

CNGR Advanced Material Co., Ltd.

Audit Report

T.Z.Y.Z. [2023] No.19723

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To all the shareholders of CNGR Advanced Material Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of CNGR Advanced Material Co., Ltd. ("CNGR" or the "Company"), which comprise the consolidated balance sheet and balance sheet as at December 31, 2022, and the consolidated income statement and income statement, consolidated cash flow statement and cash flow statement, consolidated statement of changes in owner's equity and statement of changes in owner's equity and the related notes to financial statements for the year 2022.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position and financial position of CNGR as at December 31, 2022 and the consolidated operating results and cash flows and operating results and cash flows for the year 2022, in accordance with the provisions of the Accounting Standards for Business Enterprises.

II. Basis for Forming Audit Opinion

We conducted our audit in accordance with the Auditing Standards for Chinese Certified Public Accountants. Our responsibilities under these standards are further elaborated in the "Certified Public Accountant's Responsibilities for the Audit of the Financial Statements" section of the Audit Report. We are independent of CNGR in accordance with the Code of Ethics for Certified Public Accountant in China, 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. Key Audit Matters

The key audit matters are what we believe the most important matters for the audit of the financial statements of the current period based on our professional judgment. And response to these matters is based on the audit of the whole financial statements and the audit opinion formed thereby. We do not comment on these matters separately.

Key Audit Matters	How to handle the matters in the audit
Operating income recognition	
<p>CNGR's operating income mainly comes from the processing and sales of lithium cathode precursor materials. The amount of operating income for FY2022 is RMB 30343.7416 million, an increase of approximately 51.17% over the operating income of the previous period.</p> <p>The company's operating income includes domestic sales and exports, of which domestic sales account for about 66.32%. The company's income recognition policies under different business models are as follows: under the domestic sales model, the company sends the goods to the customer's designated location, the customer signs the delivery note (logistics bill) for confirmation after the customer has inspected and signed for the goods, and the company recognizes income based on the delivery note (logistics bill) signed and confirmed by the customer; under the export model, the company sends the goods to the port for loading and customs declaration for export, and the company recognizes income after obtaining the bill of lading; under the processing model, income is recognized after obtaining the delivery note (logistics bill) signed and confirmed by the customer.</p> <p>We considered the recognition of operating income as a key audit matter because of the significant increase in CNGR operating income in FY2022 and the inherent risk of misstatement as to whether the income is based on real transactions and whether the income is included in the appropriate accounting periods.</p> <p>Please see Note III (XXXIII) and Note VI (XLV) to the financial statements for details of relevant information disclosure.</p>	<p>For recognition of operating income, our main audit procedures include:</p> <ol style="list-style-type: none"> 1. Understand, evaluate and test the effectiveness of the design and operation of key control points of internal controls related to the recognition of operating income; 2. Check key sales contracts, identify the terms related to the time when customers obtain the control over goods or services, and evaluate whether the company's income recognition policy conforms to the relevant provisions of the Accounting Standards for Business Enterprises; 3. Implement substantive analysis procedures, such as analysis of changes in operating income growth, gross margin and accounts receivable turnover ratio for the reporting period, in order to evaluate the overall reasonableness of income growth; 4. For export revenue, get electronic port information and check with book records, and sample check sales contracts, export customs declarations, freight bills of lading, etc. 5. For sales revenue recognized around the balance sheet date, sample check supporting documents such as delivery notes (logistics bills) and bills of lading signed by customers to check whether the revenue is included in the proper accounting period; 6. In conjunction with the audit of accounts receivable, the amount of major customer transactions is confirmed to check the accuracy of revenue recognition of major customers.

IV. Other Information

The management of CNGR (hereinafter referred to as "the Management") is responsible for the other information. Additional information includes that in the annual reports of 2022 of CNGR other than the Financial Statements and the Audit Report.

We don't cover additional information in our audit opinion regarding the Financial Statements; neither do we deliver authentication conclusions in any form in terms of additional information.

In combination with our audit of the Financial Statements, we are responsible for reading other information, and during this process, considering whether there are material discrepancies or material misstatements between other information and the Financial Statements or the situations we get to know in the process of audit.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The management is responsible for the preparation of financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises, to enable them to achieve fair reflection, and for designing, implementing and maintaining necessary internal controls so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 intends to liquidate CNGR or to cease operations, or has no realistic alternative but to do so.

The governance personnel of CNGR is responsible for overseeing CNGR's financial reporting process.

VI. Responsibility of Certified Public Accountants for the Audit of Financial Statements

Our purpose is to obtain reasonable assurance that these financial statements as a whole are free of material misstatements caused by fraud or error, and issue an Audit Report that includes our opinions. Reasonable assurance belongs to a high-level assurance, but cannot guarantee that audit conducted in accordance with Auditing Standards can always detect material misstatements when it exists. Misstatements may be caused by fraud or error and are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

In the audit in accordance with Auditing Standards, we have made professional judgment and maintained professional skepticism. We also:

1. Identify and assess the risks of material misstatement of the consolidated 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 mistake, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but the purpose is not to express an opinion on the effectiveness of internal control.

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. At the same time, based on the audit evidence obtained, a conclusion is drawn as to whether there is material uncertainty in matters or circumstances that may give rise to material doubts about the continuous operation of CNGR. If we conclude that a material uncertainty exists, we are required to draw the user's attention in our Audit Report to the related disclosure in the Financial Statements in accordance with Auditing Standards; or if such disclosures are not sufficient, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Audit Report. However, future events or circumstances may result in CNGR failure in continuous operation.

5. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the CNGR to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and executing the Group audit and are fully responsible for the audit opinion.

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

We have provided those charged with governance with a statement that we have met the ethical requirements related to independence and communicate with them on all relations and other matters that may reasonably be considered to affect our independence, and where applicable, relevant preventive measures.

Through the communication with those charged with governance, we have confirmed the matters that are most important to the audit of current financial statements, namely, key audit matters. We disclose these matters in the Audit Report, except that such disclosure is prohibited by relevant laws or regulations, or in rare circumstances, the negative consequences brought by such disclosure are reasonably expected to exceed the public interests, and we confirm not to communicate such matters in the Audit Report.

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	Chinese Certified	
	Public Accountants:	Fu Chenggang
	(Project Partner)	_____
Beijing, China	Chinese Certified	
April 25, 2023	Public Accountant:	Bin Yin

	Chinese Certified	
	Public Accountant:	Xiong Huan

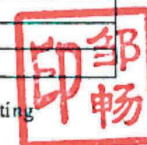
Consolidated Balance Sheet (continued)

Prepared by: CNGR Advanced Material Co., Ltd.	December 31, 2022		Monetary unit: yuan
Project	December 31, 2022	December 31, 2021	No. of Notes
Current Liabilities			
Short-term borrowings	6,331,400,357.34	3,404,976,202.74	VI. (XXII)
Δ Loans from the central bank			
Δ Loans from other banks			
Trading financial liabilities	459,526,215.60	36,042,529.27	VI. (XXIII)
Derivative financial liabilities			
Notes payable	4,274,792,546.85	6,700,482,459.93	VI. (XXIV)
Accounts payable	4,448,143,332.54	3,317,706,123.47	VI. (XXV)
Receipts in advance			
Contract liabilities	86,424,439.60	18,194,342.44	VI. (XXVI)
Δ Financial assets sold for repurchase			
Δ Deposits from customers and inter-banks			
Δ Acting trading securities			
Δ Acting underwriting securities			
Employee remuneration payables	203,713,417.56	128,399,155.20	VI. (XXVII)
Taxes payable	132,691,837.29	11,126,200.89	VI. (XXVIII)
Other payables	420,151,893.53	43,869,403.39	VI. (XXIX)
Including: Interest Payable			
Dividend payable			
Δ Handling charges and commissions payable			
Δ Reinsurance accounts Payable			
Liabilities held for sale			
Non-current liabilities due within one year	1,076,889,467.35	412,266,732.82	VI. (XXX)
Other current liabilities	156,928,383.59	244,911,866.74	VI. (XXXI)
Total current liabilities	17,590,661,891.25	14,317,975,016.89	
Non-current liabilities			
Δ Insurance contract reserve			
Long-term borrowings	12,605,894,087.85	2,552,272,617.23	VI. (XXXII)
Bonds payable	1,687,386,651.07		VI. (XXXIII)
Including: preferred shares			
Perpetual debts			
Lease liability	8,726,582.84	12,531,385.69	VI. (XXXIV)
Long-term payables	19,958,622.15	55,687,661.36	VI. (XXXV)
Long-term employee remunerations payable			
Estimated liabilities			
Deferred Income	425,090,811.04	274,263,102.71	VI. (XXXVI)
Deferred income tax liabilities	304,844,834.86	212,510,855.52	VI. (XX)
Other non-current liabilities	888,935,365.36	151,960,750.00	VI. (XXXVII)
Total non-current liabilities	15,940,836,955.17	3,259,226,372.51	
Total liabilities	33,531,498,846.42	17,577,201,389.40	
Owners' equity			
Share capital	670,633,576.00	605,673,053.00	VI. (XXXVIII)
Other equity instruments			
Including: preferred shares			
Perpetual debts			
Capital reserve	13,310,779,780.43	7,840,935,872.03	VI. (XXXIX)
Less: treasury shares	255,485,624.95		VI. (XL)
Other comprehensive incomes	-38,644,651.61	-1,384,928.78	VI. (XLI)
Specific reserves	6,002,761.84	377,571.38	VI. (XLII)
Surplus reserve	185,630,787.62	84,134,646.66	VI. (XLIII)
General risk reserve			
Undistributed profit	2,643,036,346.32	1,302,756,765.40	VI. (XLIV)
Total equity attributable to owners of parent company	16,521,952,975.65	9,832,492,979.69	
Minority interests	3,821,226,879.83	790,067,915.00	
Total owners' equities	20,343,179,855.48	10,622,560,894.69	
Total liabilities and owner's equity	53,874,678,701.90	28,199,762,284.09	

The legal representative:

Person in charge of accounting work:

Person in charge of accounting institution:



Consolidated Income Statement

Prepared by: CNGR Advanced Material Co., Ltd.

Year of 2022

Monetary unit: yuan

Project	Amount incurred in current period	Amount incurred in previous period	No. of Notes
I. Total operating income	30,343,741,598.70	20,072,491,322.92	
Including: operating income	30,343,741,598.70	20,072,491,322.92	VI. (XLV)
Δ Interest income			
Δ Premiums earned			
Δ Handling charges and commission charges			
II. Total operating cost	28,988,498,880.53	19,033,870,006.35	
Including: operating costs	26,845,869,726.16	17,755,789,055.43	VI. (XLV)
Δ Interest expenses			
Δ Handling charges and commissions expense			
Δ Surrender value			
Δ Net payment of insurance claims			
Δ Net withdrawn insurance contract reserve			
Δ Policy dividends expenses			
Δ Reinsurance costs			
Taxes and surcharges	99,853,133.06	59,651,631.48	VI. (XLVI)
Sales expenses	56,276,755.44	45,155,160.59	VI. (XLVII)
Administrative expenses	555,416,644.49	297,972,258.27	VI. (XLVIII)
R&D expenses	929,163,689.26	769,196,155.32	VI. (XLIX)
Financial expenses	501,918,932.12	106,105,745.26	VI. (L)
Including: interest expenses	527,772,462.31	105,483,048.09	VI. (L)
Interest income	89,932,969.16	27,704,468.72	VI. (L)
Add: other income	508,183,170.17	205,315,899.53	VI. (LI)
Investment income (Fill in loss with "-")	-72,977,875.12	-109,127,366.17	VI. (LII)
Including: investment revenues to associated enterprises and joint ventures	-649,264.44	-438,711.65	
Gains from de-recognition of financial assets measured in amortized cost (Fill in Loss with "-")			
Δ Exchange earnings (fill "-" for loss)			
Net exposure to hedging income (Fill in loss with "-")			
Gains from changes in fair value (Fill in loss with "-")	4,715,929.19	-5,288,680.20	VI. (LIII)
Credit impairment loss (Fill in loss with "-")	-5,180,677.60	-31,908,469.60	VI. (LIV)
Assets impairment loss (Fill in loss with "-")	-122,894,474.73	-30,551,206.53	VI. (LV)
Gains on asset disposal (Fill in loss with "-")	-91,840.14	-19,324.37	VI. (LVI)
III. Operating profit (Fill in loss with "-")	1,666,996,949.94	1,067,042,169.23	
Add: non-operating income	25,901,330.92	2,836,782.94	VI. (LVII)
Less: non-operating expense	5,532,762.09	2,121,582.42	VI. (LVIII)
IV. Total profits (Fill in total loss with "-")	1,687,365,518.77	1,067,757,369.75	
Less: Income taxes expense	153,020,085.82	129,558,129.78	VI. (LVIX)
V. Net profit (Fill in net loss with "-")	1,534,345,432.95	938,199,239.97	
Including: net profit achieved by the combined party before combination			
(I) Classified by the continuity of operations			
1. Net profit from going concern (Fill in net loss with "-")	1,534,345,432.95	938,199,239.97	
2. Net profit from discontinued operations (Fill in net loss with "-")			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company (Fill in net loss with "-")	1,543,528,759.67	938,952,084.15	
2. Profit and loss of minority shareholders (Fill in net loss with "-")	-9,183,326.72	-752,844.18	
VI. Net amount of other comprehensive income after tax	-37,690,894.66	-1,951,440.17	
The after-tax net amount from other comprehensive income which belong to the owner of the parent company	-37,259,722.83	-1,537,461.27	
(I) Other comprehensive income that cannot be reclassified into profits and losses	-83,968,800.14		
1. Change due to remeasurement and setting of the benefit plan			
2. Other comprehensive income that can not be transferred into profits or losses under the equity method			
3. Fair value changes of other investments in equity instruments	-83,968,800.14		
4. Changes in fair value of enterprise's own credit risk			
(II) Other comprehensive income that can be reclassified into profits and losses	46,709,077.31	-1,537,461.27	
1. Other comprehensive income that can be transferred into profits and losses under the equity method	-3,325,958.45		
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investment			
5. Reserves of cash flow hedges	-63,036,414.72	-151,544.78	
6. Exchange difference in foreign currency financial statements	113,071,450.48	-1,385,916.49	
7. Others			
The after-tax net amount from other comprehensive income attributable to minority shareholders	-431,171.83	-413,978.90	
VII. Total comprehensive income	1,496,654,538.29	936,247,799.80	
Total comprehensive income attributable to the owners of the parent company	1,506,269,036.84	937,414,622.88	
Total comprehensive income attributable to minority shareholders of the company	-9,614,498.55	-1,166,823.08	
VIII. Earnings Per Share			
(I) Basic earnings per share (RMB/share)	2.52	1.64	
(II) Diluted earnings per share (RMB/share)	2.52	1.64	

The legal representative:

Person in charge of accounting work:

Person in charge of accounting institution:



Consolidated Cash Flow Statement

Prepared by: CNGR Advanced Material Co., Ltd.

