

CNGR Advanced Material Co., Ltd.

Auditor's Report

Baker Tilly China [2022] No.35972

Contents

Auditor's Report	1
Financial Statements	5
Notes to the Financial Statements	13

AUDITOR'S REPORT



Baker Tilly China [2022] No.35972

To the Shareholders of CNGR Advanced Material Co., Ltd.

I. Opinion

We have audited the accompanying financial statements of CNGR Advanced Material Co., Ltd. (hereinafter referred to as "CNGR" or the "Company"), which comprise the consolidated Statements of Financial Position as at December 31, 2021, Consolidated income statements, Consolidated cash flow statements, Consolidated statement of changes in owner's equity for the year then ended, and notes to these financial statements.

In our opinion, the financial statements of CNGR present fairly, in all material respects, CNGR's financial position as of 31 December 2021, and the results of operations and cash flows for these year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis of opinion

We conducted our audit in accordance with China Standards on Auditing ("CAS"). Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of CNGR in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises and designing, implementing and maintaining internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing CNGR's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate CNGR or to cease operations or have no realistic alternative but to do so.

IV. Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S REPORT (CONTINUED)

Baker Tilly China [2022] No.35972

- 2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CNGR's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CNGR to cease to continue as a going concern.
- 5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and issues whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6) Obtain sufficient and appropriate audit evidence on financial information of the entities or operating activities of the Company so as to express an audit opinion on the financial statements. We are responsible for guidance, supervision and execution of the group audit, and we assume full responsibility to the audit opinion thereon.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S REPORT (CONTINUED)

Baker Tilly China [2022] No.35972



Chinese Certified Public
Accountant:



Chinese Certified Public
Accountant:



Note: This auditor's report and the accompanying financial statements are English translation of the Chinese auditor's report. In case any inconsistencies between the two reports, the Chinese version shall prevail.

Consolidated Statement of Financial Position

For the year ended 31 December 2021

Prepared by: CNGR Advanced Material Co., Ltd.

Currency: CNY

Items	Notes	31 December 2021	31 December 2020
Current assets:			
Cash at bank and on hand	VIII.1	8,699,335,474.44	2,711,889,158.17
△Settlement reserves			
△Loans to banks and other financial institutions			
☆Financial assets held for trading	VIII.2		224,795.77
Derivative financial assets			
Notes receivable	VIII.3	277,277,118.62	
Trade receivables	VIII.4	4,451,798,531.33	1,230,559,042.87
☆Receivables financing	VIII.5	568,121,131.85	748,888,705.17
Advances to suppliers	VIII.6	282,555,217.51	127,501,619.60
△Premium receivable			
△Reinsurance accounts receivable			
△Reinsurance reserves receivable			
Other receivables	VIII.7	85,184,510.21	59,643,256.71
△Financial assets purchased under reverse repurchase agreements			
Inventories	VIII.8	4,824,423,975.09	1,459,679,738.79
Including: Raw materials	VIII.8	1,779,393,827.35	281,477,770.46
Merchandise (finished goods)	VIII.8	1,264,290,252.92	293,363,895.41
☆Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	VIII.9	440,994,001.71	209,365,287.70
Total current assets		19,629,689,960.76	6,547,751,604.78
Non-current assets:			
△Loans and advances			
☆Debt investments			
☆Other debt investments			
Long-term receivables			
Long-term equity investments	VIII.10	13,457,693.11	
☆Other equity instrument investments	VIII.11	67,197,456.06	
☆Other non-current financial assets			
Investment properties			
Fixed assets	VIII.12	4,398,712,750.06	2,081,260,402.54
Construction in progress	VIII.13	2,304,341,772.16	607,052,826.06
Bearer biological assets			
Oil and gas assets			
Right-of-use assets	VIII.14	175,750,269.10	
Intangible assets	VIII.15	786,647,914.17	407,296,442.07
Development expenditures	VIII.16		
Goodwill			
Long-term prepaid expenses	VIII.17	17,373,491.70	1,633,821.32
Deferred tax assets	VIII.18	71,390,688.47	44,160,327.04
Other non-current assets	VIII.19	735,200,288.50	174,955,650.32
Including: Specifically reserved assets			
Total non-current assets		8,570,072,323.33	3,316,359,469.35
Total assets		28,199,762,284.09	9,864,111,074.13

The accompanying notes are an integral part of these financial statements

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

Consolidated Statement of Financial Position (Continued)

For the year ended 31 December 2021

Prepared by: CNGR Advanced Material Co., Ltd.

Currency: CNY

Items	Notes	31 December 2021	31 December 2020
Current liabilities:			
Short-term borrowings	VIII.20	3,404,976,202.74	734,132,739.65
△Borrowings from central bank			
△Loans from banks and other financial institutions			
☆Financial liabilities held for trading	VIII.21	36,042,529.27	
Derivative financial liabilities			
Notes payable	VIII.22	6,700,482,459.93	2,588,860,922.51
Trade payables	VIII.23	3,317,706,123.47	933,872,027.81
Advances from customers			
☆Contract liabilities	VIII.24	18,194,342.44	35,277,975.22
△Financial assets sold under repurchase agreements			
△Deposits from customers and interbank deposits			
△Funds from securities trading brokerage business			
△Funds from securities underwriting business			
Employee benefits payable	VIII.25	128,399,155.20	62,493,448.47
Including: Salary payable	VIII.25	128,123,810.71	62,263,372.39
Welfare expense payable			
Including: #Bonus and welfare fund			
Tax and surcharge payable	VIII.26	11,126,200.89	3,716,397.84
Including: Tax payable			
Other payables	VIII.27	43,869,403.39	18,654,530.09
△Fees and commissions payable			
△Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	VIII.28	412,266,732.82	60,216,199.04
Other current liabilities	VIII.29	244,911,866.74	242,874,103.54
Total current liabilities		14,317,975,016.89	4,680,098,344.17
Non-current liabilities:			
△Insurance contract reserves			
Long-term borrowings	VIII.30	2,552,272,617.23	840,936,607.02
Bonds payable			
Including: Preference shares			
Perpetual debts			
Lease liabilities	VIII.31	12,531,385.69	
Long-term payables	VIII.32	55,687,661.36	152,260,886.02
Long-term employee benefits payable			
Provisions			
Deferred income	VIII.33	274,263,102.71	117,111,336.67
Deferred tax liabilities	VIII.18	212,510,855.52	110,291,668.58
Other non-current liabilities	VIII.34	151,960,750.00	126,725,000.00
Including: Specifically reserved funds			
Total non-current liabilities		3,259,226,372.51	1,347,325,498.29
Total liabilities		17,577,201,389.40	6,027,423,842.46
Owners' equity (or Shareholders' equity):			
Paid-in capital (or share capital)	VIII.35	605,673,053.00	569,650,000.00
State-owned capital			
Capital from state-owned entities	VIII.35	11,640,345.00	14,516,983.00
Collective capital			
Private capital	VIII.35	587,764,698.00	555,124,259.00
Foreign invested capital	VIII.35	6,268,010.00	8,758.00
#Less: capital redemption			
Paid-in capital (or share capital), net	VIII.35	605,673,053.00	569,650,000.00
Other equity instruments			
Including: Preference shares			
Perpetual debts			
Capital reserve	VIII.36	7,840,935,872.03	2,773,373,371.27
Less: Treasury shares			
Other comprehensive income	VIII.37	-1,384,928.78	152,532.49
Including: Foreign currency translation difference	VIII.37	-1,384,928.78	987.71
Special reserve	VIII.38	377,571.38	
Surplus reserve	VIII.39	84,134,646.66	24,004,142.38
Including: Statutory surplus reserve	VIII.39	84,134,646.66	24,004,142.38
Discretionary surplus reserve			
#Reserve fund			
#Enterprise development fund			
#Profits returned for investment			
△General risk reserve			
Undistributed profits	VIII.40	1,302,756,765.40	469,507,185.53
Total owners' equity (or shareholders' equity) attributable to the parent		9,832,492,979.69	3,836,687,231.67
*Non-controlling interests		790,067,915.00	
Total owners' equity (or shareholders' equity)		10,622,560,894.69	3,836,687,231.67
Total liabilities and owners' equity (or shareholders' equity)		28,199,762,284.09	9,864,111,074.13

The accompanying notes are an integral part of these financial statements

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

Prepared by: CNGR Advanced Material Co., Ltd.

Currency: CNY

Items	Notes	2021	2020
1. Total operating revenue		20,072,491,322.92	7,439,624,072.44
Including: Operating revenue	VIII.41	20,072,491,322.92	7,439,624,072.44
△Interest income			
△Earned premium			
△Fee and commission income			
2. Total operating costs		19,033,870,006.35	7,004,777,711.21
Including: Operating costs	VIII.41	17,755,789,055.43	6,461,699,867.90
△Interest expenses			
△Fee and commission expenses			
△Surrender value			
△Net claims paid			
△Net appropriation for insurance contracts reserves			
△Dividend expenses for policyholders			
△Reinsurance expenditures			
Taxes and surcharges	VIII.42	59,651,631.48	27,078,811.96
Selling expenses	VIII.43	45,155,160.59	25,597,653.35
Administrative expenses	VIII.44	297,972,258.27	156,034,728.06
Research and development expenses	VIII.45	769,196,155.32	270,106,975.37
Financial expenses	VIII.46	106,105,745.26	64,259,674.57
Including: Interest expense	VIII.46	105,483,048.09	62,320,122.86
Interest income	VIII.46	27,704,468.72	7,269,891.39
Foreign exchange losses, net (gains expressed with "-")	VIII.46	-1,984,013.82	-2,224,549.06
Other			
Add: Other income	VIII.47	205,315,899.53	79,069,230.27
Investment income (losses expressed with "-")	VIII.48	-109,127,366.17	-26,598,614.79
Including: Investment income from associates and joint ventures	VIII.48	-438,711.65	
☆Gains from derecognition of financial assets measured at amortized costs			
△Foreign exchange gains (losses expressed with "-")			
☆Gains on hedge of a net position (losses expressed with "-")			
Gains from changes in fair value (losses expressed with "-")	VIII.49	-5,288,680.20	-2,064,000.00
☆ Credit impairment losses (losses expressed with "-")	VIII.50	-31,908,469.60	-6,735,499.43
Assets impairment losses (losses expressed with "-")	VIII.51	-30,551,206.53	-10,599,408.63
Gains on disposal of assets (losses expressed with "-")	VIII.52	-19,324.37	-47,339.47
3. Operating profit (loss expressed with "-")		1,067,042,169.23	467,870,729.18
Add: Non-operating income	VIII.53	2,836,782.94	10,236,729.32
Including: Government Grants	VIII.53		300,000.00
Less: Non-operating expenses	VIII.54	2,121,582.42	2,490,236.02
4. Total profit (loss expressed with "-")		1,067,757,369.75	475,617,222.48
Less: Income tax expenses	VIII.55	129,558,129.78	55,457,833.91
5. Net profit (net loss expressed with "-")		938,199,239.97	420,159,388.57
Including: Net profit of the acquiree in a business combination under common control before the combination date			
A. Attributable to			
Owners (Or Shareholders) of the Company		938,952,084.15	420,159,388.57
*Non-controlling interests		-752,844.18	
B. Classified by continuing and discontinued operations			
Net profit from continuing operations		938,199,239.97	420,159,388.57
Net profit from discontinued operations			
6. Other comprehensive income, net of income tax		-1,951,440.17	152,532.49
Attributable to shareholders of the parent		-1,537,461.27	152,532.49
A. Items that will not be reclassified subsequently to profit or loss			
1. Remeasurement of defined benefit liability/(asset)			
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method			
☆3. Equity instrument designated at fair value through other comprehensive income - Changes in fair value			
☆4. Own credit risk - Changes in fair value			
5. Others			
B. Items that may be reclassified subsequently to profit or loss		-1,537,461.27	152,532.49
1. Other comprehensive income that can be reclassified to profit or loss under equity method			
☆2. Debt instrument measured at fair value through other comprehensive income - Changes in fair value			
3. Gains or losses on changes in fair value of available-for-sale financial assets			
☆4. Other comprehensive income from reclassification of financial assets			
5. Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets			
☆6. Debt instrument measured at fair value through other comprehensive income - Credit loss allowance			
7. Cash flow hedge reserve (Effective portion of gains or losses on cash flow hedge)		-151,544.78	151,544.78
8. Translation differences of financial statements presented in foreign currencies		-1,385,916.49	987.71
9. Others			
*Attributable to non-controlling interests		-413,978.90	
7. Total comprehensive income		936,247,799.80	420,311,921.06
Attributable to owners (Or shareholders) of the Company		937,414,622.88	420,311,921.06
*Attributable to non-controlling interests		-1,166,823.08	
8. Earnings per share			
Basic earnings per share		1.64	0.82
Diluted earnings per share		1.64	0.82

The accompanying notes are an integral part of these financial statements

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

Prepared by: CNGR Advanced Material Co., Ltd.

Currency: CNY

Items	Notes	2021	2020
1. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		15,487,240,429.01	6,422,583,581.04
△Net increase in customer deposits and due to banks and other financial institutions			
△Net increase in borrowings from the Central Bank			
△Net increase in borrowings from other financial institutions			
△Cash received for insurance premium			
△Net cash received from reinsurance contracts			
△Net increase in deposits and investments from policyholders			
△Net increase in disposal of financial asset at fair value through profit or loss			
△Cash received for interest, fee and commission			
△Net increase in borrowings from banks			
△Net cash increase under repurchase agreements			
△Net increase received from securities trading brokerage business			
Refunds of taxes and surcharges		528,935,730.90	323,238,598.34
Cash received relating to other operating activities	VIII.65	445,420,514.06	160,968,087.94
Sub-total of cash inflows from operating activities		16,461,596,673.97	6,906,790,267.32
Cash paid for goods and services		16,290,970,143.42	5,633,923,119.73
△Net increase in loans and advances to customers			
△Net increase in deposit in the Central Bank and due from banks and other financial institutions			
△Cash paid for claims in insurance contracts			
△Net increase in loans to banks and other financial institutions			
△Cash paid for interest, fee and commission			
△Cash paid for dividends for policyholders			
Cash paid to and on behalf of employees		563,348,639.85	264,160,557.58
Cash paid for taxes and surcharges		252,135,793.63	131,526,509.86
Cash paid relating to other operating activities	VIII.65	1,013,880,691.65	413,592,278.49
Sub-total of cash outflows from operating activities		18,120,335,268.55	6,443,202,465.66
Net cash flows from operating activities	VIII.65	-1,658,738,594.58	463,587,801.66
2. Cash flows from investing activities:			
Cash received from disposal of investments		115,000,000.00	100,000,000.00
Cash received from investment income		1,498,142.41	2,161,036.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		180,783.19	
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities	VIII.65	19,790,400.00	11,952,000.00
Sub-total of cash inflows from investing activities		136,469,325.60	114,113,036.00
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		4,995,661,434.71	1,046,275,081.50
Cash paid for acquisition of investments		269,664,241.59	
△Net increase in mortgage loans			
Cash paid for obtaining subsidiaries and other business units			
Cash paid relating to other investing activities	VIII.65	42,565,607.29	5,141,166.40
Sub-total of cash outflows from investing activities		5,307,891,283.59	1,051,416,247.90
Net cash flows from investing activities		-5,171,421,957.99	-937,303,211.90
3. Cash flows from financing activities:			
Cash received from capital contributions		5,865,526,000.91	1,289,345,040.00
Including: Cash received from non-controlling shareholders' capital contributions to subsidiaries		913,446,850.51	
Cash received from borrowings		8,511,592,354.76	2,361,691,066.83
△Proceeds from issue of debt securities			
Cash received relating to other financing activities	VIII.65	2,048,642,732.86	505,567,114.88
Sub-total of cash inflows from financing activities		16,425,761,088.53	4,156,603,221.71
Cash repayments of borrowings		3,644,326,161.63	1,784,500,344.88
Cash payments for distribution of dividends, profits, or for interest expenses		157,720,274.38	42,213,125.50
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling shareholders			
Cash paid relating to other financing activities	VIII.65	1,359,142,079.17	366,454,144.70
Sub-total of cash outflows from financing activities		5,161,188,515.18	2,193,167,615.08
Net cash flows from financing activities		11,264,572,573.35	1,963,435,606.63
4. Effect of foreign exchange rate changes on cash and cash equivalents		-1,984,013.82	-2,224,549.06
5. Net increase/ (decrease) in cash and cash equivalents	VIII.65	4,432,428,006.96	1,487,495,647.33
Add: Opening balance of cash and cash equivalents	VIII.65	1,904,787,710.71	417,292,063.38
6. Closing balance of cash and cash equivalents	VIII.65	6,337,215,717.67	1,904,787,710.71

The accompanying notes are an integral part of these financial statements

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

Prepared by: CNGR Advanced Material Co., Ltd.

Currency: CNY

Items	Shareholders' equity attributable to the parent										Total shareholders' equity		
	Paid-in capital (Share capital)	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	ΔGeneral risk reserve	Undistributed profits		Sub-total	Non-controlling interests
		Preference shares	Perpetual debts										
I. Closing balance of prior year	569,650,000.00	—	—	2,773,375,371.27	—	152,532.49	—	24,004,142.36	—	469,507,185.53	3,836,687,231.67	—	3,836,687,231.67
Add: changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—	—
II. Opening balance of current year	569,650,000.00	—	—	2,773,375,371.27	—	152,532.49	—	24,004,142.36	—	469,507,185.53	3,836,687,231.67	—	3,836,687,231.67
III. Changes in current year (decrease expressed with "-")	36,023,053.00	—	—	5,067,662,500.76	—	-1,637,461.27	377,571.38	60,130,504.28	—	833,249,579.87	5,995,895,748.02	790,067,915.00	6,785,873,665.02
(I) Total comprehensive income for the year	—	—	—	—	—	-1,537,461.27	—	—	—	938,952,084.15	937,414,622.88	-1,106,823.09	937,795,261.07
1. Net profit	—	—	—	—	—	—	—	—	—	938,952,084.15	938,952,084.15	-1,106,823.09	937,795,261.07
2. Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—
(II) Contributions by and distributions to owners	36,023,053.00	—	—	4,945,350,388.33	—	—	—	—	—	—	4,981,273,441.33	913,446,850.51	5,894,820,291.84
1. Capital contributions from owners	36,023,053.00	—	—	4,917,027,053.05	—	—	—	—	—	—	4,953,050,106.95	913,446,850.51	5,866,496,956.86
2. Capital contributions from other equity instruments holders	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Share-based payments recognized in shareholders' equity	—	—	—	28,323,334.99	—	—	—	—	—	—	28,323,334.99	—	28,323,334.98
4. Others	—	—	—	—	—	—	—	—	—	—	—	—	—
(III) Special reserve	—	—	—	—	—	—	377,571.38	—	—	—	377,571.38	—	377,571.38
1. Appropriation to special reserve	—	—	—	—	—	—	4,334,939.28	—	—	—	4,334,939.28	—	4,334,939.28
2. Use of special reserve	—	—	—	—	—	—	-3,957,366.90	—	—	—	-3,957,366.90	—	-3,957,366.90
(IV) Profit distribution	—	—	—	—	—	—	—	60,130,504.28	—	-105,702,504.28	-45,572,000.00	—	-45,572,000.00
1. Appropriation to surplus reserve	—	—	—	—	—	—	—	60,130,504.28	—	-60,130,504.28	—	—	—
Including: Statutory surplus reserve	—	—	—	—	—	—	—	60,130,504.28	—	-60,130,504.28	—	—	—
Discretionary surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—	—
#Reserve fund	—	—	—	—	—	—	—	—	—	—	—	—	—
#Enterprise development fund	—	—	—	—	—	—	—	—	—	—	—	—	—
#Profit returned for investment	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Appropriation to general risk reserve	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Distributions to shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—	—	—	—
(V) Internal transfer of shareholders' equity	—	—	—	122,212,112.43	—	—	—	—	—	—	122,212,112.43	-122,212,112.43	—
1. Capitalization of capital reserve	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Capitalization of surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Making up losses from surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Transfer of changes in defined benefit plans to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—
X-5. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—	—	—	—	—	—	—
IV. Closing balance of current year	605,673,053.00	—	—	7,840,935,872.03	—	-1,384,928.78	377,571.38	84,134,646.66	—	1,302,756,765.40	9,832,492,979.69	790,067,915.00	10,622,560,894.69

The accompanying notes are an integral part of these financial statements

The accompanying notes are an integral part of these financial statements

The accompanying notes are an integral part of these financial statements

Chief Financial Officer:

Head of Accounting Department:

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2020

Prepared by: CNGR Advanced Material Co., Ltd.

Currency: CNY

Items	Shareholders' equity attributable to the parent										Sub-total	Non-controlling interests	Total shareholders' equity
	Paid-in capital (Share capital)	Preference shares	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	ΔGeneral risk reserve	Undistributed profits			
I. Closing balance of prior year	512,680,000.00	—	—	1,527,344,514.08	—	—	773,307.18	2,462,816.30	—	70,889,123.04	2,114,149,860.60	—	2,114,149,860.60
Add: changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—	—
II. Opening balance of current year	512,680,000.00	—	—	1,527,344,514.08	—	—	773,307.18	2,462,816.30	—	70,889,123.04	2,114,149,860.60	—	2,114,149,860.60
III. Changes in current year (decrease expressed with "-")	56,970,000.00	—	—	1,246,028,557.19	—	—	-773,207.18	21,541,326.08	—	398,618,062.49	1,722,537,271.07	—	1,722,537,271.07
(i) Total comprehensive income for the year	—	—	—	—	—	152,532.49	—	—	—	420,159,386.57	420,311,921.06	—	420,311,921.06
1. Net profit	—	—	—	—	—	152,532.49	—	—	—	420,159,386.57	420,159,386.57	—	420,159,386.57
(ii) Contributions by and distributions to owners	56,970,000.00	—	—	1,246,028,557.19	—	—	—	—	—	—	152,532.49	—	152,532.49
1. Capital contributions from owners	56,970,000.00	—	—	1,217,693,547.17	—	—	—	—	—	—	1,302,898,557.19	—	1,302,898,557.19
2. Capital contributions from other equity instruments holders	—	—	—	—	—	—	—	—	—	—	1,274,653,547.17	—	1,274,653,547.17
3. Share-based payments recognized in shareholders' equity	—	—	—	28,345,010.02	—	—	—	—	—	—	28,345,010.02	—	28,345,010.02
4. Others	—	—	—	—	—	—	—	—	—	—	—	—	—
(iii) Special reserve	—	—	—	—	—	—	-773,207.18	—	—	—	-773,207.18	—	-773,207.18
1. Appropriation to special reserve	—	—	—	—	—	—	-773,207.18	—	—	—	-773,207.18	—	-773,207.18
2. Use of special reserve	—	—	—	—	—	—	4,669,332.90	—	—	—	4,669,332.90	—	4,669,332.90
(iv) Profit distribution	—	—	—	—	—	—	-5,642,540.08	—	—	—	-5,642,540.08	—	-5,642,540.08
1. Appropriation to surplus reserve	—	—	—	—	—	—	—	21,541,326.08	-21,541,326.08	—	—	—	—
Including: Statutory surplus reserve	—	—	—	—	—	—	—	21,541,326.08	-21,541,326.08	—	—	—	—
Discretionary surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—	—
#Reserve fund	—	—	—	—	—	—	—	—	—	—	—	—	—
#Enterprise development fund	—	—	—	—	—	—	—	—	—	—	—	—	—
#Profit returned for investment	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Appropriation to general risk reserve	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Distributions to shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—	—	—	—
(v) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—	—	—	—	—
1. Capitalization of capital reserve	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Capitalization of surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Making up losses from surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Transfer of changes in defined benefit plans to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—
5. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—	—	—	—	—	—	—
IV. Closing balance of current year	569,650,000.00	—	—	2,773,373,071.27	—	152,532.49	—	24,094,142.38	—	469,507,185.53	3,836,687,231.67	—	3,836,687,231.67

The accompanying notes are an integral part of these financial statements

The accompanying notes are an integral part of these financial statements

The accompanying notes are an integral part of these financial statements

Legal Representatives:

Chief Financial Officer:

Head of Accounting Department:

Consolidated Statement of Impairment of Assets

For the year ended 31 December 2021

Prepared by: CNGR Advanced Material Co., Ltd.

Currency: CNY

Items	Opening Balance	Increase in current year			Decrease in current year				Closing Balance	Items	Amount
		Amount recognized in current year	Amount increased due to business combination	Total	Reversal of asset impairment	Derecognized asset impairment	Decrease due to business combination	Others			
I. Allowance for doubtful accounts	22,020,500.33	31,908,469.60		31,908,469.60					53,928,969.93	Supplements:	
II. Inventory write-down		30,551,206.53		30,551,206.53	30,551,206.53			30,551,206.53		I. Impairment loss not recognized in the statement according to policy	
⊖: III. Loss allowance for contract assets										II. Impairment loss recognized in current year for a) losses occurred in previous years that should have been recognized or b) losses not recognized in previous years according to policy	
IV. Loss allowance for assets held for sale										including: the amount recognized in profit or loss	
⊖: V. Loss allowance for debt investments											
VI. Loss allowance for long-term equity investments											
VII. Loss allowance for investment properties											
VIII. Loss allowance for fixed assets											
IX. Loss allowance for construction in progress											
X. Loss allowance for bearer biological assets											
XI. Loss allowance for oil and gas assets											
XII. Loss allowance for right-of-use assets											
XIII. Loss allowance for intangible assets											
XIV. Loss allowance for goodwill											
⊖: XV. Loss allowance for costs of obtaining a contract											
⊖: XVI. Loss allowance for costs to fulfill a contract											
XVII. Others											
Total	22,020,500.33	62,459,676.13		62,459,676.13	30,551,206.53			30,551,206.53	53,928,969.93		

The accompanying notes are integral part of these financial statements

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

Consolidated Statement of Impairment of Assets

For the year ended 31 December 2020

Prepared by: CNGR Advanced Material Co., Ltd.

Currency: CNY

Items	Opening Balance	Increase in current year			Decrease in current year			Closing Balance	Items	Amount
		Amount recognized in current year	Amount increased due to business combination	Others	Total	Reversal of asset impairment	Derecognized asset impairment			
I. Allowance for doubtful accounts	15,285,000.90	6,735,499.43			6,735,499.43			22,020,500.33	Supplements:	
II. Inventory write-down	10,979,832.51	10,599,408.63			10,599,408.63	21,579,241.14		21,579,241.14	I. Impairment loss not recognized in the statement according to policy	
III. Loss allowance for contract assets									II. Impairment loss recognized in current year for a) losses occurred in previous years that should have been recognized or b) losses not recognized in previous years according to policy including the amount recognized in profit or loss	
IV. Loss allowance for assets held for sale										
V. Loss allowance for debt investments										
VI. Loss allowance for long-term equity investments										
VII. Loss allowance for investment properties										
VIII. Loss allowance for fixed assets										
IX. Loss allowance for construction in progress										
X. Loss allowance for bearer biological assets										
XI. Loss allowance for oil and gas assets										
XII. Loss allowance for right-of-use assets										
XIII. Loss allowance for intangible assets										
XIV. Loss allowance for goodwill										
XV. Loss allowance for costs of obtaining a contract										
XVI. Loss allowance for costs to fulfill a contract										
XVII. Others										
Total	26,264,833.41	17,334,908.06			17,334,908.06	21,579,241.14		22,020,500.33		

The accompanying notes are integral part of these financial statements

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

CNGR Advanced Material Co., Ltd.

Notes to the Financial Statements

(Unless otherwise specified, the currency is CNY)

I. Company Profile

CNGR Advanced Material Co., Ltd. was established in September 2014 as a private enterprise. The registered office of the company is in intersection of No. 2 Trunk Road and No. 1 Trunk Road, Dalong Economic Development Zone, Tongren City, Guizhou Province. The unified social credit code of the company is 91520690314383681D. The legal representative of the company is Weiming Deng.

In November 2020, the company was approved by the Shenzhen Stock Exchange and the China Securities Regulatory Commission to issue 56,965,000 common shares, and was listed on the Shenzhen Stock Exchange in December 2020. After this issue, the share capital of the company was changed to CNY 569,650,000.00.

In November 2021, the company was approved by the Shenzhen Stock Exchange and the China Securities Regulatory Commission to issue 36,023,053 common shares. After the non-public offering, the share capital of the company was changed to CNY 605,673,053.00.

As of December 31, 2021, the total share capital of the Company was CNY 605,673,053.00.

The principle activities of the company and its subsidiaries (the "Group") are research and develop, produce, process and sales of advanced materials, batteries and new energy, as well as the import and export of goods and technologies. The main product is lithium battery cathode precursor material.

II. Basis of Preparation of Financial Statements

The financial statements of the company are prepared on a going concern basis. The preparation of financial statements is in compliance with the Accounting Standards for Business Enterprises - Basic Standard issued and revised by the Ministry of Finance of People's Republic of China ("MOF") (MOF Order No. 33 and No. 76), 42 specific accounting standards, implementation guidance, interpretation and other related regulations issued and revised by the MOF on 15 February 2006 and thereafter (collectively referred to as "CAS").

III. Statement of Compliance with CAS

The financial statements prepared by the company are in compliance with the requirements of the CAS, which presented truthfully and completely for the consolidated and the company's financial position as of 31 December 2021 and financial performance and cash flows for the years then ended.

IV. Significant Accounting Policies and Accounting Estimates

1. Accounting Period

The accounting period of the company is classified as interim period and financial year. Interim period refers to the reporting period shorter than a complete financial year. The financial year of the company is calendar year from 1 January to 31 December.

