

Zhejiang Tianzheng Electric Co., Ltd. Investor Relations Activity Record Form

Stock code: 605066

Securities abbreviation: Tianzheng Electric

Number: 20220513

Investor Relations Department of Activities do not	<input type="checkbox"/> Specific object research <input type="checkbox"/> Analyst meeting <input type="checkbox"/> Media interview <input type="checkbox"/> Performance briefing session <input type="checkbox"/> Press conference <input type="checkbox"/> Roadshow <input type="checkbox"/> Site visit <input type="checkbox"/> Other
Participating units and personnel	online investor
time	May 13, 2022 15:00-17:00
Location Panorama	Roadshow Platform http://rs.p5w.net
Company reception personnel	Chairman/General Manager Gao Tianle Director/Board Secretary Zhou Guanghui Director/Deputy General Manager/Finance Director Wang Yong Independent Director Wang Hua
Investor Relations Department Activities main content	1. Investors ask: Will the recent rebound of the epidemic in Shanghai and the Yangtze River Delta region lead to the failure of the company's business targets in the second quarter and even the whole year? Are there any countermeasures? How is the resumption of the company's factories in Shanghai? What is the approximate recovery of production capacity? The company's reply: The company's factories are in Wenzhou and Jiaxing. The epidemic in these two areas is relatively less affected, and the production capacity is very limited. The epidemic in Shanghai and the Yangtze River Delta region has affected the company's business activities in these areas to a certain extent, but the company's business in Shanghai, where the epidemic is the most serious, is not very high. Online order fairs and other means to promote business, at the same time organize employees to learn online, strengthen data analysis to promote business development and other methods to actively respond, while the business network all over the country is still playing an active role, the company is actively involved in important business. Participate in and strive to achieve the goals for the second quarter and even the whole year. 2. Investor question: The reason for the decline in performance in the first quarter of 2022? Company reply: The main reason for the company's revenue and profit decline in the first quarter of 2022 is that the company's operating income in the first quarter of 2021 increased by 99.11% year-on-year, that is, the base is relatively large, and the first quarter of this year was affected by market demand, although the gross profit margin has increased, but the revenue fell sharply, and the company continued to increase investment in product research and development. 3. Investor questions: How to solve the problem of unsalable products brought about by the housing market downturn? Company reply: The current real estate enterprises do have certain downturns and risks, but the construction industry is only a part of the company's business composition. The company has made breakthroughs in many industries and fields, good growth momentum.