Year of 2022

Monetary unit: yuan

Project	Amount incurred in current period	Amount incurred in previous period	No. of Notes
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering services	27,577,842,545.39	15,487,240,429.01	
△ Net increase in deposits from customers and due from banks and other financial institutions			
△ Net increase of central bank loans			
△ Net increase in loans from other financial institutions			
△ Cash received from receiving insurance premium of original insurance contract			
△ Net cash received from reinsurance business			
△ Net increase in deposits and investments from policyholders			
△ Cash receipts from interest, handling charges and commission			
△ Net increase in Loans from other banks			
△ Net increase of repurchase			
△ Net cash received from securities trading agency			
Received tax return	2,525,837,046.06	528,935,730.90	
Other cash received relating to operating activities	797,586,537.96	445,420,514.06	VI. (LX)
Subtotal of cash inflows from operating activities	30,901,266,129.41	16,461,596,673.97	
Cash paid for goods and services	33,743,129,245.74	16,290,970,143.42	
△ Net increase in customers' loans and advances			
△ Net increase in deposits with central bank and with banks and other financial institutions			
△ Cash paid for original insurance contract claims			
△ Net increase in lending funds			
△ Cash paid for interest, service charges and commissions			
△ Cash paid for policy dividends			
Cash paid to and on behalf of employees	1,084,041,768.87	563,348,639.85	
Various taxes and fees paid	662,609,101.15	252,135,793.63	
Other cash paid relating to operating activities	365,053,132.17	1,013,880,691.65	VI. (LX)
Subtotal of cash outflows from operating activities	35,854,833,247.93	18,120,335,268.55	
Net cash generated from operating activities	-4,953,567,118.52	-1,658,738,594.58	VI. (LXI)
II. Cash flows from investment activities:			
Cash received from investment redemption	653,185,731.80	115,000,000.00	
Cash received from investment income	12,740,889.46	1,498,142.41	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,523,673.88	180,783.19	
Net cash received from the disposal of subsidiaries & other business units			
Other cash received relating to investment activities	2,329,061.40	19,790,400.00	VI. (LX)
Subtotal of cash inflows from investing activities	670,779,356.54	136,469,325.60	
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	9,540,933,540.24	4,995,661,434.71	
Cash paid for investments	1,947,695,487.58	269,664,241.59	
△ Net increase in pledge loans			
Net cash payments for the acquisition of subsidiaries & other business units	957,548,674.18		
Other cash payments relating to investing activities		42,565,607.29	VI. (LX)
Subtotal of cash outflows from investing activities	12,446,177,702.00	5,307,891,283.59	
Net cash flows from investing activities	-11,775,398,345.46	-5,171,421,957.99	
III. Cash flows from financing activities:			
Cash received by absorbing investment	7,868,782,097.21	5,865,526,000.91	
Including: cash received by subsidiaries from investments by minority shareholders	3,335,703,732.83	913,446,850.51	
Cash received from borrowings	26,242,392,849.21	8,511,592,354.76	
Cash received from issue of bonds	1,671,504,000.00		
Other cash received relating to financing activities	1,273,112,210.39	2,048,642,732.86	VI. (LX)
Subtotal of cash inflows from financing activities	37,055,791,156.81	16,425,761,088.53	
Cash for payment of borrowing	10,759,491,758.72	3,644,326,161.63	
Cash payments for distribution of dividends or profits and for interest expenses	590,089,460.18	157,720,274.38	
Including: dividends and profits paid to minority shareholders by subsidiaries			
Cash paid relating to other financing activities	2,313,515,229.01	1,359,142,079.17	VI. (LX)
Subtotal of cash outflows from financing activities	13,663,096,447.91	5,161,188,515.18	
Net cash flows from financing activities	23,392,694,708.90	11,264,572,573.35	
IV. Influence on cash from foreign exchange rate fluctuation	-21,695,645.97	-1,984,013.82	
V. Net increase in cash and cash equivalents	6,642,033,598.95	4,432,428,006.96	VI. (LXI)
More: Balance of opening cash and cash equivalents	6,337,215,717.67	1,904,787,710.71	VI. (LXI)
VI. Closing balance of cash and cash equivalents	12,979,249,316.62	6,337,215,717.67	VI. (LXI)

The legal representative:



Person in charge of accounting work:



Person in charge of accounting institution:



Consolidated Statement of Changes in Owners' Equity

Prepared by: CNGR Advanced Material Co., Ltd.

Year of 2022

Monetary unit: yuan

Project	Amount in current period													Minority interests	Total owners' equities
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive incomes	Specific reserves	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
		Preferred shares	Perpetual debts	Others											
I. Closing balance of last 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	790,067,913.00	10,622,560,894.69
Add: change in accounting policy															
Correction of prior period errors															
Business combination under the common control															
Others															
II. Opening 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	790,067,913.00	10,622,560,894.69
III. Amount of increase or Decrease Changes of the Year (Fill in decrease with "-")	64,960,523.00				5,469,843,908.40	255,485,624.95	-37,239,722.83	3,625,190.16	101,496,140.96		1,340,279,580.92		6,689,498,995.96	3,031,158,964.83	9,720,618,960.79
(I) Total comprehensive income															
(II) Capital increase and decrease of owners	64,960,523.00				4,541,398,246.30	255,485,624.95	-37,239,722.83				1,343,526,759.67		1,506,269,036.84	-9,614,498.55	1,496,654,538.29
1. Ordinary shares invested by owners	64,960,523.00				4,463,392,401.10								4,526,352,924.10	3,335,703,732.83	7,864,056,656.93
2. Capital contributed by the holders of other equity instruments															
3. Amount of share payment credited into owners' equities					78,005,845.20										
4. Others													78,005,845.20	1,423,638.75	79,429,483.95
(III) Profit distribution						-255,485,624.95									
1. Extraction of surplus reserve									101,496,140.96		-200,249,178.75		-255,485,624.95		-255,485,624.95
2. Extraction of general risk preparation									101,496,140.96		-101,496,140.96		-101,753,037.79		-101,753,037.79
3. Distribution on owner (or shareholder)															
4. Others															
(IV) Internal carry-forward of owners' equities													-101,753,037.79		-101,753,037.79
1. Capital reserve converted into capital (or share capital)															
2. Surplus reserve converted into capital (or share capital)															
3. Surplus reserve to cover losses															
4. Carry-forward of retained earnings from changes in dividend benefit plan															
5. Retained earnings carried forward from other comprehensive earnings															
6. Others															
(V) Special reserve															
1. Extraction in the year								5,625,190.16					5,625,190.16		5,625,190.16
2. Amount used in the year								18,064,287.56					18,064,287.56		18,064,287.56
(VI) Others								-12,439,097.10					-12,439,097.10		-12,439,097.10
IV. Closing balance of the year	670,633,576.00				13,310,779,780.43	255,485,624.95	-38,664,651.61	6,002,761.84	185,630,787.62		2,643,026,246.32		16,321,952,915.05	2,963,333,903.20	19,285,286,818.25

The legal representative:

Person in charge of accounting work:

Person in charge of accounting institution:



Consolidated Statement of Changes in Owners' Equity (Continued)

Prepared by: CNCR Advanced Material Co., Ltd.

Year of 2022

Monetary unit: yuan

Project	Amount in last period															
	Share capital	Other equity instruments			Equity attributable to owners' equity of the parent company								Minority interests	Total owners' equities		
		Preferred shares	Prepayment shares	Others	Capital reserve	Less: treasury shares	Other comprehensive incomes	Specific reserves	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal	
I. Closing balance of last year	569,650,000.00				2,773,373,371.27		157,517.40			24,004,142.38		469,507,185.53		3,836,687,231.67		3,836,687,231.67
Add: change in accounting policy																
Correction of prior period errors																
Business combination under the common control																
Others																
II. Opening balance of current year	569,650,000.00				2,773,373,371.27		157,517.40			24,004,142.38		469,507,185.53		3,836,687,231.67		3,836,687,231.67
III. Amount of Increase or Decrease Changes of the Year (fill in decrease with "-")	36,023,053.00				5,067,562,560.76		1,537,461.27		377,571.38	60,130,504.28		833,249,579.87		5,995,805,748.02		6,785,873,663.02
(I) Total comprehensive income							-1,537,461.27									
(II) Capital increase and decrease of owners	36,023,053.00				4,945,350,388.33							938,952,084.15		937,414,622.88		936,217,799.80
1. Ordinary shares invested by owners	36,023,053.00				4,917,077,053.35									4,933,050,106.35		5,866,496,936.86
2. Capital contributed by the holders of other equity instruments																
3. Amount of share payment credited into owners' equities					28,323,334.98									28,323,334.98		28,323,334.98
4. Others																
(III) Profit distribution																
1. Extraction of surplus reserves										60,130,504.28		-108,702,504.28		-45,572,000.00		-45,572,000.00
2. Extraction of general risk preparation										60,130,504.28		-60,130,504.28				
3. Distribution on owner (or shareholders)																
4. Others																
(IV) Internal carry-forward of owners' equities																
1. Capital reserve converted into capital (or share capital)																
2. Surplus reserve converted into capital (or share capital)																
3. Surplus reserve to cover losses																
4. Carry-forward of retained earnings from changes in defined benefit plan																
5. Retained earnings carried forward from other comprehensive incomes																
6. Others																
(V) Withdrawal and use of special reserves																
1. Extraction in the year									377,571.38					377,571.38		377,571.38
2. Amount used in the year									4,334,938.28					4,334,938.28		4,334,938.28
(VI) Others									-3,957,666.90					-3,957,666.90		-3,957,666.90
IV. Closing balance of the year	605,673,053.00				7,840,935,872.03		-1,384,928.38		377,571.38	84,134,646.66		1,302,756,765.40		9,832,492,939.69		10,672,560,804.69

Person in charge of accounting: wuk.

Person in charge of accounting institution:



Balance Sheet (continued)

Prepared by: CNGR Advanced Material Co., Ltd.

December 31, 2022

Monetary unit: yuan

Project	December 31, 2022	December 31, 2021	No. of Notes
Current Liabilities			
Short-term borrowings	988,872,840.89	674,632,065.97	
Δ Loans from the central bank			
Δ Loans from other banks			
Trading financial liabilities	3,770,293.45		
Derivative financial liabilities			
Notes payable	2,202,660,441.07	3,202,297,672.34	
Accounts payable	2,799,572,423.46	1,947,562,774.94	
Receipts in advance			
Contract liabilities	609,896,392.13	138,710,986.42	
Δ Financial assets sold for repurchase			
Δ Deposits from customers and inter-banks			
Δ Acting trading securities			
Δ Acting underwriting securities			
Employee remuneration payables	85,646,297.21	57,672,199.59	
Taxes payable	82,518,025.92	3,209,292.41	
Other payables	1,869,626,402.65	1,503,169,220.30	
Including: Interest Payable			
Dividend payable			
Δ Handling charges and commissions payable			
Δ Reinsurance accounts Payable			
Liabilities held for sale			
Non-current liabilities due within one year	156,687,653.11	99,437,493.56	
Other current liabilities	169,055,410.76	162,278,590.22	
Total current liabilities	8,968,306,180.65	7,788,970,295.75	
Non-current liabilities			
Δ Insurance contract reserve			
Long-term borrowings	2,996,011,125.00	315,000,000.00	
Bonds payable			
Including: preferred shares			
Perpetual debts			
Lease liability		2,653,404.04	
Long-term payables			
Long-term employee remunerations payable			
Estimated liabilities			
Deferred Income	71,329,083.43	85,180,380.96	
Deferred income tax liabilities	90,840,741.64	95,436,089.83	
Other non-current liabilities			
Total non-current liabilities	3,158,180,950.07	498,269,874.83	
Total liabilities	12,126,487,130.72	8,287,240,170.58	
Owners' equity			
Share capital	670,633,576.00	605,673,053.00	
Other equity instruments			
Including: preferred shares			
Perpetual debts			
Capital reserve	12,259,970,294.40	7,717,148,412.35	
Less: treasury shares	255,485,624.95		
Other comprehensive incomes	-26,853,412.05		
Specific reserves			
Surplus reserve	185,630,787.62	84,134,646.66	
General risk reserve			
Undistributed profit	1,523,352,050.80	711,639,819.94	
Total owners' equities	14,357,247,671.82	9,118,595,931.95	
Total liabilities and owner's equity	26,483,734,802.54	17,405,836,102.53	

The legal representative:

Person in charge of accounting work:

Person in charge of accounting institution:



Income Statement

Prepared by: CNGR Advanced Material Co., Ltd.

Year of 2022

Monetary unit: yuan

Project	Amount incurred in current period	Amount incurred in previous period	No. of Notes
I. Total operating income	16,032,160,239.38	9,993,568,459.78	
Including: operating income	16,032,160,239.38	9,993,568,459.78	XVI. (IV)
△ Interest income			
△ Premiums earned			
△ Handling charges and commission charges			
II. Total operating cost	15,013,659,097.87	9,385,424,650.92	
Including: operating costs	14,322,078,910.74	8,794,486,404.98	XVI. (IV)
△ Interest expenses			
△ Handling charges and commissions expense			
△ Surrender value			
△ Net payment of insurance claims			
△ Net withdrawn insurance contract reserve			
△ Policy dividends expenses			
△ Reinsurance costs			
Taxes and surcharges	24,190,020.51	15,205,675.64	
Sales expenses	20,645,926.92	14,506,402.15	
Administrative expenses	259,772,226.13	146,890,157.35	
R&D expenses	269,816,792.59	375,659,378.78	
Financial expenses	117,155,220.98	38,676,632.02	
Including: interest expenses	133,062,975.09	43,929,530.19	
Interest income	27,220,724.66	15,301,570.73	
Add: other income	214,105,412.62	133,684,600.45	
Investment income (Fill in loss with "-")	-51,853,230.42	-34,719,942.13	XVI. (V)
Including: investment revenues to associated enterprises and joint ventures	-75,067.35		
Gains from de-recognition of financial assets measured in amortized cost (Fill in Loss with "-")			
△ Exchange earnings (fill "-" for loss)			
Net exposure to hedging income (Fill in loss with "-")			
Gains from changes in fair value (Fill in loss with "-")			
Credit impairment loss (Fill in loss with "-")	-13,326.19	-15,465,426.74	
Assets impairment loss (Fill in loss with "-")	-13,727,107.81		
Gains on asset disposal (Fill in losses with "-")	32,254.61		
III. Operating profit (Fill in loss with "-")	1,167,045,144.32	691,643,040.44	
Add: non-operating income	1,176,949.08	422,130.16	
Less: non-operating expense	4,362,156.97	1,379,211.71	
IV. Total profits (Fill in total loss with "-")	1,163,859,936.43	690,685,938.89	
Less: Income taxes expense	148,898,526.82	89,380,916.10	
V. Net profit (Fill in net loss with "-")	1,014,961,409.61	601,305,042.79	
(I) Net profits from going concern (Fill in net loss with "-")	1,014,961,409.61	601,305,042.79	
(II) Net profits from discontinued operations (Fill in net loss with "-")			
VI. Net amount of other comprehensive income after tax	-26,853,412.05		
(I) Other comprehensive income that cannot be reclassified into profits and losses	-26,853,412.05		
1. Change due to remeasurement and setting of the benefit plan			
2. Other comprehensive income that can not be transferred into profits or losses under the equity method			
3. Fair value changes of other investments in equity instruments	-26,853,412.05		
4. Changes in fair value of enterprise's own credit risk			
(II) Other comprehensive income that can be reclassified into profits and losses			
1. Other comprehensive income that can be transferred into profits and losses under the equity method			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investment			
5. Reserves of cash flow hedges			
6. Exchange difference in foreign currency financial statements			
7. Others			
VII. Total comprehensive Income	988,107,997.56	601,305,042.79	

The legal representative:

Person in charge of accounting work:

Person in charge of accounting institution:



Cash Flow Statement

Prepared by: CNGR Advanced Material Co., Ltd.