2. Functional Currency

CNY is the currency of the primary economic environment in which the company and its domestic subsidiaries operate. Therefore, the company and its domestic subsidiaries adopt CNY as their functional currency. The overseas subsidiaries of the company use HKD as their functional currency based on the currency of the primary economic environment. The company's presentation currency is CNY.

3. Basis of Accounting and Principle of Measurement

According to Accounting Standards for Business Enterprises, the financial statements of the company are prepared using the accrual basis. Except for Held for trading financial assets, financial assets that are measured at fair value and whose changes are included in comprehensive income, and Held for trading financial liabilities, the financial statements use historical cost method. If an asset is impaired, the company recognizes an impairment loss according to relevant accounting standards.

4. Business Combination

Business combination is a transaction or event that brings together two or more separate enterprises into one reporting entity. It is classified into business combination of entities or businesses under common control ("business combination under common control") and business combination of entities or businesses not under common control ("business combination not under common control").

(1) Business Combinations Under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination,

and that control is not transitory. In such business combination, the combining party is the one that obtains control of another participating entity on the combination date, while the other participating entity is the combined party.

The combination date is the date on which the combining party obtains control of the combined party.

The assets and liabilities acquired by the combining party are measured at carrying amount in the combined party on the combination date. Difference between the carrying amount of net assets acquired by the combining party and the carrying amount of paid consideration (or total par value of the shares issued) shall adjust capital reserve (share premium), and then adjust retained earnings if capital reserve (share premium) balance is reduced to zero.

Professional fees such as audit, legal, valuation fees and general administrative costs incurred for the business combination are accounted for as expenses in the periods in which the costs are incurred and the services are received.

(2) Business Combination Not Under Common Control

A business combination involving entities not under common control is a business combination in which the combining entities or businesses are not ultimately controlled by the same party or parties both before and after the business combination. In such business combination, the acquirer is the entity that obtains control of another entity on the acquisition date, while the other entity is the acquiree. The acquisition date is the date on which the acquirer obtains control of the acquiree.

In a business combination not under common control, the cost of combination includes the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred or assumed by the acquirer, and the equity interests issued by the acquirer in exchange for control of the acquiree. Professional fees such as audit, legal, valuation fees and general administrative costs incurred for the business combination are accounted for as expenses in the periods in which the costs are incurred and the services are received. The costs to issue equity or debt securities shall be recognized in the initial cost of equity or debt securities. Contingent consideration involved in a business combination is recognized at acquisition-date fair value in the cost of the combination; If, within 12 months from the acquisition date, the acquirer obtains new information or additional evidences about facts and circumstances that existed as of the acquisition date, and if known, would have affected the measurement of the contingent consideration recognized as of that date, the acquirer shall make adjustment to goodwill accordingly. The cost of combination and the net identifiable assets acquired from the acquiree are measured at their fair values on the acquisition date. The acquirer shall recognize goodwill measured at the excess of (a) over (b): (a) the cost of acquisition, (b)

acquirer's proportionate share of the acquiree's net identifiable assets measured at acquisition-date fair value. If above (b) exceeds (a), the acquirer shall review the measurement of all identifiable assets acquired, liabilities assumed, and contingent liabilities; after the review, if the excess remains, the acquirer shall recognize the resulting gain in profit or loss.

If deductible temporary differences arise in a business combination and relevant deferred tax assets are not recognized because the criteria are not satisfied, subsequently, within 12 months after acquisition date, the acquirer obtains new or additional information about facts and circumstances that existed at the acquisition date and expects that the economic benefits resulting from the deductible temporary differences are realizable, the acquirer shall recognize deferred tax assets and reduce the carrying amount of goodwill related to the acquisition; if the carrying amount of that goodwill is zero, any remaining deferred tax assets shall be recognized in profit or loss. All other deferred tax assets related to business combinations, within 12 months from the acquisition date, which is not considered new or additional information about facts and circumstances that existed at the acquisition date should be recognized in profit or loss.

For a business combination not under common control that is achieved in stages, the acquirer shall make judgment based on Circular of the Ministry of Finance on Publishing Interpretation No. 5 for Accounting Standards for Business Enterprises (CaiKuai [2012] No. 19) and the criteria stipulated in Article 51 of Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, on whether or not the related multiple arrangements should be accounted for as a single transaction. If they should be treated as a single transaction, the acquirer shall account for the transaction based on preceding paragraphs of this section and Note IV-13 "Long-term Equity Investments"; otherwise, the accounting treatments are as follows:

In the acquirer's individual financial statements, the initial cost of investments is calculated as the sum of the carrying amount of its previously held equity interest in the acquiree and additional cost of investments on the acquisition date; if its previously held equity interest in the acquiree involves recognition in other comprehensive income, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would have been required if the acquiree had disposed directly of the previously held equity interest (that is, other than the proportionate share of the changes resulting from re-measurement of the acquiree's defined benefit liabilities/assets under equity method, all the other gains or losses are recognized in the investment income for the current period).

In the consolidated financial statements, the acquirer shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and

recognize the resulting gain or loss, if any, in investment income for the current period, or in other comprehensive income, as appropriate; if its previously held equity interest in the acquiree involves recognition in other comprehensive income, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would have been required if the acquiree had disposed directly of the previously held equity interest (that is, other than the proportionate share of the changes resulting from re-measurement of the acquiree's defined benefit liabilities/assets under equity method, any other gain or loss is recognized in the investment income for the current period).

5.Preparation Method of Consolidated Financial Statements

(1) Identification of the Scope of the Consolidation

The scope of consolidation of the financial statement shall be determined on the basis of control. The company controls an investee when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The scope of consolidation includes the company and all its subsidiaries. Subsidiary is the entity controlled by the company.

If facts and circumstances indicate that there are changes to one or more of the elements in the above definition, the company shall reassess whether it controls an investee.

(2) Preparation of Consolidated Financial Statements

Consolidation of a subsidiary shall begin from the date the company obtains control of the net assets and operational management of the subsidiary; Consolidation of an investee shall cease when the company loses control of the investee.

For a subsidiary that is disposed, its financial performance and cash flows before the date of disposal are appropriately presented in the consolidated statement of comprehensive income and consolidated statement of cash flows; for a subsidiary that is disposed during the current period, the opening balances in the statement of financial position shall not be adjusted. For a subsidiary acquired through a business combination not under common control, its financial performance and cash flows after the acquisition date are appropriately presented in the consolidated statement of comprehensive income and consolidated statement of cash flows; the opening balances and comparative information in the statement of financial position shall not be adjusted. For a subsidiary acquired through a business combination under common control and the combined party under a merger, its financial performance and cash flows, from the beginning of the period when the combination occurs to date of combination, are appropriately presented in the consolidated statement of

comprehensive income and consolidated statement of cash flows; the comparative information in the statement of financial position shall be adjusted at the same time.

If a subsidiary uses accounting policies or reporting period other than those adopted by the company, appropriate adjustments are made to those subsidiaries' financial statements in preparing the consolidated financial statements to ensure the conformity with the company's accounting policies and reporting period. In a business combination not under common control, the acquiree's financial statements shall be adjusted based on the acquisition-date fair values of the net identifiable assets.

All significant intragroup balances, transactions and unrealized profits are eliminated upon consolidation.

The company shall present non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the company; profit or loss attributable to non-controlling interests in a subsidiary shall be separately presented as "profit or loss attributable to non-controlling interests" within net profits in the consolidated statement of comprehensive income. When the loss attributable to non-controlling interests exceeds the opening balance of non-controlling interest in the subsidiary, the loss shall continue to offset the non-controlling interests.

If the company loses control of a subsidiary due to partial disposal of equity investments or other reasons, the company recognizes any investment retained in the former subsidiary at its fair value when control is lost. Excess of (a) the sum of fair value of the consideration received from the disposal of equity investments and fair value of any investment retained, over (b) the company's previous pro rata share in the former subsidiary's net assets calculated since acquisition date, shall be recognized in investment income in the period when control is lost. When it loses control of the subsidiary, the company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would have been required if the acquiree had directly disposed of the related assets or liabilities (that is, other than the changes resulting from re-measurement of the former subsidiary's defined benefit liabilities/assets, any other gain or loss is reclassified to the investment income for the current period). Then, any investment retained shall be subsequently measured according to Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments or Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

When the company loses control of a subsidiary in two or more arrangements (transactions), the company shall determine whether the multiple arrangements should be accounted for as a single transaction. If terms and conditions of the arrangements and their economic effects meet one or more of the following, it usually indicates that

the company should account for the multiple arrangements as a single transaction: (a) The multiple arrangements are entered into at the same time or in contemplation of each other; (b) They form a single transaction designed to achieve an overall commercial effect; (c) The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement; (d) One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements. If the multiple arrangements should not be accounted for as a single transaction, the company shall make accounting treatments, as appropriate, based on “disposal of long-term equity investments without losing control of the subsidiary” or “losing control of a subsidiary due to partial disposal of equity investments or other reasons” in the preceding paragraph. If the multiple arrangements should be accounted for as a single transaction, the company recognizes the arrangements as a single transaction that results in loss of control of the subsidiary; however, before loss of control, the difference of consideration received and the company’s proportionate share of the subsidiary’s net assets for the disposed investments in each arrangement shall be recognized in other comprehensive income in consolidated financial statements, and the cumulative amount shall be reclassified to profit or loss when control is lost.

6.Types of Joint Arrangements and Accounting Treatment for Joint Operations

A joint arrangement is an arrangement of which two or more parties have joint control. Based on the rights and obligations of the parties to the arrangement, the company classifies a joint arrangement as a joint operation or a joint venture. A joint operation is a joint arrangement whereby the company that has joint control of the arrangement and has rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement which is structured through a separate vehicle over which the company has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances.

The company is using equity method for investment in a joint venture.

As a joint operator, the company recognizes in relation to its interest in a joint operation: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expense, including its share of any expense incurred jointly.

When the company, as a joint operator, enters into a transaction with a joint

operation, for a contribution or sale of assets (the assets do not constitute a business, the same below), or for a purchase of assets, before the assets are sold to a third party, the company shall recognize gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation. When such assets are subject to an impairment loss in accordance with the "Accounting Standards for Business Enterprises No. 8 – Impairment of Assets", the company shall fully recognize the loss in the case that the company contributes or sells assets to the joint operation; the company shall recognize its share of the loss in the case that the company purchases assets from the joint operation.

7. Cash and Cash Equivalents

Cash and cash equivalents comprise the company's cash on hand, demand deposits, and short-term (which means it has a short maturity of three months or less from the date of acquisition) highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

8. Foreign Currency Transactions and Translation to the Presentation Currency

(1) Reporting Foreign Currency Transactions

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction; However, foreign currency exchanges and relevant transactions are translated to the functional currency at the actual exchange rate.

(2) Translation of Foreign Currency Monetary Items and Foreign Currency Non-monetary Items

At the end of each reporting period, foreign currency monetary items are translated using the spot exchange rate at the reporting date, the exchange differences arising, other than the following, shall be recognized in profit or loss in the period in which they arise: (a) Exchange differences arising from foreign currency borrowings that are made specifically for the purpose of obtaining a qualifying asset, shall be treated under principle of borrowing costs capitalization; (b) Exchange differences arising from a hedging instrument that is determined to be an effective hedge of a net investment in a foreign operation (shall be recognized in other comprehensive income, and shall be reclassified from equity to profit or loss on disposal of the net investment); And (c) exchange differences arising from changes in balances of foreign currency monetary items available for sale, except for changes in balances of their amortized costs, shall be recognized in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured, the amount differences between the functional currency and the foreign currency are recognized as changes in fair value (including exchange differences), and recorded in profit or loss or other comprehensive income.

(3) Translation to the Reporting Currency

The financial statements of a foreign operation are translated into CNY financial statements using following procedures: Assets and liabilities in the statement of financial position are translated at the spot exchange rate at the end of reporting period; Equity items for statement of financial position presented, other than “undistributed profits”, are translated at the spot exchange rate of the date of transaction. Income and expenses in the statement of comprehensive income are translated at the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Opening balance of undistributed profits is the translated closing balance of undistributed profits of prior year; Closing balance of undistributed profits is calculated based on translated profit distribution items; Difference between translated assets and the sum of translated liabilities and shareholders’ equity, is recorded as “translation differences of financial statements presented in foreign currencies” and recognized in other comprehensive income. On the disposal or partial disposal of a foreign operation, which involves the loss of control of the foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, as accumulated in the shareholders’ equity of the statement of financial position, shall reclassified from equity to profit or loss, in full or in proportionate share, when the gain or loss on disposal is recognized.

The Foreign currency cash flow statement is prepared through the indirect method after the balance sheet and the income statement are converted into the base currency

Opening balances of current year and amounts of prior year are presented after translation of prior year’s financial statements.

On the disposal of all the owners’ equity in a foreign operation, or in the event of loss of control of a foreign operation due to partial disposal of equity investments or other reasons, the cumulative amount of the exchange differences relating to that foreign operation, as accumulated in owners’ equity of the statement of financial position, shall be reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

In the event of reduction in the company’s ownership interest in a foreign operation

due to the partial disposal of equity investments or other reasons, which, however, does not involve the company's loss of control of the foreign operation, the company shall re-attribute the proportionate share of the cumulative amount of the exchange differences, which are related to the disposal of the foreign operation, to the non-controlling interests in that foreign operation, instead of reclassifying that to profit or loss. In partial disposal of equity investments in a foreign operation which is a joint venture or an associate, the company shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognized.

When the consolidated financial statements involve a foreign operation, exchange differences arising on a monetary item that forms part of the reporting entity's net investment in the foreign operation, shall be accounted for as "translation differences of financial statements presented in foreign currencies" and recognized in other comprehensive income, and reclassified from equity to profit or loss on disposal of the net investment.

9. Financial Instruments

The company recognizes a financial asset or a financial liability when the company becomes party to the contractual provisions of the instrument.

(1) Classification, Recognition and Measurement of Financial Assets

The company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

At initial recognition, the company measures a financial asset at its fair value. For financial assets measured at fair value through profit or loss, related transaction costs are directly recorded in profit or loss; for other types of financial assets, related transaction costs are recorded in the amount initially recognized. Trade receivables or notes receivable that arise from sale of goods or rendering of services, which do not contain or involve a significant financing component, shall be measured, at the initial recognition, at the amount of consideration to which the company expects to be entitled.

① Financial Assets Measured at Amortized Cost

For a financial asset measured at amortized cost, it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and its contractual cash flow characteristics are consistent with those of a basic lending arrangement, that is, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The company applies effective interest method and subsequently

measures this type of financial assets at amortized costs, a gain or loss arising from amortization or impairment is recognized in profit or loss.

② Financial Assets Measured at Fair Value Through Other Comprehensive Income

For a financial asset at fair value through other comprehensive income, it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual cash flow characteristics are consistent with those of a basic lending arrangement. A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for: impairment gains or losses, foreign exchange gains and losses, and interest calculated using the effective interest method, which are recognized in profit or loss.

In addition, the company designates particular investments in equity instruments that are not held for trading as financial assets measured at fair value through other comprehensive income. Dividends on such investments are recognized in profit or loss; changes in fair values of the investments are recognized in other comprehensive income. Upon de-recognition of these financial assets, cumulative gains or losses presented in other comprehensive income will be subsequently transferred to retained earnings, but not to profit or loss.

③ Financial Assets Measured at Fair Value Through Profit or Loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income in accordance with preceding paragraphs. In addition, the company designates some financial assets as measured at fair value through profit or loss when doing so eliminates or significantly reduces accounting mismatches. The company subsequently measures this type of financial assets at fair value; changes in fair values are recognized in profit or loss.

(2) Classification, Recognition and Measurement of Financial Liabilities

At initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss, or other financial liabilities. For financial liabilities at fair value through profit or loss, related transaction costs are directly recorded in profit or loss; for other financial liabilities, related transaction costs are recorded in the amount initially recognized.

① Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss comprise financial liabilities

held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss at initial recognition.

Financial liabilities held for trading (including derivatives that are liabilities) are subsequently measured at fair value; except for those related to hedge accounting, the changes in fair values are recognized in profit or loss.

For a financial liability designated as at fair value through profit or loss, the company presents its gain or loss based on the following: (a) the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, upon de-recognition of the liability, cumulative change in fair value recognized other comprehensive income, which is attributable to changes in the credit risk of that liability, will be subsequently transferred to retained earnings; and (b) the remaining amount of change in the fair value of the liability shall be presented in profit or loss. However, if the treatment of the effects of changes in the liability's credit risk described in (a) would create or enlarge an accounting mismatch in profit or loss, the company will present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss.

② Other Financial Liabilities

Other financial liabilities, except for financial guarantee contracts and financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, are classified as financial liabilities measured at amortized cost, and are subsequently measured at amortized cost; gains or losses arising from de-recognition or amortization will be recognized in profit or loss.

(3) Impairment of Financial Assets

Based on the expected credit losses, the company recognizes an impairment loss on a financial asset measured at amortized cost, a financial asset at fair value through other comprehensive income (debt instrument investment), a lease receivable, a contract asset or a financial guarantee contract, and records a credit impairment loss.

Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. For a purchased or originated credit-impaired financial asset, the discount rate is the credit-adjusted effective interest rate of that financial asset.

At each reporting date, the company assesses whether the credit risk on a financial asset has increased significantly since initial recognition; if the credit risk on that

financial asset has increased significantly since initial recognition, the company shall measure the impairment loss for the financial asset at an amount equal to the lifetime expected credit losses; if the credit risk has not increased significantly since initial recognition, the company shall measure the impairment loss for the financial asset at an amount equal to the 12-month expected credit losses. The company considers reasonable and supportable information, including forward-looking information, when assessing the expected credit losses.

For trade receivables that do not contain a significant financing component, the company uses simplified approach to measure the impairment loss at an amount equal to lifetime expected credit losses. If a financial instrument is determined to have low credit risk at the reporting date, the company assumes the credit risk on that financial instrument has not increased significantly since initial recognition, and measures impairment loss for the financial instrument at an amount equal to 12-month expected credit losses.

(4) Recognition and Measurement of Transfers of Financial Assets

A financial asset that meets one of the following conditions shall be derecognized: (a) the contractual rights to the cash flows from the financial asset expire; (b) the company transfers the financial asset, and it transfers substantially all the risks and rewards of the ownership of the financial asset to the transferee; (c) the company transfers the financial asset, it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, however, it has not retained control of the financial asset.

When a company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and has retained control of the financial asset, the company shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset, and recognize an associated liability. The extent of the company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

If a company transfers a financial asset in a transfer that qualifies for de-recognition in its entirety, the difference between: (a) the carrying amount of the financial asset transferred, and (b) the sum of consideration received and cumulative changes in fair value that have been previously recognized in other comprehensive income, shall be recognized in profit or loss.

If the transferred asset is part of a larger financial asset, and the part transferred qualifies for the de-recognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of the relative fair values of those parts on

the date of the transfer. The difference between: (a) the sum of the consideration received for the part derecognized and cumulative changes in fair value allocated to the part derecognized which have been previously recognized in other comprehensive income, and (b) the carrying amount allocated to the part derecognized, shall be recognized in profit or loss.

For a financial asset sold with recourse, or a financial asset transferred through endorsement, the company determines whether it transfers substantially all the risks and rewards of the ownership of the financial asset. If the company transfers substantially all the risks and rewards of ownership of the financial asset, it shall derecognize the financial asset; if the company retains substantially all the risks and rewards of ownership of the financial asset, it shall continue to recognize the financial asset; if the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it shall determine whether it has retained control of the financial asset, and make corresponding accounting treatment based on preceding principles.

(5) De-recognition of Financial Liabilities

A financial liability (or a part of a financial liability) is derecognized when the present obligation specified in the contract is discharged or cancelled or expires. If, as an existing borrower, the company signs agreement with an existing lender, to replace original financial liability with a new financial liability, and the exchange of debt instruments has substantially different terms, the company shall derecognize the original financial liability and recognize the new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss.

(6) Offsetting a Financial Asset and a Financial Liability

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, the company: (a) currently has a legally enforceable right to set off the recognized amounts; and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In all other circumstances, financial assets and financial liabilities are presented separately in the statement of financial position.

(7) Equity Instruments

An equity instrument is a contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company recognizes changes in equity when it issues (including refinancing), repurchases, sells or cancels equity instruments. The company does not recognize changes in fair values of equity instruments. Transaction costs of an equity transaction are accounted for as a deduction from equity.

All distributions (excluding stock dividends) to holders of an equity instrument will reduce the amount of shareholders' equity. Changes in fair values of equity instruments are not recognized.

10. Hedging Instruments

In order to avoid certain risks, the company uses certain financial instruments as hedging instruments. The hedging that meets specified criteria shall apply hedge accounting. The company's hedging relationships include fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation.

At the inception of the hedge, there is a formal designation and documentation of the hedging relationship and the company's risk management objective and strategy for undertaking the hedge. Since the inception of the hedge, the company assesses the hedge effectiveness on an ongoing basis.

(1) Fair Value Hedges

For a fair value hedge that meets the qualifying criteria, the gain or loss on the hedging instrument is recognized in profit or loss. If the hedging instrument hedges a not-held-for-trading equity instrument (or a component thereof) for which the company has elected to present changes in fair value in other comprehensive income, the gain or loss on the hedging instrument is recognized in other comprehensive income. The hedging gain or loss on the hedged item, which arises from hedged exposure, shall adjust the carrying amount of the hedged item, and be recognized in profit or loss. If the hedged item is measured at fair value, the hedging gain or loss on the hedged item, which arises from hedged risk, shall be recognized in profit or loss or other comprehensive income, and shall not adjust the carrying amount of the hedged item.

When the company revokes the designation of a hedging relationship, or when the hedging instrument expires or is sold, terminated or exercised, or the hedging relationship ceases to meet the qualifying criteria, the company shall discontinue hedge accounting.

(2) Cash Flow Hedges

For a cash flow hedge that meets the qualifying criteria, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized as cash flow hedge reserve in other comprehensive income, the remaining

gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognized in profit or loss.

As for the amount that has been accumulated in the cash flow hedge reserve in the preceding paragraph: (a) If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost of the asset or the liability; (b) for other cash flow hedges, that amount shall be reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. However, if that amount is a loss and the company expects that all or a portion of that loss will not be recovered in one or more future periods, the company shall immediately reclassify the amount that is not expected to be recovered into profit or loss.

When the company discontinues hedge accounting for a cash flow hedge, it shall account for the amount that has been accumulated as cash flow hedge reserve in other comprehensive income as follows: (a) if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve; (b) if the hedged future cash flows are no longer expected to occur, that amount shall be reclassified from other comprehensive income to profit or loss.

(3) Hedges of a Net Investment in a Foreign Operation

Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income, the ineffective portion shall be recognized in profit or loss.

The cumulative gain or loss on the hedging instrument that has been accumulated in other comprehensive income shall be reclassified from other comprehensive income to profit or loss on the disposal of the foreign operation.

11. Notes Receivable

The company adopts simplified model of expected credit loss for accounts receivable that do not contain significant financing components as required by the "Accounting Standards for Business Enterprises No. 14-Income" The simplified model of expected credit loss, that is, the loss reserve is always measured according to the amount of expected credit loss during the entire duration, and the increase or reversal of the loss reserve formed by this is included in the current profit and loss as an impairment loss or profit.

For receivables that contain significant financing components, the company chooses to adopt a simplified model of expected credit losses, that is, the loss reserves are always measured according to the amount of expected credit losses during the entire duration.

Simplified model of expected credit loss: always measure its loss reserves according to the amount of expected credit loss during the entire duration.

Items	Basis for Grouping	Measurement of simplified model of expected credit losses
Notes receivable-Bank acceptance draft	Note acceptor	The acceptor of bank acceptance notes is a commercial bank. As commercial banks have relatively high credit, no provision for bad debts shall be made if they are not impaired after testing.
Notes receivable-trade acceptance draft		The company considers all reasonable and evidence-based information, including historical credit loss experience, and considers forward-looking information combined with current conditions and future economic forecasts, through the default risk exposure and the entire duration of the credit loss rate, in a single item or a combination estimation of expected credit losses

12. Account Receivables

The company adopts simplified model of expected credit loss for accounts receivable that do not contain significant financing components as required by the "Accounting Standards for Business Enterprises No. 14-Income" The simplified model of expected credit loss, that is, the loss reserve is always measured according to the amount of expected credit loss during the entire duration, and the increase or reversal of the loss reserve formed by this is included in the current profit and loss as an impairment loss or profit.

For receivables that contain significant financing components, the company chooses to adopt a simplified model of expected credit losses, that is, the loss reserves are always measured according to the amount of expected credit losses during the entire duration.

Simplified model of expected credit loss: always measure its loss reserves according to the amount of expected credit loss during the entire duration.

(1)Accounts Receivable with Expected Credit Losses Measured by Combination.

Items	Basis for Grouping	Measurement of simplified model of expected credit losses
Accounts Receivable-Credit Risk Feature Combination	Aging portfolio	The company considers all reasonable and evidence-based information, including historical credit loss experience, and considers forward-looking information combined with current conditions and future economic forecasts, through the default risk exposure and the entire duration of the credit loss rate, in a combined way Estimated expected credit losses.
Accounts Receivable-accounts receivable within the scope of the company's consolidation	Within the scope of consolidation related party payments	The accounts receivable between member companies included in the consolidated financial statements shall be tested separately for impairment. If there is objective evidence that it has been impaired, provision for bad debts shall be made based on the expected credit losses during the entire duration. After the impairment test, if there is no credit impairment, no bad debt provision shall be made.

(2) If there is objective evidence showing that a certain account receivable has been credit-impaired, the company will make a single doubtful account reserve for the account receivable and confirm expected credit losses during the entire duration.

13. Financing of Accounts Receivable

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value and whose changes are included in other comprehensive income: (a) The company's business model for managing the financial assets is to collect contractual cash flows as the objective and to sell financial assets as the objective Goal; (b) the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

The company transfers the receivables held by the company in the form of discounts or endorsements, and this type of business is more frequent and involves a large amount of money, its management business model is essentially to collect contractual cash flows and sell, according to financial instruments The relevant provisions of the standard classify them as financial assets whose changes are measured at fair value and whose changes are included in other comprehensive income.

14. Other Receivables

The company adopts the general expected credit loss model for other receivables, and the specific policies are detailed in Note IV-9 "Financial Instruments".

If there is objective evidence showing that a certain other receivable has been credit-impaired, the company makes a reverse for doubtful accounts for the other single receivable and recognizes expected credit losses during the entire duration.

15. Inventories

(1) Classification of Inventories

Inventory includes goods held for sale in daily activities, products in the production process, materials and materials consumed in the production process, generated goods, materials in transit, consigned processing materials, etc.

(2) Cost Measurement for Inventories

When acquired, the cost of inventories shall be measured at the actual costs, which comprise costs of purchase, costs of conversion and other costs. Inventories issued for use or shipped are measured under the weighted average method at the end of the month.

(3) Measurement of Net Realizable Value and Write-Down

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale, and related taxes and surcharges. Estimates of net realizable value are based on reliable evidence available at the time the estimates are made, at the same time, take into consideration the purpose for which the inventory is held and effect of subsequent events after the reporting date.

At the reporting date, inventories are measured at the lower of cost and net realizable value, and Inventory falling price reserves is made based on the difference between the cost of a single inventory item and the net realizable value. Inventories directly used for sale, in the normal production and operation process, the estimated selling price of the inventory minus the estimated sales expenses and related taxes is used to determine the net realizable value; the inventory that needs to be processed is in the normal production and operation process, the net realizable value is determined by the estimated selling price of the finished product produced after subtracting the estimated cost, estimated selling expenses and relevant taxes and fees at the time of completion; if a part of the same inventory has a contract price agreement, and the other part does not have a contract price, the net realizable value is determined separately, and the corresponding cost is compared to determine the withdrawal or reversal of the inventory depreciation reserve amount.

(4) Inventory Counting

Inventory counting is performed using the perpetual inventory system.

(5) Amortization of Low-Cost Consumables and Packaging Materials

When used, low-cost consumables are amortized by using one-off amortization method; packaging materials are amortized by using one-off amortization method.

16. Contract assets

(1) Recognition Methods and Standards of Contract Assets

The company lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration (except receivables) that the company has the right to collect for the transfer of goods or services to customers is listed as contract assets.

(2) Determination Method and Accounting Treatment Method of Expected Credit Loss of Contract Assets

For contract assets that do not contain significant financing components, the company adopts a simplified expected credit loss model, that is, the loss reverse is always measured at an amount equivalent to the expected credit loss during the entire duration, and the resulting loss reverse is increased or reversed. The amount is included in the current profit and loss as an impairment loss or gain.

For contract assets that contain significant financing components, the company chooses to adopt the simplified expected credit loss model, that is, the loss reverse is always measured at the amount equivalent to the expected credit loss during the entire duration, and the resulting loss reverse is increased or reversed. The amount is included in the current profit and loss as an impairment loss or gain.

17. Contract cost

Contract costs are divided into contract performance costs and contract acquisition costs.

If the cost incurred by the company's enterprise to perform the contract meets the following conditions, it shall be recognized as an asset as the contract performance cost:

(a) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), clearly the cost borne by the customer, and other costs incurred only due to the contract;

(b) This cost increases the company's future resources for fulfilling contract performance obligations;

(c) The cost is expected to be recovered.

The incremental cost incurred by the company to obtain the contract is expected to be recovered, and recognized as an asset as the contract acquisition cost; however, if the asset amortization does not exceed one year, it can be included in the current profit and loss when it occurs.