	<p>4. Questions from investors: What are the company's current new infrastructure projects? And then the company's stock price fell below the issue price so low! What measures are there to boost the stock price? Company reply: The company's new infrastructure projects mainly focus on rail transit, 5G, charging piles and data centers, and the rail transit industry. During the reporting period, the company signed a 5-year strategic cooperation agreement with China Railway Engineering; Railway Group, Guangmeishan Railway Group, Zhengzhou Railway Bureau Group and other regional railway groups, China Railway Design Consulting Group and other well-known enterprise brands in the rail transit industry have been shortlisted and successfully used in multiple projects. The company was successfully selected as a shortlisted brand in the bidding project of China Mobile's core computer room and data center core power distribution products (low-voltage complete sets, UPS input and output cabinets), and the products are widely used in Beijing, Jiangsu, Guangdong, Sichuan, Hubei, Guangxi, Liaoning and other China Mobile The provincial companies have also become one of the few brands in the same industry in China that the intelligent frame circuit breaker can obtain industrial application in China Mobile. The stock prices of listed companies are affected by a combination of factors such as macroeconomics, industry policies, and market sentiment. The company will continue to work hard to do a good job in its main business, enhance its intrinsic value, and return investors with good performance.</p> <p>5. Questions from investors: What is the total amount of Evergrande's revenue accounts, margins and wealth management? Reply from the company: Evergrande's accounts receivable, deposits and wealth management are all related to the total amount of 136.5372 million yuan. For details, please refer to the company's 2021 annual report.</p> <p>6. Questions from investors: The share price of Tianzheng Electric and Chint Electric, both listed companies in the same industry in Yueqing, Wenzhou, is more than 4 times different, and the market value of circulation is 42 times different. Can investors understand that the market size of the company is very different from that of Chint Electric? The brand of Chint Electric is proportional to the stock price, and it is easier to cultivate talents and develop the market! In what ways does Tianzheng Electric have ways to break through the leading suppression in the future? Company reply: There are many factors that affect the stock price and market value. In addition to low-voltage electrical appliances, the main business of Chint Electric also includes photovoltaics and other new energy industries, which are not completely consistent with the company's business operations. Chint Electric is an excellent enterprise in the low-voltage electrical appliance industry, but the company also has its own core competitive advantages. Key target industries such as telecommunications and electric power focus on developing long-term value customers, launching cost-effective industry-specific products for customers in different industries, and expanding market share and brand influence. With competitive products and solutions, stable product quality, fast product delivery and after-sales service, the company has established a good reputation and brand image among large industry customers including State Grid, telecom operators, and new energy investors.</p> <p>7. Investor's question: At present, in addition to power grid equipment, does the company's business involve new energy, or does it involve artificial intelligence, etc.? Company reply: The company's frame circuit breakers, molded case circuit breakers and other products have been used in wind power, photovoltaic, energy storage and other industries.</p> <p>8. Investor questions: Evergrande's 130 million yuan should be difficult to recover, so what else</p>
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	<p>Real estate clients coming? For example, the recent thunderstorm of Sunac. Company reply: The company was also shortlisted for Sunac's centralized procurement business, but the business model of the company and Sunac is different from that of Evergrande. Sunac's business is undertaken by the company's distributors rather than directly operated.</p> <p>9. Investor's question: Why can other electric companies grow in the first quarter, but Tianzheng can drop so much? Company reply: On the one hand, in the first quarter of 2021, the company's sales revenue increased by nearly 100% year-on-year, ranking among the top listed companies in the same industry in terms of year-on-year growth, with a relatively high base. On the other hand, the company's business model is a dual-track system of distribution and direct sales to major customers in the industry. Currently, the proportion of distribution is higher than that of direct sales.</p> <p>Among the end users of the distribution business, construction and real estate-related small and medium-sized customers account for a large proportion. Affected by the downturn in the real estate industry and the delay of construction projects caused by the epidemic, the company's overall sales revenue experienced negative growth in the first quarter.</p> <p>10. Questions from investors: I did not see the detailed progress of the fundraising projects in the annual report. Can you tell me in detail when the benefits will be produced and what the expected benefits will be? Company reply: The construction progress of the company's three fund-raising projects is normal and in progress in an orderly manner. Among them, the R&D center construction project will be completed this year, and the intelligent low-voltage electrical product expansion construction project has completed the upgrading of several production lines. The civil construction of the low-voltage electrical appliance capacity expansion project in the direction of Made in China 2025 has been completed and is currently in the stage of equipment procurement and installation. The company will promote the construction of the above-mentioned fundraising projects as soon as possible and put them into production as soon as possible.</p> <p>11. Investor question: At present, there is a popular saying in the industry that technical barriers are moat. How does your company plan in this regard? How can we get rid of the strategy of exchanging low prices for the market? Reply from the company: The growth rate of the company's R&D expenses in 2020 and 2021 is 13.88% and 39.89% respectively. In recent years, the company has continued to invest in technology research and development and product process improvement, developing new products that meet the rapid development needs of emerging industries, and improving product quality, market share and industry influence. As of the end of 2021, the company has 733 patents, of which 82 are invention patents, and continues to accelerate the pace of independent innovation.