Year of 2022

Monetary unit: yuan

Project	Amount incurred in current period	Amount incurred in previous period	No. of Notes
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering services	16,181,526,552.22	8,036,163,006.95	
Δ Net increase in deposits from customers and due from banks and other financial institutions			
Δ Net increase of central bank loans			
Δ Net increase in loans from other financial institutions			
Δ Cash received from receiving insurance premium of original insurance contract			
Δ Net cash received from reinsurance business			
Δ Net increase in deposits and investments from policyholders			
Δ Cash receipts from interest, handling charges and commission			
Δ Net increase in Loans from other banks			
Δ Net increase of repurchase			
Δ Net cash received from securities trading agency			
Received tax return	163,869,543.53	75,319,513.88	
Other cash received relating to operating activities	1,717,946,182.55	190,778,021.67	
Subtotal of cash inflows from operating activities	18,063,342,278.30	8,302,260,542.50	
Cash paid for goods and services	14,678,852,035.38	6,381,620,885.96	
Δ Net increase in customers' loans and advances			
Δ Net increase in deposits with central bank and with banks and other financial institutions			
Δ Cash paid for original insurance contract claims			
Δ Net increase in lending funds			
Δ Cash paid for interest, service charges and commissions			
Δ Cash paid for policy dividends			
Cash paid to and on behalf of employees	422,219,173.22	219,808,625.75	
Various taxes and fees paid	179,049,423.65	76,878,644.05	
Other cash paid relating to operating activities	1,055,119,635.39	576,306,649.46	
Subtotal of cash outflows from operating activities	16,335,240,267.64	7,254,614,805.22	
Net cash generated from operating activities	1,728,102,010.66	1,047,645,737.28	
II. Cash flows from investment activities:			
Cash received from investment redemption	200,000,000.00	115,000,000.00	
Cash received from investment income	2,751,441.71	1,498,142.41	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	967,863.69		
Net cash received from the disposal of subsidiaries & other business units			
Other cash received relating to investment activities	5,915,597,608.08		
Subtotal of cash inflows from investing activities	6,119,316,913.48	116,498,142.41	
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	199,054,169.33	852,462,812.48	
Cash paid for investments	8,219,406,992.18	7,351,752,527.78	
Δ Net increase in pledge loans			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments relating to investing activities	6,930,953,153.61		
Subtotal of cash outflows from investing activities	15,349,414,315.12	8,204,215,340.26	
Net cash flows from investing activities	-9,230,097,401.64	-8,087,717,197.85	
III. Cash flows from financing activities:			
Cash received by absorbing investment	4,534,255,700.22	4,952,079,150.40	
Including: cash received by subsidiaries from investments by minority shareholders			
Cash received from borrowings	6,175,797,230.98	992,530,716.22	
Other cash received relating to financing activities	9,584,690,962.48	1,583,352,933.30	
Subtotal of cash inflows from financing activities	20,294,743,893.68	7,527,962,799.92	
Cash for payment of borrowing	2,930,433,580.20	499,146,654.92	
Cash payments for distribution of dividends or profits and for interest expenses	237,190,906.00	82,043,081.72	
Including: dividends and profits paid to minority shareholders by subsidiaries			
Cash paid relating to other financing activities	8,832,626,629.59	178,610,355.63	
Subtotal of cash outflows from financing activities	12,000,251,115.79	759,800,092.27	
Net cash flows from financing activities	8,294,492,777.89	6,768,162,707.65	
IV. Influence on cash from foreign exchange rate fluctuation	15,818,411.95	-3,785,189.63	
V. Net increase in cash and cash equivalents	808,315,798.86	-275,693,942.55	
More: Balance of opening cash and cash equivalents	1,009,490,559.60	1,285,184,502.15	
VI. Closing balance of cash and cash equivalents	1,817,806,358.46	1,009,490,559.60	

The legal representative:

Person in charge of accounting work:

Person in charge of accounting institution:



Statement of Changes in Owner's Equity

Prepared by: CNGR Advanced Material Co., Ltd.

Year of 2022

Monetary unit: yuan

Project	Share capital	Other equity instruments			Amount in current period						Total owners' equities	
		Preferred shares	Perpetual debts	Others	Capital reserve	Loss: treasury shares	Other comprehensive incomes	Specific reserves	Surplus reserve	General risk reserve		Undistributed profit
I. Closing balance of last year	605,673,053.00				7,717,148,412.35							
Add: change in accounting policy									84,134,646.66		711,639,819.94	9,118,595,931.95
Correction of prior period errors												
Others												
II. Opening balance of current year	605,673,053.00				7,717,148,412.35							
III. Amount of Increase or Decrease Changes of the Year (Fill in decrease with "-")	64,960,523.00				4,542,821,882.05	255,485,624.95	-26,853,412.05		84,134,646.66		711,639,819.94	9,118,595,931.95
(I) Total comprehensive income									101,496,140.96		811,712,230.86	5,238,651,739.87
(II) Capital increase and decrease of owners	64,960,523.00				4,542,821,882.05	255,485,624.95	-26,853,412.05				1,014,961,409.61	988,107,997.56
1. Ordinary shares invested by owners	64,960,523.00				4,463,392,401.10							4,352,296,780.10
2. Capital contributed by the holders of other equity instruments												4,528,352,924.10
3. Amount of share payment credited into owners' equities												
4. Others					79,429,480.95							79,429,480.95
(III) Profit distribution						255,485,624.95						-255,485,624.95
1. Extraction of surplus reserve									101,496,140.96		-203,249,178.75	-101,753,037.79
2. Extraction of general risk preparation									101,496,140.96		-101,496,140.96	
3. Distribution on owner (or shareholders)												
4. Others												
(IV) Internal carry-forward of owners' equities												
1. Capital reserve converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Surplus reserve to cover losses												
4. Carry-forward of retained earnings: from changes in defined benefit plan												
5. Retained earnings carried forward from other comprehensive earnings												
6. Others												
(V) Withdrawal and use of special reserves												
1. Extraction in the year												
1. Amount used in the year												
(VI) Others												
IV. Closing balance of the year	670,633,576.00				12,259,970,294.40	255,485,624.95	-26,853,412.05		185,630,787.62		1,523,352,050.80	14,357,247,671.82

The legal representative:

Person in charge of accounting work:

Person in charge of accounting institution:



Statement of Changes in Owners' Equity (Continued)

Prepared by: CNGR Advanced Material Co., Ltd.

Year of 2022

Monetary unit: yuan

Project	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive incomes	Specific reserves	Surplus reserve	General risk reserve	Undistributed profit	Total owners' equities
		Preferred shares	Perpetual debts	Others								
I. Closing balance of last year	569,650,000.00				2,771,798,024.02				24,004,142.38		216,037,281.43	3,581,489,447.83
Add: change in accounting policy												
Correction of prior period errors												
Others												
II. Opening balance of current year	569,650,000.00				2,771,798,024.02				24,004,142.38		216,037,281.43	3,581,489,447.83
III. Amount of Increase or Decrease Changes of the Year (Fill in decrease with "-")	36,023,053.00				4,945,350,388.33				60,130,504.28		495,602,538.51	5,537,106,484.17
(I) Total comprehensive income												
(II) Capital increase and decrease of owners	36,023,053.00				4,945,350,388.33						60,130,504.28	601,305,042.79
1. Ordinary shares invested by owners	36,023,053.00				4,917,027,053.35							4,981,373,441.33
2. Capital contributed by the holders of other equity instruments												4,953,050,106.35
3. Amount of share payment credited into owners' equities												
4. Others					28,323,334.98							28,323,334.98
(III) Profit distribution												
1. Extraction of surplus reserve									60,130,504.28		-105,702,504.28	-45,572,000.00
2. Extraction of general risk preparation									60,130,504.28		-60,130,504.28	
3. Distribution on owner (or shareholders)												
4. Others											-45,572,000.00	-45,572,000.00
(IV) Internal carry-forward of owners' equities												
1. Capital reserve converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Surplus reserve to cover losses												
4. Carry-forward of retained earnings from changes in defined benefit plan												
5. Retained earnings carried forward from other comprehensive earnings												
6. Others												
(V) Withdrawal and use of special reserves												
1. Extraction in the year												
1. Amount used in the year												
(VI) Others												
IV. Closing balance of the year	605,673,053.00				7,717,148,412.35				84,134,646.66		711,639,819.94	9,118,595,931.95

The legal representative:

Person in charge of accounting work:

Person in charge of accounting institution:



CNGR Advanced Material Co., Ltd.

Notes to the 2022 Annual Financial Statements

(Unless otherwise stated, RMB will be the unit for all amounts)

I. Basic Information about the Company

CNGR Advanced Material Co., Ltd. (hereinafter referred to as "the Company" or "Company") was established on September 15, 2014 with the approval of Dalong Economic Development Zone Branch of Tongren Municipal Market Supervision Administration, with the unified social credit code: 91520690314383681D.

Company type: Other company limited by shares (listed)

Registered capital: RMB 670.633576 million.

Company's business scope: R&D, production, processing and sales of new materials, batteries and new energy, import and export of goods and technology. The main products are lithium cathode precursor materials.

Registered address: Intersection of No.2 Main Road and No.1 Main Road, Dalong Economic Development District, Tongren, Guizhou Province, China.

Legal representative: Deng Weiming.

Controlling shareholder: Hunan CNGR Holding Group Co., Ltd. The actual controller is Deng Weiming and Wu Xiaoge.

The Company's 2022 annual financial report was approved to be reported by the Board of Directors of the Company on April 25, 2023.

The consolidated scope of the consolidated financial statements of the Company is on the basis of control, including the financial statements of the Company and all of its subsidiary companies. A subsidiary is a company or entity that is controlled by the Company. For details of the scope of the Company's consolidated financial statements and its changes, please refer to "VII. Changes to the Scope of Consolidation" and "VIII. Interests in Other Entities" in this note.

II. Preparation Basis of Financial Statements

(I) Preparation basis

The Financial Statements have been prepared on the basis of going concern assumptions of the Company, in light of actual transactions, in accordance with the relevant provisions of the Accounting

Standards for Business Enterprises, and based on the important accounting policies and accounting estimates described below.

(II) Going concern

The Company has the ability to continue to operate for 12 months from the end of the reporting period and there are no events that cast significant doubt on its ability to continue to operate.

III. Significant Accounting Policies and Accounting Estimates

(I) Statement on Complying with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company on the above basis comply with the requirements of the latest Accounting Standards for Business Enterprises, their application guidelines, interpretations and other relevant regulations (collectively referred to as "ASBEs") issued by the Ministry of Finance and give a true and complete view of the consolidated and Company's financial position, results of operations and cash flows.

In addition, this financial report has been prepared with reference to the presentation and disclosure requirements of the General Provisions for Financial Reports - No. 15 of the Rules Governing the Preparation of Disclosure of Information by Companies Issuing Public Securities (revised in 2014) and Notice on Matters Relating to the Implementation of New Accounting Standards for Business Enterprises by Listed Companies (Letter from the Ministry of Accounting [2018] No. 453) issued by CSRC.

(II) Accounting period and operating cycle

The Company adopts the Gregorian calendar year, i.e. each year starting on January 1 and ending on December 31 of the Gregorian calendar.

The normal business cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The Company takes 12 months as normal business cycle and uses it as a standard for dividing the liquidity of assets and liabilities.

(III) Functional Currency

The Company takes RMB as the functional currency.

(IV) Statement items whose measurement attributes have changed during the period and the measurement attributes adopted during the period

The measurement attributes adopted by the Company include historical cost, replacement cost, net realizable value, present value and fair value. There were no statement items that changed in measurement attributes during the period.

(V) Company combinations

1. Accounting treatment methods of company combinations under common control

When the Company acquires or achieves a combination of companies under the same control in one transaction or in stages through multiple transactions, the assets and liabilities acquired in the combination are measured at the carrying amount of the combined party in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the carrying value of the net assets acquired by the Company and the carrying value of the combination consideration paid (or the total par value of the shares issued) shall be used to adjust the capital reserve; and if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

2. Accounting treatment methods of company combinations not under common control

The difference between the combination cost and the fair value of the acquiree's identifiable net assets obtained in the combination on the acquisition date is recognized as goodwill; if the cost of combination is less than the fair value share of the identifiable net assets of the acquiree obtained in the combination, the fair value of each identifiable asset, liability and contingent liability of the acquiree and the measurement of the cost of combination are reviewed first. If the cost of combination is still less than the fair value share of the identifiable net assets of the acquiree obtained in the combination after review, the difference is included in the current profits and losses.

The multi-step realization of a combination of companies not under common control through multiple transactions shall be treated in the following order:

(1) Adjust the initial investment cost of the long-term equity investment. If the equity held before the acquisition date is accounted for under the equity method, it shall be re-measured at fair value of the equity on the acquisition date, and the difference between the fair value and its book value shall be included in the current investment income; and if the acquiree's equity held before the acquisition date involves other comprehensive income and other changes in owners' equity as accounted for under the equity method and other changes in the owners' equity, it shall be converted into the income for the current period on the acquisition date, except for other comprehensive income arising from the re-measurement of changes in net liabilities or net assets of the defined benefit plan and changes in the fair value of investments in other equity instruments held by the investee.

(2) Recognition of goodwill (or amount included in the current profits or losses) After the adjustment in the first step, the difference between the initial investment cost of long-term equity investment and its share of the fair value of identifiable net assets of the subsidiary at the acquisition date is recognized as goodwill if the former is greater than the latter; if the former is less than the latter, the difference is included in the current profits or losses.

Disposal of equity interest by multiple transactions until the loss of control over subsidiaries

(1) Principles for determining whether transactions in the process of disposal of equity interests until loss of control over subsidiaries are package transactions

If the terms, conditions and economic impact during multiple transactions in the process of achieving equity investment in subsidiaries meet the following one or more cases, it usually indicates that multiple transactions should be conducted accounting treatment as a package transaction:

a) These transactions are made at the same time or under the circumstance of considering mutual influence;

b) These transactions can only reach complete business results as a whole;

c) The occurrence of one transaction depends on the occurrence of at least one other transaction;

d) One single transaction seems uneconomical when considered independently, but economical when considered together with other transactions.

2) The accounting treatment to the transaction that is a package transaction in the process of disposal of equity interests until loss of control over subsidiaries

If the transaction involving the disposal of the equity investment in the subsidiary until the loss of control is package transaction, the transaction shall be treated as one involving the disposal of the subsidiary and the loss of control; However, before the loss of the right of control, the difference between the disposal price and the disposal investment corresponding to the share of the subsidiary's net assets shall be recognized as other comprehensive income in the consolidated financial statements, and be carried over to the profit and loss of the current period during which the right of control is lost.

In consolidated financial statements, for remaining equities, they should be re-measured according to their fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the share of the net assets of the original subsidiary that shall be continuously calculated from the acquisition date based on the original shareholding ratio, shall be included in the investment income in the period of loss of control. Other comprehensive income related to equity investment by original subsidiaries should change to the investment income or retained earnings of the current period during the loss of control.

3) The accounting treatment to the transaction that is not a package transaction in the process of disposal of equity interests until loss of control over subsidiaries

If an investment in subsidiary is disposed of without loss of control, in consolidated financial statements, the difference between the disposal price and the share of net assets of subsidiaries corresponding to the disposal of investment shall be included in capital surplus (capital premium or equity premium). If the capital premium is insufficient to offset, the retained earnings will be adjusted.

If an investment in subsidiary is disposed of with loss of control, in consolidated financial statements, for remaining equities, they should be re-measured according to their fair value on the date of loss of control. The sum of the consideration acquired through disposal of equities and the fair value of remaining equities less the difference from continuous calculation of the shares of net assets of the original subsidiaries from the acquisition date calculated according to the original proportion of shares

shall be included in the investment income of the current period when the control is lost. Other comprehensive income related to equity investment by original subsidiaries should change to the investment income or retained earnings of the current period during the loss of control.

(VI) Preparation method of consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company according to the Accounting Standards for Business Enterprises No.33-Consolidated Financial Statements according to other relevant information.

(VII) Recognition Standard of Cash and Cash Equivalents

Cash in the Cash Flow Statement refers to cash on hand and deposits that can be used for payment at any time. Cash equivalents refer to investments that have a short maturity (generally expiring within three months from acquisition date), are highly liquid, are readily convertible into known amounts of cash, and have little risk of changes in value.