Assets related to contract costs are amortized on the same basis as the revenue of goods or services related to the asset.

If the carry amount of assets related to contract costs is higher than the difference between the following two items, the company will make reverse for impairment of the excess part and recognize it as an asset impairment loss:

(a) The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;

(b) Estimate the costs that will be incurred for the transfer of the related goods or services.

If the aforementioned asset impairment reverse is subsequently reversed, the carry amount of the asset after the return does not exceed the carry amount of the asset on the date of return assuming that no impairment reverse is made.

18. Assets Held for Sale

The company classifies a non-current asset or disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction (including exchange of non-monetary assets with commercial substance, the same below) rather than through continuing use. Specifically, all the following criteria shall be met: (a) the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; (b) the company has made resolution on a plan to sell the asset or disposal group, and a buyer has committed to complete the plan; (c) the sale is expected to be completed within one year from the date of classification. A disposal group is a group of assets to be disposed of, by sales or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. The company shall include goodwill acquired in a business combination if the company is a cash-generating unit to which goodwill has been allocated in accordance with the requirements of Accounting Standard for Business Enterprises No. 8 – Impairment of Assets.

On initial recognition or subsequent re-measurement at each reporting date, the company measures a non-current asset or disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell. An impairment loss is recognized in profit or loss when the carrying amount is higher than the fair value less

costs to sell, and impairment loss is recognized accordingly. For the disposal group, the recognized impairment loss on assets is offset against the carrying amount of the goodwill in the disposal group, and then reduced in proportion of the carrying amount of the non-current assets applicable to requirements set out in Accounting Standards for Business Enterprises No. 42 – Non-Current Assets Held for Sale, Disposal Group and Discontinued Operations. The company shall recognize a gain during the period for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognized after the reclassification to non-current assets held for sale. The carrying amount of assets in the disposal group is increased proportionately according to the proportion of the carrying amount of each non-current asset except for goodwill. Impairment loss recognized before the reclassification to non-current assets held for sale shall not be recovered.

A non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale is not depreciated or amortized, interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

A non-current asset or disposal group that no longer meets the criteria to be classified as held for sale shall be removed from that category and measured at the lower of: a) its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortization or impairment that would have been recognized had the asset or disposal group not been classified as held for sale; and b) its recoverable amount.

19. Discontinued business

Discontinued operations refers to a separately distinguishable component part that the company meets one of the following conditions, and the component part has been disposed of or classified as held for sale:

(a) This component represents an independent main business or a separate main business area;

(b) This component is part of a related plan to dispose of an independent main business or a separate main business area;

(c) This component is a subsidiary acquired exclusively for resale.

The company separately lists the profit and loss from continuing operations and the profit and loss from discontinued operations in the income statement. For non-current assets held for sale or disposal groups that do not meet the definition of discontinued operations, their impairment losses, reversal amounts, and disposal gains and losses are reported as continuing operations gains and losses. Operating gains and losses

such as impairment losses and reversal amounts and disposal gains and losses from discontinued operations are reported as discontinued operations gains and losses

20. Long-term Equity Investments

Long-term equity investments refer to the long-term equity investment in which the company has control or joint control of, or significant influence over, the investee. Long-term equity investments in which the company has no control or joint control of, or significant influence over, the investee shall be recognized as available-for-sale financial assets or financial assets measured at fair value through profit or loss.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

(1) Cost of Investments

For long-term equity investments recognized in a business combination under common control, on the combination date, the initial cost shall be measured at the proportionate share of the carrying amount of the acquiree's shareholders' equity in the acquiree's ultimate controlling party's consolidated financial statements. Difference between the initial cost of long-term equity investments and the carrying amount of consideration paid (including any cash paid, non-cash assets transferred or liabilities assumed) shall adjust capital reserve, and then adjust retained earnings if capital reserve balance is reduced to zero. If a company issues equity interests in exchange for control of the acquiree, on the combination date, the initial cost of long-term equity investments shall be measured at the proportionate share of the carrying amount of the acquiree's shareholders' equity in the acquiree's ultimate controlling party's consolidated financial statements, the total par value of the shares issued shall be recognized as share capital, difference between the initial cost of long-term equity investments and the total par value of the shares issued shall adjust capital reserve, and then adjust retained earnings if capital reserve balance is reduced to zero. For a business combination under common control that is achieved in stages, the acquirer shall make judgment on whether or not the related multiple arrangements should be accounted for as a single transaction. If they should be accounted for as a single transaction, the acquirer shall account for the transaction as a single transaction that results in control of the acquiree. Otherwise, the acquirer shall account for the initial cost of long-term equity investments, on the combination date, at the proportionate share of the carrying amount of the acquiree's shareholders' equity in the acquiree's ultimate controlling party's consolidated financial statements, difference between (a) the

initial cost of long-term equity investments and (b) the sum of the carrying amount of the long-term equity investments before the acquirer gains control and consideration paid for the newly acquired equity interests on the combination date shall adjust capital reserve, and then adjust retained earnings if capital reserve balance is reduced to zero. The other comprehensive income recognized under equity method for equity investments held before the combination date, or other comprehensive income recognized for available-for-sale financial assets before the combination date, is not subject to accounting treatment for these arrangements.

For long-term equity investments recognized in a business combination not under common control, on the acquisition date, the initial cost shall be measured at the cost of combination, which includes fair values of the assets transferred by the acquirer, the liabilities incurred or assumed by the acquirer, and the equity interests issued by the acquirer in exchange for control of the acquiree. For a business combination not under common control that is achieved in stages, the acquirer shall make judgment on whether or not the related multiple arrangements should be accounted for as a single transaction. If they should be accounted for as a single transaction, the acquirer shall account for the transaction as a single transaction that results in control of the acquiree. Otherwise, the initial cost of investment is calculated as the sum of the carrying amount of its previously held equity interest in the acquiree and additional cost of investments on the acquisition date, and long-term equity investment shall be measured at cost. The other comprehensive income recognized under equity method for previously held equity interest is not subject to accounting treatment for these arrangements.

Professional fees such as audit, legal, valuation fees and general administrative costs incurred for the business combination are accounted for as expenses in the periods in which the costs are incurred and the services are received.

Equity investments, other than those arise in business combinations, are recognized at cost on initial recognition; based on ways of acquisition, the cost is accounted for at the amount of cash paid by the company, the fair value of equity interests issued by the company, the agreed value in the investment contract, the fair value or original carrying amount of non-cash assets transferred by the company, or the fair value of the long-term equity investments, etc. Any direct expense, tax and necessary cost are recognized in the cost of investments. For additional investments that result in significant influence over or joint control of the investee (and do not result in control), the cost of long-term equity investments is the sum of fair value of previously held equity interest in the investee and the additional cost of investments, according to Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

(2) Subsequent Measurement and Recognition of Profit or Loss

Long-term equity investments where the company has joint control (except for joint operation) of or significant influence over the investee are accounted for by equity method. The company accounts for long-term equity investments at cost where the company has control of the investee.

① Long-term Equity Investments Measured at Cost

Long-term equity investments are recognized at cost on initial recognition; if the company increases or recovers the cost of its investments in the investee, the cost of long-term equity investments shall be adjusted accordingly. The company accounts for investment income for current period at the amount of its share of cash dividends declared and profits to be distributed by the investee, except for: (a) cash dividends declared but undistributed or (b) undistributed profits, which are included in the consideration paid for the investments.

② Long-term Equity Investments Using Equity Method

Under equity method, when the initial cost of long-term equity investments exceeds the company's proportionate share in the acquisition-date fair values of the investee's identifiable net assets, the initial cost of investments is not subject to adjustment; when the initial cost of investments is lower than the company's proportionate share in the acquisition-date fair values of the investee's identifiable net assets, the difference shall be recognized in profit or loss, and the cost of investments shall be adjusted at the same time.

The carrying amount of long-term equity investments is adjusted to recognize the company's share of the profit or loss of the investee and the company's proportionate interest in the investee arising from changes in the investee's other comprehensive income, at the same time, the company's share of the investee's profit or loss is recognized in investment income, and the company's proportionate interest in the investee arising from changes in the investee's other comprehensive income is recognized in the company's other comprehensive income. The company's share of profits to be distributed or cash dividends declared by the investee reduce the carrying amount of long-term equity investments. Other changes in investee's equity, except for profit or loss, other comprehensive income and profit distribution, shall be recognized in capital reserve, and the carrying amount of long-term equity investments shall be adjusted accordingly. Appropriate adjustments to the company's share of the investee's profit or loss after acquisition are made in order to account for the net identifiable assets based on their fair values at the acquisition date. If the investee's accounting policy and accounting period are not in conformity with those of the company, appropriate adjustments shall be made based on the company's accounting policy and accounting period, in order to recognize the amounts of investment income and other

comprehensive income. As for transactions between the company and its associate or joint venture, when the contributed or sold assets do not constitute a business, the company's share in the associate's or joint venture's unrealized gains or losses resulting from these transactions is eliminated; on that basis, investment income is recognized. However, if the unrealized losses are impairment losses of assets sold or contributed during the transactions, they shall not be eliminated. When the contributed assets from the company to its joint venture or associate constitute a business, and consequently the company gains long-term equity investments but not control of the investee, the company shall account for the additional long-term equity investments at fair value of the contributed business; difference between the initial cost of investments and the carrying amount of contributed business, shall be recognized in full in profit or loss. When the sold assets from the company to its joint venture or associate constitute a business, the difference between consideration received and the carrying amount of the business shall be recognized in full in profit or loss. When the purchased assets from its associate or joint venture constitute a business, the company shall fully recognize relevant profit or loss, according to Accounting Standards for Business Enterprises No. 20 – Business Combination.

If the company's share of losses of an investee equals or exceeds the carrying amount of the long-term equity investments in the investee together with any long-term interests that, in substance, form part of the company's net investment in the investee, the company discontinues recognizing its share of further losses. If the company has incurred obligations to assume additional losses for the investee, the company shall recognize a liability and relevant loss in current period. If the investee subsequently reports profits, the company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

For any long-term equity investment in its associate or joint venture held before initial application of the new accounting standards on January 1, 2019, the company recognizes the amortized amount of the existing debit balance of the investment, using straight-line method over the original remaining term, in profit or loss.

③ Purchase of Non-controlling Interests

In preparation of consolidated financial statements, difference between (a) the increase in long-term equity investments due to purchase of non-controlling interests and (b) the company's newly acquired share in the investee's net assets calculated since acquisition date (or combination date) shall adjust capital reserve, and then adjust retained earnings if capital reserve balance is reduced to zero.

④ Disposal of Long-term Equity Investments

In the consolidated financial statements, for the partial disposal of long-term equity

investments without losing control of the subsidiary, the difference between consideration received and the proportionate share of the subsidiary's net assets for the disposed investments shall be recognized in equity; for the partial disposal of long-term equity investments that results in loss of control of the subsidiary, see Note IV-5 "Preparation Method of Consolidated Financial Statements" for the accounting treatment.

In other circumstances of disposal of long-term equity investments, the difference between the carrying amount of the disposed investments and the consideration received shall be recognized in profit or loss.

After the disposal of long-term equity investments accounted for using equity method, if the equity method still applies for the investments retained, the company shall account for the proportionate amounts previously recognized in other comprehensive income on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. Any equity previously recognized for changes of investee's equity excluding changes in investee's net profit or loss, other comprehensive income and profit distribution, is proportionately reclassified to profit or loss.

After the company disposes long-term equity investments measured at cost, if the investments retained are still measured at cost, the company shall account for the amounts previously recognized in other comprehensive income, that are recognized according to equity method or recognition and measurement requirements of financial instruments before the company obtains control of the investee, on the same basis as would have been required if the investee had directly disposed of related assets or liabilities, and the proportionate amounts shall be reclassified to profit or loss; any equity previously recognized under equity method for changes of investee's equity excluding changes in investee's net profit or loss, other comprehensive income and profit distribution, is proportionately reclassified to profit or loss.

After the company loses control of an investee due to partial disposal of equity investments, if the company has joint control of, or significant influence over, the investee, the company shall account for the investments retained using equity method in its individual financial statements, and apply equity method retrospectively to the date of acquisition; if the company has neither joint control of, nor significant influence over, the investee, the company shall account for the investments retained according to the recognition and measurement requirements of financial instruments, the difference between the fair value and carrying amount of the investments retained shall be recognized in profit or loss when the control is lost. When the company loses control of the investee, the company shall account for the amounts previously recognized in other comprehensive income, that are recognized according to equity method or recognition

and measurement requirements of financial instruments before the company obtains control of the investee, on the same basis as would have been required if the investee had directly disposed of related assets or liabilities; any equity previously recognized under equity method for changes of investee's equity excluding changes in investee's net profit or loss, other comprehensive income and profit distribution, is reclassified to profit or loss when the control is lost. If the investments retained are accounted for using equity method, the above-mentioned other comprehensive income and equity are proportionately reclassified; if the investments retained are accounted for according to the recognition and measurement requirements of financial instruments, the above-mentioned other comprehensive income and equity are reclassified in full.

After the company loses joint control of, or significant influence over, the investee due to partial disposal of equity investments, the retained investments are accounted for according to the recognition and measurement requirements of financial instruments, the difference between the fair value and carrying amount of the investments retained shall be recognized in profit or loss when the joint control or significant influence is lost. When the company discontinues the use of the equity method, the company shall account for the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of related assets or liabilities; any equity previously recognized under equity method for changes of investee's equity excluding changes in net profit or loss, other comprehensive income and profit distribution, is reclassified in full to profit or loss.

If the company loses control of a subsidiary in two or more arrangements (transactions), and the multiple arrangements should be accounted for as a single transaction, the company recognizes the arrangements as a single transaction that results in loss of control of the subsidiary; before loss of control, the difference of consideration received and the share of the carrying amount of long-term equity investments for the disposed investments in each arrangement shall be recognized in other comprehensive income, and the cumulative amount shall be reclassified to profit or loss when control is lost.

(3) Recognition and Measurement of Impairment

For investments in subsidiaries, associates and joint ventures, if there is objective evidence showing that they are impaired on the balance sheet date, the corresponding impairment reverse shall be made based on the difference between the carry amount and the recoverable amount.

For recognition and measurement of impairment of long-term equity investments, see Note IV-28 "Impairment of Non-current and Non-financial Assets".

21. Fixed Assets

(1) Recognition

Fixed assets are tangible items that: (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (b) are expected to be used during more than one financial year. A fixed asset shall be recognized only when (a) it is probable that future economic benefits associated with the item will flow to the company, and (b) the cost of the item can be measured reliably. A fixed asset is recognized at cost on initial recognition, also taking into consideration of its estimated dismantlement, removal and restoration costs.

(2) Classification, Measurement, and Depreciation

From the subsequent month after a fixed asset gets ready for its intended use, the company depreciates the fixed asset on a monthly basis over its useful life. Useful life, residual value rate, and annual depreciation rate for each class of fixed assets are as follows:

Class of fixed assets	Useful life	Residual value rate (%)	Annual depreciation rate (%)	Depreciation method
Properties and buildings	30	5	3.17	Straight-line method
Machinery equipment	10	5	9.5	Straight-line method
Transportation equipment	4	5	23.75	Straight-line method
Electronic equipment	3	5	31.67	Straight-line method
Other	5	5	19	Straight-line method

Residual value is the estimated amount that the company would currently obtain from disposal of the fixed asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

(3) Impairment Test and Measurement of Impairment.

On the reporting date, if there are signs that a fixed asset has been impaired, the corresponding impairment shall be accrued based on the difference between the carry amount and the recoverable amount.

For impairment test and measurement of impairment of fixed assets, see Note IV-28 "Impairment of Non-current and Non-financial Assets".

(4) Recognition basis and pricing method of financing leased fixed assets

Those that meet one or more of the following criteria are deemed to be a financial lease: (a) At the expiration of the lease term, the ownership of the leased asset is transferred to the lessee; (b) The lessee has the option to purchase the leased asset,

and the purchase The price is expected to be much lower than the fair value of the leased asset when the option is exercised, so it can be reasonably determined on the lease start date that the lessee will exercise the option; (c) Even if the ownership of the asset is not transferred, the lease term will account for the leased asset most of the useful life ,usually more than 75% (including 75%) of the useful life of the leased asset; (d) The present value of the lessee's minimum lease payment on the lease start date is almost equivalent to the fair value of the leased asset on the lease start date (90% or more than 90%); The present value of the lessor's minimum lease payment on the lease start date is almost equivalent to the fair value of the leased asset on the lease start date (90% or more than 90%); (e) The leased assets are of a special nature, and unless major renovations are made, only the lessee can use it.

Fixed assets acquired by finance lease shall be accounted for at the lower of the fair value of the leased asset on the lease start date and the present value of the minimum lease payment, and the depreciation shall be accrued according to the depreciation policy of self-owned fixed assets.

22. Construction in Progress

Construction in progress is measured at cost, which includes costs of construction during the construction period, borrowing costs capitalized before the asset gets ready for intended use and other relevant costs. Construction in progress is recognized as fixed asset when it is ready for intended use.

On the report date, if there are signs that the construction in progress has been impaired, the corresponding impairment reverse shall be made based on the difference between the carry amount and the recoverable amount.

For impairment test and measurement of impairment of construction in progress, see Note IV-28 "Impairment of Non-current and Non-financial Assets".

23. Borrowing Costs

(1) Recognition Principle of Capitalization of Borrowing Costs

If the borrowing costs incurred by the company can be directly attributable to the purchase, construction or production of assets that meet the capitalization conditions, they shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses when incurred and included in the current profit and loss.

(2) Period of Capitalization of Borrowing Costs

① When borrowing costs meet the following conditions at the same time, capitalization begins: (a) Asset expenditures have been incurred; (b) Borrowing costs

have been incurred; (c) Purchase, construction or production necessary for the assets to reach the expected usable or saleable state The activity has already started.

② If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process, and the interruption time exceeds 3 consecutive months, the capitalization of borrowing costs shall be suspended; the borrowing costs incurred during the suspension shall be recognized as current expenses until The acquisition, construction or production of assets restarts.

③ When the purchased, constructed or produced assets that meet the capitalization conditions reach the intended usable or saleable state, the capitalization of borrowing costs shall cease.

(3) Capitalized amount of Borrowing Costs

If special loans are borrowed for the purchase, construction or production of assets that meet the capitalization conditions, the actual interest expenses incurred during the period of the special loans (including the amortization of discounts or premiums determined in accordance with the actual interest rate method) are used to deduct the unused borrowing funds The amount of interest income obtained by depositing in the bank or the amount of investment income obtained by making a temporary investment shall determine the amount of interest that should be capitalized; if the general loan is occupied for the purchase, construction or production of assets that meet the capitalization conditions, the cumulative asset expenditure Multiply the weighted average number of asset expenditures in excess of special borrowings by the capitalization rate of general borrowings to calculate and determine the amount of interest that should be capitalized for general borrowings

24. Right-of-use assets

On the beginning date of the lease term, the Company recognizes the short-term use assets and leasing liabilities, except the short-term leasing and low-value assets that by the criteria.

The Company initially measures the used assets at the cost. The cost includes:

- ① Recognition principle of capitalization of borrowing costs.
- ② If the lease payment paid on or before the start date of the lease term exists, the amount related to the lease incentive already enjoyed shall be deducted.
- ③ The initial direct costs incurred
- ④ Costs expected to remove and remove the leased assets, restore the site of the leased assets, or restore the leased assets to the state agreed upon in the lease terms. For the aforementioned costs incurred for production inventory, AS ——

Inventory No.1 applies.

The Company confirms and measures the costs described in Item 4 above in accordance with ASES 13 — contingencies

Initial direct cost refers to the incremental cost incurred to achieve the lease. Incremental cost refers to the cost that will not occur if the enterprise does not acquire the lease.

The Company draws the depreciation of the used assets according to the relevant depreciation provisions of the Accounting Standards for Business Enterprises No.4 — Fixed Assets. If the ownership of the leased assets can be reasonably determined at the expiration of the lease term, the depreciation shall be deducted within the remaining service life of the leased assets. If it is impossible to reasonably determine that the ownership of the lease assets can be obtained at the expiration of the lease term, the depreciation shall be deducted within the period of which is the short between the lease term and the remaining service life of the leased assets.

The Company, in accordance with the provisions of — Asset impairment No.8, determines whether the assets of the use right are impaired, and conducts accounting treatment for the identified impairment loss.

25. Intangible Assets

(1) Recognition and Measurement of Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance, which are possessed or controlled by the company.

The intangible assets are initially measured at cost. Expenditure on the intangible assets, if it is probable that the expected economic benefits that are attributable to the assets will flow to the entity, and the cost of the assets can be measured reliably, shall be included in the cost of the intangible assets. Expenditure other than these shall be included in profit or loss as incurred.

(2) Amortization of Intangible Assets

Intangible assets with a limited service life are amortized systematically and reasonably according to the expected realization method of economic benefits related to the intangible asset during their service life. If the expected realization method cannot be reliably determined, the straight-line method is used. The specific years are as follows:

Items	Amortization period (years)
Land use rights	50

Items	Amortization period (years)
Patent rights and Proprietary technology	10
Software	10
Other	10

The intangible asset with an indefinite useful life shall not be amortized. The company does not yet have intangible assets with uncertain service life.

(3) Intangible Assets with a Definite Useful Life

If there is evidence of impairment on the balance sheet date, the corresponding impairment reverse shall be made based on the difference between the carry amount and the recoverable amount; intangible assets with an uncertain useful life and have not yet reached the usable state of intangible assets, regardless of whether there are signs of impairment, an impairment test is conducted every year. As of the end of the current period, the company has no intangible assets with uncertain service life or that have not yet reached the usable state.

(4) Research and Development Expenditure

The internally generated research and development expenditure is divided into expenditure for the research phase and for the development phase. Among them, research refers to original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding, for example, activities aimed at obtaining new knowledge; the search for, evaluation and final selection of, application of research findings or other knowledge; the search for alternatives for materials, devices, products, processes, systems or services; and the formulation, design, evaluation and final selection of possible alternatives for new or improved materials, devices, products, processes, systems or services. Development refers to the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use, for example, the design, construction and testing of pre-production or pre-use prototypes and models; the design, construction and operation of a pilot plant that is not of a scale economically feasible for commercial production.

Expenditures in the research phase of internal research and development projects are included in the current profits and losses when they occur. Expenditures in the development stage of internal research and development projects that meet the following conditions are recognized as intangible assets: (a) The completion of the intangible asset so that it can be used or sold is technically feasible; (b) The completion of the intangible asset is technically feasible; Intentions to use or sell; (c) The means by

which intangible assets generate economic benefits, including the ability to prove that the products produced by the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally, which can prove their usefulness; (d) Sufficient technical, financial resources and other resource support are available to complete the development of the intangible asset and have the ability to use or sell the intangible asset; (e) The expenditure attributable to the development of the intangible asset can be reliably measured.

26. Long-term Prepaid Expenses

The long-term prepaid expenses are expenses which have been paid but will be amortized within the period over one year, including the current reporting period during which the expenses were incurred and the subsequent reporting period(s). The long-term prepaid expenses of the company.

Long-term deferred expenses are recorded according to the actual amount and amortized evenly in installments during the benefit period or the prescribed period. If the long-term amortized expense item cannot benefit the future accounting period, all the amortized value of the item that has not been amortized shall be transferred to the current profit and loss.

27. Contract liabilities

The company lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The company's obligation to transfer goods or provide services to customers for the consideration received or receivable from customers is listed as contract liabilities

28. Impairment of Non-current and Non-financial Assets

The enterprise judges whether there is any sign of possible impairment of the assets on the balance sheet date.

Regardless of whether there are signs of impairment, the goodwill formed by business combinations and intangible assets with uncertain service life shall be tested for impairment every year.

The following signs indicate that the asset may be impaired:

(a) The market price of assets has fallen sharply in the current period, and its decline is significantly higher than the expected decline due to the passage of time or normal use; (b) The economic, technological or legal environment in which the enterprise operates and the market in which the asset is located Significant changes in the current period or in the near future will have an adverse impact on the company; (c) Market interest rates or other market return on investment have increased in the current

period, which affects the discount rate of the company's calculation of the expected future cash flow of assets, resulting in assets The recoverable amount has been greatly reduced; (d) There is evidence that the asset is obsolete or its entity has been damaged; (e) The asset has been or will be idle, terminated or planned to be disposed of in advance; (f) Evidence from the company's internal report shows that the asset The economic performance of the asset has been lower or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is much lower (or higher) than the expected amount, etc.; (g) Others indicate that the asset may have been Signs of impairment.

If there are signs of asset impairment, the recoverable amount is estimated.

The recoverable amount is determined based on the higher of the net value of the asset's fair value minus the disposal expenses and the present value of the asset's expected future cash flow.

Disposal costs include legal costs related to asset disposal, related taxes, transportation fees, and direct costs incurred to bring the asset to a saleable state, etc.

The present value of the estimated future cash flow of the asset is determined according to the estimated future cash flow generated during the continuous use of the asset and when it is finally disposed of, and the appropriate discount rate is selected to determine the amount after discounting it. The present value of the estimated future cash flow of the asset, taking into account factors such as the estimated future cash flow, useful life and discount rate of the asset.

The measurement result of the recoverable amount shows that if the recoverable amount of the asset is lower than its carry amount, the carry amount of the asset is written down to the recoverable amount. The reduced amount is recognized as an asset impairment loss, which is included in the current profit and loss, and is included at the same time. Reverse for corresponding asset impairment.

29. Employee Benefits

The employee benefits of the company include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

Short-term employee benefits include salaries, bonuses allowances and subsidies, welfare, health insurance, maternity insurance, work injury insurance, housing funds, labor union funds, employee education funds, and other non-monetary benefits. The actual short-term employee benefits for the accounting period when the employee has rendered service to the company are recognized as liability, and recorded in profit or loss or in the cost of related asset. The non-monetary benefits are measured at fair value.

Post-employee benefits include basic pensions, unemployment insurance and

annuity. Post-employee benefit plans include defined contribution plan. Under defined contribution plan, the contribution payable is recorded in the cost of related asset or in the profit or loss as incurred.

In the event that the company decides to terminate an employee's employment before the contract is expired, or the company offers benefits in exchange of an employee's decision to accept the redundancy, the liabilities related to the termination benefits shall be recognized at the earlier date when the company cannot unilaterally withdraw the offer of those benefits, and when the company recognizes costs for restructuring and involves the payment of termination benefits, and recorded in profit or loss. If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the company shall apply the requirements for other long-term employee benefits.

Same principle as above termination benefits shall be applied for early retirement plan of employee. The company recognizes the compensation and social security contributions payable to the employee under the early retirement plan for the period since the date when the employee no longer renders any service till the normal retirement date in profit or loss (termination benefit), only if the criteria for recognition of provisions is met.

30. Lease liabilities

On the beginning date of the lease term, the Company recognizes the short-term use assets and leasing liabilities, except the short-term leasing and low-value assets that by the criteria.

The lease liabilities are initially measured at the present value of the lease payments not yet paid on the beginning date of the lease term.

The amount of lease payment means the amount paid by the Company to the lessor in relation to the right to use the leased assets during the lease term, including:

- ① Fixed payment amount and substantial fixed payment amount, if there is lease incentive, the relevant amount of lease incentive shall be deducted.
- ② Variable lease payments depending on the index or ratio, as determined at the initial measurement based on the index or ratio of the beginning date of the lease term.
- ③ The exercise price of the purchase option is provided that the Company reasonably determines that the option will be exercised.
- ④ Payment required to exercise the lease option provided the lease term reflects that the Company will exercise the lease option.
- ⑤ Amount expected to be due on the balance of the guarantee provided by the

Company.

When calculating the present value of the lease payment amount, the Company adopts the interest rate included in the lease as the discount rate; if the interest rate included in the lease cannot be determined, the Company adopts the incremental loan interest rate as the discount rate.

31. Estimated liabilities

(1) Obligations formed due to external guarantees, litigation matters, product quality guarantees, loss-making contracts, etc. or other events have become the current obligations of the company. The performance of this obligation is likely to cause economic benefits to flow out of the company, and the amount of the obligation can be reliable. When measuring, the company recognizes this obligation as an estimated liability.

(2) The company initially measures the estimated liabilities in accordance with the best estimate of the expenditure required to perform the relevant current obligations, and reviews the carry amount of the estimated liabilities on the balance sheet date.

32. Share-based Payments

(1) Classification of Share-based Payment

The share-based payment transactions of the company include equity-settled share-based payment and cash-settled share-based payment.

Share-based payment is a transaction in which the company receives services from employees or other parties as consideration for its own equity instruments or by incurring liabilities for amounts based on the price (or value) of equity instruments of the company. Share-based payment transactions are classified as equity-settled share-based payment transactions and cash-settled share-based payment transactions.

① Equity-settled Share-based Payments

For equity-settled share-based payment transactions with employees, the company measures those services received by the company by reference to the fair value of the equity instruments granted at grant date. The equity instruments granted do not vest until the employee completes a specific period of service, or a performance condition is satisfied, and the services (fair value) are recognized in related costs or expenses on a straight-line basis over the vesting period based on the best available estimate of the number of awards that are expected to vest during the vesting period, with a corresponding increase in capital reserves.

For equity-settled share-based payment transactions with other parties, if the

services rendered by other parties can be measured reliably, services are measured at their fair value at the date when they are rendered. If the services cannot be measured reliably, but the equity instruments can be measured reliably, the services are recognized in related costs or expenses by reference to the fair value of the equity instruments at the date when the services are rendered, with a corresponding increase in equity.

② Cash-settled Share-based Payments

For cash-settled share-based payment transactions, the company measures the services at fair value of the liabilities based on the price of the share or other equity instruments granted by the company. If the equity instruments granted vest immediately, the services are recognized in related costs or expenses at grant date, with a corresponding increase in liability; If the equity instruments granted do not vest until a specific period of service is completed, or a performance condition is satisfied, the services received at each period are recognized in related costs or expenses at the fair value of the liabilities of the company based on the best available estimate of the number of awards that are expected to vest at that period at each reporting date over the vesting period, with a corresponding increase in the liability.

At each reporting date and at the settlement date before the liability is settled, the fair value of the recognized liability is re-measured, with changes included in profit or loss.

(2) Method for Determining Fair Value of the Equity Instruments

① If there is an active market, it shall be determined according to the quotation in the active market.

② If there is no active market, use valuation techniques to determine, including reference to the prices used in recent market transactions by parties who are familiar with the situation and voluntary transactions, and reference to the current fair value and cash flow of other financial instruments that are substantially the same Discount method and option pricing model, etc.

(3) Basis for Best Estimate of Vested Equity Instruments

At each reporting date during the vesting period, the company shall revise the number of awards that are expected to vest based on the best available estimate made according to latest data on changes in number of employees whose equity instruments vest and other subsequent information.

(4) Accounting for Modification and Cancellation of Share-based Payments

① Equity-settled Share-based Payment

Equity-settled share-based payments that can be exercised in exchange for employee services immediately after the grant are included in the relevant costs or expenses at the fair value of the equity instruments on the grant date, and the capital reserve is adjusted accordingly. Equity-settled share-based payment in exchange for employee services before completing the service within the waiting period or meeting the specified performance conditions to exercise the right, at each balance sheet date during the waiting period, the best estimate of the number of exercised equity instruments is Based on the fair value of the equity instrument on the grant date, the services obtained in the current period are included in the relevant costs or expenses, and the capital reserve is adjusted accordingly.

For equity-settled share-based payments in exchange for services of other parties, if the fair value of the services of other parties can be reliably measured, it shall be measured at the fair value of the services of other parties on the date of acquisition; if the fair value of the services of other parties cannot be reliably measured, but the fair value of the equity instruments If the fair value can be reliably measured, it shall be measured at the fair value of the equity instrument on the date of service acquisition, included in the relevant costs or expenses, and the owner's equity shall be increased accordingly.

② Cash-settled Share-based Payment

The cash-settled share-based payment that can be exercised immediately after the grant in exchange for employee services shall be included in the relevant costs or expenses at the fair value of the liabilities assumed by the company on the date of grant, and the liabilities shall be increased accordingly. The cash-settled share-based payment that can only exercise the rights after completing the services within the waiting period or meeting the specified performance conditions in exchange for employee services, on each balance sheet date during the waiting period, is based on the best estimate of the vesting situation, According to the fair value of the liabilities assumed by the company, the services obtained in the current period are included in the relevant costs or expenses and the corresponding liabilities.

③ Modify and Terminate the Share-based Payment Plan

When the company modifies its share-based payment arrangement, if the modification increases the fair value of the equity instruments granted, the company shall include the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. If the modification reduces the fair value of the equity

instruments granted, or the company modifies in a manner that is not beneficial to the employee, the company shall continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred, other than a cancellation of some or all the equity instruments granted.

If a grant of equity instruments is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the company shall account for the cancellation as an acceleration of vesting, and shall therefore recognize immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period in profit or loss, capital reserve shall be recognized at the same time. If the employee or other party can choose whether to meet a non-vesting condition, the company shall treat the failure of the employee or other party to meet that non-vesting condition during the vesting period as a cancellation.

33. Special reserves

The company's special reserve mainly accounts for safety production expenses.

The company in accordance with the relevant provisions of the "Administrative Measures for the Extraction and Use of Enterprise Work Safety Expenses" ([2012] No. 16) issued by the Ministry of Finance and the State Administration of Work Safety on February 14, 2012 Production costs.

The company is involved in the production and storage of dangerous goods. The actual operating income of the previous year is used as the basis for accruing, and the excess regressive method is used to withdraw monthly according to the following standards. The accrual standards are as follows:

NO.	Last year's sales in CNY	Total proportion(%)
1	10 million and below	4
2	10 million to 100 million (including 100 million)	2
3	100 million to 1 billion (including 1 billion)	0.5
4	Over 1 billion	0.2

The company reverses safety production expenses according to the prescribed standards, and the safety production expenses reverse are included in the current profit and loss, and at the same time recorded in the special reserve, and separately listed under the owner's equity. If the actual use of the extracted safety production time is an expense expenditure, the special reserve will be directly offset. If the extracted safety production costs are used to form fixed assets, the expenditures incurred through the "construction in progress" subject collection will be recognized as fixed assets when the safety project is completed and reach the expected usable state; at the same time, it will

be offset according to the cost of forming fixed assets Special reserve, and confirm the same amount of accumulated depreciation, the fixed asset will no longer be depreciated in future periods. If the balance of the special reserve withdrawn is insufficient to offset, it shall be directly included in the current profit and loss based on the actual amount incurred.

34. Segments reporting

The company determines the operating segment based on the internal organizational structure, management requirements, and internal reporting system, and determines the reporting segment based on the operating segment and discloses segment information.

The operating segment refers to the component within the company that meets the following conditions at the same time:

- (a) This component can generate income and expenses in daily activities;
- (b) The management of the company can regularly evaluate the operating results of this component to decide to allocate resources to it and evaluate its performance;
- (c) The company can obtain relevant accounting information such as the financial status, operating results and cash flow of the component. If two or more operating segments have similar economic characteristics and meet certain conditions, they can be combined into one operating segment.

35. Provisions

A provision shall be recognized when the obligation related to the contingent event meets all of the following conditions:(1) it is the present obligation of the company;(2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account of risks, uncertainties of the contingent event, time value of the money and other factors.

When some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized as a separate asset when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision.

Events and reasons that the company recognizes provisions include:

- (1) Onerous Contracts

Onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. If an executory contract becomes onerous, and the obligation under such onerous contract meets the recognition criteria for provisions, the company shall recognize the excess of estimated loss of the contract over impairment loss recognized for the underlying asset of the contract (if any) as a provision.

- (2) Outstanding Lawsuit
- (3) Warranty
- (4) Restructuring Obligations

When the company has a detailed formal restructuring plan which has also been publicly announced, if the recognition criteria for provisions are met, direct expenditure arising from the restructuring is recognized as a provision. No obligation arises for the sale of an operation until the company is committed to the sale, i.e. there is a binding sale agreement.

36. Revenue

(1) Revenue Recognition Principle

The company's income mainly includes income from the sale of goods, income from the provision of labor services, etc.

The company has fulfilled its performance obligations in the contract, that is, revenue is recognized when the customer obtains control of the relevant products.

If the contract contains two or more performance obligations, at the beginning of the contract, the company will allocate the transaction price to each individual performance obligation according to the relative proportion of the stand-alone selling price of the goods or services promised by the individual. The transaction price of each individual performance obligation measures income.

The transaction price is the amount of consideration that the company expects to be entitled to receive due to the transfer of goods or services to customers, excluding payments on behalf of third parties. The transaction price confirmed by the company does not exceed the amount at which the accumulated confirmed income will most likely not undergo a significant reversal when the relevant uncertainty is eliminated. It is expected that the money returned to the customer will not be included in the transaction price as a liability. If there is a significant financing component in the contract, the company shall determine the transaction price based on the amount payable in cash when the customer assumes control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective

interest method during the contract period. On the starting date of the contract, the company expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price will not exceed one year, regardless of the significant financing components in the contract.

When one of the following conditions is met, the company shall perform its performance obligations within a certain period of time; otherwise, it shall perform its performance obligations at a certain point in time:

(a) The customer obtains and consumes the economic benefits brought by the company's performance at the same time the company performs the contract.

(b) The client can control the assets under construction during the performance of the company.

(c) The assets produced by the company during the performance of the contract have irreplaceable uses, and the company has the right to receive payment for the cumulative performance part that has been completed so far during the entire contract period.

For performance obligations that are performed within a certain period of time, the company recognizes revenue in accordance with the performance progress within that period of time, and determines the performance progress in accordance with the percentage of completion method. When the performance progress cannot be reasonably determined, if the cost incurred by the company is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the company recognizes revenue at the point when the customer obtains control of the relevant goods or services. When judging whether a customer has obtained control of goods or services, the company considers the following signs:

(a) The company has the current right to receive payment for the goods or services;

(b) The company has transferred the legal ownership of the product to the customer;

(c) The company has transferred the goods in kind to the customer;

(d) The company has transferred the main risks and rewards of the ownership of the product to the customer;

(e) The customer has accepted the product;

(f) Other signs that the customer has obtained control of the goods.

The company has transferred goods or services to customers and the right to receive consideration is listed as contract assets, and contract assets are devalued on the basis of expected credit losses. The company's unconditional right to collect consideration from customers is listed as receivables. The company's obligation to transfer goods or services to customers for the consideration received and receivable from customers is listed as contract liabilities.

(2) Specific Policies for Revenue Recognition

① Product Sales Business

Domestic sales: The company arranges products to be shipped out of the warehouse according to the customer's order, and the third-party logistics sends the goods to the customer's designated location. After the customer's inspection and receipt, the customer signs the delivery note (or logistics note) for confirmation, and the company confirms according to the customer's signature. The delivery note (or logistics note) confirms revenue.

Export: The company arranges products to be shipped out of the warehouse according to customer orders, and the third-party logistics sends the goods to the port for shipment and customs declaration for export. The company recognizes revenue after obtaining the bill of lading.

② Raw Material Sales Business

The company arranges outbound shipment of raw materials according to customer orders, and the third-party logistics sends the raw materials to the customer's designated location. For the raw materials that are settled according to the contract amount, after the customer signs and accepts the goods, the revenue is confirmed according to the delivery note signed by the customer. For raw materials that are settled according to the actual test results of metal content, revenue is confirmed according to the settlement statement confirmed by both parties.

③ Provision of Labor Services

The labor services provided by the company are mainly precursor material processing business, and the specific principles for revenue recognition are as follows:

According to the processing agreement signed with the customer, the company provides the processing service of the precursor material for the customer, and the processing fee is charged. After the processing is completed, the company will deliver the goods to the customer's designated location according to the agreement. After the customer's inspection and receipt, the customer will sign the delivery note (or logistics

note) for confirmation. The company will confirm the delivery note (or logistics note) according to the customer's signature.

37. Government Grants

Government grants refer to monetary grants and non-monetary grants the company receives from the government for free, excluding the capital invested by the government as an investor and in return the government can enjoy the corresponding owner's equity. Government grants involve grants related to assets and grants related to income. Monetary government grants shall be measured at the amount received or expected to be received. Non-monetary government grants shall be measured at fair value, and otherwise measured at nominal amount if the fair value cannot be reliably obtained. Government grants measured at nominal amount shall be recognized directly in profit or loss.

If the government grants comprise both grants related to assets and grants related to income, the company shall treat them separately, and if they cannot be distinguished from each other, they shall be accounted for as government grants related to income as a whole.

Government grants related to the daily operation of the company shall be recognized in other income or by deducting related costs based on the nature of such economic business. Government grants unrelated to daily operation shall be recognized in non-operating revenue or expenses.

(1) The Company's Government Subsidies Adopt the Total Amount Method

① Government subsidies related to assets are recognized as deferred income, and are included in profit and loss in installments within the useful life of the relevant assets in a reasonable and systematic way. If the relevant asset is sold, transferred, scrapped or damaged before the end of its useful life, the undistributed deferred income balance shall be transferred to the current profit and loss of asset disposal.

② Government subsidies related to income that are used to compensate related expenses or losses in subsequent periods shall be recognized as deferred income, and shall be included in the current profit and loss during the period when the related expenses are recognized; used to compensate related expenses or losses incurred, directly included in the current profit and loss.

(2) The Company Will Obtain Policy-Related Preferential Loan Interest Discounts in Accordance with the Two Cases Where the Finance Allocates the Interest Discount Funds to the Lending Bank and the Finance Directly Allocates the Interest Discount Funds to the Company:

① The finance allocates interest discount funds to the lending bank, and if the lending bank provides loans to the company at a policy preferential interest rate, the company chooses to conduct accounting treatment in accordance with the following methods: The company uses the actually received loan amount as the entry value of the loan, and calculates the relevant borrowing costs based on the loan principal and the policy preferential interest rate.

② If the finance directly allocates interest discount funds to the company, the company will offset the corresponding interest discount to reduce the relevant borrowing costs.

38. Deferred Tax Assets and Deferred Tax Liabilities

For temporary differences between the carrying amount and tax base of certain assets or liabilities, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the “balance sheet liability method”.

For taxable temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither the accounting profit nor taxable profit (or deductible loss), no deferred tax liability is recognized. For taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, no deferred income tax liability is recognized when the company is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For all other taxable temporary differences except for above-mentioned situations, deferred tax liabilities shall be recognized.

For deductible temporary differences associated with the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither the accounting profit nor taxable profit (or deductible losses), no deferred tax asset is recognized. For deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, no deferred income tax asset is recognized when it is not likely that the temporary difference will reverse in the foreseeable future, or when it is not likely that the company’s taxable profit will be available against which the temporary difference can be utilized. For all other deductible temporary differences except for the above-mentioned situations, deferred tax assets are recognized, to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets are recognized for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled in accordance with tax laws at the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of that deferred tax assets to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

39. Leases

(1) Lessee

When the Company is the lessee, on the beginning date of the lease term, the lease use right assets and lease liabilities are recognized except for the short-term lease and low-value assets lease with simplified treatment.

After the beginning of the lease term, the Company adopts the cost model to make subsequent measurement of the use right assets. According to the relevant depreciation provisions of accounting Standards for Business Enterprises No.4 — Fixed Assets, the depreciation of the assets to use. Where the lessee can reasonably determine the ownership of the leased assets upon the expiration of the lease term, it shall withdraw depreciation within the remaining service life of the leased assets. If it is impossible to reasonably determine that the ownership of the lease asset can be acquired at the expiration of the lease term, the depreciation shall be withdrawn within the period of which is the short between the lease term and the remaining service life of the leased asset. The Company, in accordance with the provisions of — Asset impairment No.8, determines whether the assets of the use right are impaired, and conducts accounting treatment for the identified impairment loss.

The Company calculates the interest expense of the lease liabilities during each period of the lease term at a fixed periodic interest rate and includes them in the current profit and loss. In accordance with the "Accounting Standards for Business Enterprises No.17 — loan expenses" and other standards that should be included in the relevant asset costs, its provisions shall prevail.

For short-term lease and low-value asset lease, the company chooses not to confirm the use right assets and lease liabilities, and includes the lease payment of short-term lease and low-value asset lease into the relevant asset costs or current

profits and losses according to the straight-line method during each period of the lease term.

(2) Lessor

① Finance Lease

If the Company, as the lessor, on the beginning date of the lease term, it shall confirm the financial lease payment receivable, terminate the financial lease assets, and calculate and confirm the interest income for each period of the lease term at a fixed periodic interest rate.

② Operation Lease

If the company, as the lessor, adopts the straight line method to recognize the lease collection amount as the rental income during each period of the lease term. The initial direct expenses incurred related to the operating lease shall be capitalized and apportioned during the lease term on the same basis as the rental income recognition, and recorded into the current profit and loss in installments.

For fixed assets in operating leased assets, the Company shall adopt depreciation policies for similar assets, and other operating leased assets shall be amortization in a systematic and reasonable manner according to the applicable accounting standards for such assets. The Company, in accordance with the provisions of the "Accounting Standards for Business Enterprises No.8 — Asset Impairment", determines whether the operating leasing assets are impaired, and conducts the corresponding accounting treatment.

40. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Regardless that the fair value is observed or estimated using the valuation techniques, the fair value used for measurement and/or disclosed in this financial statement is determined on this basis.

(1) Assets and Liabilities Measured at Fair Value

At the year end, the assets measured at fair value mainly include Held for Trading financial assets, financial assets that are measured at fair value and whose changes are included in comprehensive income and the liabilities measured at fair value mainly include Held for Trading financial liabilities.

(2) Valuation Techniques

When determining the fair value used to measure assets or liabilities, the company

uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other supporting information are available to measure fair value. The valuation techniques used are the market approach, the income approach and the cost approach. The company uses valuation techniques consistent with one or more of those approaches to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results, and the fair value selected by the company is the one within that range that is most representative of fair value in the circumstances.

Fair value measurement is categorized into three levels based on whether the inputs are observable, and how important are the inputs to the fair value measurement as a whole:

Level 1 inputs are quoted prices (unadjusted) in active markets for the identical assets or liabilities that the company can access at the measurement date. Active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads; and (d) market-corroborated inputs. Level 3 inputs are unobservable inputs for the asset or liability. The company only uses Level 3 inputs to the extent that relevant observable inputs are not available, thereby allowing for situation in which there is little, if any, market activity for the asset or liability at the measurement date.

When measuring the assets and liabilities at fair value, the company gives the highest priority to use Level 1 inputs, followed by Level 2 inputs and Level 3 inputs.

(3) Accounting Treatment

For assets or liabilities measured at fair value, whether the company shall recognize the changes in fair value in profit or loss or in other comprehensive income, shall be guided by relevant accounting standards under which the company is required or allowed to measure or disclose such assets or liabilities at fair value, please see Note VIII for other relevant information.

31. Securitization

When determining accounting policies for securitization, the company has considered the extent that risks and rewards of the assets have transferred to another

entity, and whether the company has retained the control of the assets:

When the company transfers substantially all the risks and rewards of ownership of the financial asset, the company derecognizes such financial asset; When the company retains substantially all the risks and rewards of ownership of the financial asset, the company continues to recognize such financial asset; If the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the company determines whether it has retained control of the financial asset. In the case that the company has not retained control, it derecognizes the financial asset, and recognizes separately as assets or liabilities any rights and obligations created or retained in the transfer. In the case that the company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

V. Changes in Accounting Policies, Accounting Estimates, and Correction of Errors

1.Changes in Accounting Policies

The company will implement the relevant provisions of the "Accounting Standards for Business Enterprises No. 21-Leases" (Cai Kuai [2018] No. 35) from January 1, 2021, and adjust the amount of related items at the beginning of the year and other related items in the financial statements based on the cumulative impact. Comparable period information will not be adjusted. The impact of this accounting policy change on the merger and the presentation of the company's financial statements is as follows:

The content and reason of accounting policy changes	Items and amount of affected report items
For the financial lease prior to the first execution date, the Company shall measure the use right assets and the lease liabilities respectively according to the original book value of the financing leased assets and the financial lease money payable on the first execution date.	Consolidated balance sheet: reduce the balance of Fixed assets at the end of 2020 by CNY396,150,355.42, ,reduce the balance of Long-term prepaid expenses at the end of 2020 by CNY204,098.40,increase the balance of Right-of-use assets at the end of 2020 by CNY397,796,550.29, increase the balance of Lease liabilities at the end of 2020 by CNY21,718,879.25, increase the balance of Non-current liabilities due within one year at the end of 2020 by CNY131,984,103.24, reduce the balance of Long-term payables at the end of 2020 by CNY 152,260,886.02
For the operating lease prior to the first execution date, the Company shall measure the lease liabilities at the present value of the current incremental loan interest rate of the remaining lease payment on the first execution date, according to the amount equal to the lease liabilities, and adjust the measurement right to use assets according to the prepaid rent.	

On December 31,2021, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No.15 (Accounting (2021) No.35, hereinafter referred to as "Interpretation No.15"), explaining the relevant provisions of "Related Report on centralized management of funds" in No.15, effective from the date of promulgation. If the financial statements are not reported in the interpretation before its release in accordance with the above provisions, the financial statements data for the comparable period shall be adjusted accordingly in accordance with this interpretation. The accounting policy change has no impact on the business combination and the consolidated financial statements.

2.Changes of Accounting Estimates

No changes in accounting estimates in the reporting periods that require disclosure.

3.Correction of Material Prior Period Errors

No correction in material prior period errors in the reporting periods that require disclosure .

4.Adjustments to Opening Balances of Financial Statements upon First-Time Implementation of the New Accounting Standard on Leases

Consolidated Statement of Financial Position

Items	31 December 2020	1 January 2021	Adjustment
Non-current assets			
Fixed assets	2,081,260,402.54	1,685,110,047.12	-396,150,355.42
Long-term prepaid expenses	1,633,821.32	1,429,722.92	-204,098.40
Right-of-use assets		397,796,550.29	397,796,550.29
Non-current liabilities			
Lease liabilities		21,718,879.25	21,718,879.25
Long-term payables	152,260,886.02		-152,260,886.02
Current liabilities			
Non-current liabilities due within one year	60,216,199.04	192,200,302.28	131,984,103.24

Note: Except for the impact of the above adjustment amount, the implementation of the lease criteria has no impact on other statement items.

VI.Taxes

1.Major Taxes and Tax Rates

Tax	Tax rate
Value added tax (VAT)	10%、13%。The export tax rebate rate is 13%、10%
City construction Tax	5%、7%of turnover tax paid
Corporate income tax (CIT)	15%、25 %、8.25%、16.50%、22% of taxable income
Property tax	1.2% of residual property value
Education supplementary tax	3%
Local education supplementary tax	2%
City and town land use tax	CNY 3 or 1.6per square meter of land use area

2.Explanation of corporate income tax rates for different taxpayers

(1)Explanation of the VAT Rate

Taxpayer's name	Tax rate
PT Zhongtsing New Energy	10%,The export tax rebate rate is 10%
PT Zhongwei Eco Energy Indonesia	10%,The export tax rebate rate is 10%
Subsidiaries other than the above	13%,The export tax rebate rate is 13%

(2)Explanation of the City Construction Tax Rate

Taxpayer's name	Tax rate
The company	5%
Guizhou CNGR Resources Recycling Industry Development Co., Ltd.	5%
Guizhou CNGR New Energy Technology Co., Ltd	5%
Guizhou CNGRi Xingyang Energy Storage Technology Co., Ltd	5%
Subsidiaries other than the above	7%

Note:Subsidiaries registered in Hong Kong and Indonesia are not required to pay city construction taxes.

(3)Explanation of the Corporate Income Tax

Taxpayer's name	Tax rate
The company	15%
Hunan ZOOMWE New Energy Science& Technology Co., Ltd.	15%
Guizhou CNGR Resources Recycling Industry Development Co., Ltd.	15%
Guangxi CNGR New Energy Technology Co., Ltd.	15%
CNGR Hong Kong Material Science & Technology Co., Ltd.	8.25%、16.50%
Zoomwe Hong Kong New Energy Technology Co., Ltd.	8.25%、16.50%

Taxpayer's name	Tax rate
PT Zhongtsing New Energy	22%
PT Zhongwei Eco Energy Indonesia	22%
CNGR Hong Kong Material Science & Technology Co., Ltd.	25%
Subsidiaries other than the above	8.25%、16.50%

Note: Hong Kong's income tax rate adopts a two-level system, with the first HKD 2 million income tax rate reduced to 8.25 percent, and the profits continuing to be taxed at 16.50 percent thereafter.

3. Tax Incentives and Approvals

(1) Tax Incentives for Corporate Income Tax

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Extension of the Implementation Period of Some Preferential Tax Policies, the additional pre-tax deduction for research and development expenses will be extended to December 31, 2023. According to the Ministry of Finance and State Administration of Taxation No. 13, 2021, Ministry of Finance and State Administration of Taxation on Further Improving the Deduction of R & D Expenses, the R & D deduction of 100% in addition to the actual amount from January 1, 2021, for intangible assets, therefore a total of 200% of the cost of intangible assets are deductible from January 1, 2021. The company enjoys a preferential policy of this additional deduction 100% of the R & D expenses before tax this year.

According to the Enterprise Income Tax Law of the People's Republic of China and the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China (Order No. 512), the special equipment for environmental protection, energy conservation, water saving and production safety included in the Catalogue from January 1, 2008 may be offset by 10% of the investment in special equipment; that year, insufficient, may carry forward to later years, but the carry-forward period shall not exceed 5 tax years. The company and its subsidiary Hunan ZOOMWE New Energy Science & Technology Co., Ltd. will enjoy the preferential policy of deducting 10% of the investment in special equipment from the tax payable this year.

The company obtained the high-tech enterprise certificate jointly issued by the Guizhou Provincial Department of Science and Technology, the Guizhou Provincial Department of Finance, and the State Administration of Taxation and Guizhou Provincial Taxation Bureau on September 29, 2019. The number is GR201952000022, and it is valid for three years. The company's corporate income tax in 2021 is calculated and paid at a preferential tax rate of 15%.

Hunan ZOOMWE New Energy Science& Technology Co., Ltd., a subsidiary of the company, obtained the high-tech enterprise certificate jointly issued by the Hunan Provincial Department of Science and Technology, the Hunan Provincial Department of Finance, and the State Administration of Taxation and the Hunan Provincial Taxation Bureau on October 17, 2018. The number is GR201843000613. The validity period is three years. The company's corporate income tax for in 2021 is calculated and paid at a tax rate of 15%.

Guizhou CNGR Resources Recycling Industry Development Co., Ltd., a subsidiary of the company, obtained the high-tech enterprise certificate jointly issued by the Guizhou Provincial Department of Science and Technology, the Guizhou Provincial Department of Finance, and the State Administration of Taxation and the Guizhou Provincial Taxation Bureau on September 29, 2019. The number is GR201952000187, Valid for three years. The company's corporate income tax in 2021 is calculated and paid at a tax rate of 15%.

According to the announcement jointly issued by the National Development and Reform Commission of the State Administration of Taxation of the Ministry of Finance, No.23,2020, on the continuation of the Enterprise Income Tax Policy of Western Development, from January 1,2021 to December 31,2030, the enterprise income tax of encouraged industrial enterprises in the western region will be levied at a reduced rate of 15%.Guangxi CNGR New Energy Technology Co., Ltd, a subsidiary of the company, enjoys the preferential tax policies for the Western Great Development Company, and the enterprise income tax of the company is calculated and paid at the tax rate of 15% this year.

VII.Business Combination and Consolidated Financial Statements

1.Subsidiaries

Enterprise name	Enterprise type	Registered address	Principal place of business	Business nature	Proportion of shares (%)	Proportion of voting rights (%)	Acquisition method
Guizhou CNGR Resources Recycling Industry Development Co., Ltd.	Ltd.	Tong Ren	Tong Ren	resources recovery	91.74312	91.74312	Set up
Hunan ZOOMWE New Energy Science& Technology Co., Ltd.	Ltd.	Chang Sha	Chang Sha	R&D and promotion of new energy technology	100	100	Set up
Hunan CNGR Recycling Technology Co., Ltd.	Ltd.	Chang Sha	Chang Sha	resources recovery	100	100	Set up

Enterprise name	Enterprise type	Registered address	Principal place of business	Business nature	Proportion of shares (%)	Proportion of voting rights (%)	Acquisition method
Tianjin CNGR New Energy Technology Co., Ltd.	Ltd.	Tian Jin	Tian Jin	R&D and promotion of new energy technology	100	100	Set up
Tianjin CNGR Recycling Technology Co., Ltd.	Ltd.	Tian Jin	Tian Jin	resources recovery	91.74312	91.74312	Set up
Hunan ZOOMWE Zhengyuan Advanced Material Trade Co., Ltd.	Ltd.	Chang Sha	Chang Sha	Sales of lithium-ion battery materials	100	100	Set up
CNGR Hong Kong Material Science& Technology Co., Ltd.	Ltd.	Hong Kong	Hong Kong	Product sales, import and export trade	100	100	Set up
Zoomwe Hong Kong New Energy Technology Co., Ltd.	Ltd.	Hong Kong	Hong Kong	Overseas equity investment	100	100	Set up
Guangxi CNGR New Energy Technology Co., Ltd	Ltd.	Qin Zhou	Qin Zhou	R&D and promotion of new energy technology	100	100	Set up
Guangxi CNGR Recycling Technology Co., Ltd	Ltd.	Qin Zhou	Qin Zhou	resources recovery	91.74312	91.74312	Set up
PT Zhongtsing New Energy	Ltd.	Jakarta	Jakarta	R&D and promotion of High ice nickel	70	70	Set up
PT Zhongwei Eco Energy Indonesia	Ltd.	Jakarta	Jakarta	R&D and promotion of new energy technology	100	100	Set up
Guizhou CNGR Xingyang Energy Storage Technology Co., Ltd	Ltd.	Gui Yang	Gui Yang	R&D and promotion of lithium iron phosphate	52	52	Set up

Enterprise name	Enterprise type	Registered address	Principal place of business	Business nature	Proportion of shares (%)	Proportion of voting rights (%)	Acquisition method
Guizhou CNGR New Energy Technology Co., Ltd	Ltd.	Tong Ren	Tong Ren	R&D and promotion of lithium iron phosphate	52	52	Set up

2. Significant Partially-owned Subsidiaries

Enterprise name	Non-controlling shareholders shareholding ratio (%)	Non-controlling shareholders Proportion of voting rights (%)	Profit and loss attributable to non-controlling shareholder in the current period	Dividends declared or paid to non-controlling shareholders in the current period	Closing balance of non-controlling shareholders' equity
Guizhou CNGR Resources Recycling Industry Development Co., Ltd.	8.25688	8.25688	673,227.25	None	58,461,114.83
Guizhou CNGR Xinyang Energy Storage Technology Co., Ltd	48	48	-398,425.95	None	299,601,574.05
Guizhou CNGR New Energy Technology Co., Ltd	48	48	-22,314.70	None	299,977,685.30
PT Zhongtsing New Energy	30	30	-1,014,253.82	None	132,018,617.78

Note: Guizhou CNGR Resources Recycling Industry Development Co., Ltd. Introduced non-controlling shareholders in the form of additional capital in November 2021, so the profit and loss attributable to non-controlling shareholders in this period is far lower than the net profit realized in the whole year of Guizhou Circular and the shareholding ratio of non-controlling shareholders.

3. Key Financial Information of Significant Partially-owned Subsidiaries

Items	End balance or the amount of the current period			
	Guizhou CNGR Resources Recycling Industry Development Co., Ltd.	Guizhou CNGR Xinyang Energy Storage Technology Co., Ltd	Guizhou CNGR New Energy Technology Co., Ltd	PT Zhongtsing New Energy
current assets	576,699,868.59	604,540,482.01	558,019,264.74	173,095,326.46
non-current assets	977,490,246.08	20,373,907.79	67,015,496.31	296,596,730.70
Total assets	<u>1,554,190,114.67</u>	<u>624,914,389.80</u>	<u>625,034,761.05</u>	<u>469,692,057.16</u>
current liabilities	587,558,947.07	744,443.87	81,250.00	29,629,997.88

Items	End balance or the amount of the current period			
	Guizhou CNGR Resources Recycling Industry Development Co., Ltd.	Guizhou CNGR Xinyang Energy Storage Technology Co., Ltd	Guizhou CNGR New Energy Technology Co., Ltd	PT Zhongtsing New Energy
non-current liabilities	258,602,047.26			
Total liabilities	<u>846,160,994.33</u>	<u>744,443.87</u>	<u>81,250.00</u>	<u>29,629,997.88</u>
operating revenue	754,577,612.08			
Net profit (net loss)	58,044,659.82	-830,054.07	-46,488.95	-3,380,846.08
Total comprehensive income	58,044,659.82	-830,054.07	-46,488.95	-4,760,775.72
Net cash flows from operating activities	168,776,864.71	-715,493.43	19,264.74	-3,002,508.44

(Continued):

Items	Initial balance or the amount of the previous period			
	Guizhou CNGR Resources Recycling Industry Development Co., Ltd.	Guizhou CNGR Xinyang Energy Storage Technology Co., Ltd	Guizhou CNGR New Energy Technology Co., Ltd	PT Zhongtsing New Energy
current assets	112,169,627.25			
non-current assets	598,897,782.61			
Total assets	<u>711,067,409.86</u>			
current liabilities	165,840,306.54			
non-current liabilities	104,817,169.18			
Total liabilities	<u>270,657,475.72</u>			
operating revenue	452,329,211.51			
Net profit (net loss)	37,392,814.86			
Total comprehensive income	37,392,814.86			
Net cash flows from operating activities	<u>37,151,807.74</u>			

Note: Guizhou CNGR Xingyang Energy Storage Technology Co., Ltd, Guizhou CNGR New Energy Technology Co., Ltd and PT Zhongtsing New Energy are the newly established non-wholly-owned subsidiaries of the company in this period, with no initial balance or the amount incurred in the previous period.

4.Changes in Shareholding in Subsidiaries that Remains Control

(1)Description of the Changes in the Owners' Equity Shares in the Subsidiary

A subsidiary of the company in Guizhou CNGR Resources Recycling Industry Development Co., Ltd.. (hereinafter referred to as Guizhou CNGR Resources Recycling) through Guizhou ecological environmental protection development equity investment fund partnership (limited partnership) (hereinafter referred to as the "Guizhou ecological environmental protection fund"), by Guizhou ecological environmental protection fund capital CNY180.00million, after the capital increase, Guizhou ecological environmental protection fund holds 8.25688% equity. The company's equity share of the owners in Guizhou cycle was changed from 100.00% to 91.74312%

(2)The Impact of the Transaction on the Minority Shareholder's Equity and the Owner's Equity Attributable to the Parent Company

Items	Guizhou CNGR Resources Recycling
Disposal consideration	
Including: Cash	180,000,000.00
Fair value of the non-cash assets	
Total disposal consideration	<u>180,000,000.00</u>
Less: Share of the net assets of the subsidiary calculated by the proportion of the equity disposed	57,787,887.57
differences	122,212,112.43
Including: Adjust capital reserves	122,212,112.43
Adjust surplus reserves	
Adjust the undistributed profits	

5.Interests in Joint Ventures or Associated Ventures

(1)Significant Joint Venture

Enterprise name	Registered address	Principal place of business	Business nature	Proportion of shares (%)	Accounting treatment method for investment in associated enterprises

Enterprise name	Registered address	Principal place of business	Business nature	Proportion of shares (%)	Accounting treatment method for investment in associated enterprises
PT Hengsheng New Energy Materials	South SolaWithy province	South SolaWithy province	Red clay nickel smelting Production of high ice nickel	15	Equity accounting

(2)Key Financial Information of Key Associates

Items	2021	2020
current assets	76,698,193.22	
non-current assets	13,019,760.85	
Total assets	<u>89,717,954.07</u>	
current liabilities		
non-current liabilities		
Total liabilities		
minority equity		
Subject to the shareholder equity of the parent company	<u>89,717,954.07</u>	
Share of net assets calculated according to the shareholding ratio	13,457,693.11	
adjustments		
—goodwill		
—Internal transactions did not achieve profits		
—others		
Book value of equity investment in associated enterprises	13,457,693.11	
The fair value of a publicly quoted joint venture equity investment		
operating revenue		
net profit	-2,924,744.36	
net profit from terminated operations		
other comprehensive income		
Total comprehensive income	-2,924,744.36	
Dividends received from associates for this year	none	

Note: The joint venture company, PT Hengsheng New Energy Materials, was established in 2021, with no initial balance or amount in the previous period.

6.Accounting Period of a Subsidiary Not in Conformity with that of the Parent

None.

7.Subsidiaries that are Newly Included in Consolidation in Current Period

Items	Time	Method
Zoomwe Hong Kong New Energy Technology Co., Ltd.	Mar 2021	New established
Guangxi CNGR New Energy Technology Co., Ltd	February 2021	New established
Guangxi CNGR Recycling Technology Co., Ltd	February 2021	New established
PT Zhongtsing New Energy	May 2021	New established
PT Zhongwei Eco Energy Indonesia	September 2021	New established
Guizhou CNGR Xinyang Energy Storage Technology Co., Ltd	November 2021	New established
Guizhou CNGR New Energy Technology Co., Ltd	November 2021	New established

8.Cancellation of Subsidiaries in this Period

On November 16,2021, the company held the 22nd meeting of the first board of directors, deliberated and passed the "Proposal on the cancellation of wholly-owned subsidiaries", and agreed to cancel the wholly-owned subsidiary Tianjin CNGR New Energy Technology Co., Ltd., and the wholly-owned subsidiary Tianjin CNGR Recycling Technology Co., Ltd. The company is going through the cancellation procedures of the above two wholly-owned subsidiaries as at the date of this report.

9.Business Combinations Under Common Control in Current Year

None.

10.Business Combinations Not Under Common Control in Current Year

None.

11.Reverse Acquisition in Current Year

None.

12.Mergers in Current Year

None.

13.Significant Restrictions Upon Subsidiaries' Ability to Use the company's Assets or Settle the company's Liabilities

None.

14. Consolidated Structured Entities

None.

15. Changes in the Parent's Ownership Interest In A Subsidiary

None.

16. Strict Restrictions Upon Subsidiary's Ability to Transfer Funds to the Parent

None.

17. Except for the above Changes in the Merger Scope, the Company Has No Other Changes in the Merger Scope during the Current Period.

VIII. Significant Items in Consolidated Financial Statements

As for following items, unless otherwise stated, the amount are demonstrated in CNY.

The beginning of period refers to January 01, 2021, the end of period refers to December 31, 2021, the previous period refers to 2020, and the current period refers to 2021.

1. Cash At Bank and on Hand

(1) Classification

Items	December 31, 2021	January 01, 2021
Cash on hand	39,267.04	
Bank deposits	6,337,176,450.63	1,904,787,710.71
Other cash balances	2,362,119,756.77	807,101,447.46
Total	<u>8,699,335,474.44</u>	<u>2,711,889,158.17</u>
Including: Total amount placed overseas	348,583,195.55	71,142.16

(2) The Restricted Cash/Bank Balances Are as Follows:

Items	December 31, 2021	January 01, 2021
Futures guarantee deposits	89,033,812.28	1,500,049.09
Letter of credit guarantee deposits	349,098,324.64	59,112,367.47
Bill guarantee deposits	1,840,580,466.84	746,489,030.90
Banker's letter of guarantee	83,407,153.01	
Time deposits		
Interest rate swaps margin		
Total	<u>2,362,119,756.77</u>	<u>807,101,447.46</u>

Except for the above-mentioned restricted use, the company had no other funds with restrictions on changing existing such as mortgages, pledges, and freezing at the end of period of the reporting period.

(3) At the end of Each Reporting Period, There Were No Funds Deposited Overseas and the Repatriation of Funds was Restricted

2. Financial Assets Held for Trading

Items	December 31, 2021	January 01, 2021
Financial assets that are measured at fair value and whose changes are included in the current profit and loss		<u>73,250.99</u>
Including: Financial product		
Hedging tool		73,250.99
Financial assets that are measured at fair value and whose changes are included in other comprehensive income		<u>151,544.78</u>
Including: Hedging tool		151,544.78
Total		<u>224,795.77</u>

3. Notes Receivable

(1) Classification of Notes Receivable

Items	December 31, 2021	January 01, 2021
Bank acceptance draft	277,277,118.62	
Commercial acceptance draft		
Total	<u>277,277,118.62</u>	

Note: The Company has endorsed or discounted at the end of the period and the credit rating in hand General and lower bank acceptance bills are "financial assets measured at amortized cost" and are listed in the "notes receivable".

(2) Notes Receivable Pledged at Year End

Items	December 31, 2021	January 01, 2021
Bank acceptance draft	14,274,152.20	
Total	<u>14,274,152.20</u>	

(3) Notes Receivable that Has Been Endorsed or Discounted But Not Yet Mature at Year End

Items	December 31, 2021	
	Terminated confirmation amount at the end of the period	Unterminated confirmation amount at the end of the period
Commercial acceptance draft		
Bank acceptance draft		242,546,602.22
Total		<u>242,546,602.22</u>

(4) Notes Transferred to Trade Receivables at Year End Due to the Drawer's Failure to Perform.

As of December 31, 2021, there were no bills that were converted into accounts receivable due to the issuer's failure to perform.

(5) Classified Disclosure According to Doubtful Account Accrual Method

① December 31, 2021

Classification	Gross carrying amount		Allowance for doubtful accounts		Carrying amount
	Amount	Proportion(%)	Amount	Expected credit loss rate	
Reverse for doubtful accounts per item					
Reverse for doubtful accounts by portfolio	277,277,118.62	100			277,277,118.62
Including: Aging portfolio	277,277,118.62	100			277,277,118.62
Total	<u>277,277,118.62</u>	<u>100</u>			<u>277,277,118.62</u>

② January 01, 2021

There is no notes receivable balance at January 01, 2021.

(6) During the Reporting Period, There Were No Notes Receivable that Were Actually Written Off.

4. Trade Receivables

(1) Classification of Trade Receivable

① December 31, 2021

Classification	Closing balance				Carrying amount
	Gross carrying amount		Allowance for doubtful accounts		
	Amount	Proportion (%)	Amount	Proportion(%)	
Reverse for doubtful accounts per item					
Reverse for doubtful accounts by portfolio	4,500,127,017.28	100	48,328,485.95	1.07	4,451,798,531.33
Including: Aging portfolio	4,500,127,017.28	100	48,328,485.95	1.07	4,451,798,531.33
Total	<u>4,500,127,017.28</u>	<u>100</u>	<u>48,328,485.95</u>		<u>4,451,798,531.33</u>

② January 01, 2021

Classification	Closing balance				Carrying amount
	Gross carrying amount		Allowance for doubtful accounts		
	Amount	Proportion (%)	Amount	Proportion(%)	
Reverse for doubtful accounts per item					
Reverse for doubtful accounts by portfolio	1,243,758,683.16	100.00	13,199,640.29	1.06	1,230,559,042.87
Including: Aging portfolio	1,243,758,683.16	100.00	13,199,640.29	1.06	1,230,559,042.87
Total	<u>1,243,758,683.16</u>	<u>100.00</u>	<u>13,199,640.29</u>		<u>1,230,559,042.87</u>

(2) Trade Receivables that Are Individually Significant and Individually Assessed for Impairment at Year End

None.

(3) Trade Receivable Based on Aging Combination.

Aging	December 31, 2021	January 01, 2021
Within 3 months(including 3 month)	4,439,913,342.64	1,235,042,987.29
4-12 months(including 12 month)	58,073,714.22	5,959,525.05
1-2 years (including 2 years)	147,711.34	2,756,170.82
2-3 years (including 3 years)	1,992,249.08	
Total	<u>4,500,127,017.28</u>	<u>1,243,758,683.16</u>

(4) Classified Disclosure According to Doubtful Account Accrual Method

① December 31, 2021

Classification	Closing balance	Allowance for doubtful accounts	Proportion(%)
Within 3 months(including 3 month)	4,439,913,342.64	44,399,133.43	1
4-12 months(including 12 month)	58,073,714.22	2,903,685.71	5
1-2 years (including 2 years)	147,711.34	29,542.27	20
2-3 years (including 3 years)	1,992,249.08	996,124.54	50
Total	<u>4,500,127,017.28</u>	<u>48,328,485.95</u>	

② January 01, 2021

Classification	Closing balance	Allowance for doubtful accounts	Proportion(%)
Within 3 months(including 3 month)	1,235,042,987.29	12,350,429.87	1
4-12 months(including 12 month)	5,959,525.05	297,976.25	5
1-2 years (including 2 years)	2,756,170.82	551,234.17	20
Total	<u>1,243,758,683.16</u>	<u>13,199,640.29</u>	

(5) Allowance For Doubtful Account

Items	December 31, 2021	January 01, 2021
Beginning balance	13,199,640.29	9,273,981.31
Allowance for the current period	35,128,845.66	3,925,658.98
Withdrawal or reversal in the current period		
Write-off in the current period		
Closing balance	<u>48,328,485.95</u>	<u>13,199,640.29</u>

(6) The Top Five Situations of the Amount of Accounts Receivable at the end of the Period Aggregated by the Owing Party

① December 31, 2021

The top five accounts receivable at the end of the period totaled CNY3,180,205,105.54, accounting for 70.67% of the total accounts receivable at the end of the period, and the Allowance for doubtful accounts was CNY33,330,653.10.

② January 01, 2021

The top five accounts receivable at the end of the period totaled CNY1,162,745,270.78, accounting for 93.49% of the total accounts receivable at the end of the period, and the Allowance for doubtful accounts was CNY11,627,452.70.

③ Trade Receivables that Are Individually Not Significant But Are Individually Assessed for Impairment at Year End

None.

④ Trade Receivables Derecognized Due to Transfer of Financial Assets

None.

⑤ Assets and Liabilities Arising in Continuing Involvement in the Transfer of Trade Receivables (For Example, Securitization, Factoring, Etc.)

None.

5. Receivables Financing

(1) Classification

Items	December 31, 2021	January 01, 2021
Bank acceptance draft	568,121,131.85	748,888,705.17
Total	<u>568,121,131.85</u>	<u>748,888,705.17</u>

Note: The company's management analyzes and judges that there is no credit impairment risk for bank acceptance bills held by the company, and will not cause major losses due to bank defaults. Therefore, no doubtful account provision is made for bank acceptance bills at the end of the period.

(2) Pledged Receivable Financing at the end of The Period

Items	December 31, 2021	January 01, 2021
Bank acceptance draft	100,552,346.51	312,546,467.10
Total	<u>100,552,346.51</u>	<u>312,546,467.10</u>

(3) Bank Acceptance Bills Endorsed or Discounted at the end of The Period and Not Yet Due on The Balance Sheet Date

① December 31, 2021

Items	Term-end derecognized amount	Term-end un-derecognized amount
Bank acceptance draft	5,411,012,250.47	
Total	<u>5,411,012,250.47</u>	

② January 01, 2021

Items	Term-end derecognized amount	Term-end un-derecognized amount
Bank acceptance draft	1,538,159,902.92	333,660,148.65

Total	<u>1,538,159,902.92</u>	<u>333,660,148.65</u>
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6. Advances to Suppliers

(1) Aging Analysis

Items	December 31, 2021		January 01, 2021	
	Gross carrying amount	Proportion (%)	Gross carrying amount	Proportion (%)
Within 1 year (including 1 year)	282,461,254.05	99.97	127,476,750.57	99.98
1-2 years (including 2 years)	93,963.46	0.03	1,869.03	0.00
2-3 years (including 3 years)			23,000.00	0.02
Total	<u>282,555,217.51</u>	<u>100</u>	<u>127,501,619.60</u>	<u>100</u>

(2) Significant Advances to Suppliers Aged Over One Year

None.

(3) Top Five Advances to Suppliers Classified by Debtors at Year End

① December 31, 2021

The total amount of the top five prepayments at the end of the period was CNY 159,922,645.87, accounting for 56.60% of the total prepayments.

② January 01, 2021

The total amount of the top five prepayments at the end of the period was CNY 88,894,793.25, accounting for 69.72% of the total prepayments.

7. Other Receivables

(1) Overall Situation

Interests receivable	December 31, 2021	January 01, 2021
Dividends receivable		
Other receivables	85,184,510.21	59,643,256.71
Total	<u>85,184,510.21</u>	<u>59,643,256.71</u>

(2) Other Receivables

① Aging Analysis

Aging	December 31, 2021	January 01, 2021
Within 3 months(including 3 month)	67,678,436.30	39,882,923.92

Aging	December 31, 2021	January 01, 2021
4-12 months(including 12 month)	15,625,793.95	3,333,975.25
1-2 years (including 2 years)	977,034.04	14,837,589.21
2-3 years (including 3 years)	5,113,453.57	10,243,628.37
Over 3 years	1,390,276.33	166,000.00
Total	<u>90,784,994.19</u>	<u>68,464,116.75</u>

② Classification

Items	December 31, 2021	January 01, 2021
Margin and deposit	77,562,427.09	67,039,160.47
Others	11,372,567.10	1,424,956.28
Government subsidies	1,850,000.00	
Total	<u>90,784,994.19</u>	<u>68,464,116.75</u>

(3) Accrual of Allowance for Doubtful Accounts

① December 31, 2021

Allowance for doubtful accounts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2021	8,820,860.04			<u>8,820,860.04</u>
Balance as of January 1, 2021 in the current period:				
——Transfer to the second stage				
——Transfer to the third stage				
——Return to the second stage				
——Return to the first stage				
Accrual in the current period	-3,220,376.06			<u>-3,220,376.06</u>
Return in the current period				
Reverse in the current period				
Write-off in the current period				
Other changes in the current period				

Allowance for doubtful accounts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of December 2021	<u>5,600,483.98</u>			<u>5,600,483.98</u>

② January 01, 2021

Allowance for doubtful accounts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2020	5,961,019.59			<u>5,961,019.59</u>
Balance as of January 1, 2020 in the current period:				
——Transfer to the second stage				
——Transfer to the third stage				
——Return to the second stage				
——Return to the first stage				
Accrual in the current period	2,859,840.45			<u>2,859,840.45</u>
Return in the current period				
Reverse in the current period				
Write-off in the current period				
Other changes in the current period				
Balance as of December 2020	<u>8,820,860.04</u>			<u>8,820,860.04</u>

(4) There Were No Other Receivables Actually Written Off During the Reporting Period.

(5) Top Five Debtors According to Closing Balances

Debtor name	Nature of receivables	Gross carrying amount	Aging	Proportion of total other receivables (%)	Allowance for doubtful accounts
PT INDONESIA MOROWALI INDUSTRIAL PARK	Guarantee deposit and pledge	29,824,494.84	Within 3 months	32.85	298,244.95
Lianyungang Customs of the People's Republic of China	Guarantee deposit and pledge	19,020,333.41	Within 3 months	20.95	190,203.33
Ningxiang Economic and Technological Development Zone Management Committee	Guarantee deposit and pledge, Government subsidies	8,477,600.00	4-12 months	9.34	423,880.00
Far East International Leasing Co., Ltd	Guarantee deposit and pledge	5,000,000.00	Within 3 months	5.51	50,000.00
Changsha Zhuorui Metallurgical Environmental Technology Development Co., Ltd	Others	2,900,000.00	Within 3 months	3.19	29,000.00
Total		<u>65,222,428.25</u>		<u>71.84</u>	<u>991,328.28</u>

(6) Other Receivables Derecognized Due to Transfer of Financial Assets

None.

(7) Assets and Liabilities Arising in Continuing Involvement in the Transfer of Other Receivables (For Example, Securitization, Factoring, Etc.)

None.

(8) Other Receivables Related to Government Grants

Name of subsidy unit	Name of the government subsidy project	Gross carrying amount	Aging	Expected time of collection, Amount and basis
Ningxiang Economic and Technological Development Zone Management Committee	Guarantee deposit and pledge, Government subsidies	1,850,000.00	4-12 months	notes
Total		<u>1,850,000.00</u>		

Notes: According to the notice of Hunan Provincial Development and Reform Commission on the implementation rules of the issuance of the "135" Project upgrade version "(Hunan Development and Reform Investment [2019] No.621), the company's subsidiary Hunan ZOOMWE New Energy Technology Co., Ltd. (hereinafter referred to as "Hunan New energy ") won the "Hunan Province second batch of 2020 "135" project upgrade version award fund " CNY3.70million.The amount of the government subsidy receivable can be reasonably calculated according to the relevant provisions of the officially issued financial fund management measures. It is expected that there is no major uncertainty in the amount, so it is recognized as other receivables-government subsidy receivable, and the government subsidy receivable is basically received after the period.

8. Inventories

(1) Classification of Inventories

① December 31, 2021

Items	Closing balance		
	Gross carrying amount	Write-down	Carrying amount
Raw materials	1,779,393,827.35		1,779,393,827.35
Semi-finished products and work-in-process	1,007,045,310.26		1,007,045,310.26
Merchandise (Finished goods)	1,264,290,252.92		1,264,290,252.92
Merchandise in transit	598,078,724.89		598,078,724.89
Reusable materials (Packaging materials, Low-valued consumables etc.)	70,503,466.35		70,503,466.35
Consigned processing materials	58,499,382.97		58,499,382.97
Merchandise shipped	46,613,010.35		46,613,010.35
Total	<u>4,824,423,975.09</u>		<u>4,824,423,975.09</u>

② January 01, 2021

Items	Closing balance		
	Gross carrying amount	Write-down	Carrying amount
Raw materials	281,477,770.46		281,477,770.46
Semi-finished products and work-in-process	515,672,822.37		515,672,822.37
Merchandise (Finished goods)	293,363,895.41		293,363,895.41

Items	Closing balance		
	Gross carrying amount	Write-down	Carrying amount
Merchandise in transit	52,949,158.92		52,949,158.92
Reusable materials (Packaging materials, Low-valued consumables etc.)	22,929,625.54		22,929,625.54
Consigned processing materials	156,387,050.99		156,387,050.99
Merchandise shipped	136,899,415.10		136,899,415.10
Total	<u>1,459,679,738.79</u>		<u>1,459,679,738.79</u>

(2) Capitalization of Borrowing Costs in Closing Balance of Inventories

None.

(3) Inventory Write-down

Items	Opening balance	Increase in this period		Decrease in this period		Closing balance
		Accrual	Other	Reversal	Other	
Semi-finished products and work-in-process		23,561,027.27		23,561,027.27		
Merchandise (Finished goods)		3,875,380.11		3,875,380.11		
Merchandise shipped		3,114,799.15		3,114,799.15		
Total		<u>30,551,206.53</u>		<u>30,551,206.53</u>		

(4) Explanation for Inventory Write-down

Items	Basis for accruing Inventory Write-down	Reasons for the return of Inventory Write-down	Reasons for the reversal of Inventory Write-down
Raw materials	Carry account is higher than net realizable value		Production has been completed in the current period and sales have been achieved
Semi-finished products and work-in-process	Carry account is higher than net realizable value		Production has been completed in the current period and sales have been achieved
Merchandise (Finished goods)	Carry account is higher than net realizable value		Production has been completed in the current period and sales have been achieved
Merchandise shipped	Carry account is higher than net realizable value		Production has been completed in the current period and sales have been achieved

9. Other Current Assets

Overall Situation

Items	December 31, 2021	January 01, 2021
Input VAT to be deducted and to be certified	435,981,862.45	198,817,786.91
Prepaid income tax	4,872,099.98	10,547,500.79
Others	140,039.28	
Total	<u>440,994,001.71</u>	<u>209,365,287.70</u>

10. Long-term equity investments

Enterprise name	January 01, 2021	Changes in this period	
		additional investment	disinvestment
PT Hengsheng New Energy Materials		13,896,404.76	
Total		<u>13,896,404.76</u>	

(Continued)

Changes in this period			
Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Announce cash Dividend or profit
-438,711.65			
<u>-438,711.65</u>			

(Continued)

Changes in this period		December 31, 2021	Closing balance of the impairment provision
Provision for impairment is made in the current period	other		
		13,457,693.11	
		<u>13,457,693.11</u>	

Note: In July 2021, the company held a meeting, agreed its wholly owned subsidiary Zoomwe Hong Kong New Energy Technology Co., Ltd. (hereinafter referred to as the "Hong Kong new energy") to set up a joint venture "PT Hengsheng New Energy Materials" with Indonesia Huadi Investment Group Co., Ltd., Hainan Ruisaike New Energy Co., Ltd. in Huadi Industrial Park, Bantaeng County, South Sulawesi Province, Republic of Indonesia", responsible for laterite nickel ore smelting production high ice nickel project operation. Among them, Hong Kong New Energy holds 15% of the equity of the joint venture company, and the investment agreement stipulates that the company has the right to appoint one director to participate in the business decision

of the invested company, so the "long-term equity investment" is calculated according to the equity method.

11. Other Equity Instrument Investments

(1) Situation of Investment in Other Equity

Items	December 31, 2021	January 01, 2021
Investment in the SungEel Hitech Co.Ltd	67,197,456.06	
Total	<u>67,197,456.06</u>	

Note: In September 2021, the Company held a meeting and agreed that its wholly-owned subsidiary Hong Kong New Energy had invested about KRW12.5 billion to increase its capital in SungEel Hitech Co.Ltd (hereinafter referred to as "SungEel Hitech"), holding 3.83% of its equity. The Company classifies the investment as "financial assets measured at fair value and its changes included in other comprehensive income", which is listed in "Investment in other equity instruments".

(2) Situation of Investment in Non-trading Equity

Items	Dividend income recognized in this period	Cumulative gains	aggregate losses	Amount of other comprehensive proceeds transferred into retained earnings	Specified as the reason measured at fair value through other comprehensive income	Reasons for transferring other comprehensive earnings into retained earnings
Investment in the SungEel Hitech Co.Ltd	Nil	Nil	Nil	Nil	The management holds the investment as non-tradable	not applicable

12. Fixed Assets

(1) Overall Situation

Items	December 31, 2021	January 01, 2021
Fixed assets	4,398,712,750.06	<u>1,685,110,047.12</u>
Disposal of fixed assets		
Total	<u>4,398,712,750.06</u>	<u>1,685,110,047.12</u>

(2) Fixed Assets

Items	Buildings	Machinery Equipment	Transportation equipment	Electronic equipment	Other	Total
1. Gross carrying amount						
(1)Opening balance	948,534,518.22	924,970,890.89	11,785,580.96	12,063,228.82	11,071,952.23	<u>1,908,426,171.12</u>
(2)Increase in current year	<u>955,160,961.43</u>	<u>1,969,749,522.71</u>	<u>24,479,120.38</u>	<u>32,215,858.63</u>	<u>26,091,254.48</u>	<u>3,007,696,717.63</u>
①Buying		5,917,776.58	19,576,740.18	10,888,342.13	14,871,661.53	<u>51,254,520.42</u>
②Transfer of construction in progress	955,160,961.43	1,694,840,696.91	3,844,206.85	18,095,408.83	5,269,142.41	<u>2,677,210,416.43</u>
③Transfer of Right to use assets		268,991,049.22	1,058,173.35	3,232,107.67	5,950,450.54	<u>279,231,780.78</u>
(3) Decrease in current year		<u>1,256,639.41</u>	<u>364,254.38</u>	<u>34,027.01</u>		<u>1,654,920.80</u>
① Disposal or scrap		1,256,639.41	364,254.38	34,027.01		<u>1,654,920.80</u>
(4)Closing balance	<u>1,903,695,479.65</u>	<u>2,893,463,774.19</u>	<u>35,900,446.96</u>	<u>44,245,060.44</u>	<u>37,163,206.71</u>	<u>4,914,467,967.95</u>
2. Accumulated depreciation						
(1)Opening balance	64,797,569.30	145,067,710.95	4,261,914.80	4,616,634.19	4,572,294.76	<u>223,316,124.00</u>
(2)Increase in current year	<u>41,626,193.77</u>	<u>230,824,172.37</u>	<u>4,439,135.21</u>	<u>8,363,841.36</u>	<u>7,647,011.80</u>	<u>292,900,354.51</u>
①Accrual	41,626,193.77	160,373,489.67	3,508,576.00	5,306,868.86	3,015,356.83	<u>213,830,485.13</u>
②Transfer of Right to use assets		70,450,682.70	930,559.21	3,056,972.50	4,631,654.97	<u>79,069,869.38</u>
(3) Decrease in current year		<u>207,133.35</u>	<u>233,499.27</u>	<u>20,628.00</u>		<u>461,260.62</u>
① Disposal or scrap		207,133.35	233,499.27	20,628.00		<u>461,260.62</u>
(4)Closing balance	<u>106,423,763.07</u>	<u>375,684,749.97</u>	<u>8,467,550.74</u>	<u>12,959,847.55</u>	<u>12,219,306.56</u>	<u>515,755,217.89</u>
3. Provision for impairment						
(1)Opening balance						
(2)Increase in current year						
①Accrual						
(3) Decrease in current year						
① Disposal or scrap						
(4)Closing balance						
4. Carrying amount						
(1)Closing	<u>1,797,271,716.58</u>	<u>2,517,779,024.22</u>	<u>27,432,896.22</u>	<u>31,285,212.89</u>	<u>24,943,900.15</u>	<u>4,398,712,750.06</u>
(2)Opening	<u>883,736,948.92</u>	<u>779,903,179.94</u>	<u>7,523,666.16</u>	<u>7,446,594.63</u>	<u>6,499,657.47</u>	<u>1,685,110,047.12</u>

Note: For the finance lease before the first execution date, the Company measures

the use right assets and the lease liabilities respectively according to the original book value of the financing leased assets; when the Company transforms the financing leased assets into the own assets, so the original value and accumulated depreciation of the use right assets are transferred to the original value and accumulated depreciation of the fixed assets.

(3) Fixed Assets That are Temporarily Idle

None.

(4) Fixed Assets Leased Through Financial Leases at the end of The Reporting Period.

None.

(5) Fixed Assets Without Certificates of Ownership

Items	Carrying amount	Reason for not obtaining certificates of ownership
CNGR Advanced materials-Buildings	300,876,147.34	Processing
Hunan New Energy-Buildings	311,737,597.01	Processing
Guizhou Cycle-Buildings	173,534,248.26	Processing
Guangxi New Energy-Buildings	62,302,177.57	Processing
Total	<u>848,450,170.18</u>	

(6) There Were No Fixed Assets Leased Out by Operating Leases at the end of the Reporting Period.

13. Construction in Progress

(1) Overall Situation

Items	December 31, 2021	January 01, 2021
Construction in Progress	2,273,423,607.09	595,039,162.27
construction materials	30,918,165.07	12,013,663.79
Total	<u>2,304,341,772.16</u>	<u>607,052,826.06</u>

(2) Classification

① December 31, 2021

Items	Gross carrying amount	Provision for impairment	Carrying amount
West Base Project of High-performance Power Lithium-ion Battery Ternary Cathode Material Precursor	15,784,498.91		15,784,498.91
Construction project for the production workshop of positive electrode materials for lithium-ion batteries with an annual output of 30,000 tons of safe high-rate power	1,821,824.78		1,821,824.78
Sporadic projects in the western base of CNGR Advanced materials	2,411,992.42		2,411,992.42
CNGR New Energy (China) Headquarters Industrial Base Phase III and Expansion Project	116,201,739.50		116,201,739.50
CNGR New Energy (China) Headquarters Industrial Base Phase IV Project	59,579,404.18		59,579,404.18
CNGR New Energy (China) Headquarters Industrial Base Project Phase V	137,625,786.35		137,625,786.35
Sporadic engineering projects of CNGR New Energy (China)	494,155.34		494,155.34
Comprehensive utilization of nickel, cobalt and manganese resources and recycling of used lithium-ion batteries	6,049,497.94		6,049,497.94
Guangxi New Energy Project Phase I	1,864,182,939.54		1,864,182,939.54
High nickel matte by Laterite nickel smelting containing 30,000 nickel tons (Indonesia) Project (Phase I)	69,271,768.13		69,271,768.13
Total	<u>2,273,423,607.09</u>		<u>2,273,423,607.09</u>

② January 01, 2021

Items	Gross carrying amount	Provision for impairment	Carrying amount
West Base Project of High-performance Power Lithium-ion Battery Ternary Cathode Material Precursor	25,822,020.35		25,822,020.35
Sporadic projects in the western base of CNGR Advanced materials	3,267,091.51		3,267,091.51
CNGR New Energy (China) Headquarters Industrial Base Phase III and Expansion Project	262,824,233.57		262,824,233.57

Items	Gross carrying amount	Provision for impairment	Carrying amount
CNGR New Energy (China) Headquarters Industrial Base Phase IV Project	102,775,636.66		102,775,636.66
Sporadic engineering projects of CNGR New Energy (China)	919,331.91		919,331.91
Comprehensive utilization of nickel, cobalt and manganese resources and recycling of used lithium-ion batteries	199,430,848.27		199,430,848.27
Total	<u>595,039,162.27</u>		<u>595,039,162.27</u>

(3) Changes of Significant Construction in Progress in Current Year

Project name	Budget (billion)	Opening balance	Increase in current year	Amount transferred to fixed assets in current year	Other decrease in current year	Closing balance
Construction project for the production workshop of positive electrode materials for lithium-ion batteries with an annual output of 30,000 tons of safe high-rate power	1.05		39,980,888.77	38,159,063.99		1,821,824.78
West Base Project of High-performance Power Lithium-ion Battery Ternary Cathode Material Precursor	1.262	25,822,020.35	878,042,829.03	888,080,350.47		15,784,498.91
CNGR New Energy (China) Headquarters Industrial Base Phase III and Expansion Project	2.105	262,824,233.57	502,879,656.55	649,502,150.62		116,201,739.50
CNGR New Energy (China) Headquarters Industrial Base Phase IV Project	0.320	102,775,636.66	138,759,891.67	181,956,124.15		59,579,404.18
CNGR New Energy (China) Headquarters Industrial Base Project Phase V	0.810		343,784,818.02	206,159,031.67		137,625,786.35
Comprehensive utilization of nickel, cobalt and manganese resources and recycling of	0.694	199,430,848.27	402,071,826.64	595,453,176.97		6,049,497.94

Project name	Budget (billion)	Opening balance	Increase in current year	Amount transferred to fixed assets in current year	Other decrease in current year	Closing balance
used lithium-ion batteries						
Guangxi New Energy Project Phase I	5.99		1,961,021,812.97	96,838,873.43		1,864,182,939.54
High nickel matte by Laterite nickel smelting containing 30,000 nickel tons (Indonesia) Project (Phase I)	0.170 (USD)		69,271,768.13			69,271,768.13
Total		<u>590,852,738.85</u>	<u>4,335,813,491.78</u>	<u>2,656,148,771.30</u>		<u>2,270,517,459.33</u>

(Continued)

Project name	Proportion of accumulated investments to the budget (%)	Percentage of completion	Cumulative amount of capitalized interests	Including: Capitalized interests in current year	Interest capitalization rate for current year (%)	Sources of funds
Construction project for the production workshop of positive electrode materials for lithium-ion batteries with an annual output of 30,000 tons of safe high-rate power	101.05	99.00	6,086,531.75		5.18	Own funds + borrowing + financing lease
West Base Project of High-performance Power Lithium-ion Battery Ternary Cathode Material Precursor	72.09	72.00				Raise investment funds
CNGR New Energy (China) Headquarters Industrial Base Phase III and Expansion Project	85.20	83.00	23,270,173.53	3,533,282.87	4.25	Own funds + borrowing + financing lease
CNGR New Energy (China) Headquarters Industrial Base Phase IV Project	94.53	95.00	5,455,129.41	3,916,768.14	4.25	Own funds + borrowing
CNGR New Energy (China) Headquarters Industrial Base Project Phase V	33.86	32.00	2,913,130.11	2,913,130.11	4.25	Own funds + borrowing
Comprehensive utilization of nickel, cobalt and manganese resources and recycling of used lithium-ion batteries	89.57	87.00	2,545,543.82	1,319,908.57	3.35	Own funds + borrowing
Guangxi New Energy Project Phase I	36.57	33.00	16,998,161.37	16,998,161.37	4.55	Own funds + borrowing+raise investment funds

Project name	Proportion of accumulated investments to the budget (%)	Percentage of completion	Cumulative amount of capitalized interests	Including: Capitalized interests in current year	Interest capitalization rate for current year (%)	Sources of funds
High nickel matte by Laterite nickel smelting containing 30,000 nickel tons (Indonesia) Project (Phase I)	26.00	6.00				Own funds
Total	—		<u>57,268,669.99</u>	<u>28,681,251.06</u>	—	

(4) Status of Construction in Progress Leased Through Financing Leases During The Reporting Period.

At the end of 2021, there are no projects under construction leased through financing leases.

(5) The Construction in Progress at the end of The Reporting Period Has No Signs of Impairment, And There Is No Need to Make Reverse for Impairment.

14.Right-of-use Assets

Items	Buildings	Machinery Equipment	Transportation equipment	Electronic equipment	Other	Total
1. Gross carrying amount						
(1)Opening balance	1,646,194.87	470,182,921.39	1,058,173.35	3,232,107.67	5,950,450.54	<u>482,069,847.82</u>
(2)Increase in current year	<u>22,243,595.99</u>					<u>22,243,595.99</u>
①Increase in current year	<u>22,243,595.99</u>					<u>22,243,595.99</u>
(3) Decrease in current year		<u>268,991,049.22</u>	<u>1,058,173.35</u>	<u>3,232,107.67</u>	<u>5,950,450.54</u>	<u>279,231,780.78</u>
① transferred to fixed assets in current year		<u>268,991,049.22</u>	<u>1,058,173.35</u>	<u>3,232,107.67</u>	<u>5,950,450.54</u>	<u>279,231,780.78</u>
(4)Closing balance	<u>23,889,790.86</u>	<u>201,191,872.17</u>				<u>225,081,663.03</u>
2. Accumulated depreciation						
(1)Opening balance		<u>76,788,319.72</u>	<u>776,095.18</u>	<u>2,946,042.75</u>	<u>3,762,839.88</u>	<u>84,273,297.53</u>
(2)Increase in current year	<u>5,843,701.87</u>	<u>37,150,055.04</u>	<u>154,464.03</u>	<u>110,929.75</u>	<u>868,815.09</u>	<u>44,127,965.78</u>
①Accrual	<u>5,843,701.87</u>	<u>37,150,055.04</u>	<u>154,464.03</u>	<u>110,929.75</u>	<u>868,815.09</u>	<u>44,127,965.78</u>
(3) Decrease in current year		<u>70,450,682.70</u>	<u>930,559.21</u>	<u>3,056,972.50</u>	<u>4,631,654.97</u>	<u>79,069,869.38</u>
① transferred to fixed assets in current year		<u>70,450,682.70</u>	<u>930,559.21</u>	<u>3,056,972.50</u>	<u>4,631,654.97</u>	<u>79,069,869.38</u>
(4)Closing balance	<u>5,843,701.87</u>	<u>43,487,692.06</u>				<u>49,331,393.93</u>

Items	Buildings	Machinery Equipment	Transportation equipment	Electronic equipment	Other	Total
3. Provision for impairment						
(1)Opening balance						
(2)Increase in current year						
①Accrual						
(3) Decrease in current year						
① Disposal or scrap						
(4)Closing balance						
4. Carrying amount						
(1)Closing	<u>18,046,088.99</u>	<u>157,704,180.11</u>				<u>175,750,269.10</u>
(2)Opening	<u>1,646,194.87</u>	<u>393,394,601.67</u>	<u>282,078.17</u>	<u>286,064.92</u>	<u>2,187,610.66</u>	<u>397,796,550.29</u>

Notes: When the finance lease terms are expired, the Company shall exercise the preferential purchase option and convert the financing leased assets into its own assets, so the original value and cumulative depreciation of the used assets shall be transferred corresponding to the original value and cumulative depreciation of the fixed assets.

15. Intangible Assets

(1) Classification

Items	Land use rights	software	Patent rights and proprietary technology	other	Total
1. Gross carrying amount					
(1)Opening balance	420,700,509.35	6,182,672.11	4,412,144.40	37,679.61	<u>431,333,005.47</u>
(2)Increase in current year	<u>385,984,552.57</u>	<u>7,234,705.24</u>	<u>1,709,523.58</u>		<u>394,928,781.39</u>
①Buying	385,984,552.57	7,234,705.24	1,709,523.58		<u>394,928,781.39</u>
②Internal R&D					
③Increase in business combination					
(3) Decrease in current year					
① Disposal					

Items	Land use rights	software	Patent rights and proprietary technology	other	Total
(4)Closing balance	<u>806,685,061.92</u>	<u>13,417,377.35</u>	<u>6,121,667.98</u>	<u>37,679.61</u>	<u>826,261,786.86</u>
2. Accumulated amortization					
(1)Opening balance	21,754,117.08	1,394,935.34	873,290.28	14,220.70	<u>24,036,563.40</u>
(2)Increase in current year	<u>12,549,162.73</u>	<u>2,090,046.74</u>	<u>930,159.60</u>	<u>7,940.22</u>	<u>15,577,309.29</u>
①Accrual	12,549,162.73	2,090,046.74	930,159.60	7,940.22	<u>15,577,309.29</u>
(3) Decrease in current year					
① Disposal					
(4)Closing balance	<u>34,303,279.81</u>	<u>3,484,982.08</u>	<u>1,803,449.88</u>	<u>22,160.92</u>	<u>39,613,872.69</u>
3. Provision for impairment					
(1)Opening balance					
(2)Increase in current year					
①Accrual					
(3) Decrease in current year					
① Disposal					
(4)Closing balance					
4. Carrying amount					
(1)Closing	<u>772,381,782.11</u>	<u>9,932,395.27</u>	<u>4,318,218.10</u>	<u>15,518.69</u>	<u>786,647,914.17</u>
(2)Opening	<u>398,946,392.27</u>	<u>4,787,736.77</u>	<u>3,538,854.12</u>	<u>23,458.91</u>	<u>407,296,442.07</u>

Notes:No intangible assets formed through internal research and development at the end of the period

(2)Land Use Rights without Property Licenses

None.

16. Development Expenditure

Items	Opening balance	Increase in current year		Decrease in current year			Closing balance
		Internal development expenditure	Others	Intangible assets recognized	Recorded in profit or loss	Others	
Ternary R&D Project		665,160,105.97			665,160,105.97		
Tetracobalt research and development project		70,693,760.19			70,693,760.19		
Other R&D projects		33,342,289.16			33,342,289.16		
Total		<u>769,196,155.32</u>			<u>769,196,155.32</u>		

17. Long-term Prepaid Expenses

Items	Opening balance	Increase in current year	Amortization in current year	Other decrease	Closing balance	Reasons for other decrease
Decoration fees and others	1,429,722.92	21,355,689.19	5,411,920.41		17,373,491.70	
Total	<u>1,429,722.92</u>	<u>21,355,689.19</u>	<u>5,411,920.41</u>		<u>17,373,491.70</u>	

18. Deferred Tax Assets and Deferred Tax Liabilities

(1) Deferred Tax Assets and Deferred Tax Liabilities Not Presented in Net Amount after Offsetting

① Recognized Deferred Tax Assets and Deferred Tax Liabilities

Items	December 31, 2021		January 01, 2021	
	Deductible /taxable temporary difference	Deferred tax assets/liabilities	Deductible /taxable temporary difference	Deferred tax assets/liabilities
I. Deferred tax assets				
Impairment loss for assets	48,037,344.46	7,813,905.60	22,002,158.82	3,920,711.88
Government subsidy	274,263,102.71	41,139,465.40	117,111,336.67	17,566,700.50
Deductible losses	104,200,946.65	15,742,673.94	126,290,888.01	18,943,633.20
Unrealized profits from internal transactions	29,780,021.90	6,694,643.53	21,156,326.24	3,729,281.46
Total	<u>456,281,415.72</u>	<u>71,390,688.47</u>	<u>286,560,709.74</u>	<u>44,160,327.04</u>
II. Deferred tax liabilities				

Items	December 31, 2021		January 01, 2021	
	Deductible /taxable temporary difference	Deferred tax assets/liabilities	Deductible /taxable temporary difference	Deferred tax assets/liabilities
One-time deduction before tax for fixed assets with a unit value of less than CNY5.00 million	1,416,739,036.79	212,510,855.52	735,277,790.60	110,291,668.58
Total	<u>1,416,739,036.79</u>	<u>212,510,855.52</u>	<u>735,277,790.60</u>	<u>110,291,668.58</u>

Note: CaiShui [2021] No. 6 stipulates that "the equipment and appliances newly purchased by an enterprise from January 1, 2018 to December 31, 2023, whose unit value does not exceed CNY5.00 million, are allowed to be included in a lump sum Current costs and expenses are deducted when calculating taxable income, and depreciation is no longer calculated annually." The company and its subsidiaries met the regulations and the amount of one-off pre-tax deductions was large, resulting in a relatively large amount of taxable temporary difference.

②Unrecognized Deferred Tax Assets

Items	December 31, 2021	January 01, 2021
Deductible temporary differences	5,891,625.47	18,341.51
Deductible losses	28,932,196.18	10,562,077.23
Total	<u>34,823,821.65</u>	<u>10,580,418.74</u>

③Deductible Losses Unrecognized for Deferred Tax Assets That Will Expire in the Following Years:

Year	December 31, 2021	January 01, 2021
2023	51,919.30	51,919.30
2024	4,574,968.35	4,574,968.35
2025	5,916,940.84	5,935,189.58
2026	18,388,367.69	
Total	<u>28,932,196.18</u>	<u>10,562,077.23</u>

19. Other Non-current Assets

Items	December 31, 2021			January 01, 2021		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Advance payment for land	95,547,262.56		95,547,262.56			

Items	December 31, 2021			January 01, 2021		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Advance payment for equipment	603,963,844.32		603,963,844.32	172,275,581.84		172,275,581.84
Advance payment for construction	35,689,181.62		35,689,181.62	2,680,068.48		2,680,068.48
Total	<u>735,200,288.50</u>		<u>735,200,288.50</u>	<u>174,955,650.32</u>		<u>174,955,650.32</u>

20. Short-term Borrowings

(1) Classification

Items	December 31, 2021	January 01, 2021
Mortgage + Pledge + Guaranteed Loan		
Pledge + Guaranteed Loan		65,249,007.05
Mortgage + Guaranteed Loan	223,006,613.83	43,053,212.50
Guaranteed Loan	3,100,588,146.30	369,049,421.22
Pledged loans		162,000,000.00
Discounted, unexpired and unexpired bank acceptance draft	81,381,442.61	94,781,098.88
Total	<u>3,404,976,202.74</u>	<u>734,132,739.65</u>

(2) Overdue Short-term Borrowings

None.

21. Financial liabilities held for trading

Items	December 31, 2021	January 01, 2021
Financial liabilities measured at fair value through current profit and loss	36,042,529.27	
Total	<u>36,042,529.27</u>	

22. Notes Payable

(1) Overall Situation

Items	December 31, 2021	January 01, 2021
Commercial acceptance draft	6,211,953,049.17	2,588,860,922.51
Bank acceptance draft	488,529,410.76	
Total	<u>6,700,482,459.93</u>	<u>2,588,860,922.51</u>

(2) Overdue Notes Payable

None.

23. Trade Payables

(1) Classification

Items	December 31, 2021	January 01, 2021
Payable for engineering and equipment	1,002,403,696.47	247,527,194.01
Payable for material payment	2,315,302,427.00	686,344,833.80
Total	<u>3,317,706,123.47</u>	<u>933,872,027.81</u>

(2) Trade Payables Aged Over One Year

None.

24. Contract liabilities

(1) Classification

Items	December 31, 2021	January 01, 2021
Advance payment for sales products	18,194,342.44	35,277,975.22
Total	<u>18,194,342.44</u>	<u>35,277,975.22</u>

(2) Significant Advances from Customers Aged Over One Year

None

25. Employee Benefits Payable

(1) Employee Benefits Payable

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Short-term employee benefits	62,493,448.47	632,505,040.62	566,599,333.89	128,399,155.20
Post-employment benefits – defined contribution plan		35,109,527.38	35,109,527.38	
Termination benefits		1,260,037.46	1,260,037.46	
Total	<u>62,493,448.47</u>	<u>668,874,605.46</u>	<u>602,968,898.73</u>	<u>128,399,155.20</u>

(2) Short-term Employee Benefits

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Salaries, bonuses, allowances and subsidies	62,263,372.39	561,578,458.88	495,718,020.56	128,123,810.71

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Welfare		32,722,984.43	32,722,984.43	
Social Insurance	854.39	20,783,198.05	20,784,052.44	
Including: Health insurance	847.87	18,563,721.61	18,564,569.48	
Work injury insurance	6.52	2,219,476.44	2,219,482.96	
Housing funds	207,400.00	16,364,426.00	16,323,286.00	248,540.00
Labor union funds and employee education funds	21,821.69	1,055,973.26	1,050,990.46	26,804.49
Total	62,493,448.47	632,505,040.62	566,599,333.89	128,399,155.20

(3) Defined Contribution Plan

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Basic Pensions		33,697,380.09	33,697,380.09	
Unemployment insurance		1,412,147.29	1,412,147.29	
Total		35,109,527.38	35,109,527.38	

(4) Termination Benefits

Items	Amount of fees paid in this period	The unpaid amount payable at the end of the period
Compensation for termination of labor relations	1,260,037.46	
Total	1,260,037.46	

26. Tax and Surcharge Payable

Items	December 31, 2021	January 01, 2021
Corporate income tax	1,261,784.89	1,767,565.72
VAT	153,816.00	
Land holding tax		
Urban maintenance and construction tax	635,511.43	
Education surcharge and local education surcharge	453,936.74	
Personal income tax	1,743,785.99	811,232.49
Property tax		46,192.87
other	6,877,365.84	1,091,406.76
Total	11,126,200.89	3,716,397.84

27. Other Payables

(1) Overall Situation

Items	December 31, 2021	January 01, 2021
Interest payable		
Dividend payable		
Others	43,869,403.39	18,654,530.09
Total	<u>43,869,403.39</u>	<u>18,654,530.09</u>

(2) Others

① Other Payables Presented by Nature

Items	December 31, 2021	January 01, 2021
Security Deposit and Deposit	16,195,543.93	5,048,990.59
Accounts between related parties outside the scope of consolidation		
Interest on money lending		
Unpaid sales service fee		
Unpaid listing-related fees		7,455,393.56
Of which: issuance costs		4,400,000.00
Gifts, entertainment, catering expenses, etc.		3,055,393.56
other	27,673,859.46	6,150,145.94
Total	<u>43,869,403.39</u>	<u>18,654,530.09</u>

② Significant Other Payables Aged Over One Year

None.

28. Non-current Liabilities Due Within One Year

Items	December 31, 2021	January 01, 2021
Long-term borrowings due within one year	383,041,287.05	60,216,199.04
Leasing liabilities within one year	29,225,445.77	131,984,103.24
Total	<u>412,266,732.82</u>	<u>192,200,302.28</u>

29. Other Current Liabilities

Items	December 31, 2021	January 01, 2021
Unterminated endorsed and unexpired bank acceptance draft	242,546,602.22	238,287,966.77
Tax to be written off	2,365,264.52	4,586,136.77
Total	<u>244,911,866.74</u>	<u>242,874,103.54</u>

30. Long-term Borrowings

Items	December 31, 2021	January 01, 2021
Mortgage + Guaranteed Loan	2,432,272,617.23	840,936,607.02
Guaranteed Loan	120,000,000.00	
Total	<u>2,552,272,617.23</u>	<u>840,936,607.02</u>

No long-term loans due and outstanding at the end of the period.

31. Lease Liabilities

Items	December 31, 2021	January 01, 2021
Financial lease payment payable		20,835,336.13
Operating lease payment payable	12,531,385.69	883,543.12
Total	<u>12,531,385.69</u>	<u>21,718,879.25</u>

32. Long-term Payables

(1) Overall Situation

Items	December 31, 2021	January 01, 2021
Long-term payables	55,687,661.36	
Special payables		
Total	<u>55,687,661.36</u>	

(2) Classification

Items	December 31, 2021	January 01, 2021
Financial sale and leaseback payable	55,687,661.36	
Total	<u>55,687,661.36</u>	

33. Deferred Income

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Government grants	117,111,336.67	179,959,014.40	22,807,248.36	274,263,102.71
Total	<u>117,111,336.67</u>	<u>179,959,014.40</u>	<u>22,807,248.36</u>	<u>274,263,102.71</u>

34. Other Non-current Liabilities

Items	December 31, 2021	January 01, 2021
Government subsidy advance	151,960,750.00	126,725,000.00
Total	<u>151,960,750.00</u>	<u>126,725,000.00</u>

35. Paid-in Capital

Name of Investors	Opening balance	Changes in current year		Total	Closing balance
		Issue new shares	Other		
1.Restricted shares	526,811,930.00	36,023,053.00	-108,224,530.00	-72,201,477.00	454,610,453.00
(1) State shareholding					
(2) State-owned legal person holdings	14,516,983.00	5,540,345.00	-8,416,983.00	-2,876,638.00	11,640,345.00
(3) Other domestic shares	512,286,189.00	24,214,698.00	-99,798,789.00	-75,584,091.00	436,702,098.00
Including: domestic legal person holdings	491,369,373.00	22,046,111.00	-99,792,973.00	-77,746,862.00	413,622,511.00
Domestic natural person holdings	20,916,816.00	2,168,587.00	-5,816.00	2,162,771.00	23,079,587.00
(4) Overseas holdings	8,758.00	6,268,010.00	-8,758.00	6,259,252.00	6,268,010.00
Including: foreign legal person holdings	8,758.00	6,268,010.00	-8,758.00	6,259,252.00	6,268,010.00
Foreign natural person holdings					
2. Unrestricted tradable shares	42,838,070		108,224,530.00	108,224,530.00	151,062,600.00
(1) CNY ordinary shares	42,838,070		108,224,530.00	108,224,530.00	151,062,600.00
(2) Domestically listed foreign shares					
(3) Overseas listed foreign shares					
(4) Other					
Total	569,650,000.00	36,023,053.00		36,023,053.00	605,673,053.00

36. Capital Reserve

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Capital (or share) premiums	2,699,583,261.05	5,039,239,165.78		7,738,822,426.83
Other capital reserve	73,790,110.22	28,323,334.98		102,113,445.20
Total	2,773,373,371.27	5,067,562,500.76		7,840,935,872.03
Including: Exclusive state-owned capital reserve				

Note 1: The capital premium increased by CNY5,039,239,165.78 in 2021.①The issuance of domestic listed RMB common shares to specific objects forms capital premium of CNY4,917,027,053.35. For details, please refer to NoteVIII-35 Relevant

Disclosure of Paid-in Capital.②A subsidiary of the company in Guizhou CNGR Resources Recycling Industry Development Co., Ltd. (hereinafter referred to as the "Guizhou Cycle") in Guizhou province introduced by Guizhou Ecological Environmental Protection Development Equity Investment Fund Partnership (limited partnership) (hereinafter referred to as the "Guizhou Ecological Environmental Protection Fund"), by Guizhou Ecological Environmental Protection Fund capital CNY180.00 million, after the capital increase, Guizhou Ecological Environmental Protection Fund holds 8.25688% equity.③The net assets of Guizhou revolving capital increase and share expansion are CNY699,875,589.41 , among which the net assets shares of the subsidiaries enjoyed by the non-controlling shareholders are CNY 57,787,887.57, thus forming the capital reserve-capital premium of CNY 122,212,112.43.

Note 2: Other capital reserves increased by CNY 28,323,334.98, which was due to recognition of share-based payment expenses.

37. Other Comprehensive Income Attributable to Owners/Shareholders of the company

Items in Other Comprehensive Income, Relevant Effects of Income Taxes, and Reclassification to Profit or Loss

Items	Opening balance	Amount incurred before income tax in the current period	Minus: Income tax expense	Attributable to the parent company after tax	Attributable to non-controlling shareholders after tax	Closing balance
1. Other comprehensive income that will not be reclassified subsequently to profit or loss						
(1) Re-measurement of defined benefit liability /(asset)						
(2) Other comprehensive income that cannot be reclassified to profit or loss under equity method						

Items	Opening balance	Amount incurred before income tax in the current period	Minus: Income tax expense	Attributable to the parent company after tax	Attributable to non-controlling shareholders after tax	Closing balance
(3) Equity instrument designated as at fair value through other comprehensive income - Changes in fair value (applicable under new Standards for Financial Instruments)						
(4) Own credit risk - Changes in fair value (applicable under new Standards for Financial Instruments)						
(5) Others						
2. Other comprehensive income that may be reclassified subsequently to profit or loss	<u>152,532.49</u>	<u>-6,238,455.39</u>	<u>-4,287,015.22</u>	<u>-1,537,461.27</u>	<u>-413.97</u> <u>8.90</u>	<u>-1,384,928.7</u> <u>8</u>
(1) Other comprehensive income that can be reclassified to profit or loss under equity method						
Less: Amount previously recognized in other comprehensive income and reclassified to profit or loss in current period						
Subtotal						
(2) Debt instrument measured at fair value through other comprehensive income - Changes in fair value (applicable under new Standards for Financial Instruments)						

Items	Opening balance	Amount incurred before income tax in the current period	Minus: Income tax expense	Attributable to the parent company after tax	Attributable to non-controlling shareholders after tax	Closing balance
Less: Amount previously recognized in other comprehensive income and reclassified to profit or loss in current period						
Subtotal						
(3) Gains or losses on changes in fair value of available-for-sale financial assets (applicable under former Standards for Financial Instruments)						
Less: Amount previously recognized in other comprehensive income and reclassified to profit or loss in current period						
Subtotal						
(4) Other comprehensive income from reclassification of financial assets (applicable under new Standards for Financial Instruments)						
Less: Amount previously recognized in other comprehensive income and reclassified to profit or loss in current period						
Subtotal						

Items	Opening balance	Amount incurred before income tax in the current period	Minus: Income tax expense	Attributable to the parent company after tax	Attributable to non-controlling shareholders after tax	Closing balance
(5) Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets (applicable under former Standards for Financial Instruments)						
Less: Amount previously recognized in other comprehensive income and reclassified to profit or loss in current period						
Subtotal						
(6) Debt instrument measured at fair value through other comprehensive income - Credit impairment loss (applicable under new Standards for Financial Instruments)						
Less: Amount previously recognized in other comprehensive income and reclassified to profit or loss in current period						
Subtotal						
(7) Cash flow hedge reserve (Effective portion of gains or losses on cash flow hedge)	151,544.78	-4,438,560.00	-4,287,015.22	-151,544.78		
Less: Amount transfer to initial cost of the hedged item						

Items	Opening balance	Amount incurred before income tax in the current period	Minus: Income tax expense	Attributable to the parent company after tax	Attributable to non-controlling shareholders after tax	Closing balance
Amount previously recognized in other comprehensive income and reclassified to profit or loss in current period						
Subtotal	<u>151,544.78</u>	<u>-4,438,560.00</u>	<u>-4,287,015.22</u>	<u>-151,544.78</u>		
(8) Translation differences of financial statements presented in foreign currencies	987.71	-1,799,895.39		-1,385,916.49	-413,978.90	-1,384,928.78
Less: Amount previously recognized in other comprehensive income and reclassified to profit or loss in current period						
Subtotal	<u>987.71</u>	<u>-1,799,895.39</u>		<u>-1,385,916.49</u>	<u>-413,978.90</u>	<u>-1,384,928.78</u>
(9) Others						
Less: Amount previously recognized in other comprehensive income and reclassified to profit or loss in current period						
Subtotal						
3.Total other comprehensive income	<u>152,532.49</u>	<u>-6,238,455.39</u>	<u>-4,287,015.22</u>	<u>-1,537,461.27</u>	<u>-413,978.90</u>	<u>-1,384,928.78</u>

38. Special Reserve

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Production safety reserve		4,334,938.28	3,957,366.90	377,571.38
Total		<u>4,334,938.28</u>	<u>3,957,366.90</u>	<u>377,571.38</u>

According to the "Administrative Measures for the Extraction and Use of Enterprise Safety Production Expenses" (CaiQi [2012] No. 16), the actual operating income of the dangerous goods production and storage enterprises in the previous year is the basis for accruing, and the excess regressive method is adopted on an average basis according to the standard. Guizhou Cycle, a subsidiary of the company, began to produce and sell dangerous goods in May 2018. Therefore, the actual operating income

of the previous years is the basis for accruing safety production expenses of the current year.

39. Surplus Reserve

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance	Reason or basis
Statutory surplus reserve	24,004,142.38	60,130,504.28		84,134,646.66	
Total	<u>24,004,142.38</u>	<u>60,130,504.28</u>		<u>84,134,646.66</u>	

40. Undistributed Profits

Items	December 31, 2021	January 01, 2021
Opening balance	469,507,185.53	70,889,123.04
Plus: net profit attributable to owners of the parent company for the current period	938,952,084.15	420,159,388.57
Less: Appropriate statutory surplus reserve	60,130,504.28	21,541,326.08
Common stock dividend payable	45,572,000.00	
Closing balance	<u>1,302,756,765.40</u>	<u>469,507,185.53</u>

41. Operating Revenue and Operating Costs

Items	2021		2020	
	Revenue	Costs	Revenue	Costs
Principal operating activities	19,720,049,539.14	17,409,008,180.50	7,344,568,898.86	6,373,694,864.66
Other operating activities	352,441,783.78	346,780,874.93	95,055,173.58	88,005,003.24
Total	<u>20,072,491,322.92</u>	<u>17,755,789,055.43</u>	<u>7,439,624,072.44</u>	<u>6,461,699,867.90</u>

42. Taxes and Surcharges

Items	2021	2020
Urban maintenance and construction tax	10,397,614.61	5,493,130.48
Education surcharge and local education surcharge	7,781,347.85	4,220,371.50
Property tax	11,693,952.51	6,973,178.12
Land use tax	5,095,627.26	3,310,058.70
Stamp tax	24,602,942.38	6,855,069.19
Other	80,146.87	227,003.97
Total	<u>59,651,631.48</u>	<u>27,078,811.96</u>

43. Selling Expenses

Items	2021	2020
Shipping fee		
Sales service fee	5,145,840.00	
employee's salary	26,537,399.47	16,932,545.69
Port charges		
Travel expenses	2,755,633.33	1,646,941.82
Business entertainment	3,446,300.71	1,369,381.57
Insurance	1,191,013.71	1,338,013.11
other	6,078,973.37	4,310,771.16
Total	<u>45,155,160.59</u>	<u>25,597,653.35</u>

44. Administrative Expenses

Items	2021	2020
Employee's salary	173,636,002.73	74,614,326.17
Share-based payment fees	28,323,334.98	28,345,010.02
Depreciation of fixed assets	19,433,178.97	12,240,427.49
Asset amortization	15,210,391.65	7,580,904.60
Intermediary fees	13,984,236.83	11,575,142.33
Office expenses	3,562,649.74	1,519,047.91
Travel expenses	4,468,682.96	1,369,535.26
Utility bill	2,648,223.35	1,574,407.86
Business entertainment	5,330,495.70	2,815,906.90
other	31,375,061.36	14,400,019.52
Total	<u>297,972,258.27</u>	<u>156,034,728.06</u>

45. R&D Expenses

Items	2021	2020
Employee's salary	78,959,373.09	39,362,890.26
Material consumption	606,945,658.15	181,543,871.70
Depreciation and amortization	14,670,174.99	9,674,779.85
Other	68,620,949.09	39,525,433.56
Total	<u>769,196,155.32</u>	<u>270,106,975.37</u>

46. Financial Expenses

Items	2021	2020
Interest expenses	105,483,048.09	62,320,122.86

Items	2021	2020
Less: Interest income	27,704,468.72	7,269,891.39
Bank fees	26,322,491.72	6,411,544.49
Less: Exchange gains or losses	-1,984,013.82	-2,224,549.06
Others	20,660.35	573,349.55
Total	<u>106,105,745.26</u>	<u>64,259,674.57</u>

47. Other Income

Items	2021	2020
Industrial development support funds	137,044,570.60	22,607,700.00
Power consumption incentive funds and electricity fee subsidies	27,264,481.80	27,891,400.00
Export subsidies for foreign exchange earnings	7,137,000.00	4,700,000.00
CNGR New energy project phase I industrial support fund subsidies	5,257,710.99	
Incentive funds for listed enterprises from 2018 to 2020	3,500,000.00	
R&D subsidies	3,285,200.00	3,671,100.00
Reform of tax increment awards and subsidies	2,603,900.00	
Green transformation project of ternary cathode material precursor for lithium-ion battery with an annual output of 10,000 tons	1,602,040.80	1,602,040.80
Industrialization Project of Comprehensive Recovery and Recycling of Waste Lithium-ion Battery	1,500,000.00	1,566,666.68
Lithium ion battery cathode material production base research and development pilot workshop project subsidy	1,475,694.44	
Green Manufacturing System Integration Project	1,350,000.00	1,350,000.00
2019 Special Appropriation for Ecological Civilization Construction	1,284,210.48	1,284,210.48
Intelligent workshop project with an annual output of 15,000 tons of high-performance power lithium-ion battery ternary cathode materials	1,254,770.68	699,029.16
Government guides investment funds	859,086.36	501,133.72
Expand production incentive funds in 2020	812,100.00	
Summary of sporadic subsidies	711,589.00	866,646.84
Equipment subsidies	620,056.20	617,680.98
Provincial energy bureau to reduce cost stability expectations of special funds awards and subsidies	601,600.00	
Ultra-high speed specific surface area analyzer, oxygen hydrogen analyzer and other testing equipment 131 subsidy funds	513,333.33	
Special fund for the top ten industrial (basic materials) industry revitalization in 2020 in Guizhou Province	500,000.00	
New Energy Exhibition Hall Project	470,175.60	470,175.60
Production base project of cobalt tetroxide with an annual output of 5,000	468,085.13	510,638.28

tons of lithium-ion batteries		
Industrial Development Contribution Award	400,000.00	
Social security subsidies	313,623.37	
Top ten Enterprises in Industrial Development Award	300,000.00	
District management Committee investment promotion subsidy funds	285,000.00	
Development and industrialization of doped spherical cobalt oxide materials for lithium battery	273,684.24	
Industrial planning exhibition hall restoration and upgrading	225,000.00	
Annual output of 7200 tons of new power lithium battery cathode precursor material industrialization project subsidy	222,222.24	
Export credit insurance premium support funds	221,100.00	1,000,000.00
Industrial Transformation and Upgrading Fund (Intelligent Manufacturing Comprehensive Standardization and New Model Application Project)	213,592.18	
Waste lithium-ion battery resource utilization technology project subsidy	200,000.04	
Ningxiang Economic and Technological Development Zone Management Committee Boiler Subsidy	200,000.04	200,000.04
Industrial Enterprise Brand Award	200,000.00	
Job stabilization subsidy	189,991.24	1,721,614.32
Employment subsidy	182,035.96	579,414.84
10,000 tons of ternary materials industrialization project	170,000.04	170,000.04
High-performance power lithium-ion battery ternary cathode material precursor west base phase I subsidy	151,977.38	
Dalong Observation Project	140,000.04	140,000.04
Undertake the gradient transfer project of processing trade	137,406.84	137,406.82
Workshop low grade waste heat efficient collection and utilization of energy saving technology transformation project subsidy	129,870.13	
Power lithium battery cathode precursor material production end MVR cycle sewage waste recycling system subsidy fund	125,369.16	
The "135" project upgrade version of the second batch of standard plant award and subsidy	123,219.86	
Tax handling fee	113,616.45	71,459.75
15,000 tons of long-life power lithium-ion battery cathode material production base project	113,000.04	113,000.04
High-density spherical cobalt tetroxide industrialization key technology research and development and project application	105,000.00	26,250.00
Energy saving and emission reduction projects	96,969.72	96,969.74
Construction of a high-tech industrialization demonstration project with an annual output of 5,000 tons of high-performance battery cobalt tetroxide	84,317.06	89,361.72

material production line		
2020 Changsha Intelligent Manufacturing Special Project (the second batch) fund subsidy (intelligent equipment)	77,994.60	
Municipal Science and Technology Bureau subsidy funds	60,000.00	100,000.00
Urban supporting project subsidies	57,338.00	
10,000 tons production line and supporting facilities project	30,000.00	30,000.00
Advanced energy storage materials industry chain science and technology museum design and construction subsidies	20,989.33	
2020 Changsha City Intelligent Manufacturing Special Project (the second batch) Fund subsidy (industrial software)	17,976.20	
City supporting fees for the whole industry chain of lithium battery	10,599.96	10,599.96
Special funds for foreign trade development	8,400.00	633,870.00
Water and electricity subsidies during the epidemic		1,397,671.00
2019 Hunan Industrial Technological Transformation Tax Incremental Award Supplement		820,400.00
Changsha City's 2018 Industrial Project Construction Year Award Fund		800,000.00
2019 "Industrial Project Construction Year" Striving for Excellence Activity Award Supplement		500,000.00
Subsidy funds after R&D investment in the whole society		300,000.00
Hunan Province's second batch of manufacturing strong province awards in 2020		300,000.00
2018 Special Fund for Innovation and Venture Capital		273,684.24
Hong Kong Innovation and Technology Commission Investment R&D Cash Rebate Program		237,013.78
Central Foreign Economic and Trade Development Fund Processing Trade Fund		234,500.00
Ningxiang Treasury Centralized Payment Bureau Xiangcai Enterprise Index [2018] No. 64 The fifth batch of special funds for manufacturing a strong province		222,222.24
The second batch of Guizhou Province Intellectual Property Outstanding Enterprise Cultivation Project in 2018 (2018.3-2020.3)		200,000.00
Guizhou Provincial Market Supervision and Administration Bureau 18 Guizhou Province Intellectual Property Advantage Enterprise Funding Funds in 2020		200,000.00
Changsha City Circular Economy Subsidies		125,369.16
Total	<u>205,315,899.53</u>	<u>79,069,230.27</u>

48. Investment Income

Sources for investment income	2021	2020
Investment income derived from maturity of structured deposits classified as trading financial assets	1,498,142.41	2,161,036.00
Long-term equity investment income accounted for by the equity method	-438,711.65	
Transfer of financial asset gains and losses that are measured at fair value and whose changes are included in other comprehensive income	-111,104,791.73	-28,759,650.79
Others	917,994.80	
Total	<u>-109,127,366.17</u>	<u>-26,598,614.79</u>

49. Gains on Changes in Fair Value

Sources for gains on changes in fair value	2021	2020
Financial assets held for trading (applicable under new Standards for Financial Instruments)		-2,064,000.00
Financial liabilities held for trading (applicable under new Standards for Financial Instruments)	-5,288,680.20	
Total	<u>-5,288,680.20</u>	<u>-2,064,000.00</u>

50. Credit Impairment Loss

Items	2021	2020
Impairment loss for doubtful accounts	-31,908,469.60	-6,735,499.43
Total	<u>-31,908,469.60</u>	<u>-6,735,499.43</u>

51. Asset Impairment Losses

Items	2021	2020
Doubtful account losses		
Decline in value of inventories	-30,551,206.53	-10,599,408.63
Total	<u>-30,551,206.53</u>	<u>-10,599,408.63</u>

52. Gains on Disposal of Assets

Items	2021	2020
Disposal of assets not classified as held for trade	-19,324.37	-47,339.47
Total	<u>-19,324.37</u>	<u>-47,339.47</u>

53. Non-operating Income

(1) Classification of Non-operating Income

Items	2021	2020
Government grants unrelated to daily operation of the company		300,000.00
Compensation income	1,510,000.00	8,180,000.00
Other	1,326,782.94	1,756,729.32
Total	<u>2,836,782.94</u>	<u>10,236,729.32</u>

(2) Government Grants

Items	2021	2020
Ningxiang City Industrial Development Ten Fast Enterprise Award		200,000.00
Double Hundred Enterprise Award in Changsha City		100,000.00
Total		<u>300,000.00</u>

54. Non-operating Expenses

Items	2021	2020
Liquidated damages		1,000,000.00
Donations	1,100,000.00	409,360.00
Other	1,021,582.42	1,080,876.02
Total	<u>2,121,582.42</u>	<u>2,490,236.02</u>

Note: Non-operating expenses for this period are all non-recurring gains and losses.

55. Income Tax Expenses

(1) Income Tax Expenses

Items	2021	2020
Income tax expenses in current period	54,569,304.27	11,527,814.79
Deferred income tax expenses	74,988,825.51	43,930,019.12
Total	<u>129,558,129.78</u>	<u>55,457,833.91</u>

(2) Reconciliation of Accounting Profit and Income Tax Expenses

Items	2021	2020
Total profit	1,067,757,369.75	475,617,222.48
Income tax expenses calculated at the statutory / applicable tax rate	266,939,342.44	118,904,305.62
Effects of different applicable tax rates on subsidiaries	-106,260,031.00	-47,277,338.68
Effects of non-taxable income		309,600.00

Items	2021	2020
Effects of non-deductible costs, expenses, and losses	7,293,441.33	4,587,712.80
Impact of additional deduction	-27,757,022.94	-12,694,041.90
Effects of deductible temporary differences or deductible losses that are not recognized as deferred tax assets in current year	2,564,010.92	2,370,724.87
Effects of adjustments of income taxes in previous periods		-33,192.76
Effects of environmental protection equipment tax deduction	-13,221,610.97	-10,709,936.04
Total Income tax expense	<u>129,558,129.78</u>	<u>55,457,833.91</u>

56. Earnings Per Share

(1) Earnings Per Share

Items	Weighted average return on equity (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the company	19.89	1.64	1.64
Net profit attributable to common shareholders of the company after deducting non-recurring gains and losses	16.29	1.34	1.34

Basic earnings per share shall be calculated by dividing net profit attributable to ordinary equity holders of the company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. Number of ordinary shares issued is calculated based on contractual terms, from the date consideration is receivable (which is generally the date of their issue).

In calculating the numerator for diluted earnings per share, the company adjusts net profit attributable to ordinary equity holders of the company in current period by the following: (a) any interest recognized in the period related to dilutive potential ordinary shares; (b) Any income or expense that would result from the conversion of the dilutive potential ordinary shares; and (c) Any related taxes for above adjustments.

The denominator for diluted earnings per share is the sum of: (a) the weighted average number of ordinary shares outstanding in calculating the basic earnings per share; and (b) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

When calculating the(b) in preceding paragraph, dilutive potential ordinary shares issued in previous period shall be deemed to have been converted into ordinary shares at the beginning of the period; dilutive potential ordinary shares issued in current period shall be deemed to have been converted into ordinary shares at the date of the issue of the potential ordinary shares.

(2) Calculation of Basic Earnings Per Share and Diluted Earnings Per Share

① When Calculating Basic Earnings Per Share, the Net Profit for Current Period Attributable to Ordinary Equity Holders is:

Items	2021
Net profit attributable to ordinary equity holders in current period	938,952,084.15
Including: Net profit from continuing operations	938,199,239.97
Net profit from discontinued operations	

② When Calculating Diluted Earnings Per Share, the Net Profit for Current Period Attributable to Ordinary Equity Holders is:

Items	2021
Net profit attributable to ordinary equity holders in current period	938,952,084.15
After-tax interest expenses recognized in the period related to dilutive potential ordinary shares, that are attributable to ordinary equity holders	
After-tax income or expenses that would result from the conversion of dilutive potential ordinary shares, that are attributable to ordinary equity holders	
Including: Net profit from continuing operations	938,199,239.97
Net profit from discontinued operations	

③ When Calculating Basic Earnings Per Share, the Denominator is the Weighted Average Number of Ordinary Shares Outstanding, the Calculation Process is as Follows:

Items	2021
Number of ordinary shares outstanding at the beginning of the period	569,650,000.00
Add: Weighted average number of ordinary shares issued during the period	3,001,921.08
Less: Weighted average number of ordinary shares bought back during the period	
Weighted average number of ordinary shares outstanding at the end of the period	572,651,921.08

④ The Denominator for Diluted Earnings Per Share is Calculated as Follows:

Items	2021
Weighted average number of ordinary shares outstanding in calculating the basic	572,651,921.08

Items	2021
earnings per share	
Add: Weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares	
Including: Weighted average number of additional ordinary shares that would be issued on the conversion of convertible debts	
Weighted average number of additional ordinary shares that would be issued on the exercise of warrants/ share options	
Weighted average number of additional ordinary shares that would be issued on repurchase of its own shares	
Weighted average number of ordinary shares outstanding in calculating the diluted earnings per share	572,651,921.08

57. Share-based Payments

(1) Overall Situation of Share-based Payment

Items	2021	2020
The total amount of all equity instruments granted by the company in the current period	None	None
The total amount of all equity instruments exercised by the company in the current period	None	None

(2) Equity-settled Share-based Payments

Items	2021	2020
Method for determining fair value of equity instruments at grant date	Based on the PE share price	Based on the PE share price
Method for determining best estimate for number of vested equity instruments	According to the serving officers Equity instrument estimation	According to the serving officers Equity instrument estimation
Reason for significant difference between estimates in current year and prior year	None	None
Cumulative amount recognized in capital reserve for equity-settled share-based payments	80,338,486.67	52,015,151.69
Total expenses recognized for equity-settled share-based payments	28,323,334.98	28,345,010.02

(3) Explanation of Equity-settled Share-based Payment

In order to motivate the company's senior management and core employees, the

company's shareholders Hunan Zhongwei Holding Group Co., Ltd., Deng Weiming and the new shareholder Tongrenyuan Juzhihe Enterprise Management Consulting Partnership (Limited Partnership), Tongren Hengsheng Lineng Enterprise Management Consulting Partnership The company (Limited Partnership) held a meeting of shareholders on March 5, 2019, and agreed that the company's registered capital was increased from CNY400.00 million to CNY412.38 million, and the registered capital was increased by CNY12.38 million. Among them. Tongrenyuan Juzhihe Enterprise Management Consulting Partnership (Limited Partnership) subscribed for additional registered capital of CNY5,681,072.00 for CNY82,375,544.00 in cash, Tongren Hengsheng Lineng Enterprise Management Consulting Partnership (Limited Partnership) subscribed for additional registered capital of CNY97,134,456.00 for cash of CNY6,698,928.00.

Judging from the essence of this equity incentive transaction, the purpose of the company's equity incentive is to obtain future services for employees. In the equity incentive agreement signed with employees and the management methods of the employee stock ownership platform, a 5-year service period is agreed upon. Based on the accounting principle that costs and expenses are matched with the economic resources (services) obtained, share-based payment expenses are amortized in installments over the five-year service period.

According to Article 52 of the "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments", "Enterprises should choose valuation techniques that are generally recognized by market participants and verified by the actual transaction prices in the past to determine financial instruments. The fair value of ". The company uses the A round financing investor's share price as the fair value, and the difference between the employee's capital increase and share expansion price and the fair value is recognized as a share payment.

In 2021, the company confirmed that the amount of employee services received in exchange for equity-settled share-based payment was CNY28,323,334.98, which was included in management expenses and increased capital reserves.

58. Provision

Capital Commitment

Items	December 31, 2021
Signed contracts but not yet confirmed in the financial statements:	
-Purchase and construction of long-term asset commitments	1,148,843,751.09

59. Debt Restructuring

The company has no debt restructuring matters that need to be disclosed in the current period.

60. Borrowing Costs

Year	Capitalization rate for current year (only refers to capitalization of general-purpose borrowings)	Amount capitalized in current year
December 31, 2021	3.35%-5.18%	28,681,251.06
January 01, 2021	4.75%-5.18%	6,006,440.47

61. Foreign Currency Translation

Exchange difference recognized in profit or loss in current period is CNY1,984,013.82.

62. Leases

(1) Lessor

None.

(2) Lessee

As the lessee, the Company shall disclose the following information related to the lease

Items	2021
Interest expense for the lease liabilities	8,039,865.41
Short-term lease expenses included in the current profit and loss	2,050,462.84
Leasing expenses of low-value assets included in the current profit and loss	148,444.43
Variable lease payments not included in the measurement of lease liabilities	None
Income obtained from the sublease of the use right assets	None
Total cash outflow related to the lease	141,946,378.60
Profit and loss related to the sale and leaseback transactions	3,226,000.00

63. Discontinued Operations

The company has no discontinued operations that need to be disclosed in the current period

64. Reportable Segments

(1) Determining Basis and Accounting Policies of the Report Segment

For management purposes, the company as a whole, as a business unit, conducts

R&D and sales of lithium battery cathode precursor materials. For the purpose of decision-making to allocate resources and evaluate performance, the management regards the company as a whole as a reporting segment and manages its operating results. Therefore, no specific analysis of operating segments is made.

(2) External Revenue for Sales of Products or Rendering of Services

Classification of products or services	Revenue from external transactions	
	2021	2020
Ternary precursor	15,363,817,088.51	5,673,237,645.94
Cobalt tetroxide	4,040,665,576.38	1,442,309,890.02
Entrusted processing	110,892,727.65	145,885,527.67
other	557,115,930.38	178,191,008.81
Total	<u>20,072,491,322.92</u>	<u>7,439,624,072.44</u>

(3) Geographical Information, the Company's External Transaction Income Is as Follows:

Classification	Revenue from external transactions	
	2021	2020
China Mainland	14,966,538,365.39	5,015,256,382.04
Hong Kong, Macao and Taiwan regions	14,294.56	5,750,558.65
South Korea	3,763,037,460.99	2,417,109,016.17
Other countries	1,342,901,201.98	1,508,115.58
Total	<u>20,072,491,322.92</u>	<u>7,439,624,072.44</u>

(4) Geographical Information of Non-current Assets.

Classification	2021	2020
China Mainland	8,121,429,754.99	3,272,199,142.31

Note: Non-current assets belong to the area where the assets are located, excluding financial assets and deferred income tax assets.

(5) Extent of Reliance on Major Customers

Among the company's customers, there are 3 customers whose revenue from a single customer group accounted for 10% or more of the company's total revenue in 2021, accounting for approximately 22.21%, 21.97%, and 13.74% of the company's

total revenue respectively. The amount of income from this customer group is listed below:

Major customer name	2021	2020
Customer A	4,458,201,902.84	2,467,972,890.52
Customer B	4,410,102,870.25	1,876,707,762.08
Customer C	2,757,656,506.34	1,109,648,184.32

65. Consolidated Statement of Cash Flows

(1) Other Cash Received Related to Operating Activities

Items	2021	2020
Government subsidies received	276,344,606.37	98,147,970.78
Security deposit and deposit received	28,152,069.44	7,347,036.70
Receive advances from government subsidies	112,335,750.00	46,375,000.00
Interest income	27,704,468.72	7,269,891.39
other	883,619.53	1,828,189.07
Total	<u>445,420,514.06</u>	<u>160,968,087.94</u>

(2) Other Cash Paid Related to Operating Activities

Items	2021	2020
Various types of margin deposits paid	826,728,109.32	313,760,024.50
Security deposit and deposit paid	10,540,680.82	43,010,140.85
Cash-in period cost	174,740,119.34	54,712,669.90
Other	1,871,782.17	2,109,443.24
Total	<u>1,013,880,691.65</u>	<u>413,592,278.49</u>

(3) Other Cash Received Related to Investment Activities

Items	2021	2020
Recovered investment performance bond	16,072,400.00	8,762,000.00
Recovered Wage bond	1,880,000.00	1,400,000.00
Recovered Land repossession deposit	1,238,000.00	920,000.00
Recovered construction permit deposit	600,000.00	600,000.00
Recovered engineering deposit		270,000.00
Total	<u>19,790,400.00</u>	<u>11,952,000.00</u>

(4) Other Cash Paid Related to Investment Activities

Items	2021	2020
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Items	2021	2020
Project construction investment deposit paid	12,000,000.00	
Land deposit paid	30,075,607.29	
Wage bond paid	440,000.00	4,040,798.40
Deposit for construction permit paid	50,000.00	928,954.00
Engineering deposit paid		171,414.00
Total	<u>42,565,607.29</u>	<u>5,141,166.40</u>

(5) Other Cash Received Related to Financing Activities

Items	2021	2020
Receipt of financing sale and leaseback payment	55,000,000.00	
Cash received from discounted and unterminted notes	79,100,545.27	235,912,114.88
Funds into the discounted bills	1,906,830,011.52	232,000,000.00
Recovered Loan Deposit		35,000,000.00
Recovered financial lease deposit	7,712,176.07	2,655,000.00
Total	<u>2,048,642,732.86</u>	<u>505,567,114.88</u>

(6) Other Cash Paid Related to Financing Activities

Items	2021	2020
Finance lease and sale and leaseback payment of rent	138,479,772.85	189,804,144.70
Payment of finance lease deposit and handling fee	8,226,000.00	
Loan deposit payment		35,000,000.00
Internal billing maturity acceptance	913,148,976.02	123,750,000.00
Margin paid by the letter of credit for financing	289,985,913.69	
Issuance fees paid	9,301,416.61	17,900,000.00
Total	<u>1,359,142,079.17</u>	<u>366,454,144.70</u>

(6) Using Indirect Method to Reconcile Net Profit to Cash Flows from Operating Activities

(7)

Supplementary information	2021	2020
1.To reconcile net profit to cash flows from operating activities:		
Net profit	938,199,239.97	420,159,388.57
Add: Asset Impairment losses	30,551,206.53	10,599,408.63
Credit Impairment losses	31,908,469.60	6,735,499.43
Depreciations of fixed assets, oil and gas assets, and bearer biological assets	213,830,485.13	144,336,644.58

Supplementary information	2021	2020
Amortization of right-of-use assets	44,127,965.78	
Amortizations of intangible assets	15,577,309.29	8,849,472.36
Amortizations of long-term prepaid expenses	5,411,920.41	569,784.69
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with-)	19,324.37	47,339.47
Losses on retirement of fixed assets (gain expressed with-)	227,165.29	
Losses on changes in fair value (gain expressed with-)	5,288,680.20	2,064,000.00
Financial expenses (gain expressed with-)	110,693,061.91	62,790,865.27
Investment losses (gain expressed with-)	-1,977,425.56	-2,161,036.00
Decrease in deferred tax assets (increase expressed with-)	-27,230,361.43	12,329,798.56
Increase in deferred tax liabilities (decrease expressed with-)	102,219,186.94	31,600,220.56
Decrease in inventories (increase expressed with-)	-3,396,869,311.62	-430,980,068.15
Decrease in receivables in operating activities (increase expressed with-)	-6,750,501,569.85	-1,371,829,267.04
Increase in payables in operating activities (decrease expressed with-)	6,991,462,723.48	1,540,130,740.71
Others	28,323,334.98	28,345,010.02
Net cash flows from operating activities	<u>-1,658,738,594.58</u>	<u>463,587,801.66</u>

(Continued)

2. Significant investing and financing activities that do not involve cash receipts or payments		
Debts converted to capital		
Convertible debts due within one year		
Fixed assets leased in under finance leases		
3. Net changes of cash and cash equivalents		
Closing balance of cash	6,337,215,717.67	1,904,787,710.71
Less: Opening balance of cash	1,904,787,710.71	417,292,063.38
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	<u>4,432,428,006.96</u>	<u>1,487,495,647.33</u>

(8) Composition of Cash and Cash Equivalents

Items	December 31, 2021	January 01, 2021
1. Cash	<u>6,337,215,717.67</u>	1,904,787,710.71
Including: Cash on hand	39,267.04	

Items	December 31, 2021	January 01, 2021
Demand deposits	6,337,176,450.63	1,904,787,710.71
Other cash/bank balance available for payment		
2. Cash equivalents		
Including: Bond investments due within three months		
3. Closing balance of cash and cash equivalents	<u>6,337,215,717.67</u>	<u>1,904,787,710.71</u>

66. Foreign Currency Monetary Items

Items	Closing balance in foreign currency	Exchange rate	Closing balance in CNY (translated)
Cash at bank and on hand			<u>760,088,060.75</u>
Including: USD	118,594,571.88	6.3757	756,123,411.94
KRW	22,000,564.81	0.0054	118,803.05
HKD	2,128,104.48	0.8176	1,739,938.22
EUR	9,698.52	7.2197	70,020.40
PLZ	2,194.10	1.5717	3,448.47
IDR	5,081,096,667.60	0.0004	2,032,438.67
Trade receivables			<u>1,628,171,954.09</u>
Including: USD	255,371,481.42	6.3757	1,628,171,954.09
Other receivables			<u>30,600,118.11</u>
Including: USD	4,722,924.77	6.3757	30,111,951.46
HKD	18,000.00	0.8176	14,716.80
KRW	18,860,760.00	0.0054	101,848.10
PLZ	236,433.00	1.5717	371,601.75
Short-term borrowings			<u>1,968,003,137.37</u>
Including: USD	308,672,481.04	6.3757	1,968,003,137.37
Accounts payable			<u>1,315,289,550.82</u>
Including: USD	206,297,277.29	6.3757	1,315,289,550.82
Notes payable			<u>45,618,269.88</u>
Including: USD	7,155,021.39	6.3757	45,618,269.88
Other payables			<u>2,771,667.50</u>
Including: USD	369,018.18	6.3757	2,352,749.21
HKD	18,000.00	0.8176	14,716.80
EUR	53,394.41	7.2197	385,491.62
KRW	1,171,190.00	0.0054	6,324.43
IDR	30,963,590.00	0.0004	12,385.44

67. Assets with Restricted Ownership or Use Rights

Items	Carrying amount at year end	Reason for restriction
Cash at bank and on hand	2,362,119,756.77	Various types of margin deposits
Notes receivable	14,274,152.20	Pledge is used to issue bank acceptance drafts
Receivables financing	100,552,346.51	Pledge is used to issue bank acceptance drafts
Fixed assets	586,515,385.98	Mortgage for borrowing
Intangible assets	357,426,084.00	Mortgage for borrowing
Total	<u>3,420,887,725.46</u>	

68. Hedging Items and Related Hedging Tools

Disclosure of qualitative and quantitative information on hedged items, related hedging tools, and hedged risks according to the types of hedges:

(1) Hedging Relationship

The company uses derivative financial instruments (futures, mainly forward commodity contracts) as the company's hedging tool.

(2) Cash Flow Hedge

In 2021, the cash flow hedging business carried out by the company for the current period, the amount of other comprehensive income recognized at the end of the period was CNY0.00.

(3) Fair Value Hedge

In 2021, the fair value hedging business carried out by the company during the current period resulted in a hedging loss amount of CNY56,821,505.81, and a floating surplus generated from position contracts at the end of the period was CNY -30,729,419.39.

69. Government Subsidy

Items	Amount	Report Project	Amount included in current profit and loss
Industrial development support funds	137,044,570.60	Other income	137,044,570.60
Lithium-ion battery cathode material production base research and development pilot workshop project	30,000,000.00	Deferred income	1,475,694.44

Items	Amount	Report Project	Amount included in current profit and loss
Electricity consumption incentive funds and electricity fee subsidies	27,264,481.80	Other income	27,264,481.80
Ningxiang Economic and Technological Development Zone management Committee idle assets revitalization funds subsidies	14,169,900.00	Deferred income	
2020 Changsha Advanced Energy Storage Materials Industry Development Special Fund in 2020	10,000,000.00	Deferred income	
Annual output of 15,000 tons of high-performance power lithium ion battery ternary cathode material intelligent workshop project subsidy	8,000,000.00	Deferred income	1,254,770.68
High-performance power lithium-ion battery ternary cathode material precursor west base Phase I	8,000,000.00	Deferred income	151,977.38
Exports to create foreign exchange subsidies	7,137,000.00	Other income	7,137,000.00
The "135" project upgrade version of the second batch of standard plant award and subsidy	1,850,000.00	Deferred income	123,219.86
Incentive funds for listed enterprises from 2018 to 2020	3,500,000.00	Other income	3,500,000.00
Discount interest for industrial enterprises in 2020	3,299,660.00	Deferred income	2,435,294.11
Research and development subsidies	3,285,200.00	Other income	3,285,200.00
Major high-quality industrial projects	3,000,000.00	Deferred income	
Reform of tax increment awards and subsidies	2,603,900.00	Other income	2,603,900.00
Annual output of 30,000 tons of safety high rate power lithium ion battery cathode material production workshop construction project	2,000,000.00	Deferred income	458,333.33
Capital construction investment in the 2021 provincial budget- -manufacturing innovation special project	2,000,000.00	Deferred income	
Advanced energy storage materials industry chain science and technology museum design and construction cost subsidy	1,398,525.00	Deferred income	20,989.33
In 2021, the fifth batch of manufacturing strong provincial special funds	1,200,000.00	Deferred income	
Urban supporting projects	1,175,429.40	Deferred income	57,338.00

Items	Amount	Report Project	Amount included in current profit and loss
Phase II construction project contract loan discount interest subsidy	1,070,000.00	Deferred income	46,929.81
Workshop low-grade waste heat and efficient collection and utilization of energy-saving technology transformation project	1,000,000.00	Deferred income	129,870.13
Expand production incentive funds in 2020	812,100.00	Other income	812,100.00
2020 Changsha Intelligent Manufacturing Special Project (the second batch) funds (intelligent equipment)	747,448.24	Deferred income	77,994.60
Provincial energy bureau to reduce cost stability expectations of special funds awards and subsidies	601,600.00	Other income	601,600.00
Academician workstation project subsidy	600,000.00	Deferred income	
Industrial planning exhibition hall restoration and upgrading	500,000.00	Deferred income	225,000.00
Special subsidy fund for Changsha Innovation platform construction in 2021	500,000.00	Deferred income	
Special fund for the top ten industrial (basic materials) industry revitalization in 2020 in Guizhou Province	500,000.00	Other income	500,000.00
Annual recovery of 3,000 tons of waste lithium-ion battery production line construction of high-tech industrialization demonstration project	400,000.00	Deferred income	
Industrial Development Contribution Award	400,000.00	Other income	400,000.00
Social security subsidies	313,623.37	Other income	313,623.37
Sporadic subsidy summary	304,000.00	Other income	304,000.00
Top ten Enterprises in Industrial Development Award	300,000.00	Other income	300,000.00
Export credit insurance premium support funds	221,100.00	Other income	221,100.00
Industrial Enterprise Brand Award	200,000.00	Other income	200,000.00
2020 Changsha Intelligent Manufacturing Special Project (second batch) Fund (industrial software)	98,051.76	Deferred income	17,976.20
Sporadic subsidy summary	848,016.20	Other income	848,016.20
Total	<u>276,344,606.37</u>		<u>191,810,979.84</u>

Note: No government subsidies were refunded during the reporting period.

IX. Contingencies

As of the end of the reporting period, the company has no contingencies that need to be disclosed.

X. Risks Related to Financial Instruments

The main financial instruments of the company during the reporting period include bank loans and monetary funds. The main purpose of these financial instruments is to finance the company's operations. The company has a variety of other financial assets and liabilities that are directly generated by operations, such as notes receivable (receivable financing), accounts receivable and accounts payable, and other current assets.

The main risks caused by the company's financial instruments include credit risk, liquidity risk and market risk.

(1) The Carry Amount of Various Financial Assets on the Balance Sheet Date are as Follows:

① December 31, 2021

Items	Financial assets measured at amortized cost	Financial assets that are measured at fair value through current profit and loss	Financial assets that are measured at fair value through other comprehensive income	Total
Money funds	8,699,335,474.44			<u>8,699,335,474.44</u>
Accounts receivable	4,451,798,531.33			<u>4,451,798,531.33</u>
Notes receivable	277,277,118.62			<u>277,277,118.62</u>
Receivable financing			568,121,131.85	<u>568,121,131.85</u>
Other receivables	85,184,510.21			<u>85,184,510.21</u>
Other equity instrument investments			67,197,456.06	<u>67,197,456.06</u>
Total	<u>13,513,595,634.60</u>		<u>635,318,587.91</u>	<u>14,148,914,222.51</u>

② January 01, 2021

Items	Financial assets measured at amortized cost	Financial assets that are measured at fair value through current profit and loss	Financial assets that are measured at fair value through other comprehensive income	Total
Money funds	2,711,889,158.17			<u>2,711,889,158.17</u>
Transactional financial assets		73,250.99	151,544.78	<u>224,795.77</u>
Accounts receivable	1,230,559,042.87			<u>1,230,559,042.87</u>
Receivable financing			748,888,705.17	<u>748,888,705.17</u>
Other receivables	59,643,256.71			<u>59,643,256.71</u>
Total	<u>4,002,091,457.75</u>	<u>73,250.99</u>	<u>749,040,249.95</u>	<u>4,751,204,958.69</u>

(2) The Carry Amount of Various Financial Liabilities on the Balance Sheet Date are as Follows:

① December 31,2021

Items	Financial liabilities that are measured at fair value through current profit and loss	Financial liabilities measured at amortized cost	Total
Short-term borrowing		3,404,976,202.74	<u>3,404,976,202.74</u>
Transaction-based financial liabilities	36,042,529.273		<u>36,042,529.27</u>
Notes payable		6,700,482,459.93	<u>6,700,482,459.93</u>
Accounts payable		3,317,706,123.47	<u>3,317,706,123.47</u>
Other payables		43,869,403.39	<u>43,869,403.39</u>
Non-current liabilities due within one year		412,266,732.82	<u>412,266,732.82</u>
Other current liabilities		242,546,602.22	<u>242,546,602.22</u>
Long-term borrowing		2,552,272,617.23	<u>2,552,272,617.23</u>
Lease obligation		12,531,385.69	<u>12,531,385.69</u>
Long-term payables		55,687,661.36	<u>55,687,661.36</u>
Total	<u>36,042,529.27</u>	<u>16,742,339,188.85</u>	<u>16,778,381,718.12</u>

② January 01,2021

Items	Financial liabilities that are measured at fair value through current profit and loss	Financial liabilities measured at amortized cost	Total
Short-term borrowing		734,132,739.65	<u>734,132,739.65</u>
Notes payable		2,588,860,922.51	<u>2,588,860,922.51</u>
Accounts payable		933,872,027.81	<u>933,872,027.81</u>
Other payables		18,654,530.09	<u>18,654,530.09</u>
Non-current liabilities due within one year		192,200,302.28	<u>192,200,302.28</u>
Other current liabilities		238,287,966.77	<u>238,287,966.77</u>
Long-term borrowing		840,936,607.02	<u>840,936,607.02</u>
Lease obligation		21,718,879.25	<u>21,718,879.25</u>
Long-term payables		152,260,886.02	<u>152,260,886.02</u>
Total		<u>5,720,924,861.40</u>	<u>5,720,924,861.40</u>

(3) Credit Risk

Credit risk refers to the risk that one party of a financial instrument fails to perform its obligations, causing the other party to incur financial losses. The company's credit risk mainly comes from bank deposits and receivables. In order to control the above-mentioned related risks, the company has adopted the following measures:

① Bank Deposit

The company's bank deposits are mainly deposited with financial institutions with relatively high credit ratings, so their credit risk is low.

② Accounts Receivable

The company regularly conducts credit evaluations on customers who use credit transactions. Based on the credit evaluation results, the company chooses to trade with approved and creditworthy customers and monitors the balance of its receivables to ensure that the company will not face major risks of doubtful accounts.

Since the company only conducts transactions with approved and creditworthy third parties, there is no need for collateral. Credit risk is centralized and managed according to customers. As of the end of the period, the company had a certain concentration of credit risk, and 70.67% of the company's accounts receivable came from the top five customers in the balance. The company does not hold any collateral or other credit enhancements for the balance of accounts receivable.

(4) Liquidity Risk

Liquidity risk refers to the risk that a company encounters a shortage of funds when fulfilling its obligations related to financial liabilities. The company's policy is to ensure that it has sufficient funds to repay the debts due. Liquidity risk is centrally controlled by the company's financial department. The finance department monitors cash balances and rolling forecasts of cash flows in the next 12 months to ensure that the company has sufficient funds to repay debts under all reasonable forecasts.

(5) Market Risk

Market risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market prices. Market risk mainly includes interest rate risk, foreign exchange risk, etc.

① Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market interest rates. The borrowing contracts of the company's borrowings all clearly stipulate the borrowing interest rate, so the company's financial liabilities do not have a significant risk of changes in market interest rates.

② Foreign Exchange Risk

Foreign exchange risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in foreign exchange rates. The company's exposure to foreign exchange risks is mainly related to the exchange rate changes between its holdings of foreign currencies such as U.S. dollars and certain customer payments and CNY. The company's measures to deal with foreign exchange risks are as follows:

A. The current import and export business involved in the company are all settled in the same foreign currency, and the import and export business automatically hedges part of the risk of foreign exchange rate fluctuations;

B. The company's current export business scale is larger than the import business scale. In order to control foreign exchange risks and reduce unnecessary foreign exchange purchases, it appropriately increases foreign currency loans and letters of credit in the same currency, and reduces foreign exchange fluctuations through the configuration of foreign currency assets and liabilities. risks of;

C. The company further strengthens the analysis of foreign exchange rate fluctuations, and introduces foreign exchange hedging tools in a timely manner to reduce the impact of foreign exchange fluctuations;

D. Deploy professionals to strengthen the management of foreign exchange business and reduce the impact of foreign exchange fluctuations on operations and compliance risks.

(6) Capital Management

The main objective of the company's capital management is to ensure the company's ability to continue operations and maintain a healthy capital ratio to support business development and maximize shareholder value.

The company manages the capital structure and adjusts it according to changes in the economic situation and the risk characteristics of related assets. In order to maintain or adjust the capital structure, the company may adjust the profit distribution to shareholders, return capital to shareholders or issue new shares.

The company is not subject to external mandatory capital requirements. The capital management objectives, policies or procedures of the current period have not changed. The company monitors the capital structure based on the debt-to-asset ratio (that is, total liabilities divided by total assets). As of the end of the period, the company's consolidated statement asset-liability ratio was 62.33%.

XI. Events after the Reporting Period

The Company intends to distribute cash dividend of CNY1.68 / 10 shares (Inc. tax) based on 605,673,053 shares as of December 31,2021. No plan to transfer of capital within equity or issue bonus shares.

In accordance with the relevant provisions, if total capital changes due to additional capital incentive plans, conversion from bonds, etc, between the declaration of the plan through execution, the Company will disclose the latest distribution ratio based on most recent total capital under the principal of "total amount of cash dividends, bonus shares, transfers remain unchanged" in the public announcement of profit distribution.

XII. Relationships and Transactions with Related Parties

1. Basic Information of the Parent

Name of the parent	Registered address	Business nature	Registered capital	Proportion of shares held by the parent (%)	Proportion of voting rights held by the parent (%)
Hunan Zhongwei Holding Group Co.,	Chuangye Avenue, Ningxiang Economic and	Manufacturing	868 million	56.80%	56.80%

Name of the parent	Registered address	Business nature	Registered capital	Proportion of shares held by the parent (%)	Proportion of voting rights held by the parent (%)
Ltd.	Technological Development Zone, Changsha City				

2.Subsidiaries

See Note VII “Business Combination and Consolidated Financial Statements”.

3.Joint Ventures and Associates

None.

4.Other Related Parties

Name of related parties	Relationship with the company
Honglin Construction Engineering Group Co., Ltd.	Enterprises controlled by close relatives of actual controllers
Hunan Minqiang Engineering Co., Ltd.	Enterprises controlled by close relatives of actual controllers
Dalong Longsheng Hotel	Enterprises controlled by close relatives of actual controllers
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	Enterprises controlled by the actual controller
Hunan Zhongxian Intelligent Technology Co., Ltd.	Enterprises controlled by the actual controller
Guizhou Dalong Huicheng Advanced material Co., Ltd.	Other Related Parties
Jiangsu Sea Lion Pump Manufacturing Co., Ltd.	Enterprises controlled by the actual controller
Hunan Weichu Juice Wine Industry Co., Ltd.	Enterprises controlled by close relatives of actual controllers

5.Related Party Transactions

(1)Related Party Transactions

① Sale of Goods or Service.

Name of related parties	2021	2020
Guizhou Dalong Huicheng Advanced material Co., Ltd.		7,283.01
Total		<u>7,283.01</u>

Note:Guizhou Dalong Huicheng New Materials Co., Ltd. terminated the association with the company in this period, thus no disclosure is required in the current period.

② Purchase of Goods or Services

Name of related parties	2021	2020
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Name of related parties	2021	2020
Guizhou Dalong Huicheng Advanced material Co., Ltd.		70,644,507.08
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	58,692,960.83	42,694,049.46
Hunan Zhongxian Intelligent Technology Co.,Ltd.	135,663,476.11	
Hunan Minqiang Engineering Co., Ltd.		72,069.17
Jiangsu Sea Lion Pump Manufacturing Co., Ltd.	9,631,907.53	6,647,017.69
Dalong Longsheng Hotel	91,028.00	121,229.00
Hunan Weichu Juice Wine Industry Co., Ltd.	46,800.00	64,800.00
Total	<u>204,126,172.47</u>	<u>120,243,672.40</u>

Note:Guizhou Dalong Huicheng New Materials Co., Ltd. terminated the association with the company in this period, thus no disclosure is required in the current period.

③ Related leases

None.

④ Guarantees

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Deng Weiming, Wu Xiaoge.	The company	30,000.00	2020-10-23	2021-9-24	YES
Deng Weiming, Wu Xiaoge.	The company	120,000.00	2021-11-11	2024-11-10	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	9,400.00	2018-9-26	2021-9-25	YES
Hunan Ronggrun Industry and Trade Co., Ltd, Hunan Zhongwei Holding Group Co., Ltd.	The company	1,400.00	2018-5-21	2021-5-21	YES
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	70,000.00	2021-8-24	2022-8-23	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	100,000.00	2021-9-3	2022-9-3	NO

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	60,000.00	2021-10-9	2022-8-24	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	81,000.00	2020-4-7	2024-11-14	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	30,000.00	2020-12-24	2021-12-23	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	48,500.00	2021-6-7	2023-6-7	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	30,000.00	2021-6-30	2022-6-30	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	30,000.00	2021-6-18	2024-6-17	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	10,000.00	2020-12-28	2021-12-27	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	42,500.00	2021-8-2	2022-8-2	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	60,000.00	2021-9-8	2022-9-8	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	50,000.00	2021-7-6	2022-7-6	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	70,000.00	2021-12-7	2024-6-25	NO
Deng Weiming, Wu Xiaoge, Hunan Zhongwei Holding Group Co., Ltd.	The company	50,000.00	2021-8-10	2023-8-10	NO

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Deng Weiming, Wu Xiaoge	The company	7,082.99	2021-10-29	2022-4-29	NO
Deng Weiming, Wu Xiaoge	The company	4,444.03	2021-11-11	2022-5-11	NO
Deng Weiming, Wu Xiaoge	The company	30,000.00	2021-11-11	2024-11-30	NO
Hunan Zhongwei Holding Group Co., Ltd	The company	8,544.78	2018-6-7	2022-3-15	NO
Hunan Zhongwei Holding Group Co., Ltd	The company	3,148.50	2016-9-30	2020-2-24	YES
Total		<u>946,020.30</u>			

⑤ Funds Borrowing from Related Parties

None.

⑥ Salary of Key Management Personnel

Items	2021	2020
Salary of key management personnel	15,015,116.55	12,842,786.49

Note: The amount of the current period and the previous period does not include the amount of share-based payment.

⑦ Receivables from Related Parties

Items	The Related Parties	December 31, 2021		January 01, 2021	
		Gross carrying amount	Allowance for doubtful accounts	Gross carrying amount	Allowance for doubtful accounts
Other non-current assets	Jiangsu Sea Lion Pump Manufacturing Co., Ltd.	694,883.57			
Other non-current assets	Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.			9,760,012.61	

Items	The Related Parties	December 31, 2021		January 01, 2021	
		Gross carrying amount	Allowance for doubtful accounts	Gross carrying amount	Allowance for doubtful accounts
Other non-current assets	Hunan Minqiang Engineering Co., Ltd.	176,390.34		176,390.34	
Total		<u>871,273.91</u>		<u>9,936,402.95</u>	

⑧ Other Matters of Related Party Transactions

None.

⑨ Payables to Related Parties

Items	The Related Parties	December 31, 2021	January 01, 2021
Trade payables	Hunan Minqiang Engineering Co., Ltd.	1,010,073.24	1,010,073.24
Trade payables	Honglin Construction Engineering Group Co., Ltd.	18,153,623.24	18,163,123.24
Trade payables	Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	8,983,066.08	428,345.98
Other payables	Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	650.00	
Trade payables	Guizhou Dalong Huicheng Advanced material Co., Ltd.		9,104,100.84
Trade payables	Jiangsu Sea Lion Pump Manufacturing Co., Ltd.	724,821.78	905,081.42
Other payables	Hunan Zhongxian Intelligent Technology Co., Ltd.	300.00	
Trade payables	Hunan Zhongxian Intelligent Technology Co., Ltd.	21,419,218.97	
Other payables	Dalong Longsheng Hotel	18,362.00	9,995.00
Total		<u>50,310,115.31</u>	<u>29,620,719.72</u>

XIII. Fair value disclosure

(1) End-of-period Fair Value of Assets and Liabilities Measured by Fair Value

	The-first-level fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
1. Continuous fair value measurement				
(1) Financing of accounts receivable				
Financial assets that are measured at fair value through other comprehensive income			<u>568,121,131.85</u>	<u>568,121,131.85</u>
Including: Bank Acceptance Draft			<u>568,121,131.85</u>	<u>568,121,131.85</u>
(2) Other equity instrument investments				
Investment in other equity instruments measured at fair value and whose changes are included in other comprehensive income		<u>67,197,456.06</u>		<u>67,197,456.06</u>
Including: Investments in SungEel, HiTech		67,197,456.06		<u>67,197,456.06</u>
Total assets continuously measured at fair value		<u>67,197,456.06</u>	<u>568,121,131.85</u>	<u>635,318,587.91</u>
(3) Transaction Financial Liabilities				
Financial liabilities measured at fair value and whose movements are included in the profit and loss of the current period	36,042,529.27			<u>36,042,529.27</u>

	The-first-level fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
Total liabilities continuously measured at fair value	<u>36,042,529.27</u>			<u>36,042,529.27</u>

(2) The Basis for Determining the Market Price of Continuous and Non-continuous First-level Fair Value Measurement Projects

The valuation of hedging instruments is based on the position gains provided by financial institutions.

(3) The Basis for Determining the Market Price of Continuous and Non-continuous Second-level Fair Value Measurement Projects

Other equity instruments are equity investments of non-listed companies held by the Company. Due to the short interval between the delivery date and the balance sheet date, the operating environment, operating conditions and financial status of the invested enterprise have not changed significantly, and the company determines the fair value in accordance with the cost method.

(4) Continuous and Non-continuous Third-level Fair Value Measurement Projects, Using Valuation Techniques and Qualitative and Quantitative Information of Important Parameters

Receivable financing is bank acceptance bills receivable, and its management model both aims at collecting contractual cash flow and selling the financial assets. Therefore, the company measures bank acceptance bills based on the nominal amount as fair value.

XIV. Other Information Required for Disclosure According to Related Accounting Standards

(1) In Accordance with the Requirements of the China Securities Regulatory Commission's "Explanatory Announcement No. 1 On Information Disclosure of Companies Offering Securities to the Public Non-recurring Profits and Losses", The Non-recurring Gains and Losses of the Current Period are Disclosed as Follows:

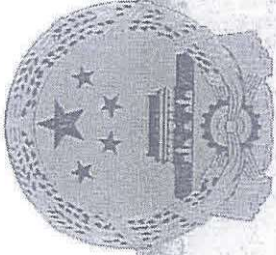
Items	December 31, 2021
(1) Profit and loss from disposal of non-current assets	-19,324.37

Items	December 31, 2021
(2) Tax refunds and exemptions for ultra vires approval or without formal approval documents	
(3) Government subsidies included in the current profit and loss (closely related to the business of the enterprise, except for the government subsidies that are enjoyed in a fixed or quantitative basis according to the unified national standard)	205,202,283.08
(4) Capital occupation fees charged to non-financial enterprises included in the current profit and loss	
(5) The investment cost of the company's acquisition of subsidiaries, associates and joint ventures is less than the income generated by the fair value of the investee's identifiable net assets when the investment is obtained.	
(6) Non-monetary asset exchange gains and losses	
(7) Profit and loss of entrusting others to invest or manage assets	
(8) Reverses for impairment of various assets due to force majeure factors, such as natural disasters	
(9) Debt restructuring gains and losses	
(10) Enterprise restructuring expenses, such as the expenses of relocating employees, integration expenses, etc.	
(11) Profits and losses in excess of the fair value arising from transactions whose transaction prices are clearly unfair	
(12) The net profit and loss for the current period from the beginning of the period to the date of the merger resulting from a business combination under the same control	
(13) Profits and losses arising from contingent events that have nothing to do with the company's normal business operations	
(14) Investment income from holding transactional financial assets, derivative financial assets, transactional financial liabilities, gains and losses arising from changes in fair value of derivative financial liabilities, and disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities, and other debt investments in addition to the effective hedging business related to the company's normal business operations	-2,872,542.99
(15) Reversal of reverse for impairment of receivables and contract assets that have been separately tested for impairment	
(16) Gains and losses from external entrusted loans	
(17) Profits and losses arising from changes in the fair value of investment real estate that are subsequently measured using the fair value model	
(18) The impact of a one-off adjustment to the current profit and loss in accordance with the requirements of taxation, accounting and other laws and regulations on the current profit and loss	
(19) Custodian fee income from entrusted operations	

Items	December 31, 2021
(20) Other non-operating income and expenditures other than the above	715,200.52
(21) Other profit and loss items that meet the definition of non-recurring profit and loss	
Total non-recurring gains and losses	<u>203,025,616.24</u>
Less: Amount affected by income tax	32,617,016.19
Non-recurring gains and losses after deducting the impact of income tax	<u>170,408,600.05</u>
Including: non-recurring gains and losses attributable to the owner of the parent company	170,265,083.35
Non-recurring gains and losses attributable to non-controlling shareholders	143,516.70

XV. Approval of Financial Statements

The financial statements have been approved by board of directors on March 14, 2022.



营业执照

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名称 天职国际会计师事务所（特殊普通合伙）

成立日期 2012年03月05日

类型 特殊普通合伙企业

合伙期限 2012年03月05日至长期

执行事务合伙人 邱靖之

主要经营场所 北京市海淀区车公庄西路19号68号楼A-1和A-5区域

经营范围 审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务；技术开发、计算机系统服务；应用软件服务；软件开发；数据处理（数据处理中的银行卡中心、PUE值在1.4以上的云计算数据中心除外）；企业管理咨询；销售计算机、软件及辅助设备。（市场主体依法自主选择经营项目，开展经营活动；下期出资时间为2022年02月28日；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）



登记机关

2022年0月2日

证书序号: 0000175

说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。



发证机关:

二〇一八年七月二十六日

中华人民共和国财政部制



会计师事务所 执业证书

天职国际会计师事务所（特殊普通合伙）

名称:

邱靖之

首席合伙人:

主任会计师:

经营场所:

北京市海淀区车公庄西路19号68号楼A-1和A-5区域

组织形式:

特殊普通合伙

执业证书编号:

11010150

批准执业文号:

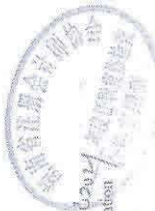
京财会许可[2011]0105号

批准执业日期:

2011年11月14日

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.



年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.



注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所
CPAs

转出事务所名称
Name of the transferor Institute of CPAs

根据广东省财政厅2017年第7号公告
天职国际会计师事务所有限公司
分所改制为天职国际会计师事务所(特发)有限公司
符合性分所分所
2017年11月20日

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所
CPAs

转出事务所名称
Name of the transferor Institute of CPAs

天职国际会计师事务所(特发)有限公司
符合性分所分所
2016年11月24日



年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.



姓名 Full name 徐世强
性别 Sex 男
出生日期 Date of birth 1973-09-12
工作单位 Working unit 天职国际会计师事务所有限公司广州分所
身份证号码 Identity card No. 320105197309121438

证书编号 No. of Certificate 430300020055
批准注册协会 Authorized Institute of CPAs 广东省注册会计师协会
发证日期 Date of Issuance 1998年05月01日
2012年4月30日续发



78



姓名 袁立
Full name
性别 男
Sex
出生日期 1987-05-18
Date of birth
工作单位 天职国际会计师事务所(特殊普
通合伙)-湖南分所
Working unit
身份证号码 430102198705180510
Identity card No.



年度检验登记
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本证书经检验合格，继续有效一年。
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证书编号: 110101505297
No. of Certificate

批准注册协会: 湖南省注册会计师协会
Authorized Institute of CPAs

发证日期: 2017 年 11 月 01 日
Date of Issuance