</p> <p>12. Investor's question: The company's accounts receivable is as high as 1.1 billion. What positive measures have been taken to clear the debt? Thereby improving company performance and cash flow. The company's first quarter report not only declined in performance, but also in main revenue, while Chint Electric, which is also in Zhejiang Province, performed well in the first quarter. Therefore, this cannot be simply attributed to the impact of the epidemic and rising copper prices, so what other reasons prompted the company Unsatisfactory performance? Reply from the company: The company's receivables as of March 31, 2022 were 855 million yuan, and the financing of receivables was bank acceptance bills, with low risk. The company has always attached great importance to the management of accounts receivable. The company has a dedicated credit control department to manage credit, has strict payment collection and confirmation processes, and implements strict accounts receivable assessment methods internally. Legal affairs will intervene in advance of overdue accounts. The scale of accounts receivable is reasonable, and the company will assess risks more carefully for major businesses to avoid risks similar to Evergrande.</p> <p>About the first quarter</p>
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	<p>On the one hand, in the first quarter of 2021, the company's sales revenue increased by nearly 100% year-on-year, which is the highest year-on-year growth among listed companies in the same industry, and the base is relatively high. On the other hand, the company's business model is a dual-track system of distribution and direct sales to major customers in the industry. At present, the proportion of distribution is higher than that of direct sales. Among the end users of the distribution business, construction and real estate-related small and medium-sized customers account for a large proportion. Affected by the downturn in the real estate industry and the delay of construction projects caused by the epidemic, the company's overall sales revenue experienced negative growth in the first quarter. The company's market development in new energy, electric power and other industries is progressing well and the growth rate is relatively fast. The company will strive to take measures to speed up market development and change the situation of weak sales revenue growth.</p> <p>13. Questions from investors: The National Energy Administration issued the "Notice on Strengthening the Safety of Distributed Photovoltaic Power Generation (Draft for Comment)" on November 26, which clearly stated that distributed photovoltaics should be installed with arc fault circuit breakers and have safety shutdown protection. It can realize the intelligent detection of arc and the function of quick cut off. Does Tianzheng have related products on sale in the distributed and centralized photovoltaic market?</p> <p>Company reply: The company's frame circuit breakers, molded case circuit breakers and other products have been used in wind power, photovoltaic, energy storage and other industries.</p> <p>14. Investor's question: In recent years, the company's accounts receivable has grown faster than its revenue. Is there any risk of bad debts?</p> <p>Company reply: The company's accounts receivable/revenue growth rate from 2019 to 2021 is 7.40%/4.67%, 21.49%/12.36%, 4.52%/18.16%, the risk is controllable, and accounts receivable including notes receivable The turnover days were 125.76 days, 113.65 days and 108.22 days respectively, showing a year-by-year improvement trend.</p> <p>15. Investor question: Will Evergrande's receivables and creditor's rights be accounted for in subsequent asset impairment losses? What is the estimated amount?</p> <p>Company reply: We still maintain close communication with Evergrande regarding the receivables and claims of Evergrande, and strive to recover the payment for the goods and the payment of the due commercial acceptance bills as much as possible, so as to minimize the losses. The company has also filed a lawsuit with the Guangzhou Intermediate Court. , the future asset impairment loss depends on the resolution of the overall debt risk of Evergrande Group. At present, it is impossible to predict the specific amount of future losses. We will continue to maintain prudent accounting principles, evaluate credit loss risks, and make reasonable provisions. Asset impairment loss.</p> <p>16. Investor's question: The company's sales expenses have grown faster than revenue since last year, which has swallowed up corporate profits. How can we improve this situation?</p> <p>Company reply: The company adopted a more active sales strategy in 2021, and increased investment in sales staff and marketing expenses from the fourth quarter of 2020 to ensure revenue growth in 2021. However, due to changes in the situation in the second half of last year, we slowed down the pace of investment and took measures to control the growth of selling expenses in the fourth quarter. In 2022, according to market changes, we will readjust our strategies to ensure the effective output of resources. On the one hand, we will optimize the sales force, and integrate and adjust some channels and regions.</p>
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	<p>Focus on advertising investment. In the first quarter of 2022, selling expenses have already declined. Although there are factors affected by the epidemic, the overall expenses have been effectively controlled. Next, the company will further focus on and lean management to continuously improve the effectiveness of selling expenses.</p> <p>17. Investor question: How much is the company's so-called R&D investment and number of patents? How much benefit can it bring to the company in the future? Can it increase the company's gross profit? Company reply: ý The company's current R&D investment is mainly used in the development of new products in emerging industries such as new energy, new infrastructure, and smart grid, except for the technical improvement of existing products. The innovation of the company closely follows the pace of the development of the industry, and even has reached the forefront of the industry in some parts. It has a good product and technical reserve, which is conducive to the follow-up healthy and sustainable development, and of course has a high gold content; ý In the future, through development New products that meet the rapid development needs of emerging industries, increase the market share and industry influence of products, rapidly improve economic benefits, and at the same time improve brand influence and customer recognition; ý a large number of emerging industries R&D investment and patent application will make our products have a certain level of innovation and leadership, and at the same time have a certain technical threshold, so that we have a higher bargaining power. With a high level of profitability and a rapid development trend, it is completely possible to increase the gross profit of the product.</p>
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