(VIII) Foreign Currency Businesses and Translation of Foreign Currency Financial Statements

1. Foreign currency business translations

As for a foreign currency transaction, the amount in the foreign currency shall be translated into the amount in RMB at the spot exchange rate of the transaction date. On balance sheet date, the foreign currency monetary items shall be translated as the spot exchange rate on the balance sheet date, the balance occurred thereof shall be recorded into the profits and losses at the current period except for the exchange differences of foreign currency special loan principal and interest related to the purchase and construction of assets that meet capitalization conditions. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date, of which the amount in RMB shall not be changed. The foreign currency non-monetary items measured at the fair value shall be translated at the spot exchange rate on the confirming date of fair value, of which the difference shall be included into the profit and loss of the current period or other comprehensive income.

2. Translation of the foreign currency financial statement

The assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; except the "Undistributed profit" item, the owners' equity items are converted at the spot rate on the transaction date; the income and expense items in the income statement are converted at the spot exchange rate on the transaction date/the approximate exchange rate of the spot exchange rate on the transaction date. The translation difference of foreign currency financial statements generated according to the above translation is recognized as other comprehensive income.

(IX) Financial instruments

1. Recognition and de-recognition of financial instruments

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract.

For financial assets traded in a conventional way, accounting recognition and derecognition shall be made on the transaction day. Buying and selling financial assets in the conventional manner means receipt or delivery of financial assets within the period specified by statute or common practice, as agreed in the terms of the contract. Transaction date refers to the date on which the Company promises to buy or sell a financial asset.

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is derecognized, i.e. written off from its accounts and balance sheet, if the following conditions are satisfied:

(1) where the rights to receive cash flows from the financial asset have expired;

(2) where the rights to receive cash flows from the financial asset have been transferred, or where the obligations of paying all the collected cash flow to a third party are undertaken under "pass-through agreement", and 1) all the risks and rewards of the ownership of this financial asset have been substantially transferred, or 2) even if all the risks and rewards of the ownership of this financial asset have neither been transferred nor retained substantially, the control of this financial asset is not retained.

2. Classification and measurement of financial assets

The Company's financial assets are classified at initial recognition according to its business model for managing financial assets and the contractual cash flow characteristics of the financial assets: financial assets at amortized cost, financial assets at fair value with its changes included in other comprehensive income, and financial assets at fair value with its changes included in current profit or loss. Subsequent measurement of financial assets depends on their classification.

The Company's classification of financial assets is based on the business model of managing financial assets and the cash flow characteristics of financial assets.

(1) Financial assets at amortised cost

Financial assets that meet the following conditions at the same time shall be classified as financial assets measured at amortized cost: the business model of the Company for managing the financial assets is to collect contractual cash flows; and the contract terms of the financial assets 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 financial assets are subsequently measured according to the amortized cost using the effective interest rate method, and the gains or losses arising from amortization or impairment are included in the current profits and losses.

(2) Investments in debt instruments measured at fair value with changes included in other comprehensive income

Financial assets that meet the following conditions at the same time shall be classified as financial assets measured at fair value with changes included in other comprehensive income: the business model

of the Company for managing the financial assets is both to collect contractual cash flow and to sell financial assets; and the contract terms of the financial assets 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. For such financial assets, the fair value shall be adopted for subsequent measurement. The discount or premium is amortized using the effective interest method and recognized as interest income or expense. Except for impairment losses and exchange differences on foreign-currency monetary financial assets recognized as current profits or losses, the changes in fair value of such financial assets shall be recognized as other comprehensive income, and their accumulated gains or losses shall be transferred to the current profits or losses until the financial assets are derecognized. Interest income related to such financial assets is included in the current profits or losses.

(3) Investments in equity instruments measured at fair value with changes included in other comprehensive income

The Company shall irrevocably choose to designate part of the investment in non-trading equity instruments as financial assets at fair value with changes included in other comprehensive income, but only include the relevant dividend income in the current profits or losses; and the changes in fair value shall be recognized as other comprehensive income, until the financial assets are derecognized, and then the accumulated gains or losses shall be transferred into retained income.

(4) Financial assets measured at fair value with changes included in current profits and losses

The above-mentioned financial assets other than those measured at amortized cost and those at fair value with changes included in other comprehensive income shall be classified as financial assets at fair value with changes included in current profit or loss. At initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company may designate financial assets as financial assets measured at fair value with changes included in current profit and loss. For such financial assets, they shall be subsequently measured at fair value, and the changes in fair value shall be included in the current profits or losses.

When and only when the Company changes the business model of managing financial assets, it will reclassify all affected related financial assets.

For financial assets measured at fair value through profits and losses, the related transaction costs are included directly in the current profit and loss, and for other categories of financial assets, the related transaction costs are recognized in the initial recognition amount.

3. Classification and measurement of financial liabilities

Financial liabilities of the Company are classified on initial recognition as financial liabilities at amortized cost and financial liabilities at fair value with changes included in current profit or loss.

A financial liability may be designated as a financial liability at fair value with changes included in current profit or loss at initial measurement if one of the following conditions is met: (1) Such designation

eliminates or significantly reduces accounting mismatch; or (2) The Company makes management and performance evaluation on the portfolio of financial liabilities or the portfolio of financial assets and financial liabilities on a fair value basis, in accordance with the formally documented company's risk management or investment strategy, and reports to key management personnel on that basis within the Company; and (3) The financial liability contains embedded derivatives that is subject to separate split.

The Company determines the classification of financial liabilities at initial recognition. For financial liabilities at fair value with changes included in profit or loss, the related transaction costs are recognized directly in current profit or loss, and for other financial liabilities, the related transaction costs are recognized in their initial recognition amounts.

Subsequent measurement of financial liabilities depends on their classification:

(1) Financial liabilities at amortised cost

The effective interest method is used for such financial liabilities, which are subsequently measured at amortized cost.

(2) Financial liabilities measured at fair value with changes included in current profits and losses

Financial liabilities at fair value with changes included in current profit or loss comprise financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities at fair value with changes included in current profit or loss designated at initial recognition.

4. Offsetting of financial instruments

If the following conditions are met at the same time, the financial assets and financial liabilities shall be listed in the balance sheet as the net amount after offsetting each other: Have the legal right to offset the confirmed amount, and this legal right is currently enforceable; Plan to settle with net amount or realize the financial assets and pay off the financial liabilities at the same time.

5. Impairment of financial assets

For financial assets measured at amortized cost, investments in debt instruments measured at fair value with changes included in other comprehensive income and financial guarantee contracts, etc., the loss reserves shall be recognized on the basis of expected credit losses. Credit loss refers to the difference between all contract cash flows receivable under the contract and all cash flows expected to be received, which is discounted by the Company at the original effective interest, that is, the present value of all cash shortages.

Considering all reasonable and substantiated information, including forward-looking information, the Company estimates the expected credit losses of financial assets measured at amortized cost and financial assets measured at fair value with changes included in other comprehensive income (debt instruments) individually or in combination.

(1) General model of expected credit losses

If the credit risk of the financial instrument has increased significantly since the initial recognition, the

Company shall measure its loss reserve according to the amount equivalent to the expected credit loss during the entire duration of the financial instrument; If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company shall measure its loss reserve according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The resulting increase or reversal of the loss reserve is included in the current profits and losses as an impairment loss or gain. For details of the Company's assessment of credit risk, please refer to Note "IX. Risks associated with financial instruments".

Specifically, the Company divides the process of credit impairment of financial instruments that are not impaired at the time of purchase or occurrence into three stages, and has different accounting treatments for impairment of financial instruments at different stages:

Stage 1: Credit risk has not increased significantly since initial recognition

For financial instruments at this stage, the Company measures loss reserve based on expected credit losses over the next 12 months and calculates interest income based on its carrying amount (i.e., before impairment provision) and effective interest rate (if the instrument is a financial asset, the same below).

Stage 2: Credit risk has increased significantly since initial recognition but no credit impairment has occurred

For financial instruments at this stage, the Company measures loss reserves based on expected credit losses throughout the life of the instrument and calculates interest income based on its carrying amount and effective interest rate.

Stage 3: Credit impairment after initial recognition

For financial instruments at this stage, the Company measures loss reserves based on expected credit losses throughout the life of the instrument, but calculates interest income differently than for financial assets in the first two stages. For financial assets that are credit impaired, the Company calculates interest income based on their amortized cost (carrying balance less provision for impairment, i.e., carrying value) and effective interest rate.

For the purchased or originated financial assets with credit impairment, the Company only recognizes the change of expected credit loss in the entire duration after initial recognition as loss reserve, and calculates interest income based on their amortized cost and the effective interest rate adjusted for credit.

(2) For a financial instrument with relatively low credit risk on the balance sheet date, the Company may choose to directly make the assumption that the credit risk of the instrument has not increased significantly upon initial recognition without comparing the credit risk at initial recognition.

If the Company determines that the risk of default of financial instruments is low, the borrower has a strong ability to fulfill its contractual cash flow payment obligations in a short period of time, and even if there are adverse changes in the economic situations and operating environment in a long period of time, it may not

necessarily reduce the borrower's ability to fulfill its contractual cash flow payment obligations, then the financial instrument shall be regarded as having a low credit risk.

(3) Accounts receivable and lease receivables

For receivables under Accounting Standards for Business Enterprises No. 14 - Revenue, that do not have a significant financing component (including situations where the financing component of contracts not exceeding one year is not considered under this Standard), the Company adopts a simplified model of expected credit losses and always measures its loss reserves at the amount of expected credit losses over the entire life of the receivables.

For receivables with significant financing components and lease payments receivable regulated by Accounting Standards for Business Enterprises No. 21 - Leases, the Company measures the loss reserves by a simplified model of expected credit losses in accordance with the accounting policy, namely the expected credit losses throughout its duration.

6. Transfer of financial assets

If the Company has transferred almost all risks and rewards in the ownership of financial assets to the transferee, the financial assets shall be derecognized. If almost all risks and rewards in the ownership of a financial asset are retained, the financial asset shall not be derecognized.

Where the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it is treated as follows: where it has relinquished control of the financial asset, it derecognizes the financial asset and recognizes the resulting assets and liabilities; where it has not relinquished control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the related liability accordingly.

Where continued involvement is provided by way of a financial guarantee over the transferred financial asset, the lower of the book value of the financial asset and the amount of the financial guarantee is recognized as the asset resulting from the continued involvement. The amount of the financial guarantee, which is the maximum amount of the consideration received that will be required to be repaid.

(X) Notes receivable

For receivables under Accounting Standards for Business Enterprises No. 14 - Revenue, that do not have a significant financing component (including situations where the financing component of contracts not exceeding one year is not considered under this Standard), the Company adopts a simplified model of expected credit losses and always measures its loss reserves at the amount of expected credit losses over the entire life of the receivables, and the resulting increase or reversal of loss reserves is included as an impairment loss or gain in the current profits or losses.

For receivables with significant financing components, the Company measures the loss reserves by a simplified model of expected credit losses, namely the expected credit losses throughout its duration.

Simplified model for expected credit losses: the loss reserve is always measured at the amount of expected credit losses throughout its duration

The Company estimates expected credit losses on notes receivable on a portfolio basis, taking into account all reasonable and substantiated information, including forward-looking information.

Project	Basis for determining portfolio	Methods of measuring expected credit loss
Notes receivable- Bank acceptance bills		If the acceptor of bank acceptance is a commercial bank, no provision for bad debts is made as the commercial bank has a high credit rating and it has impairment after test.
Notes receivable- Commercial acceptance bills	Bill acceptor	The Company estimates expected credit losses, either individually or in combination, through exposure at default and credit loss ratios throughout its duration taking into account all reasonable and substantiated information, including historical credit loss experience, and taking into account forward-looking information combined with current conditions and projections of future economic conditions.

(XI) Accounts receivable

For receivables under Accounting Standards for Business Enterprises No. 14 - Revenue, that do not have a significant financing component (including situations where the financing component of contracts not exceeding one year is not considered under this Standard), the Company adopts a simplified model of expected credit losses and always measures its loss reserves at the amount of expected credit losses over the entire life of the receivables, and the resulting increase or reversal of loss reserves is included as an impairment loss or gain in the current profits or losses.

For receivables with significant financing components, the Company measures the loss reserves by a simplified model of expected credit losses, namely the expected credit losses throughout its duration.

Simplified model for expected credit losses: the loss reserve is always measured at the amount of expected credit losses throughout its duration

1. Accounts receivable with expected credit losses measured by portfolio

Project	Basis for determining portfolio	Methods of measuring expected credit loss
Accounts receivable - Portfolio of credit risk characteristics	Aging combination	The Company estimates expected credit losses, in combination, through exposure at default and credit loss ratios throughout its duration taking into account all reasonable and substantiated information, including historical credit loss experience, and taking into account forward-looking information combined with current conditions and projections of future economic conditions.
Accounts receivable- due from companies	Amount due from related party	Receivables between member companies included in the scope of consolidated financial statements are tested separately for impairment. If

within the scope of consolidation within the scope of consolidation there is objective evidence of impairment, a provision for bad debts is made on the basis of expected credit losses throughout its duration. After the impairment test, no provision for bad debts is made if no credit impairment occurs.

2. If there is objective evidence that a certain account receivable has suffered credit impairment, the Company shall make provision for bad debts and confirm the expected credit loss for the account receivable individually throughout its duration.

(XII) Receivables financing

Financial assets that meet the following conditions at the same time shall be classified as financial assets measured at fair value with changes included in other comprehensive income: the business model of the Company for managing the financial assets is both to collect contractual cash flow and to sell financial assets; and the contract terms of the financial assets 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.

If the Company transfers receivables held in the form of discount or endorsement, and such operations are more frequent and involve larger amounts, the management business model is essentially to both receive contractual cash flows and sell them, and they are classified as financial assets at fair value with changes included in other comprehensive income in accordance with the relevant provisions of the Financial Instruments Standard.

(XIII) Other receivables

1. The Company adopts the general model of expected credit losses for other receivables [see Note III (IX) Financial Instruments for details].

2. If there is objective evidence that a certain other receivable has suffered credit impairment, the Company shall make provision for bad debts and confirm the expected credit loss for the other receivable individually throughout its duration.

(XIV) Inventory

1. Classification of inventories

Inventories include finished products held for sale in daily activities, products in process of production, materials and supplies consumed in the process of production, goods issued, materials in transit, and materials commissioned for processing, etc.

2. Valuation method for issued inventories

The weighted average method is adopted for the issued inventory at the end of each month.

3. Determination basis for net realizable value of inventories and accrual method for inventory falling price

reserve

On the balance sheet date, the inventory is measured by the lower of cost and net realizable value, and the inventory falling price reserve is accrued according to the difference between the cost of the individual inventory and the net realizable value. For the inventory directly used for sale, its net realizable value is determined by the estimated selling price of the inventory minus the estimated selling expenses and related taxes in the normal production and operation process; for inventories that need to be processed, the net realizable value is determined in the normal course of production and operation at the estimated selling price of the finished goods produced, less the estimated costs to be incurred to completion, the estimated selling expenses and related taxes; on the balance sheet date, if one part of the same inventory has a contract price and the other part does not have a contract price, the net realizable value shall be determined separately, and the amount of provision for or reversal of inventory falling price reserves shall be determined separately by comparing it with the corresponding cost.

4. Inventory system:

The inventory system is the perpetual inventory system.

5. Amortization method of low-value consumables and packaging materials

(1) Low-value consumables

Amortization is carried out by one-off write off method.

(2) Packaging

Amortization is carried out by one-off write off method.

(XV) Contract assets

1. Methods and criteria for recognition of contract assets

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between the performance of the performance obligations and the payment from customers. The Company's right to receive consideration for the transfer of goods or services to the customer (other than receivables) is listed as contract assets.

2. Methodology for determining expected credit losses on contract assets and accounting treatment

For contract assets that do not contain significant financing components, the Company always measures its loss reserve based on the amount equivalent to the expected credit loss during the entire duration by using a simplified model of expected credit losses. The resulting increase or reversal of the loss reserve is included in the current profits and losses as an impairment loss or gain.

For contract assets that contain significant financing components, the Company always measures its loss reserve based on the amount equivalent to the expected credit loss during the entire duration by using a simplified model of expected credit losses. The resulting increase or reversal of the loss reserve is included in the current profits and losses as an impairment loss or gain.

(XVI) Contract costs

Contract cost is divided into contract performance cost and contract acquisition cost.

The cost incurred by the Company for contract performance, which meets the following conditions at the same time, shall be recognized as an asset as contract performance cost:

1. The cost is directly related to a current or expected contract, including direct labor cost, direct material cost, manufacturing overhead (or similar expenses), costs clearly borne by the customer, and other costs incurred solely as a result of the contract;
2. The cost increases the Company's future resources for fulfilling its performance obligations;
3. The cost is expected to be recovered.

The incremental cost incurred by the Company to obtain a contract, which is expected to be recovered, is recognized as an asset as contract acquisition cost; however, amortization of the asset that does not exceed one year may be included in the current profits or losses as incurred.

The assets related to contract costs shall be amortized on the same basis as the recognition of income from goods or services related to the assets.

When the book value of the asset related to the contract cost is higher than the difference between the following two items, the Company will make provision for impairment of the excess and recognize it as an asset impairment loss:

1. The remaining consideration that is expected to obtain due to the transfer of commodities or services related to the asset;
2. The cost expected to be incurred for transfer of the relevant commodities or services.

If the above provision for asset impairment is subsequently reversed, the book value of the asset after reversal shall not exceed the book value of the asset on the reversal date under the assumption that no provision for impairment is made.

(XVII) Assets held for sale

The Company shall classify the components of the Company (or non-current assets) as being held for sale if it also meets the following conditions: 1) such assets or disposal group is immediately available for sale in the current circumstances in accordance with the practice for the sale of such assets or disposal group in similar transactions; 2) A sale is highly likely to occur, meaning that a decision has been made on a sale plan and firm commitments have been obtained to purchase it (a firm purchase commitment is a legally binding purchase agreement between the Company and another party that contains material terms such as the transaction price, timing and sufficiently severe penalties for breach of contract to make it highly unlikely that the agreement will be materially adjusted or withdrawn). The sale is expected to be completed within one year. Approval has been obtained from relevant authorities or regulators in accordance with the relevant regulations.

The Company adjusts the estimated net residual value of assets held for sale to an amount equal to its fair value less costs to sell (but not to exceed the original carrying amount of assets held for sale). The difference between the original carrying amount and the adjusted estimated net residual value is included as an impairment loss in the current profits or losses and a provision for impairment of assets held for sale is also made. For the disposal group held for sale, the amount of asset impairment loss recognized is first offset against the book value of goodwill in the disposal group, and then proportionally offset against the book value of various non-current assets in the disposal group in accordance with the Accounting Standards for Business Enterprises No. 42 - Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations.

Where the net amount of fair value of the non-current asset held for sale on the subsequent balance sheet date is increased after subtracting the selling expenses, the previously written down amount shall be restored and converted into the amount of the impairment loss of the asset recognized after it is divided into the category "held for sale", and the converted amount shall be included in the current profits and losses. Impairment losses on assets recognized before being classified as "held for sale" may not be reversed. Where the net amount of fair value of the disposal group held for sale on the subsequent balance sheet date is increased after subtracting the selling expenses, the previously written down amount shall be restored and converted into the amount of the impairment loss of the non-current asset recognized after it is divided into the category "held for sale" by applying the measurement provisions of Accounting Standards for Business Enterprises No. 42 - "Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations", and the converted amount shall be included in the current profits and losses. The carrying amount of goodwill that has been offset and the impairment loss recognized on non-current assets prior to classification as held for sale are not converted for those non-current assets to which the measurement provisions of Accounting Standards for Business Enterprises No. 42 - "Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations" have been applied. For the disposal group held for sale, the subsequently converted amount of asset impairment loss recognized is proportionally increased to the book value of various non-current assets in the disposal group other than goodwill in accordance with the Accounting Standards for Business Enterprises No. 42 - Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations.

If the Company loses control over a subsidiary due to the sale of its investment in the subsidiary, regardless of whether the Company retains part of its equity investment after the sale, the entire investment in the subsidiary is classified as held for sale in the parent company's individual financial statements and all assets and liabilities of the subsidiary are classified as held for sale in the consolidated financial statements when the investment in the subsidiary to be sold meets the conditions for classification as held for sale.

(XVIII) Discontinued operations

A discontinued operation is a separately distinguishable component that meets one of the following conditions and has been disposed of or classified as held for sale:

1. The component represents a separate primary business or a separate major business area;
2. The component is part of a linked plan for the proposed disposal of a separate primary business or a separate major business area;

3. The component is a subsidiary acquired exclusively for resale.

The Company presents profit or loss from continuing operations and profit or loss from discontinued operations separately in the income statement. Impairment losses and converted amounts, as well as gains and losses on disposal of non-current assets or disposal groups held for sale that do not meet the definition of discontinued operations are reported as continued operating gains and losses. Operating gains and losses, such as impairment losses and converted amounts, as well as gains and losses on disposal of discontinued operations are reported as discontinued operating gains and losses.

(XIX) Long-term equity investments

1. Recognition of investment cost

(1) For business combinations under the common control: If the combining party makes payments in cash, transfers non-cash assets, bears its debts or issues equity securities for combination consideration, it shall, on the combination day, treat the share of the carrying amount of the owner's equity of the combined party in the consolidated financial statements of the ultimate controlling party as the initial investment costs. The difference between the initial investment cost of long-term equity investment and the book value of the combination consideration paid or the total par value of the issued shares adjusts the capital reserve (capital premium or equity premium); if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

For multi-step business combinations under the common control, the share of owner's equity in the books of the combined party on the combination day, calculated on the basis of the percentage of shareholding, is used as the initial investment cost of the investment. Adjusting the capital reserve (capital premium or share premium) by the difference between the initial investment cost and the sum of the book value of its original long-term equity investment plus the book value of the new consideration paid for the further acquisition of shares on the combination date; if the capital reserve is insufficient to offset, the retained earnings shall be offset.

(2) If it is formed due to business combination not under the common control, the fair value of the combination consideration paid on the acquisition date shall be taken as initial investment cost.

(3) Those not generated from business combination: for those acquired through cash paid, the purchase price actually paid shall be taken as their initial investment costs; for those acquired through equity securities issued, the fair value of the equity securities issued shall be taken as their initial investment costs; and for those invested by investors, the value stipulated in investment contracts or agreements shall be taken as their initial investment costs (excluding those of which values stipulated in contracts or agreements are not fair).

2. Subsequent measurement and recognition method of profits and losses

Long-term equity investments that the Company can exert control over the investee shall be accounted for using the cost method in the Company's individual financial statements; and long-term equity investments with joint control or significant influence shall be accounted for using the equity method.

Under the cost method, long-term equity investments are priced at initial investment cost. Except for the actual price paid for acquisition of the investment or the declared but not distributed cash dividends and profits

contained in the consideration, all other cash dividends or profits are ones that can be declared and distributed by the investee, and long-term investments are also considered to be impaired in accordance with the relevant asset impairment policy.

When the equity method is adopted, if the initial investment cost of long-term equity investments is greater than the share of the fair value of the identifiable net assets of the investee at the time of investment, it is recognized as the initial investment cost of long-term equity investment; if the initial investment cost of long-term equity investments is less than the share of the fair value of the identifiable net assets of the investee at the time of investment, the difference is included in current profit or loss and the cost of the long-term equity investments is adjusted accordingly.

When the equity method is adopted, investment profits or losses are recognized and the book value of the long-term equity investment is adjusted in accordance with the share of net profit or loss realized by the investee after the acquisition of the long-term equity investment. In recognizing the share of net income or loss of the investee, the fair value of the identifiable assets of the investee at the time the investment is acquired is used as the basis, and the portion of the gain or loss from internal transactions with associates and joint ventures that is attributable to the investee in proportion to the Company's shareholding is offset in accordance with the Company's accounting policies and accounting periods (except that the full amount of the loss from internal transactions shall be recognized if the loss is an impairment loss on an asset). It is recognized after adjusting the net profit of the investee. The share of profits or cash dividends declared by the investee is calculated on the basis of the share of profits or cash dividends, and the book value of long-term equity investments is reduced accordingly. The Company recognizes a net loss incurred by an investee to the extent that the book value of the long-term equity investment and other long-term interests that substantially constitute a net investment in the investee are written down to zero, except to the extent that the Company has an obligation to assume additional losses. For other changes in the owners' equity in the investee other than net profits or losses, the book value of long-term equity investments is adjusted and included in the owners' equity.

3. Basis to recognize control and significant influence on the investee

Control means having power over the investee, enjoying variable returns through participation in the investee's related activities, and having the ability to use its power over the investee to influence the amount of returns. Significant influence refers to that the investor has the right to participate in decision-making of the financial and operating policies of the investee, but can not control or jointly control with other parties over the development of those policies.

4. Disposal of long-term equity investments

(1) Partial disposal of long-term equity investments in subsidiaries without loss of control

When a long-term equity investment in a subsidiary is partially disposed of without loss of control, the difference between the disposal price and the book value of the disposed investment is recognized as investment income for the current period.

(2) Partial disposal of equity investments or other reasons for loss of control over subsidiaries

In the case of partial disposal of equity investment or loss of control over a subsidiary for other reasons, the book value of the long-term equity investment corresponding to the equity interest disposed of shall be carried forward, and the difference between the sale proceeds and the book value of the long-term equity investment disposed of shall be recognized as investment income (loss); meanwhile, the remaining equity interest shall be recognized as long-term equity investment or other related financial assets based on its book value. If the remaining equities after disposal can exercise joint control over or significant influence on the subsidiaries, the accounting treatment shall be carried out in accordance with relevant provisions about conversion of cost method to equity method.

5. Impairment test method and accrual method for impairment provision

For investments in subsidiaries, associates and joint ventures, if there is objective evidence of impairment on the balance sheet date, the corresponding impairment provision shall be made based on the difference between the book value and the recoverable amount.

(XX) Fixed asset

1. Recognition conditions and valuation of fixed assets

A fixed asset is a tangible asset held for the production of goods, the provision of services, rental or business management that has a service life over one fiscal year.

Fixed assets are recorded at their actual cost at the time of acquisition, and the provision for depreciation of fixed assets shall be made by means of straight-line depreciation from the month following which such fixed assets are available for use.

2. Depreciation methods for various types of fixed assets

Category	Depreciation method	Depreciation Period (Year)	Net Residual Value Rate (%)	Annual depreciation ratio (%)
Houses and buildings	Straight-line method	30	5	3.17
Machinery equipment	Straight-line method	10	5	9.50
Electronic equipment	Straight-line method	3	5	31.67
Means of transport	Straight-line method	4	5	23.75
Others	Straight-line method	5	5	19.00

3. Impairment test method for fixed assets and accrual method for impairment provision

Where there is any evidence indicating a possible impairment of fixed assets on balance sheet date, the provision for impairment is made based on the difference between the book value and the recoverable amount.

(XXI) Construction in progress

1. Project under construction shall be transferred to fixed assets according to the actual engineering costs when reaching the intended use. If it has reached the expected serviceable state but has not yet handled the final

settlement of completion, it shall be transferred into fixed assets according to the estimated value first. After the final settlement of completion, the original estimated value shall be adjusted according to the actual cost, but the originally accrued depreciation shall not be adjusted.

2. Where there is any evidence indicating a possible impairment of project under construction on balance sheet date, the provision for impairment is made based on the difference between the book value and the recoverable amount.

(XXII) Borrowing costs

1. Recognition of capitalized borrowing costs

Where the borrowing expenses incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing expenses shall be recognized as expenses when incurred, and shall be recorded into the current profits and losses.

2. Borrowing expenses during the capitalization period

(1) Capitalization begins when the borrowing costs simultaneously meet the following conditions: 1) The asset expenditure has occurred; 2) The borrowing costs have occurred; 3) The acquisition and construction or production activities necessary to make the assets ready for their intended use or sale have started.

(2) If the assets eligible for capitalization are abnormally interrupted in the process of purchase, construction or production, and the interruption lasts for more than 3 months, the capitalization of borrowing costs will be suspended. The borrowing expenses incurred during the interruption period are recognized as current expenses until the purchase and construction of assets or production activities restart.

(3) When the assets eligible for capitalization under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing expenses shall be ceased.

3. Amount of borrowing costs capitalized

Where a special borrowing is borrowed to purchase, construct or produce an asset that meets the conditions for capitalization, the amount of interest to be capitalized is determined based on the interest expense actually incurred in the current period of the special borrowing (including the amortization of the discount or premium determined according to the effective interest method) less the interest income obtained by depositing the unused borrowing funds in a bank or the investment income obtained by making a temporary investment; where general borrowings are occupied for the acquisition, construction or production of assets eligible for capitalization, the amount of interest to be capitalized on the general borrowings is calculated and determined based on the weighted average of the accumulated asset expenditures over the asset expenditures of the special borrowings multiplied by the capitalization rate of the general borrowings occupied.

(XXIII) Right-of-use asset

The Company recognizes right-of-use assets and lease liabilities for leases at the starting date of the

lease term, except for short-term leases and leases of low-value assets, which use simplified treatment.

The Company initially measures the right-of-use asset at cost. The cost includes:

1. Initial measurement amount of lease liabilities;
2. For lease payments paid on or before the starting date of the lease term, if there is a lease incentive, the lease incentive related amount that has been enjoyed shall be deducted;
3. Initial direct expenses incurred;
4. The cost that is expected to be incurred for dismantling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the lease terms. The aforementioned costs are incurred for the production of inventories and are subject to Accounting Standards for Business Enterprises No. 1 - Inventories

The Company recognizes and measures the costs described in Item 4 above in accordance with Accounting Standards for Business Enterprises No. 13 - Contingencies

Initial direct costs, which are the incremental costs incurred to reach the lease. Incremental costs refer to costs that the Company would not have incurred had it not obtained the lease.

The Company has accrued depreciation for the right-of-use assets with reference to the relevant depreciation provisions of the Accounting Standards for Business Enterprises No. 4 - Fixed Assets. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the depreciation shall be made within the remaining service life of the leased asset. Where it is not reasonably certain that title to the leased asset will be acquired at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset.

The Company determines whether a right-of-use asset is impaired and accounts for it accordingly in accordance with the provisions of Accounting Standards for Business Enterprises No.8–Asset Impairment, and accounts for the identified impairment loss.

(XXIV) Intangible assets

1. The intangible assets include land use right, patent right, know-how, software etc., whose initial measurement shall be conducted as per costs.
2. Intangible assets whose service life is limited, within its service life, shall be systematically and reasonably amortized according to the expected realization pattern of the economic benefits relating to the intangible assets, and the intangible assets shall be amortized by the straight-line method if it is impossible to determine the expected realization pattern reliably. The specific years are stated as follows:

Project	Term of amortization (year)
Land use right	50
Patent Right and Know-how	10

Software	10
Others	10

Intangible assets with indefinite useful life are not amortized, and the Company does not yet have intangible assets with indefinite useful life.

3. If intangible assets with a specified service life are used, and there is any evidence indicating a possible impairment of such intangible assets on balance sheet date, the provision for impairment is made based on the difference between the book value and recoverable amount; for intangible assets with uncertain service life and that have not yet reached a usable state, whether or not there is any sign of impairment, impairment test should be done each year. As of the end of the period, the Company has no intangible assets with uncertain service life or that have not yet reached a useable condition.

4. The research expenditures for its internal research and development projects shall be recorded into the current profit or loss. The expenditure incurred in internal R&D projects at the development stage, which meets the following conditions concurrently, shall be recognized as intangible assets: (1) Completing such intangible assets to make it useable or sellable is technically feasible; (2) Have the intention to complete such intangible assets in order to use or sell it; (3) The pattern in which the intangible assets generate economic benefits, including, it can be verified that there is market for the products generated by such intangible assets, or there is market for the intangible assets themselves, and if the intangible assets are to be used internally, its usefulness can be proved; (4) Have sufficient supports such as technical, financial and other resources to complete the development of such intangible assets, and have the capability of using or selling such intangible assets; (5) The expenditure attributable to the development stage of such intangible assets can be reliably measured.

(XXV) Impairment of non-financial long-term assets

The Company shall, on the balance sheet date, make a judgment on whether there is any sign of possible assets impairment.

No matter whether there is any sign of possible assets impairment, the goodwill formed by the combination of enterprises and intangible assets with uncertain service life shall be subject to impairment test every year.

The existence of the following indications indicates that an asset may be impaired:

1. The market value of the asset has declined significantly in the current period, at a rate significantly higher than the expected decline due to the passage of time or normal use; 2. The economic, technological or legal environment in which the Company operates and the market in which the asset is located have changed significantly in the current period or will change in the near future, which adversely affects the Company; 3. Market interest rates or other market rates of return on investments have increased in the current period, thereby affecting the discount rate used by the Company to calculate the present value of the asset's estimated future cash flows, resulting in a significant reduction in the asset's recoverable amount; 4. Evidence shows that the

asset is obsolete or physically damaged; 5. The asset has been or will be idled, discontinued or scheduled for early disposal; 6. Economic performance has been or will be lower than expected, such as the net cash flow generated or operating profit (or loss) achieved by the asset is significantly lower (or higher) than the estimated amount; 7. Other indications that the asset may have been impaired.

If there are signs of impairment of assets, the recoverable amount shall be estimated.

The recoverable amount shall be determined based on the higher of net amount of the fair value of the asset minus the disposal costs and the present value of the estimated future cash flows of the asset.

Disposal costs include legal costs related to the asset disposals, related taxes, handling fees and direct costs incurred for making assets reach a marketable state.

The present value of the estimated future cash flow of an asset shall be determined according to the estimated future cash flow generated during the continuous use and final disposal of the asset, and the discounted amount shall be determined by selecting the appropriate discount rate. The present value of the expected future cash flows of an asset shall be considered in combination with the expected future cash flows of the asset, its useful life and discount rate.

Where the measurement result of the recoverable amount indicates that an asset's recoverable amount is lower than its book value, the book value of the asset shall be recorded down to the recoverable amount, and the reduced amount shall be recognized as the loss of asset impairment and be recorded as the profit or loss for the current period. Simultaneously, a provision for the asset impairment shall be made accordingly.

(XXVI) Long-term deferred expenses

Long-term deferred expenses are accounted for as actual amount incurred and are amortized over the benefit period or a specified period on an average basis. If the projects of long-term deferred expenses are not benefited during the future accounting period, the amortized value of the projects that have not been amortized shall be transferred to the current profits or losses in whole.

(XXVII) Contract liabilities

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between the performance of the performance obligations and the payment from customers. The obligation of the Company to transfer goods or provide services to customers for consideration received or receivable from customers is presented by the Company as a contract liability.

(XXVIII) Payroll

Employee remuneration refers to all kinds of remuneration and compensations, other than share-based payments, given by the Company in exchange of the services offered by its employees or for the termination of labor relationship. Employee remuneration includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by the Company to its employees' spouses, children, dependents, survivors of deceased employees and other beneficiaries also belong to employee remuneration.

1. Short-term remuneration

During the accounting period when employees provide services to the Company, the Company will recognize the actual short-term remuneration as the Company's liability and record it into the current profit and loss or the cost of related assets. Among them, non-monetary benefits are measured at fair value.

2. Termination benefits

Termination benefits is a kind of compensation to employees if the Company cancels the labor relationship with any employee prior to the expiration of a relevant labor contract or brings forward any compensation proposal for the purpose of encouraging employees to accept a layoff; the Company cannot unilaterally withdraw the termination benefits due to termination of employment relations plan or layoff proposal and recognizes the costs or expenses related to the restructuring of termination benefits payment, the Company recognizes employee compensation liabilities generated due to termination benefits according to one of the above earlier time and records into the current profits or losses.

3. Defined contribution plan

The Company purchases and maintains basic social pension insurance for its employees, which is organized and administered by the local labour and social security department. The Company pays monthly pension insurance premiums to the local basic social pension insurance agency at the locally prescribed basic social pension insurance contribution base and ratio. When an employee retires, the local labor and social security department is responsible for paying the retired employee a basic social pension. The Company recognizes the amount of contributions payable under the above social security provisions as a liability in the accounting period in which the employees render their services, and recognizes it in current profit or loss or in the cost of the related assets.

(XXIX) Lease liabilities

The Company recognizes right-of-use assets and lease liabilities for leases at the starting date of the lease term, except for short-term leases and leases of low-value assets, which use simplified treatment.

The lease liabilities are initially measured at the present value of the lease payments outstanding on the starting date of the lease term.

Lease payments are payments made by the Company to the lessor in connection with the right to use the leased asset during the term of the lease, including:

1. Fixed payments and substantive fixed payments, if there is a lease incentive, the lease incentive related amount shall be deducted;
2. The variable lease payments that depend on an index or rate, which are determined at the time of initial measurement based on the index or rate on the starting date of the lease term;
3. The exercise price of the purchase option, provided that the Company reasonably determines that

the option will be exercised; and

4. The amount to be paid for exercising the option to terminate the lease, provided that the lease term reflects that the Company will exercise the option to terminate the lease; and

5. The amount expected to be paid according to the guaranteed residual value provided by the Company.

In calculating present value of the lease payment amounts, the Company adopts the interest rate implicit in lease as the discount rate; and if the interest rate implicit in lease cannot be determined, the incremental loan interest rate of the Company shall be used as the discount rate.

(XXX) Estimated liabilities

1. When the obligations arising from external guarantees, litigation matters, product quality assurance, loss contract and other contingencies become the current obligations undertaken by the Company, and the performance of this obligation is likely to lead to the outflow of economic benefits from the Company and the amount of this obligation can be reliably measured, the Company will recognize this obligation as an estimated liability.

2. The Company initially measures the estimated liabilities based on the best estimate of the expenditures required to perform the relevant current obligations and reviews the book value of the estimated liabilities on the balance sheet date.

(XXXI) Share-based payment

1. Type of share-based payment

Including equity-settled share-based payments and cash-settled share-based payments.

2. Methods for determining the fair value of equity instruments

(1) Where active market exists, it shall be determined according to the quotations in such an active market.

(2) Where no active market exists, determined by valuation techniques, including reference to prices used in recent market transactions by familiar and voluntary parties, reference to the current fair value of substantially identical other financial instruments, discounted cash flow methods and option pricing models, and so on.

3. Basis for determining the best estimate of vesting equity instruments

Estimates are based on subsequent information such as the latest available changes in the number of exercisable employees.

4. Relevant accounting treatment for implementation, amendments and termination of share-based payment plan

(1) Equity-settled share-based payment

As to an equity-settled share-based payment in return for services of employees, if the right may be

exercised immediately after the grant, the fair value of the equity instruments shall, on the grant date, be included in the relevant costs or expenses and the capital reserve shall be adjusted accordingly. As to an equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in relevant costs or expenses at fair value of the equities instruments on the grant date, and capital reserve is adjusted accordingly.

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

(2) Cash-settled share-based payments

As to a cash-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of liabilities assumed by the Company shall, on the grant date, be included in the relevant costs or expenses and the liability shall be increased accordingly. As to a cash-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the vested circumstances, be included in relevant costs or expenses and the corresponding liabilities at fair value of liabilities assumed by the Company.

(3) Amendments and termination of share-based payment plans

If the modification increases the fair value of granted equity instruments, the increase in the acquired services shall be recognized by the Company according to the increase in the fair value of the equity instruments; and if the modification increases the number of granted equity instruments, the fair value of the increased equity instruments shall be recognized by the Company as increase in the acquired services; If the Company modifies the vesting conditions in a manner favorable to employees, the Company shall consider the modified vesting conditions when dealing with the vesting conditions.

If the modification reduces the fair value of the equity instruments granted, the Company continues to recognize the amount of services acquired based on the fair value of the equity instruments on the date of grant without considering the reduction in the fair value of the equity instruments; if the modification reduces the number of equity instruments granted, the Company treats the reduction as a cancellation of the equity instruments granted; if the modification modifies the conditions of exercisable rights in a manner unfavorable to employees, the modified conditions of exercisable rights are not considered when dealing with the conditions of exercisable rights.

If canceling or settling the equity instruments granted (except for cancellation due to failure to meet the vesting conditions) in the vesting period, the Company shall treat the cancellation or settlement as an accelerated vesting right and immediately recognize the amount originally recognized over the remaining vesting period.

(XXXII) Special reserve

The Company's special reserve mainly accounts for safety costs.

The Company withdraws and uses and accounts for production safety expenses in accordance with the relevant provisions of the Administrative Measures for the Withdrawal and Use of Company Production Safety Expenses (CQ [2012] No. 16), which was published by the Ministry of Finance and the State Administration of Work Safety on February 14, 2012.

The Company is involved in the business of production and storage of dangerous goods, and the actual operating revenue of the previous year is used as the basis for accrual, and the accrual is made in an over-regressive manner in accordance with the following criteria on an average monthly basis:

No.	Sales of the previous year	Provision proportion
1	10 million yuan and below	4%
2	10 million yuan to 100 million yuan (inclusive)	2%
3	100 million yuan to 1 billion yuan (inclusive)	0.5%
4	1 billion yuan and above	0.2%

The Company withdraws production safety expenses in accordance with the prescribed standards. The withdrawn production safety expenses are included in the current profit and loss and recorded in special reserves, which are shown separately under the owner's equity. When the actual use of the withdrawn production safety expenses is an expense, it is directly reduced by the special reserve. If the withdrawn production safety fees are used to form fixed assets, the expenses incurred are collected through the "construction in progress" account and recognized as fixed assets when the safety project is completed and reaches its intended useable state; at the same time, the special reserve is reduced by the cost of forming fixed assets and the same amount of accumulated depreciation is recognized. No further depreciation is provided for the fixed assets in future periods. If the balance of the special reserve drawn down is not sufficient to cover the reduction, the actual amount incurred is recognized directly in profit or loss for the current period.

(XXXIII) Revenue

1. Recognition principles of revenue

The Company's revenue mainly includes revenue from sales of goods and services.

The Company has fulfilled the performance obligation in the contract, that is, when the customer obtains the control right of related goods, the revenue is recognized.

If a contract contains two or more performance obligations, the Company shall, at the beginning of the contract, allocate the transaction price to individual performance obligation according to the relative proportion

of the individual selling price of the commodities or services promised by each individual performance obligation, and measure revenue at the transaction price allocated to each individual obligation.

The transaction price is the amount of consideration that the Company expects to be entitled to charge due to transfer of commodities or services to the customers, excluding the amounts charged by third parties. The transaction price recognized by the Company shall not exceed the amount at which the accumulated recognized revenue is unlikely to be significantly reversed when the relevant uncertainties are eliminated. Amounts expected to be refunded to customers as liabilities are not included in the transaction price. If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained. The difference between this transaction price and the contract consideration is amortized over the term of the contract using the effective interest method. If, at the contract commencement date, 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, the existence of a significant financing component in the contract is not considered.

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

(1) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

(2) The customer can control the assets in process during the Company's performance.

(3) The assets produced by the Company during its performance have irreplaceable uses, and the Company is entitled to collect payments for accumulated performance of the contract so far during the entire contract period.

For an obligation performed within a certain period of time, the Company shall recognize the revenue according to the performance progress within that period of time and determine the progress of performance based on the percentage of completion method. When the performance schedule cannot be reasonably determined, if the Company's already incurred costs are expected to be compensated, the revenue shall be recognized according to the already incurred costs until the performance schedule can be reasonably determined.

For an obligation performed at a point of time, the Company shall recognize revenue at the point of time at which a customer obtains control over relevant commodities or services. In judging whether customers have gained control over commodities or services, the Company shall consider the following signs:

(1) The Company has the right to collect the current payment for the product or service.

(2) The Company has transferred the legal ownership of the commodity to the customer.

(3) The Company has transferred the physical object of the commodity to the customer.

(4) The Company has transferred the main risks and rewards on the ownership of the commodity to the

customer.

(5) The customer has accepted the commodity.

(6) Other indications that the customer has acquired control of the goods.

The right to receive consideration for the transfer of goods or services to its customers has been presented by the Company as a contract asset, and contract assets are impaired on the basis of expected credit losses. The Company's unconditional right to collect consideration from customers is shown as receivables. The obligation to transfer goods or services to customers for which consideration has been received or is receivable by the Company is shown as contract liabilities.

2. Specific policy of revenue recognition

(1) Product sales business

1) Domestic sales

The Company arranges for the shipment of products according to the customer's order, and the goods are shipped to the customer's designated location by third-party logistics. After the customer inspects and signs for the goods, the customer signs and confirms the delivery note (or logistics note), and the Company recognizes revenue based on the delivery note (or logistics note) signed and confirmed by the customer.

2) Export

The Company arranges the shipment of products according to the customer's order, and the third party logistics will send the goods to the port for loading and customs declaration for export, and the Company will recognize the revenue after obtaining the bill of lading.

(2) Raw material sales business

The Company arranges the shipment of raw materials according to the customer's order, and the raw materials are shipped to the customer's designated location by the third-party logistics. For raw materials settled according to the contract amount, revenue is recognized according to the delivery note signed by the customer after the customer inspects and signs for the goods. For raw materials settled according to the actual test results of metal content, revenue is recognized 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, the specific principles for which revenue is recognized are as follows:

The Company provides processing services of precursor materials for customers according to the processing agreement signed with customers and collects processing fees. After the processing is completed, the Company delivers the goods to the customer's designated location in accordance with the agreement, and the customer signs and confirms the delivery note (or logistics bill) after the customer has inspected and signed

for the goods, and the Company recognizes revenue based on the delivery note (or logistics bill) signed and confirmed by the customer.

(XXXIV) Government subsidies

1. Government subsidies include government subsidies pertinent to assets and government subsidies pertinent to income.

2. If a government subsidy is a monetary asset, it shall be measured in the light of the received or receivable amount; if a government subsidy is a non-monetary asset, it shall be measured at its fair value; If its fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount.

3. Government subsidies are based on the total amount method:

(1) Government subsidies related to assets shall be recognized as deferred income and charged into the profit and loss by stages in a reasonable and systematic way during the service life of the relevant assets. If relevant assets are sold, transferred, scrapped or destroyed before the end of their service life, the undistributed balance of relevant deferred income should be transferred to the profits and losses of asset disposals in the period.

(2) Government subsidies pertinent to income shall be treated respectively in accordance with the circumstances as follows: Those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall included in the current profits or losses during the period when the relevant expenses are recognized; or those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits or losses.

All of the Company's government subsidies are based on the total amount method.

4. Government subsidies containing both those pertinent to assets and those pertinent to income shall be recorded separately; and if it is difficult to distinguish between the two parts, such subsidies shall be classified on the whole as government subsidies pertinent to income.

5. The government subsidies related to the daily activities of the Company shall be included in other income according to the essence of the economic business; government subsidies unrelated to daily activities of the Company shall be included in non-operating income and expenditure.

6. The Company treats the policy-based preferential loan subsidies obtained in accordance with the following two scenarios: the Treasury allocates the discount interest funds to the lending bank and the Treasury allocates the discount interest funds directly to the Company:

(1) If the Treasury allocates the discount interest funds to the lending bank, and the lending bank provides the loan to the Company at the preferential policy interest rate, the actual amount of the loan received shall be taken as the entry value of the loan, and the relevant borrowing costs shall be calculated based on the loan principal and the preferential policy interest rate.

(2) If the Treasury directly allocates the discount interest funds to the Company, the corresponding discount interest will be deducted from the relevant borrowing costs.

(XXXV) Deferred income tax assets and liabilities

1. According to the difference between the book value of assets and liabilities and their tax basis (if the tax basis of an item that is not recognized as an asset or liability can be determined according to the tax law, the difference between the tax basis and its book number), the deferred income tax assets or deferred income tax liabilities are calculated and confirmed according to the applicable tax rate during the expected period of recovering the assets or paying off the liabilities.

2. The recognition of deferred income tax assets shall be limited to the amount of taxable income that is likely to be used to offset the deductible temporary differences. On the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future period to offset the deductible temporary differences, the deferred income tax assets not recognized in the previous accounting period are recognized.

3. On the date of balance sheet, the book value of the deferred income tax assets shall be re-checked, and the book value of the deferred income tax assets shall be written down if it is very likely that it cannot obtain enough taxable income to offset the benefits of the deferred income tax assets in the future period. When sufficient taxable income is likely to be obtained, the amount written down shall be recovered.

4. The Company recognizes current income tax and deferred income tax as income tax expenses or gains in the current profit and loss, which does not include income tax arising from: (1) business combination; and (2) transaction or matter directly recognized in owners' equity.

(XXXVI) Lease

1. Lessee

When the Company is the lessee, on the starting date of the lease term, except for choosing the simplified short-term leases and low-value asset leases, the Company recognizes the right-of-use assets and lease liabilities for leases.

After the starting date of the lease term, the Company makes subsequent measurement on the right-of-use asset at cost. The Company has accrued depreciation for the right-of-use assets with reference to the relevant depreciation provisions of the Accounting Standards for Business Enterprises No. 4 - Fixed Assets. If the lessee can reasonably determine the ownership of the leased asset at the expiration of the lease term, the depreciation shall be made within the remaining service life of the leased asset. Where it is not reasonably certain that title to the leased asset will be acquired at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset. The Company determines whether a right-of-use asset is impaired and accounts for it accordingly in accordance with the provisions of Accounting Standards for Business Enterprises No.8—Asset Impairment, and accounts for the identified impairment loss.

The Company calculates the interest expense on the lease liability for each period of the lease term at a fixed periodic rate, which is included in the current profits and losses. If it shall be included in the cost of relevant

assets in accordance with the Accounting Standards for Business Enterprises No. 17 - Borrowing Costs and other regulations, such regulations shall prevail.

The Company has elected not to recognize right-of-use assets and lease liabilities for the short-term leases and leases of low-value asset. The relevant lease payments for short-term leases and low-value asset leases over the respective periods of the lease term are included in related asset costs or current profit and loss by the straight-line method.

2. Lessor

(1) Finance leases

The Company, as the lessor, recognizes finance lease receivables for finance leases on the starting date of the lease term and derecognizes the finance lease assets, and calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate.

(2) Operating leases

When the Company is the lessor, the Company recognizes lease receipts from operating leases as rental income over the periods of the lease term on a straight-line basis. The Company capitalizes initial direct costs incurred in connection with operating leases and amortizes them into current profit and loss over the lease term on the same basis as rental income is recognized.

For fixed assets under operating leases, the Company depreciates them using the depreciation policy for similar assets; for other operating lease assets, they are amortized using a systematic and reasonable method in accordance with the Accounting Standards for Business Enterprises applicable to such assets. The Company determines whether an operating lease asset is impaired and accounts for it accordingly in accordance with the provisions of Accounting Standards for Business Enterprises No.8—Asset Impairment.

(XXXVII) Hedge accounting

Hedging is a risk management activity in which the Company designates financial instruments as hedging instruments in order to manage risk exposures arising from specific risks, such as foreign exchange risk, interest rate risk, price risk, credit risk, etc., so that changes in the fair value or cash flows of the hedging instruments are expected to offset all or part of the changes in fair value or cash flows of the hedged items.

1. In hedge accounting, hedges are classified as fair value hedges, cash flow hedges and hedges of net investment in foreign operations.

2. The hedge accounting method prescribed in this Standard can be applied only if the fair value hedge, cash flow hedge or net investment in foreign operation hedge meet the following conditions at the same time:

- (1) The hedging relationship consists only of the eligible hedging instrument and the hedged item;
- (2) At the beginning of the hedge, the Company formally designates the hedging instrument and the

hedged item and prepares a written document on the hedging relationship and the Company's risk management strategy and risk management objectives for engaging in the hedge. The document sets forth, at a minimum, the hedging instrument, the hedged item, the nature of the hedged risk and the hedge effectiveness assessment method (including the analysis of the reasons for the generation of the hedge ineffective portion and the hedge ratio determination method); (3) The hedging relationship meets the hedge effectiveness requirements.

The Company determines that the hedging relationship meets the hedge effectiveness requirements if the hedge meets the following conditions:

1) There exists an economic relationship between the hedged item and the hedging instrument. The economic relationship causes the value of the hedging instrument and the hedged item to change in opposite directions due to the same exposure to the hedged risk.

2) The effect of credit risk does not dominate the change in value resulting from the economic relationship between the hedged item and the hedging instrument.

3) The hedge ratio of the hedging relationship, which is equal to the ratio of the number of hedged items that the Company actually hedges to the actual number of hedging instruments that hedge them, does not reflect an imbalance in the relative weights of the hedged items and hedging instruments that would render the hedge ineffective and may produce accounting results that are inconsistent with the hedge accounting objective.

The Company assesses the conformity of the hedge relationship with hedge effectiveness requirements on an ongoing basis from the inception of the hedge to subsequent periods, analyzing in particular the reasons for hedge ineffectiveness that are expected to affect the hedge relationship during the remaining life of the hedge. The Company evaluates the hedge relationship at least when there are significant changes on the balance sheet date and relevant circumstances that would affect the hedge effectiveness requirements.

If the hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective for designating the hedging relationship has not changed, the Company rebalances the hedging relationship.

3. Accounting treatment of hedges.

(1) Fair value hedge

If a fair value hedge meets the conditions for applying hedge accounting methods, it is treated in accordance with the following provisions:

1) Profits or losses arising from the hedging instrument are recognized in current profit or loss. If the hedging instrument is a hedge of an investment in a non-trading equity instrument (or a component thereof) that is selected to be measured at fair value with changes included in other comprehensive income, the gain or loss arising from the hedging instrument is recognized in other comprehensive

income.

2) Profits or losses arising from hedged items due to hedged exposures are recognized in current profit or loss, together with adjustments to the book value of recognized hedged items not measured at fair value.

(2) Cash flow hedge

Cash flow hedges that satisfy the conditions for applying hedge accounting methods are treated in accordance with the following provisions:

(1) The portion of the profit or loss arising from the hedging instrument that is effective as a hedge is recorded as a cash flow hedge reserve in other comprehensive income. The amount of cash flow hedge reserve included in other comprehensive income in each period is the change in cash flow hedge reserve in the current period.

(2) The portion of gains or losses arising from hedging instruments that are not effective for hedging (i.e., other gains or losses net of those included in other comprehensive income) is recognized in profit or loss for the period.

(3) Hedges of net investment in foreign operations

Hedges of net investments in foreign operations, including hedges of monetary items that are accounted for as part of the net investment, are treated similarly to cash flow hedge accounting in accordance with the following provisions:

1) The portion of the gain or loss resulting from the hedging instrument that is effective as a hedge is recognized in other comprehensive income.

Upon full or partial disposal of overseas operations, the above-mentioned gains or losses on hedging instruments included in other comprehensive income are transferred out accordingly and included in the current profit and loss.

2) The portion of the gain or loss resulting from the hedging instrument that is not effective for the hedge is recognized in profit or loss for the current period.

(XXXVIII) Segment reporting

The Company determines an operating division based on the internal organizational structure, management requirement and internal reporting system and determines a reporting division and disclose segment information based on the operation division.

Operating division refers to the component meeting the following conditions inside the Company:

1. The component can generate income and expenses in daily activities;
2. Management of the Company can regularly evaluate the business performance of the component in order to allocate resources and evaluate the performance;

3. The Company can obtain relevant accounting information such as financial status, business performance and cash flow of the component. Where two or more operating divisions have similar economic characteristics and meet certain conditions, these divisions can be merged as one operating division.

IV. Taxes

(I) Major tax categories and tax rates

Tax categories	Tax Basis	Tax rate
VAT	Value-added on sales of goods and rendering of services	10%, 13%, export tax refund rate of 13%, 10%
Housing property tax	Residual value of the property (80%, 70% of the original value of the property)	1.20%
Land use tax	Land use area	1.6 Yuan/m ² , 3 Yuan/m ²
City maintenance and construction tax	Turnover tax payable	5%、7%
Educational surcharges	Turnover tax payable	3%
Local educational surcharge	Turnover tax payable	2%
Corporate income tax	Taxable income	8.25%、15%、16.50%、17%、20%、22%、24.72%、25 %

(II) Explanation of tax rates of different tax payers:

1. Description of VAT rate

Name of tax payer	Abbreviation	Tax Basis	Tax rate
PT Zhongtsing New Energy	PT Zhongtsing	Value-added on sales of goods and rendering of services	10%, export tax refund rate of 10%
PT Zhongwei Eco Energy Indonesia	PT Zhongwei Eco	Value-added on sales of goods and rendering of services	10%, export tax refund rate of 10%
Companies other than those listed above and in Hong Kong		Value-added on sales of goods and rendering of services	13%, export tax refund rate of 13%

2. Description of urban maintenance and construction tax rate

Name of tax payer	Abbreviation	Tax Basis	Tax rate
The Company	The Company	Turnover tax payable	5%
Guizhou CNGR Resource Recycling Industry Development Co., Ltd.	Guizhou Recycling	Turnover tax payable	5%
Guizhou CNGR New Energy Technology Co., Ltd.	Guizhou New Energy	Turnover tax payable	5%

Name of tax payer	Abbreviation	Tax Basis	Tax rate
Guizhou CNGR Xingyang Energy Storage Technology Co., Ltd.	Xingyang Energy Storage	Turnover tax payable	5%
Companies other than those listed above		Turnover tax payable	7%

Note: Subsidiaries incorporated in Hong Kong, Indonesia, Singapore, Finland and Zimbabwe are not subject to urban maintenance and construction tax.

3. Description of corporate income tax rate

Name of tax payer	Abbreviation	Tax Basis	Tax rate
The Company	The Company	Taxable income	15%
Hunan CNGR New Energy Science & Technology Co., Ltd.	Hunan New Energy	Taxable income	15%
Guizhou CNGR Resource Recycling Industry Development Co., Ltd.	Guizhou Recycling	Taxable income	15%
Guangxi CNGR New Energy Science & Technology Co., Ltd.	Guangxi New Energy	Taxable income	15%
CNGR Hong Kong Material Science & Technology Co., Ltd. and other subsidiaries registered in Hong Kong		Taxable income	8.25%、16.50%
Debonair Holdings Private Limited	Debonair Private Holdings	Taxable income tax	17%
Singapore CNGR New Energy and Technology Pte., Ltd.	Singapore CNGR New Energy	Taxable income	17%
CNGR Finland Oy	CNGR Finland	Taxable income tax	20%
FBC project 101 Oy	CNGR Finland Project Company	Taxable income	20%
PT Zhongtsing New Energy and other subsidiaries registered in Indonesia		Taxable income	22%
CNGR Zimbabwe New Energy Technology Co. (Private) Limited	CNGR Zimbabwe	Taxable income	24.72%
Subsidiaries other than those listed above		Taxable income	25%

Note: The income tax rate in Hong Kong is based on a two-tier system, with the corporation's income tax rate reduced to 8.25% for the first 2 million and continuing to be taxed at 16.50% for subsequent profits;

(III) Important tax incentives and their basis

1. Corporate income tax incentives

(1) According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Extension of the Implementation Period of Certain Tax Preferential Policies, the pre-tax deduction of research and development expenses is extended to December 31, 2023. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Policy of Pre-tax Deduction for Research and Development Expenses No. 13 of 2021, the actual R&D expenses incurred by manufacturing companies in carrying out R&D activities that do not form intangible assets and are included in the current profit and loss shall be deducted on the basis of actual deduction in accordance with the regulations, and then from January 1, 2021, 100% of the actual amount incurred shall be deducted before tax. If intangible assets are formed, they shall be amortized before tax at 200% of the cost of the intangible assets from January 1, 2021.

(2) According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China and the Implementing Regulations of the Enterprise Income Tax Law of the People's Republic of China (Decree No. 512 of the State Council), the Company can deduct 10% of the investment in special equipment for environmental protection, energy and water conservation and production safety within the scope of the Catalogue from January 1, 2008 for the current year's enterprise income tax. If the taxable amount of the Company is not enough for the credit, it can be carried forward to future years, but the carry forward period shall not exceed 5 tax years.

(3) The Company obtained the certificate of high-tech company jointly issued by the Department of Science and Technology of Guizhou Province, the Department of Finance of Guizhou Province and the Taxation Bureau of Guizhou Province of the State Administration of Taxation on December 19, 2022 with the number GR202252000490, which is valid for three years. The Company's corporate income tax for the year was calculated at a preferential tax rate of 15%.

(4) Hunan CNGR New Energy Science&Technology Co., Ltd, a subsidiary of the Company, obtained the certificate of high-tech company issued by the Department of Science and Technology of Hunan Province, the Department of Finance of Hunan Province and the Hunan Provincial Taxation Bureau of the State Administration of Taxation on September 18, 2021, with the number GR202143002568, which is valid for three years. The Company's corporate income tax for the year is calculated at a tax rate of 15%.

(5) Guizhou CNGR Resources Recycling Industry Development Co., Ltd, a subsidiary of the Company, obtained the certificate of high-tech company jointly issued by the Department of Science and Technology of Guizhou Province, the Department of Finance of Guizhou Province and the Taxation Bureau of Guizhou Province of the State Administration of Taxation on December 19, 2022 with the number GR202252000423, which is valid for three years. The Company's corporate income tax for the year is calculated at a tax rate of 15%.

(6) According to the Announcement No. 23 of 2020 jointly issued by the Ministry of Finance, the State Taxation Administration and NDRC, "Announcement on Renewing the Enterprise Income Tax Policy for Great Western Development", effective from 1 January 2021 to 31 December 2030, the enterprise income tax will be levied at a reduced rate of 15 per cent on enterprises engaged in the

encouraged industries in the western regions. Guangxi CNGR New Energy Science&Technology Co., Ltd, a subsidiary of the Company, enjoys preferential tax policies for western development, and the Company's corporate income tax for the year is calculated at a tax rate of 15%.

V. Statement Changes in Accounting Policies and Accounting Estimates and Corrections of Prior Errors

(I) Changes in accounting policies

On December 31, 2021, the Ministry of Finance issued the "Interpretation No. 15 of Accounting Standards for Business Enterprises" (Finance and Accounting [2021] No. 35, hereinafter referred to as "Interpretation No. 15"). In Interpretation No. 15, the contents of "Accounting for the sale of products or by-products produced by an enterprise before a fixed asset reaches its intended useable state or in the course of research and development (hereinafter referred to as 'trial sales')" and "Judgment on loss contracts" have entered into force since the date of issuance. The Company has been accounted for in accordance with this policy in the previous and current years. The above changes in accounting policies have no impact on the Company's financial statements.

On December 13, 2022, the Ministry of Finance issued the "Interpretation No. 16 of Accounting Standards for Business Enterprises" (Finance and Accounting [2022] No. 31, hereinafter referred to as "Interpretation No. 16"). In terms of the accounting treatment of the three matters in Interpretation No. 16: "Accounting for deferred income tax related to assets and liabilities arising from individual transactions that is not exempt from initial recognition" has been implemented since January 1, 2023, allowing enterprises to execute it in advance from the year of issuance. The Company did not implement accounting treatment related to this matter in advance this year; the "Accounting for the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer" and "Accounting treatment for changing share-based payments settled in cash to share-based payments settled in equity by the company" in Interpretation No. 16 of Accounting Standards for Business Enterprises" have entered into force since the date of issuance. The above changes in accounting policies have no impact on the Company's financial statements.

(II) Changes in accounting estimates and effects

There are no changes in accounting estimates as occurred to the Company in the period.

(III) Correction of material prior-period errors and their effects

During the period, no correction of material errors occurred.

(IV) The first execution of the New Standards on Accounting or Interpretations of Standards from 2022 onwards involving adjustments to the first implementation in the financial statements at the beginning of the year

No impact.

VI. Notes to Major Items of the Consolidated Financial Statements

Note: The beginning of the period refers to January 1, 2022, the end of the period refers to December 31, 2022, the previous period refers to FY2021, and the current period refers to FY2022.

(I) monetary fund

1. Classification items

Project	Closing balance	Opening balance
Cash	139,910.24	39,267.04
Bank deposits	12,979,109,406.38	6,337,176,450.63
Other monetary funds	2,269,615,149.35	2,362,119,756.77
Total	<u>15,248,864,465.97</u>	<u>8,699,335,474.44</u>
Including: Total amount of money deposited abroad	915,699,453.90	348,583,195.55

2. At the end of the period, there were 2,269,615,149.35 yuan in mortgages, pledges, freezes and other amounts with restrictions on use, including 667,977,923.22 yuan in bills deposits, 136,116,443.69 yuan in L/C deposits, 1,209,498,308.28 yuan in futures deposits, 139,561,366.72 yuan in guarantee deposits and other deposits of 116,461,107.44 yuan. In addition, the Company has no other amounts that are subject to restrictions on realization such as mortgage, pledge and freeze.

3. At the end of the period, there were no amounts deposited abroad and the repatriation of funds was restricted.

(II) Trading financial assets

Project	Closing balance	Opening balance
Financial assets at fair value through profit or loss	<u>4,246,720.41</u>	
Including: Hedging instruments - Foreign exchange	4,246,720.41	
Total	<u>4,246,720.41</u>	

(III) Notes receivable

1. Classification items of notes receivable

Project	Closing balance	Opening balance
Bank acceptance bills	443,189,593.12	277,277,118.62
Total	<u>443,189,593.12</u>	<u>277,277,118.62</u>

Note: Banker's acceptances that have been endorsed or discounted at the end of the period and cannot be derecognized, as well as banker's acceptances with average or low credit ratings on hand, are

classified as "financial assets measured at amortized cost" and reported in "notes receivable".

2. Notes receivable pledged of the Company at end of the period

Project	Amount pledged at end of the period	Remarks
Bank acceptance bills	90,714,193.93	
Total	<u>90,714,193.93</u>	

3. Notes receivable that have been endorsed or discounted at the end of the period and have not yet expired on the balance sheet date

Project	Closing Derecognized Amount	Closing Un-derecognized Amount	Remarks
Bank acceptance bills		188,683,996.00	
Total		<u>188,683,996.00</u>	

4. There were no notes transferred to accounts receivable at the end of the year due to non-performance by the drawer.

5. Classified disclosure at bad debt accrual method

Category	Closing balance				Opening balance					
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts at individual										
Provision for bad debts by combination										
Including:										
Bank acceptance bills	443,189,593.12	100.00			443,189,593.12	277,277,118.62	100.00			277,277,118.62
Total	<u>443,189,593.12</u>	<u>100</u>			<u>443,189,593.12</u>	<u>277,277,118.62</u>	<u>100</u>			<u>277,277,118.62</u>

Note: The Company's management analyzed and judged that the bankers' acceptances held have a short maturity and will not incur significant losses due to bank defaults, and there is no credit impairment risk; therefore, no provision for bad debts was made for bankers' acceptances at the end of the period.

6. There are no other note receivables actually written off in the current period.

(IV) Accounts receivable

1. Disclosure by aging

Aging	Closing balance
Within 3 months (including 3 months)	4,289,038,888.22
Within 4-12 months (including 12 months)	199,329,012.26
1 - 2 years (including 2 years)	753,399.98
2 - 3 years (including 3 years)	147,711.34
Over 3 years	1,992,249.08
Subtotal	<u>4,491,261,260.88</u>
Less: Provision for bad debts	55,073,624.29
Total	<u>4,436,187,636.59</u>

2. Classified disclosure at bad debt accrual method

Category	Book balance		Bad debt reserves		Book value
	Amount	Percentage (%)	Amount	Accrual proportion (%)	
Provision for bad debts at individual					
Provision for bad debts by combination	<u>4,491,261,260.88</u>	<u>100.00</u>	<u>55,073,624.29</u>	<u>1.23</u>	<u>4,436,187,636.59</u>
Including: Aging combination	4,491,261,260.88	100.00	55,073,624.29	1.23	4,436,187,636.59
Total	<u>4,491,261,260.88</u>	<u>100</u>	<u>55,073,624.29</u>		<u>4,436,187,636.59</u>

Continued from above table:

Category	Book balance		Bad debt reserves		Book value
	Amount	Percentage (%)	Amount	Accrual proportion (%)	
Provision for bad debts at individual					
Provision for bad debts by combination	<u>4,500,127,017.28</u>	<u>100.00</u>	<u>48,328,485.95</u>	<u>1.07</u>	<u>4,451,798,531.33</u>
Including: Aging combination	4,500,127,017.28	100.00	48,328,485.95	1.07	4,451,798,531.33

Category	Book balance		Opening balance		Book value
	Amount	Percentage (%)	Bad debt reserves		
			Amount	Accrual proportion (%)	
Total	<u>4,500,127,017.28</u>	<u>100</u>	<u>48,328,485.95</u>		<u>4,451,798,531.33</u>

3. Accounts receivable made a provision for bad debts at aging combination

name	Closing balance		
	Accounts receivable	Bad debt reserves	Accrual proportion (%)
Within 3 months (including 3 months)	4,289,038,888.22	42,890,388.90	1.00
Within 4-12 months (including 12 months)	199,329,012.26	9,966,450.63	5.00
1 - 2 years (including 2 years)	753,399.98	150,680.00	20.00
2 - 3 years (including 3 years)	147,711.34	73,855.67	50.00
Over 3 years	1,992,249.08	1,992,249.09	100.00
Total	<u>4,491,261,260.88</u>	<u>55,073,624.29</u>	

4. Provision for bad debts

Category	Opening balance	Amount of change in the current period			Closing balance	
		Provisions	Recovery or reversal	Write-off		Other changes
Aging combination	48,328,485.95	6,115,733.96			629,404.38	55,073,624.29
Total	<u>48,328,485.95</u>	<u>6,115,733.96</u>			<u>629,404.38</u>	<u>55,073,624.29</u>

Note: Other changes in the provision for bad debts for the period represent converting differences on foreign currency statements.

5. The Company had no actual write-offs of receivables in the current period.

6. Accounts receivable of Top 5 closing balance collected by debtor

The top five accounts receivable balances at the end of the period totaled 2,679,503,750.00 yuan, accounting for 59.66% of the total accounts receivable at the end of the period, with a provision for bad debts of 26,796,727.91 yuan.

7. The Company had no accounts receivable that are derecognized due to the transfer of financial assets

8. There are no assets and liabilities formed by transferring account receivables and continuing to be

involved in the end of the period.

(V) Receivables financing

1. Classification items

Project	Closing balance	Opening balance
Bank acceptance bills	198,074,306.95	568,121,131.85
Total	<u>198,074,306.95</u>	<u>568,121,131.85</u>

Note: Bankers' acceptances with high credit ratings held on hand at the end of the period and with dual objectives, are classified as "financial assets at fair value through other comprehensive income" and reported in "financing of receivables".

2. Financing of pledged receivables at the end of the period.

Project	Amount pledged at end of the period	Remarks
Bank acceptance bills	5,000,000.00	
Total	<u>5,000,000.00</u>	

3. The bank acceptance bills that have been endorsed or discounted at the end of the period and have not yet expired on the balance sheet date

Project	Closing Derecognized Amount	Closing Un-derecognized Amount	Remarks
Bank acceptance bills	6,367,959,847.40		
Total	<u>6,367,959,847.40</u>		

(VI) Prepayments

1. Prepayments are listed by aging

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (including 1 year)	823,333,453.05	99.96	282,461,254.05	99.97
1 - 2 years (including 2 years)	218,000.74	0.03	93,963.46	0.03
2 - 3 years (including 3 years)	90,908.21	0.01		
Total	<u>823,642,362.00</u>	<u>100</u>	<u>282,555,217.51</u>	<u>100</u>

2. The Company has no accounts prepaid with an aging of more than one year and a significant amount.

3. The top five prepayments at the end of the period totaled 404,128,457.17 yuan, accounting for 49.07% of the total prepayments.

(VII) Other receivables

1. Summary statement

Project	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	102,494,107.76	85,184,510.21
Total	<u>102,494,107.76</u>	<u>85,184,510.21</u>

2. Other receivables

(1) Disclosure by aging

Aging	Closing balance
Within 3 months (including 3 months)	80,101,873.62
Within 4-12 months (including 12 months)	12,829,960.54
1 - 2 years (including 2 years)	13,647,232.54
2 - 3 years (including 3 years)	174,008.54
Over 3 years	431,278.36
Subtotal	<u>107,184,353.60</u>
Less: Provision for bad debts	4,690,245.84
Total	<u>102,494,107.76</u>

(2) Classification by nature of amount

Nature of receivables	Closing balance	Opening balance
Margins and deposits	73,538,303.23	77,562,427.09
Others	33,646,050.37	11,372,567.10
Government subsidies receivable		1,850,000.00
Subtotal	<u>107,184,353.60</u>	<u>90,784,994.19</u>
Less: Provision for bad debts	4,690,245.84	5,600,483.98
Total	<u>102,494,107.76</u>	<u>85,184,510.21</u>

(3) Provision for bad debts

Bad debt reserves	Phase One	Phase Two	Phase Three	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment occurred)	Expected credit loss in the entire duration (credit impairment occurred)	
Balance at January 1, 2022	5,600,483.98			<u>5,600,483.98</u>
On January 1, 2022, the book balance of other receivables is in the current period				
-Transfer to the second stage				
-Transfer to the third stage				
-Transfer back to the second stage				
-Transfer back to the first stage				
Provisions in the current period	-935,056.36			<u>-935,056.36</u>
Current reversal				
Current write-off				
Write-off in current period				
Other changes	24,818.22			<u>24,818.22</u>
Balance at December 31, 2022	<u>4,690,245.84</u>			<u>4,690,245.84</u>

Note: Other changes in the provision for bad debts for the period represent converting differences on foreign currency statements.

(4) Provision for bad debts

Category	Opening balance	Amount of change in the current period			Closing balance
		Provisions	Recovery or reversal	Write-off	
Combination accrual	5,600,483.98	-935,056.36			4,690,245.84
Total	<u>5,600,483.98</u>	<u>-935,056.36</u>			<u>4,690,245.84</u>

(5) There are no other receivables actually written off in the current period.

(6) Other receivables of Top 5 closing balances collected by parties in arrears

Company name	Nature of receivables	Closing balance	Aging	Percentage of	Bad debt
				total other receivables	reserves
				(%)	Closing balance
Huangpu Customs Office in Guangzhou					
Economic and Technological Development Zone, People's Republic of China	Deposit and security	13,495,828.76	Within 3 months	12.59	134,958.29
Lianyungang Customs, People's Republic of China	Deposit and security	13,042,240.88	12,694,880.88 yuan for up to 3 months, 347,360.00 yuan for 4-12 months	12.17	144,316.81
Qinzhou Port Customs, People's Republic of China	Deposit and security	9,749,927.18	4,218,655.93 yuan for up to 3 months, 5,531,271.25 yuan for 4- 12 months	9.10	318,750.12
PT JHOLNIN BARATAMA	Deposit and security	8,588,570.61	Within 3 months	8.01	85,885.71
Ningbo Free Trade Zone, People's Republic of China	Deposit and security	6,909,169.59	Within 3 months	6.45	69,091.70
Total		<u>51,785,737.02</u>		<u>48.32</u>	<u>753,002.63</u>

(7) There are no other receivables derecognized in the current period.

(8) There are no assets and liabilities formed by transferring other receivables and continuing to be involved in the end of the period.

(9) There are no government subsidies receivable in other receivables at the end of the period.

(VIII) Inventory

1. Classification items

Project	Closing balance			Opening balance		
	Book balance	Inventory falling price reserves	Book value	Book balance	Inventory falling price reserves	Book value
Raw materials	3,264,061,406.93	23,196,048.68	3,240,865,358.25	1,779,393,827.35		1,779,393,827.35
Products in process	2,546,575,333.55		2,546,575,333.55	1,007,045,310.26		1,007,045,310.26
Goods in stock	3,349,853,150.15	67,259,610.96	3,282,593,539.19	1,264,290,252.92		1,264,290,252.92
Materials in transit	209,526,430.94		209,526,430.94	598,078,724.89		598,078,724.89
Reusable materials	114,964,559.70		114,964,559.70	70,503,466.35		70,503,466.35

Project	Closing balance			Opening balance		
	Book balance	Inventory falling price reserves	Book value	Book balance	Inventory falling price reserves	Book value
Commissioned processing materials				58,499,382.97		58,499,382.97
Goods in transit	240,324,541.33	14,644,320.97	225,680,220.36	46,613,010.35		46,613,010.35
Total	<u>9,725,305,422.60</u>	<u>105,099,980.61</u>	<u>9,620,205,441.99</u>	<u>4,824,423,975.09</u>		<u>4,824,423,975.09</u>

2. Inventory falling price reserve

Project	Opening balance	Current increase		Current decrease		Closing balance
		Provisions	Others	Reversal or writing-off	Others	
Raw materials		23,196,048.68				23,196,048.68
Goods in stock		83,683,327.43		16,423,716.47		67,259,610.96
Goods in transit		16,015,098.62		1,370,777.65		14,644,320.97
Total		<u>122,894,474.73</u>		<u>17,794,494.12</u>		<u>105,099,980.61</u>

3. Inventory falling price reserve

Project	Basis for provision of inventory falling price reserve	Reasons for reversal of inventory falling price reserve	Reasons for resale of inventory falling price reserve
Raw materials	Book value is higher than net realizable value		Completed production and achieved external sales in the current period
Goods in stock	Book value is higher than net realizable value		Achieved external sales in the current period
Goods in transit	Book value is higher than net realizable value		Achieved external sales in the current period

(IX) Other non-current assets

Project	Closing balance	Opening balance
To-be-deducted and to-be-certified input VAT	1,665,117,001.79	435,981,862.45
Advance payment of income tax	47,586,943.01	4,872,099.98
Others	750,697.55	140,039.28
Total	<u>1,713,454,642.35</u>	<u>440,994,001.71</u>

(X) Long-term equity investments

Name of investee	Opening balance	Current movement	
		Additional investments	Decrease
I. