, high energy density, strong cycling performance and large applicable temperature range. Compared with liquid lithium batteries, solid-state lithium battery has the advantages of safety and energy density which makes solid-state lithium battery an important direction for future battery development.

Solid-state battery formation, analyze capacity, EOL, PACK and other test systems, as necessary links for the performance and safety testing of solid-state batteries, have very high technical requirements for the performance and reliability of the testing equipment. With the development of lithium battery technology and the gradual adjustment of market demand towards solid-state lithium battery iteration, the Company's research and development of advanced solid-state battery testing system technology has laid a rich technical reserve for seizing the high land of solid-state lithium battery technology in the future.

(2) Strategically Expand into the Field of Fuel Cells to Achieve Full Coverage of Future Energy Cell Production

In order to accelerate energy transformation and upgrading and cultivate new economic growth points, major developed countries around the world have attached great importance to the development of hydrogen energy industry, and have made

significant breakthroughs in the development and utilization of hydrogen energy technology represented by fuel cells, with rapid growth in fuel cell shipments and continuous cost reduction. As a chemical device that converts the chemical energy of fuel directly into electrical energy, fuel cell has its own advantages compared with lithium-ion battery. At present, China is orderly promoting the demonstration application of fuel cells in transportation, expanding the application in energy storage, distributed power generation, industry and other fields, and gradually establishing a complementary development model of fuel cells and lithium batteries.

The Company is a leading provider of overall solutions for post-processing systems in production lines such as lithium-ion battery charging and discharging motors and internal resistance testers. With the formation of the complementary development model of downstream fuel cells and lithium batteries in the future, the development of the cutting-edge technology of hydrogen fuel cell testing systems will fill the Company's vacancy in the field of fuel cell pack production and testing, broaden the Company's market coverage and strengthen the Company's comprehensive competitiveness in the new energy battery industry.

(3) Relieve Customers from the Production Intelligence Dilemma and Improve the Breadth and Depth of Cooperation with Customers

With the continuous rapid sales growth of global new energy vehicles and the rise of energy storage industry, the global lithium battery shipment rate has repeatedly reached new highs. At present, the global lithium battery industry is mainly concentrated in China, Japan and South Korea. The automation and intelligence level of battery production lines in Japan and South Korea has reached an average of over 90%, while the automation and intelligence level of domestic mainstream battery enterprises is only about 70-80%, and the automation and intelligence level of second-line enterprises is even lower. Driven by the policy and the market, China's lithium battery production is now moving towards the direction of high-end, and intelligent manufacturing. However, the difficulties in equipment interconnection and standardization still remain important factors hindering the intelligent manufacturing

of lithium batteries in China.

Through the construction of an automation logistics laboratory in this project, the Company will establish a standardized software system architecture and a new generation special test machine development system, form a series of logistics line standard units, build automated logistics system solutions, solve the difficulties of interconnection and standardization faced by downstream customers in the intelligent manufacturing process, and improve the breadth and depth of cooperation with customers.

3. The Feasibility of the Project

(1) The Technology Research and Development Direction of This Project Is in Line with National and Local Industrial Policy Guidance

This project is to strengthen the frontier technology research and development of solid-state battery testing systems and hydrogen fuel cell testing systems, as well as the construction of automated logistics laboratory, which is to help achieve the carbon peak and carbon neutral energy technology upgrade and improve the intelligent manufacturing level of the battery industry. It belongs to a new strategic industry supported by the state and is supported by a series of national industrial policies. The *Medium and Long-Term Plan for the Development of Hydrogen Energy Industry (2021-2035)*, the *Action Plan for the Development of Intelligent Testing Equipment Industry (2023-2025)*, and the *14th Five-Year Plan for the Development of Intelligent Manufacturing* and many other policies have corresponding support for this project. In addition, the *Action Plan for Accelerating the Development of New Energy Vehicle Industry in Zhejiang Province*, the *14th Five-Year Plan for the Development of New Energy Storage in Zhejiang Province*, the *14th Five-Year Plan for Energy Conservation and New Energy Vehicle Industry Development in Hangzhou* and a number of other local policies are to encourage capable enterprises to carry out key technology research in the fields of fuel cells and solid-state batteries. The *14th Five Year Plan for the Construction of Global Advanced Manufacturing Bases in Zhejiang*

Province and other intelligent manufacturing industry policies all have prioritized intelligent equipment such as intelligent warehousing and intelligent logistics as one of the key development directions. The national and local policies have provided a strong guarantee for the smooth implementation of the project.

(2) The Company Has Established a Mature R&D Mechanism and Technological Innovation System

After years of development, the Company has built a unique R&D system structure according to the characteristics of the industry and the Company's actual situation, set up R&D organizations according to the categories of products and different target customer groups, and formed a set of efficient product and technological innovation framework systems.

The existing R&D system of the Company is a mechanism for continuous technological innovation and is capable of continuous innovation. In order to guarantee and enhance the core competitiveness of the Company and continuously improve the Company's technical level and R&D strength, the Company has introduced the following main measures: (1) adopt the "Design and Development Control Procedures" of the ISO9001 quality system as the working standards of the R&D department; (2) sign a "Departmental Annual Contract" with each research institute, which specifies in detail the basic annual objectives and reward targets; and (3) sign the Confidentiality Agreement" with all technical personnel to prevent the leakage of the Company's technical secrets.

(3) The Perfect Incentive Mechanism Provided a Reliable Guarantee for the Accumulation of Talents Required for the Project

Since its establishment, the Company has attached great importance to R&D team building and project management to ensure the progress, quality and innovation ability of R&D from the level of organization and system. The Company's core technical personnel are stable and all have more than 10 years of industry experience. At the same time, the Company's technical staffs cover a wide range of directions,

including mechanical design, hardware circuit, embedded control, automation application, software development, database etc, which can support the comprehensive research and development of the Company's post-processing system. Over the years, the Company has accumulated rich experience in product development and technology accumulation. In order to better retain and motivate talents, the Company has developed a series of incentive mechanisms. For example, the Company would grant special rewards to talents who have achieved certain research results and made great improvements, and has set up an annual patent award to encourage different forms of innovation. In addition, the Company continuously researches and develops cutting-edge new materials, products, processes and methods related to the industry to enhance its R&D strength, improve its R&D staffs' research level, improve the quality of innovation and speed up the launch of innovative products. Therefore, a comprehensive incentive mechanism and efficient result transformation mechanism will provide effective guarantee for the accumulation of talents required for the project.

4. Project Implementation Body and Investment

The project implementation body is the Company, and the total investment is expected to be RMB 337,948,000 yuan. The details are as follows:

Unit: yuan

Fund-raising Project	Investment Direction	Investment Amount	Amount of Proceeds to Be Used
Technology Innovation R&D Laboratory Center Construction Project	Land acquisition	21,000,000	337,948,000
	Construction	217,000,000	
	Equipment acquisition and installation	99,948,000	
	Subtotal	337,948,000	337,948,000

5, Project Approval Matters

As of the date of announcement of this Plan, the project has not yet completed the filing of enterprise investment projects in Zhejiang Province, and has not yet

obtained the approval of environmental assessment, and the relevant land use rights are currently in the process of obtaining.

(V) Replenishing the Working Capital

1. Project Overview

Based on the needs of rapid development of the Company's business, the Company intends to replenish the Company's working capital with RMB 600 million yuan of the proceeds to meet the capital needs for the Company's future business development, improve the Company's sustainable profitability, optimize the its capital structure and enhance the its capital strength.

2. The Necessity of the Project

(1) Promote the Rapid Business Development and Respond to the Capacity Expansion Demand

In recent years, with the rapid growth of market demand in the lithium-ion battery industry, the Company's operating revenue also maintains a rapid growth trend. From 2017 to 2022, the average annual compound growth rate of the Company's operating revenue reached 34.98%, and the average annual compound growth rate of the Company's net profits attributable to the parent company reached 22.13%, maintaining a good and sustained growth trend. At the same time, in recent years, downstream domestic and foreign lithium battery manufacturers have continuously increased their production capacity with policy support and technological evolution, and have proposed expansion plans, resulting in a rapid increase in equipment demand. In order to ensure the sustainable growth of the Company's future business and catch up with the historic development opportunities of the downstream new energy industry, the Company intends to replenish working capital with the funds raised by issuing shares to specific targets so as to lay a solid foundation for the Company's capacity expansion strategy and enhance the Company's sustainable operating capacity.

(2) Enhance the Financial Strength and Improve the Risk Withstanding Ability

The lithium battery equipment industry is characterized by large contract amounts and long payback periods, and the daily operations require investment of prepayment funds and large amounts of working capital, especially in the process of rapid expansion of business scale. Moreover, in recent years, some of the Company's overseas customers gradually began to require the Company to pay a certain percentage of the contract amount of the performance bond deposit when placing orders, which has put forward higher requirements for the Company's working capital. Therefore, the issue of shares to raise fund and replenish the working capital can effectively relieve the financial pressure brought by the Company's rapid development, meet the needs of overseas business growth and reduce the operation risks.

(3) Seize the Development Opportunity and Respond to Strategic Layout

In the face of the huge market space brought by the gradual release of future lithium battery production capacity, the Company urgently needs to increase the radiation penetration in key areas while enhancing its financial strength, so as to better provide continuous support for the introduction of talents, scientific and technological innovation and technology research and development, and enhance the Company's risk withstanding ability and comprehensive competitiveness. As a first-class provider of post-processing equipment for lithium battery production lines at home and abroad, the Company also needs to expand its layout to further increase its market share and provide customers with better services. In recent years, the Company has significantly increased its R&D investment and sales expense. From 2020 to 2022, the average annual compound growth rate of the Company's R&D expense reached 41.48%, and the average annual compound growth rate of sales expense reached 43.77% . In the future, the Company will gradually form a business network and R&D system covering Europe, America and Asia, cultivate local teams with technical and marketing as the front-end, strengthen the Company's marketing power, and cooperate with its customers to meet the follow-up maintenance needs in the local production

line layout, further improve the Company's global layout and improve its service response speed. The Company's strategic layout places high demands on its financial strength, team quality and organizational processes. Under such circumstances, it is necessary for the Company to reserve sufficient working capital to guarantee the implementation of the Company's development strategy.

In summary, the scale of this fund-raising replenishment is reasonable and necessary.

III. The Fund-raising Projects Belong to the Field of Science and Technology Innovation

(I) The Fund Raised Will Be Invested in the Company's Main Business in the Field of Science and Technology Innovation

The Company's main business covers the design, development, production and sales of post-processing systems for lithium-ion battery production lines. The post-processing process carried out by the post-processing system is the last key step in the complete lithium battery manufacturing process, which directly determines the yield and final quality of the battery and affects the product competitiveness and profitability of a lithium battery manufacturer. Therefore, lithium battery manufacturers attach great importance to the performance, reliability, stability and safety of post-processing equipment. The fund-raising projects of the Company mainly focus on new energy and intelligent manufacturing fields related to the Company's main business, which has strategic significance at the national development level and is an important field that all countries in the world are competing to develop first. The technological breakthrough and market-oriented application of such equipment are particularly important in the complex and ever-changing world environment. The implementation of the fund-raising projects will promote the further expansion of the Company's production capacity, further improve its level of production intelligence and informationization, significantly improve the Company's R&D innovation capacity, and is conducive to improving the

overall market competitiveness of the Company.

(II) The Fund-raising Projects Will Promote the Continuous Improvement of the Company's Science and Technology Innovation Level

Through the implementation of the fund-raising projects, the Company will increase its production capacity of post-processing equipment for the lithium battery production line, so as to better meet the downstream market demand and seize the opportunity of global energy technology development. At the same time, introducing advanced intelligent production equipment in the plant will promote the intelligent and information technology transformation and upgrade of the Company's original production lines and systems, and through the introduction of integrated ERP management system, business intelligence analysis, supply chain management, production execution management and other information technology modules and with infrastructure construction, improve the Company's market response speed while promoting the Company's comprehensive competitiveness and sustainable development capacity. In addition, the Technology Innovation R&D Laboratory Center Construction Project is targeted at the future development plan of the Company, which will strengthen the frontier technology research and development of solid state battery testing systems and hydrogen fuel cell testing systems, as well as the automated logistics laboratory construction, to support the medium and long-term development strategy of the Company, guarantee the Company's continuous leading position in technology in the future, and promote the continuous improvement of the Company's scientific and technological innovation level.

V. Impact of the Issue on the Company's Business Management and Financial Position

The fund-raising projects are in line with the industry development trend and the direction of industrial development policy, in line with the strategic demands and realistic needs of the Company, which will help the Company to further increase its production capacity, enhance its technical research and development capabilities,

improve production management efficiency, and consolidate and strengthen the its market advantages and position.

(I) Impact of the Issue on the Company's Operation and Management

The fund-raising projects are closely related to the main business of the Company, in line with the relevant national industrial policies and the overall strategic development direction of the Company in the future, and conducive to enhancing the comprehensive strength of the Company and have a positive effect on the development strategy of the Company. The fund-raising projects have good market development prospect and economic benefits, can increase the Company's production capacity, improve the Company's profitability, further enhance the Company's core competitiveness and ability to withstand risks, and realize the long-term sustainable development of the Company.

(II) Impact of the Issue on the Company's Financial Position

After the completion of this issue, the total assets and net assets of the Company will increase accordingly, and the Company's capital strength, risk withstanding capacity and subsequent financing ability will be enhanced.

Since the fund-raising projects will not generate benefits before they are completed and put into operation, this issue may lead to a decline in the Company's return on net assets in the short term, but with the completion and operation of these projects, the Company's lithium battery reprocessing system and supporting equipment production capacity will be further expanded, the market share and overall competitiveness will be expected to improve, and profitability will be significantly enhanced. In the future, with the completion and operation of the fundraising projects, the Company will gradually gain economic benefits from them and the cash inflow from the Company's operating activities will increase as well.

Chapter III Discussion and Analysis by the Board of Directors on the Impact of the Issue on the Company

I. Impact of the Issue on the Company's Business, Articles of Incorporation, Shareholder Structure, Senior Management Structure, and Business Revenue Structure

(I) Impact of the Issue on the Company's Business

The fund-raising projects are closely related to the main business of the Company, in line with the relevant national industrial policies and the overall strategic development direction of the Company in the future, and conducive to enhancing the comprehensive strength of the Company and have a positive effect on the development strategy of the Company. With the continuous completion and benefits generation of these projects, the Company is expected to further enhance its business scale and brand influence, continuously strengthen its core competitiveness and further consolidate its leading position in the industry, which is conducive to achieving long-term sustainable development of the Company and safeguarding the long-term interests of shareholders.

(II) Impact of the Issue on the Amendments to the Articles of Association of the Company

After the completion of the issue, the registered capital and total share capital of the Company will be increased accordingly, and the shareholding ratio of the original shareholders of the Company will be changed accordingly. The Company will amend the articles related to share capital in the Articles of Association in accordance with the actual situation of the issue and handle the change registration procedure.

(III) Impact of the Issue on the Shareholder Structure

As measured by the upper limit of the number of shares issued to specific targets, Cao Ji and Cao Zheng will still be the actual controllers of the Company after this

issue, and this issue will not result in any change to the control of the Company.

(IV) Impact of the Issue on the Structure of Senior Management

The issue of shares to specific targets does not involve any material changes in the structure of the senior management of the Company. If the Company intends to adjust the structure of its senior management in the future, it will fulfill the necessary legal procedures and information disclosure obligations in accordance with the relevant regulations.

(V) Impact of the Issue on the Company's Business Revenue Structure

The proceeds from the issue of shares to specific targets will be closely focused on the Company's main business, which is conducive to the further implementation of the Company's existing strategic planning. After the completion of this issue, the main business of the Company will still be design, R&D, production and sales of lithium-ion battery post-processing systems, and there will be no significant change.

II. Changes in the Company's Financial Position, Profitability and Cash Flow after This Issue

After the proceeds from the issue of shares to specific parties become available, the total assets and net assets of the Company will increase accordingly, the financial position will improve, the asset and liability structure will become more reasonable, the profitability will be further improved and the overall strength will be enhanced. Generally, the issuance of shares to specific targets will have the following impacts on the financial position, profitability and cash flow of the Company:

(I) Impact on Financial Position

After the completion of this issue, the total assets and net assets of the Company will increase accordingly and the overall asset liability ratio will be reduced. At the same time, the Company's short-term debt repayment capacity will be enhanced. In a word, this issue will optimize the Company's capital structure, improve its debt repayment capacity, reduce its financial risks and lay a solid foundation for its further

business development.

(II) Impact on Profitability

After the completion of this issue, although the indicators such as return on net assets and earnings per share may be affected to a certain extent due to the increase of net assets and share capital during the initial period of investing the proceeds, the Company is expected to further enhance its business scale and brand influence, continuously strengthen its core competitiveness and further consolidate its position in the industry with the successive completion and benefit generation of the fundraising projects. With the strengthening of its competitive advantages, the Company will greatly improve its profitability and operating results.

(III) Changes in Cash Flows

After the completion of the issuance of shares to specific targets, with the availability of the funds raised, the cash inflow from financing activities of the Company will increase, the capital strength of the Company will be significantly strengthened and the risk withstanding capacity will be significantly enhanced, which will lay a solid foundation for the sustainable development of the Company.

III. Changes in the Business Relationship, Management Relationship, and Related Party Transactions between the Company and the Controlling Shareholder or Its Related Parties and Situation of Horizontal Competition after the Completion of This Issue

After the completion of the issue, there will be no change in the business relationship and management relationship between the Company and its controlling shareholder or its related parties, and no horizontal competition will arise after the issue.

IV. After the Completion of This Issue, Is There Any Situation Where the Company's Funds or Assets Are Occupied by the Controlling Shareholder or Its Related Parties, or Is There Any Situation Where the Company Provides

Guarantees for the controlling Shareholder or Its Related Parties

As of the date of announcement of this preliminary plan, there is no situation where the Company's funds and assets are occupied by the controlling shareholder or its related parties, nor is there any situation where the Company provides guarantee for the controlling shareholder or its related parties in violation of the law.

The Company will not have the situation of funds and assets being occupied by the controlling shareholder or its related parties as a result of the issue, nor will it provide guarantee for the controlling shareholder or its related parties as a result of the issue.

V. Impact of the Issue on the Company's Liabilities

After the proceeds from the issue of shares to specific targets become available, the Company's total assets and net assets will increase at the same time, which will further reduce the Company's asset and liability ratio, enhance its debt repayment capacity, improve its financial position and asset structure, and help improve the Company's ability to resist risks and achieve long-term sustainable development.

VI. Description of the Risks Associated with This Issue

(I) Risk of Lithium-ion Battery Industry Fluctuation

During the reporting period, the Company's main business profit comes primarily from the post-processing system of the lithium-ion battery production line, and the Company's customers are mainly domestic and foreign well-known lithium-ion battery manufacturers. In recent years, with the rapid outbreak of market demand for new energy vehicle power batteries and energy storage batteries, all lithium battery manufacturers have accelerated the layout of domestic and overseas production capacity, and market competition has become more and more intense. If the market demand growth of new energy vehicle power batteries or energy storage batteries is not as expected, lithium battery manufacturers have to slow down their production capacity expansion, which may lead to the risk of sales revenue decline in the future.

(II) Risk of Decline in the Gross Margin of Main Products

The Company's main product, the lithium-ion battery production line post-processing system, is the main source of the Company's operating revenue. Since the products are all custom-made, and the Company's products have strong core competitiveness in various aspects such as technology level and reliability, the Company generally maintained a relatively high level of gross margin in its main business during the reporting period.

From the perspective of industry development, on the one hand, with the large-scale application and mass production of lithium-ion batteries, the selling prices of lithium-ion batteries will be gradually reduced, and lithium-ion battery manufacturers, will inevitably transfer part of the price reduction pressure to their upstream equipment suppliers; on the other hand, the large demand for lithium-ion battery production equipment brought about by the large-scale application of lithium-ion batteries has also stimulated the development of the industry, and many new manufacturers enter the field of post-processing systems, making the competition increasingly fierce. Therefore, the Company's main products are always faced with pressure from market competition and customers' requests for price reduction. If the Company fails to maintain the competitive advantage and cost control ability it has achieved, it may lead to a decrease in orders for the Company's main products or a decrease in the gross profit margin.

(III) Risk of Possible Bad Debts on Accounts Receivable

At the end of each period of the reporting period, the carrying value of the Company's accounts receivable was RMB349,215,700, RMB988,281,900, RMB1,673,164,900 and RMB1,960,074,700, respectively. The rapid growth of accounts receivable was mainly due to the rapid growth of the Company's sales scale in the context of the rapid expansion of lithium-ion battery production capacity in the industry. In the future, if the financial condition of the Company's major customers deteriorates, or if there are significant adverse changes in their business conditions or commercial credit, the possibility of bad debts arising from the Company's accounts receivable will also increase and the possibility of recovering the Company's accounts receivable will decrease, which will adversely affect the Company's capital turnover and normal operation.

(IV) Risk of Large Inventories

At the end of each period of the reporting period, the carrying value of the Company's inventory was respectively RMB797,418,400, RMB1,422,865,000, RMB2,380,677,300 and RMB2,495,465,400, accounting for 24.93%, 29.70%, 35.47% and 30.72% of the current assets for the same period (accounting for a relatively large proportion). In the Company's inventories, issued goods have a large amount and account for a relatively large proportion, which is due to the fact that after the products are shipped to customers, they need to be installed, commissioned and put into trial production first, and the revenue cannot be recognized until the products are able to meet the customers' production needs stably and until they are accepted by customers, For such inventories, the time interval from shipment to acceptance is very long, generally between 9 months to 1 year. The reason for the long acceptance time of the products is that the post-processing system equipment, as part of the lithium-ion battery production line, needs to be tested together with the whole lithium-ion battery production line if the production line is newly built or modified, and the acceptance time is generally very long. The large amount of inventory on the one hand occupies a large amount of the Company's funds and reduces the efficiency of the use of funds, and on the other hand puts more pressure to the Company's management, cost control etc. and affects the stable growth of the Company's performance.

(V) Risk of High Customer Concentration

During the reporting period, the sales revenue of the Company's top five customers accounted for more than 50% of the Company's operating revenue. The Company's sales revenue from its major customers accounted for a high proportion of its main business revenue. If the operating conditions of these customers are unfavorable or their demand for the Company's products is significantly reduced, the Company's operating results will be adversely affected.

(VI) Risk of International Political and Trade Changes

During the reporting period, the Company's main foreign customers include LG, SK and Samsung in South Korea, and the Company's equipment products cover the main lithium-ion battery production bases of these customers worldwide. In the future,

with the further development of the new energy market in Europe and the United States, adverse changes in the Sino-US and Sino-European relations may adversely affect the Company's incremental business development and stock business development in Europe and the United States. In addition, some of the Company's electronic components are procured from abroad, and if the trade dispute between the U.S. and China continues to expand in the future, it may also have an adverse impact on the Company's production and operation.

(VII) Risk of Exchange Rate Fluctuations

Part of the Company's sales revenue is export revenue, which is mainly settled in U.S. dollars, Euros and Japanese yen. Therefore, exchange rate fluctuations, especially the appreciation of RMB, will have a certain impact on the Company's financial position. If the RMB exchange rate continues to appreciate, on one hand, the higher price of export products denominated in foreign currency will affect the market competitiveness of the Company's export products and there is a risk of losing customers or transferring orders to other countries; on the other hand, the foreign currency assets held by the Company for export will depreciate with the appreciation of RMB, thus affecting the operating profit of the Company.

(VIII) Risk of Implementation of the Fund-raising Projects with the Proceeds

The Company's fundraising projects this time are in line with the national industrial policy and within the Company's main business scope. The Company has conducted a prudent feasibility study on the fundraising projects, and the projects are expected to generate good economic benefits, but the conclusions are based on the current development strategy of the Company, domestic and international market environment and national industrial policy etc, and if there are changes in the industrial policy and market environment in the future, the implementation progress and actual benefits of the projects may be affected.

(ix) Risk of Dilution of Profitability

After the proceeds from the issue of shares become available, the net assets and

the share capital of the Company will increase, while in the short term, the Company's profits growth rate cannot keep up with the growth rate of its net assets and share capital, therefore, there is a risk that the return on net assets and earnings per share will decrease. With the application of the proceeds and business development, it is expected that the Company's earnings per share will be improved and the return on net assets will gradually increase.

(X) Approval Risk

The issue of shares to specific targets is subject to the approval of the shareholders at the general meeting of the Company, the review and approval of Shanghai Stock Exchange and the registration approval of China Securities Regulatory Commission. There is still uncertainty as to whether the approval and registration approval will be obtained and the timing of the final approval and registration approval.

(XI) Issue Risk

The results of the issue of shares to specific targets will be affected by various internal and external factors such as the overall situation of the securities market, the trend of the Company's stock price and the investor recognition of the issue proposal. Therefore, there is a risk of insufficient issue proceeds for the issuance of shares to specific targets.

(XII) Risk of Stock Price Fluctuation

The issuance of shares to specific targets will have a significant impact on the production, operation and financial position of the Company, and changes in the fundamental conditions of the Company will affect the stock price. In addition, national macro policies and economic situation, major policies, industry environment, changes in supply and demand in the stock market and investors' psychological expectations will also influence the price of the shares and bring risks to investors. The Company hereby reminds investors that they need to face up to the risk of stock price fluctuation.

Chapter IV Profit Distribution Policy and Implementation

I. Profit Distribution Policy

The Company's profit distribution policy is as follows:

1. When the Company allocates the after-tax profits of the year, it should withdraw 10% of the profits as the statutory reserve of the Company. If the accumulated statutory reserve of the Company has already been more than 50% of the Company's registered capital, it can no longer withdraw statutory reserve.

If the Company's statutory reserve is not sufficient to cover the losses of previous years, the Company shall use the current year's profits to cover the losses before withdrawing the statutory reserve in accordance with the preceding paragraph.

After the Company withdraws statutory reserve from its after-tax profit, it may also withdraw arbitrary reserve from its after-tax profit by resolution of the shareholders' meeting.

After making up for losses and withdrawing reserves, the Company's after-tax profits shall be distributed in proportion to the shares held by the shareholders, except for those that shall not be distributed in proportion to the shares held as stipulated in the Articles of Association.

If the shareholders' meeting violates the provisions of the preceding paragraph and distributes profits to shareholders before the Company makes up for losses and withdraws statutory reserve, the shareholders must return the profits distributed in violation of the provisions to the Company.

The shares of the Company held by the Company do not enjoy profit distribution.

2. The Company's reserves are used to make up for the Company's losses, expand the Company's production and operation, or be transferred to increase the Company's capital. However, the capital reserve will not be used to make up for the

Company's losses. Capital reserve includes the following amounts:

(1) Premiums received from the issuance of shares in excess of their face value;

(2) Other income included in the capital reserve as prescribed by the competent financial authorities of the State Council.

When the statutory reserve is converted to capital, the amount of this reserve retained will be not less than 25% of the registered capital of the Company before the conversion.

3. After the resolution on the profit distribution plan is made at the general meeting of shareholders, the board of directors of the Company must complete the distribution of dividends (or shares) within two months after the general meeting.

4. The Company implements a continuous and stable profit distribution policy, and the Company's profit distribution shall attach importance to the reasonable investment returns to investors and take into account the sustainable development of the Company. In the case of meeting its capital requirements for normal production and operation, the Company will actively adopt profit distribution by cash if it does not have any major investment plan or major cash expenditures.

(1) The Company may distribute profits in cash, stock, a combination of cash and stock, or in any other forms permitted by laws and regulations.

(2) The Company shall give preference to profit distribution by cash when making profit distribution plans if all of the following conditions are met:

1) The Company's distributable profit (i.e. the Company's after-tax profit after making up for losses and withdrawing reserves) for the year is positive, the cash flow is sufficient, and the implementation of cash dividends will not affect the Company's subsequent sustainable operation;

2) The auditor issues a standard unqualified audit report on the Company's financial report for that year;

3) The Company has no significant investment plans or significant cash expenditures (except for fund-raising projects).

"Significant Investment Plan or Significant Cash Expenditure" refers to the circumstance in which the cumulative expenditure of the Company's planned external investment, asset acquisition, or equipment purchase within the next twelve months reaches or exceeds 50% of the Company's latest audited net assets and exceeds 100 million yuan or the cumulative expenditure of the Company's planned external investment, asset acquisition, or equipment purchase within the next twelve months reaches or exceeds 30% of the Company's latest audited total assets.

(3) If the Company distributes dividends in cash during the year, the profit distributed in cash shall not be less than 15% of the profit available for distribution for the year.

The accumulated profits distributed in cash by the Company in the past three years shall not be less than 30% of the average annual distributable profits achieved in the past three years.

(4) Subject to the conditions for profit distribution, the Company shall, in principle, make profit distribution once a year. The Board of Directors of the Company may propose to make interim cash dividends in accordance with the Company's profitability and capital requirements.

The profit distributed shall not exceed the scope of accumulated distributable profits and shall not impair the Company's ability to continue operation.

(5) The Company may, based on the annual profitability and cash flow position, separately distribute profits by way of stock dividend distribution on the premise of ensuring a reasonable minimum cash dividend ratio, reasonable share capital size, and reasonable shareholding structure, and keeping the expansion of share capital in pace with its performance growth.

(6) The specific plan for profit distribution each year shall be proposed and

drawn up by the Board of Directors, taking into account the provisions of the Articles of Association, the profitability, capital requirements and shareholder return planning, deliberated by the Board of Directors and the Board of Supervisors, and submitted to the shareholders' meeting for approval.

If the specific plan for profit distribution involves a cash dividend proposal, the Board of Directors shall carefully analyze and discuss matters such as the timing, conditions and minimum ratio of the Company's cash dividend, the conditions for adjustment and the requirements of its decision-making procedures, and the independent director shall express clear opinions. When the specific cash dividend proposal is deliberated at the shareholders' meeting, the Company can provide Internet voting or other means to effectively ensure that public shareholders can participate in the voting at the shareholders' meeting.

If the Company is unable to determine the specific plan for profit distribution in accordance with the established cash dividend policy or the minimum cash dividend ratio when the conditions for cash dividends are met, it shall disclose in the annual report the specific reasons and the usage of the funds not used for dividend distribution, and the independent directors shall express their independent opinions in this regard. The profit distribution plan for the year shall be approved by two-thirds of the voting rights held by the shareholders attending the general meeting.

(7) The Board of Supervisors shall supervise the Board of Directors on the implementation of the Company's cash dividend policy, shareholder return plan and the decision-making procedures and express clear opinions on such implementation.

(8) In the event that a shareholder has illegally appropriated the Company's funds, the Company shall deduct the cash dividends intended to distribute to such shareholder to repay the funds appropriated by him/her.

5. If the Company does need to adjust the profit distribution policy according to the production and operation status, investment planning and long-term development needs, the profit distribution policy after adjustment shall not violate the relevant laws

and regulations, regulatory documents and the relevant provisions of the Articles of Association.

Proposals for adjusting the profit distribution policy shall be reviewed by the independent directors and the Board of Supervisors, deliberated by the Board of Directors, and submitted to the general meeting of shareholders of the Company for approval. When the general meeting of shareholders is deliberating the proposal for adjusting the profit distribution policy, the proposal shall not be passed unless with at least two-thirds of the voting rights held by the shareholders present at the general meeting. The Company shall provide Internet voting means so that small and medium-sized shareholders can vote via Internet at the general meeting. The Board of Directors, independent directors and shareholders meeting certain conditions may solicit shareholders' voting rights at the general meeting from the Company's shareholders.

II. Cash Dividends and Use of Undistributed Profits in the Past Three Years

(I) Cash Dividends in the Past Three Years

The cash dividends paid by the Company in the past three years are as follows:

Unit: 10,000 yuan

Year	Cash Dividends (including tax)	Net profit attributable to listed enterprise shareholders in the consolidated financial statement for the year of dividend distribution	Proportion of cash dividends to the net profit attributable to listed enterprise shareholders in the consolidated financial statement
2020	11,228.00	37,193.88	30.19%
2021	9,271.22	23,511.79	39.43%
2022	15,091.80	49,059.44	30.76%
Amount of accumulated cash dividends in the past three years (including tax)			35,591.02
Net profit attributable to listed enterprise shareholders in the consolidated financial statement for the past three years on an annual average basis			36,588.37
Proportion of cumulated cash dividends in the past three years to net profit attributable to listed enterprise shareholder in the consolidated financial statement for the past three years on an			97.27%

Year	Cash Dividends (including tax)	Net profit attributable to listed enterprise shareholders in the consolidated financial statement for the year of dividend distribution	Proportion of cash dividends to the net profit attributable to listed enterprise shareholders in the consolidated financial statement
annual average basis			

Note: As of the date of announcement of this proposal, it has been declared in 2022 that cash dividend has not yet been implemented.

In the past three years, the accumulated profits distributed by the Company in cash accounted for 97.27% of the average annual distributable profits achieved in the past three years.

(II) The Use of Undistributed Profits in the Past Three Years

In the past three years, the Company used the undistributed profits accumulated in previous years mainly for daily production and operation and long-term development needs of the Company.

III. Shareholder Return Plan for the Next Three Years

In accordance with the relevant provisions of China Securities Regulatory Commission *Notice on Further Implementation of Matters Relating to Cash Dividends for Listed Enterprises*, *Guideline on Supervision of Listed Enterprises No. 3 - Cash Dividends for Listed Enterprises*, *Guidelines on Cash Dividends for Enterprises Listed on Shanghai Stock Exchange* and the Articles of Association of the Company, the Company has formulated the *Shareholder Return Plan for the Next Three Years (2023-2025)*, which contains the following main contents:

(I) Factors Considered by the Company in Formulating This Plan

The Company formulates this Plan with a focus on the long-term and sustainable development of the Company, taking into account the important factors such as the characteristics of the industry, the Company's strategic development goals, actual operation, profitability, cash flow status, external financing environment and returns

to shareholder and establishes a continuous, stable and scientific return planning and mechanism for investors, so as to make institutional arrangements for profit distribution to ensure the continuity and stability of the profit distribution policy.

(II) Principles for Formulating This Plan

1. The Company shall attach importance to reasonable investment return to shareholders when making profit distribution plans, and maintain the continuity and stability of the profit distribution policy.

2. The profit distributed shall not exceed the scope of accumulated distributable profits and shall not impair the Company's ability to continue operation. The Board of Directors, the Board of Supervisors and the General Meeting of Shareholders shall fully consider the opinions of independent directors and public investors in the decision-making and discussion process of the profit distribution policy.

(III) Shareholder Return Plan for the Next Three Years (2023-2025)

1. Profit Distribution Form

The Company may distribute profits in cash, shares, or a combination of cash and shares, or in other forms permitted by laws and regulations. Subject to the conditions for profit distribution, the Company shall, in principle, make profit distribution once a year. The Board of Directors of the Company may propose to make interim cash dividends in accordance with the Company's profitability and capital requirements.

2. Conditions for Cash Dividends

The Company shall give preference to profit distribution by cash when making profit distribution plans if all of the following conditions are met:

(1) The Company's distributable profit (i.e. the Company's after-tax profit after making up for losses and withdrawing reserves) for the year is positive, the cash flow is sufficient, and the implementation of cash dividends will not affect the Company's subsequent sustainable operation;

(2) The auditor issues a standard unqualified audit report on the Company's financial report for that year;

(3) The Company has no significant investment plans or significant cash expenditures (except for fundraising projects).

"Significant Investment Plan or Significant Cash Expenditure Arrangement" refers to the circumstance in which the cumulative expenditure of the Company's planned external investment, asset acquisition, or equipment purchase within the next twelve months reaches or exceeds 50% of the Company's latest audited net assets and exceeds 100 million yuan or the cumulative expenditure of the Company's planned external investment, asset acquisition, or equipment purchase within the next twelve months reaches or exceeds 30% of the Company's latest audited total assets.

3. Proportion of Cash Dividends

(1) If the Company chooses to distribute dividends in cash in the current year, the profit distributed in cash shall not be less than 15% of the profit available for distribution in the current year; and the accumulated profit distributed in cash by the Company in the last three years shall not be less than 30% of the average annual distributable profit realized in the last three years.

(2) The Board of Directors of the Company shall, taking into account the characteristics of the industry in which the Company operates, the stage of development, the Company's business model, level of profitability and whether the Company has significant capital expenditure arrangements, distinguish the following circumstances and propose a specific cash dividend policy:

(1) If the Company is in the mature development stage and does not have any significant capital expenditure arrangement, the minimum proportion of cash dividends in the profit distribution should be at least 80%;

(2) If the Company is in the mature development stage and has significant capital expenditure arrangements, the minimum proportion of cash dividends in the profit

distribution should be at least 40%;

(3) If the Company is in the growth development stage and has significant capital expenditure arrangements, the minimum proportion of cash dividends in the profit distribution shall be at least 20%.

4. Specific Conditions for the Distribution of Stock Dividends by the Company

The Company may, based on the annual profitability and cash flow position, separately distribute profits by way of stock dividend distribution on the premise of ensuring a reasonable minimum cash dividend ratio, reasonable share capital size, and reasonable shareholding structure, and keeping the expansion of share capital in pace with its performance growth.

(IV) Decision-making Procedure for the Company's Dividend Return

1. The specific plan for profit distribution each year shall be proposed and drawn up by the Board of Directors, taking into account the provisions of the Articles of Association, the profitability, capital requirements and shareholder return planning, deliberated by the Board of Directors and the Board of Supervisors, and submitted to the shareholders' meeting for approval.

If the specific plan for profit distribution involves a cash dividend proposal, the Board of Directors shall carefully analyze and discuss matters such as the timing, conditions and minimum ratio of the Company's cash dividend, the conditions for adjustment and the requirements of its decision-making procedures, and the independent director shall express clear opinions. When the specific cash dividend proposal is deliberated at the shareholders' meeting, the Company can provide Internet voting or other means to effectively ensure that public shareholders can participate in the voting at the shareholders' meeting.

If the Company is unable to determine the specific plan for profit distribution in accordance with the established cash dividend policy or the minimum cash dividend ratio when the conditions for cash dividends are met, it shall disclose in the annual report the specific reasons and the usage of the funds not used for dividend

distribution, and the independent directors shall express their independent opinions in this regard. The profit distribution plan for the year shall be approved by two-thirds of the voting rights held by the shareholders attending the general meeting.

2. The Board of Supervisors shall supervise the Board of Directors on the implementation of the Company's cash dividend policy, shareholder return plan and the decision-making procedures and express clear opinions on such implementation.

(V) The Preparation Cycle and Adjustment Mechanism of Shareholder Return Planning

1. The Company plans to prepare a shareholder return plan every three years. The plan shall be prepared by the Board of Directors of the Company in accordance with the profit distribution policy determined by the Articles of Association and the actual operation status of the Company, and submitted to the shareholders' meeting for approval after consideration and approval by the Board of Directors and the Board of Supervisors.

2. The Company shall strictly implement the cash dividend policy determined in the Articles of Association and the specific cash dividend plan approved by the shareholders' meeting. If the Company does need to adjust the profit distribution policy according to the production and operation status, investment planning and long-term development needs, the profit distribution policy after adjustment shall not violate the relevant laws and regulations, regulatory documents and the relevant provisions of the Articles of Association.

The proposal for adjusting the profit distribution policy shall be reviewed by the independent director and the Board of Supervisors, deliberated by the Board of Directors, and submitted to the general meeting of shareholders of the Company for approval. When the general meeting of shareholders deliberates the proposal for adjusting the profit distribution policy, the proposal shall not be passed unless with at least two-thirds of the voting rights held by the shareholders present at the general meeting. The Company shall provide Internet voting means so that small and medium-sized shareholders can vote at the general meeting, and the Board of Directors, independent directors and shareholders meeting certain conditions may solicit shareholders' voting rights at the general meeting from the Company's

shareholders.

(IV) Other

1. After the resolution on the profit distribution plan is made at the general meeting of shareholders, the Board of Directors of the Company must complete the distribution of dividends (or shares) within two months after the general meeting.

2. Any matters not covered in this Plan shall be implemented in accordance with relevant laws and regulations, regulatory documents and the Articles of Association. The Plan shall be prepared and interpreted by the Board of Directors of the Company and shall take effect from the date of resolution by the shareholders' meeting.

Chapter V. Dilution of Immediate Return on the Issuance of Shares to Specific Targets, Measures to Be Taken by the Company to Fill the Gap and Commitments by Relevant Entities

In accordance with the the *Opinions of the General Office of the State Council on Further Strengthening the Protection of the Lawful Rights and Interests of Small and Medium-sized Investors in the Capital Market* (G.B.F. [2013] No. 110) and *Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market* (G.F. [2014] No. 17), and the *Guidance on Matters Relating to the Dilution of Immediate Return on Initial Issuance and Refinancing, Major Asset Restructuring and Diluted Immediate Returns* (CSRC Announcement [2015] No. 31) and other requirements, in order to protect the interests of small and medium-sized investors, the Company has carefully analyzed the impact of the issuance of shares to specific targets on the dilution of immediate returns. The specific analysis and the measures taken to fill in the returns are described as follows:

I. The Impact of the Issuance of Shares to Specific Targets on the Main Financial Indicators of the Company

(I) Main Assumptions and Premises of the Analysis

In order to analyze the impact of the issuance of shares to specific targets on the Company's earnings per share, the following assumptions are made in light of the actual situation of the Company:

1. There are no significant adverse changes in the macroeconomic environment, industrial policies, industry development, the Company's business environment or conditions of the securities market;

2. It is assumed that the issuance of shares to specific targets will be completed by the end of November 2023, the forecast time is only used to measure the impact of the diluted immediate return of the issuance and does not constitute any commitment to the actual completion time. Investors should not make investment decisions based

on this, and the Company shall not be liable for any loss caused by investors making investment decisions on this basis. The actual completion time after the registration approval decision made by the CSRC shall ultimately prevail;

3. It is assumed that the total amount of funds raised from the issuance of shares to specific targets is RMB 2,272,924,000 yuan, the impacts of factors such as deducting issuance expenses are not considered, and the pricing benchmark date is the first day of the issuance period. Due to the uncertainty of the stock price on the first day of the issuance period, if 80% of RMB 47.06/share on the closing day on May 15, 2023 is used as the issuance price, the number of shares issued will be 60,373,000 shares, which account for 14.00% of the total number of shares before the issuance. (The final number of shares to be issued is subject to the number of shares registered and actually issued with the consent of CSRC). This assumption does not constitute any commitment to the quantity to be issued or the amount of funds to be raised, and is only used to measure the impact of this issue on diluted immediate return. Investors should not make investment decisions based on this, and the Company shall not be liable for any losses caused by investors making investment decisions on this basis. The actual number of shares to be issued and the amount of funds to be raised in this issue will be finalized based on the review by the regulatory authorities, the subscription and the issue expenses;

4. For the year 2022, the Company's net profit attributable to listed enterprise shareholders after deducting non-recurring gains and losses was RMB473,014,500 yuan, and it is assumed that the Company's net profit attributable to listed enterprise shareholders after deducting non-recurring gains and losses for the year 2023 is calculated on the basis of three scenarios (the same, 20% increase, and 40% increase compared with that of 2022). These assumptions are only for the purpose of measurement and do not constitute any profit forecast or performance commitment;

5. In predicting the number of common shares issued and outstanding at the end of the period, the total share capital of 431,194,400 shares on the date of announcing the preliminary plan is used as the base number, and only the effect of the issue on the

total share capital is considered, and other circumstances leading to changes in share capital such as share repurchase and cancellation, transfer of capital from provident fund are all not considered.

Investors should note that the preceding assumptions are only for measuring the impact of the dilution of immediate returns on the main financial indicators of the Company by issuing shares to specific targets, and do not represent the Company's judgment on the company's operation and trend in 2023, nor do they constitute any profit forecast. Investors should not make investment decisions based on these assumptions, and the Company shall not be liable for any losses caused by investors' investment decisions on this basis.

(II) Impact of this Issue on the Company's Earnings Per Share

Based on the preceding assumptions, the Company measured the impact of this issue on earnings per share, and the measurement results are as follows:

Item	FY2022 / December 31, 2022	FY2023 / December 31, 2023	
		Before this issue	After this issue
Total share capital at the end of the period (10,000 shares)	40,513.30	43,119.44	49,156.74
Scenario 1: The net profit attributable to listed enterprise shareholders after deducting non-recurring gains and losses in 2023 will remain the same as in 2022.			
Net profit attributable to listed enterprise shareholders after deducting non-recurring gains and losses (RMB 10,000 yuan)	47,301.45	47,301.45	47,301.45
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	1.17	1.11	1.10
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	1.17	1.11	1.10
Scenario 2: The net profit attributable to listed enterprise shareholders after deducting non-recurring gains and losses in 2023 will increase by 20% compared to 2022.			
Net profit attributable to listed enterprise shareholders after deducting non-recurring gains and losses (RMB 10,000 yuan)	47,301.45	56,761.74	56,761.74
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	1.17	1.33	1.31
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	1.17	1.33	1.31

Item	FY2022 / December 31, 2022	FY2023 / December 31, 2023	
		Before this issue	After this issue
Scenario 3: The net profit attributable to listed enterprise shareholders after deducting non-recurring gains and losses in 2023 will increase by 40% compared to 2022.			
Net profit attributable to listed enterprise shareholders after deducting non-recurring gains and losses (RMB 10,000 yuan)	47,301.45	66,222.02	66,222.02
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	1.17	1.55	1.53
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	1.17	1.55	1.53

Note 1: Indicators such as “earnings per share” are calculated in accordance with the formulas set forth in the *Compilation Rules for Information Disclosure of Companies Offering Securities to the Public No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings Per Share*.

Note 2: The number of common shares before this issue increased compared with that at the end of 2022, which is due to the increase in share capital as a result of the issuance of GDRs in February 2023 and the listing of vested shares under the restricted stock incentive plan in March 2023.

II. Reminder for the Risk of Diluted Immediate Return in This Issue

After the completion of the issuance of A shares to specific targets, the total share capital and the net assets of the Company will be increased. In view of the fact that it takes a certain period of time for the use of the proceeds and the generation of benefits, under the circumstance that the share capital and the net assets of the Company both increase, if the Company's performance does not increase to a corresponding extent for the time being, there is a risk that the immediate returns (financial indicators including earnings per share) of the Company will be diluted after the completion of the issuance of shares to the specific targets. In addition, it cannot be ruled out that this issuance may result in a dilution of immediate returns in the event of significant changes in the conditions assumed in the aforementioned analysis or in the Company's operating conditions.

Investors are hereby reminded to invest rationally and pay attention to the risk of

possible dilution of immediate returns from the issuance of shares to specific targets.

III. The Relationship Between the Fund-raising Project and the Existing Business of the Company and the Company's Reserves in Talents, Technology, Market, and Other Aspects When Engaging in the Fund-raising Projects

(I) The Relationship Between the Fundraising Projects and the Existing Business of the Company

1. For the "Intelligent Manufacturing Construction Project of Lithium-ion Battery Charging and Discharging Equipment" and the "Capacity Expansion Project of Lithium-ion Battery Charging and Discharging Equipment", the Company intends to set up a new intelligent production workshop and introduce advanced automated production equipment and production management systems to strengthen the development and application of intelligent manufacturing technology in the production process, improve the production efficiency, expand the production capacity of the Company's lithium battery post-processing equipment and achieve automation and intelligence in the Company's processing and manufacturing processes.

2. The "Production Intelligence and Information Technology Improvement Innovation Project" mainly involves the intelligent transformation of the Company's existing production workshops and the upgrade of the Company's overall information technology, which will help the Company to improve its operation efficiency. Through the implementation of the project, the Company will bridge the data silos between the production end and the management end and provide support for building leaner and more efficient business processes.

3. The "Technology Innovation R&D Laboratory Center Construction Project" is mainly for the future development plan of the Company, which will be used to research and develop cutting-edge technologies for the solid-state battery testing system and hydrogen fuel cell testing system, construct automated logistics laboratory, and support the medium and long-term development strategy of the Company so as to

guarantee the Company's continuous leading position in technology in the future.

(II) The Company's Reserves in Talents, Technology, Market, and Other Aspects When Engaging in Fund-raising Projects

1. Talent Reserve

Since its establishment, the Company, by upholding the "people-oriented" business philosophy, has established a remuneration system and performance assessment mechanism that adapts to the development and changes of the industry, and accumulated and retained a large number of excellent talents in the R&D, production, sales, and management fields. In order to promote the R&D of technology, the Company has been continuously increasing investments. At the same time, it selects and hires technical personnel with superior academic background or solid technical foundation to continuously expand the company's R&D team. At present, the Company has gathered a great number of senior experts and high-end talents in the fields of mechanical design, hardware circuit, embedded control, automation application, software development, database, etc., which are capable of supporting the comprehensive R&D of the Company's lithium battery post-processing system .

2. Technology Reserve

The Company has been committed to the development of technologies and products related to lithium battery post-processing. After years of development, the Company has built a unique R&D system structure according to the characteristics of the industry and its own actual situation, set up R&D institutions according to the categories of products and different target customer groups, and formed a set of efficient product and technology innovation mechanism. So far, the Company has mastered a series of core technologies including high precision linear charge/discharge technology, high-frequency PWM frequency conversion technology, high-frequency SPWM/SVPWM variable current and energy recovery technology, and high-temperature pressurized charging and discharging technology. As the transformation of R&D achievements continues to deepen, the Company will have a

deeper understanding of the industry. By following closely the latest technology and production process needs of the lithium battery industry, the Company's business will comprehensively cover all types of charging and discharging equipment and main technologies, continuously leading the technological development of the post-processing industry. Over the years of development, the Company has never stopped innovating, researching or developing key core technologies. On the contrary, it, relying on its own strong manufacturing capabilities, has rapidly realized industrialization, quickly brought its products to the market and achieved rapid development.

3. Market Reserve

The Company has been engaged in the field of lithium battery equipment for many years, accumulated a lot of industry experience and high-quality customer resources through the promotion of advanced products and solutions, and established cooperative relationships with well-known lithium-ion battery manufacturers such as SK, Samsung, LG Energy Solution, BYD, Gotion Hi-Tech, Sunwoda, CATL, and EVE. The good reputation and rapidly developing business of the above high-quality customers have also driven the rapid growth of the Company, which has laid a stable market foundation and good reputation for the Company in the post-processing system industry.

IV. Measures to Be Taken by the Company in Response to the Dilution of the Immediate Return of this Issue

In order to reduce the impact of the diluted immediate return from this public offering, the Company undertakes to enhance the quality of assets and sales revenue by accelerating the investment progress of the fund-raising project, increasing its market development efforts, strengthening its operation management and internal control, and enhancing the investor return mechanism, so as to enhance future earnings, achieve sustainable development, and fill in the diluted immediate return.

(a) Accelerate the Investment Progress of Fundraising Projects

In order to promote the construction of the fund-raising projects as soon as possible, the Company has used its own funds and other funds raised for the construction of some of the projects prior to the availability of the proceeds. When the proceeds in issuing shares this time become available, the Company will further deploy internal resources, accelerate the construction of the project, improve the utilization efficiency of the proceeds, and strive for the early completion of the project in order to improve the Company's comprehensive profitability, enhance the return to shareholders in the next few years, and reduce the risk of dilution of immediate return caused by this issue.

(II) Increase Market Development Efforts

The Company will improve and expand its business layout based on the existing business network, devote itself to providing quality services to more customers around the world, and strengthen the development of international famous customers in addition to domestic customers. It will continue to improve its R&D capability, perfect its service system, expand its business coverage, and promote market expansion with advanced and reliable products and first-class services, so as to optimize the strategic layout.

(III) Strengthen Operation Management and Internal Control

The Company has established and improved the management structure of the general meeting of shareholders, the board of directors and its special committees, the board of supervisors, independent directors, the secretary of the board of directors and senior management in accordance with the laws, regulations and regulatory documents, and consolidated the foundation for the Company's operation, management and internal control. In the coming years, the Company will further improve its operation management, accelerate its project construction cycle and enhance its overall profitability. In addition, the Company will strive to improve its capital utilization efficiency, improve and strengthen the investment decision-making process, design more reasonable capital utilization plans, and reasonably utilize

various financing tools and channels, to control capital costs and save financial expenses. At the same time, it will continue to strengthen its internal control, enhance its cost management and strengthen the supervision of budget execution, so as to manage the Company's operation and control risks in a comprehensive and effective manner.

(D) Strengthen the Investor Return Mechanism

The Company implements a positive profit distribution policy, attaches great importance to reasonable investment returns to investors, and maintains investment return continuity and stability. The Company has formulated the Articles of Association in accordance with the relevant regulations and regulatory requirements of China Securities Regulatory Commission and Shanghai Stock Exchange, made detailed provisions and public commitments on the matters of profit distribution policy, and formulated a shareholder return plan to fully safeguard its shareholders' rights to asset returns and other rights in accordance with the law and to improve the Company's ability to repay investors.

V. Commitments by the Controlling Shareholder, the Actual Controller, Directors and Senior Management on the Measures to Fill In Diluted Immediate Returns upon Completion of the Issue of Shares to Specific Targets

(I) Commitments by the Company's Directors and Senior Management

The directors and senior management of the Company hereby make the following commitments to ensure that the Company's measures to fill in returns will be effectively implemented:

1. I will not transfer benefits to other units or individuals without compensation or on unfair terms, nor will I use other means to harm the interests of the Company.
2. I will strictly abide by the Company's budget management, I promise that all consumption behavior of my duties will occur within the scope necessary for the performance of my duties, and I will accept the Company's supervision and

management to avoid waste or overspending.

3. I will not use the Company's assets to engage in any investment or consumption activities that are not related to the performance of my duties.

4. I will make my best efforts to cause the realization of the Company's measures to fill in immediate returns. I will exercise due diligence to cause the remuneration system established by the Board of Directors or the Remuneration Committee to be linked to the implementation of the Company's measures to fill in immediate returns.

5. I will exercise due diligence to cause the exercise conditions (if any) of the Company's equity incentive to be announced in the future to be linked to the implementation of the Company's measures to fill in returns. I will support the relevant proposals linked to the implementation of the Company's measures to fill in returns and I am willing to vote in favor of such proposals (if I have the right to vote).

6. If, after the date of this commitment, the regulatory authority has other requirements for making the relevant provisions regarding the measures to fill in returns and its undertaking, and the preceding commitment does not meet the relevant requirements of the regulatory authority, I promise that I will issue a supplementary commitment in accordance with the relevant provisions at that time.

If I violate or refuse to fulfill any of the commitments,, I am willing to assume the corresponding responsibilities in accordance with the regulations and rules of regulatory authorities, including China Securities Regulatory Commission and Shanghai Stock Exchange

(2) Commitments by the controlling shareholder and the actual controller of the Company

Cao Ji, the controlling shareholder and actual controller of the Company, and Cao Zheng, the actual controller of the Company, hereby make the following commitments to ensure that the Company's measures to fill in returns will be effectively implemented:

1. Under any circumstances, I will not abuse our position as the controlling shareholder or the actual controller, I will not interfere with the operation and

management activities of the Company beyond our authority, and I also will not misappropriate the interests of the Company.

2. I will effectively fulfill my obligations as the controlling shareholder and the actual controller, and perform my duties faithfully and diligently to safeguard the legitimate rights and interests of the Company and all shareholders.

3. I will not transfer benefits to other units or individuals without compensation or on unfair terms, nor will I use other means to harm the interests of the Company.

4. I will strictly abide by the Company's budget management, I promise that all consumption behavior of my duties will occur within the scope necessary for the performance of my duties, and I will accept the Company's supervision and management to avoid waste or overspending.

5. I will not use the Company's assets to engage in any investment or consumption activities that are not related to the performance of my duties.

6. I will make my best efforts to cause the realization of the Company's measures to fill in immediate returns.

7. I will exercise due diligence to cause the remuneration system established by the Board of Directors or the Remuneration and Evaluation Committee to be linked to the implementation of the Company's measures to fill in returns.

8. I will exercise due diligence to cause the exercise conditions (if any) of the Company's equity incentive to be announced in the future to be linked to the implementation of the Company's measures to fill in returns.

9. I will support the relevant proposals linked to the implementation of the Company's measures to fill returns and I am willing to vote in favor of such proposals (if I have the right to vote).

After the date of this commitment, if the regulatory authority has other requirements for making relevant provisions regarding the measures to fill in returns and its undertaking, and the preceding commitment does not meet the relevant requirements of the regulatory authority, I promise that I will issue a supplementary commitment in accordance with the relevant provisions at that time.

If I violate or refuse to fulfill any of the commitments, I am willing to assume the

corresponding responsibilities in accordance with the regulations and rules of regulatory authorities, including China Securities Regulatory Commission and Shanghai Stock Exchange.

(This page has no text, and is the stamp page of the "2023 Preliminary Plan for the Issue of A Shares to Specific Targets" of Zhejiang Hangke Technology Incorporated Company.)

Board of Directors
Zhejiang Hangke Technology Incorporated Company

May 18, 2023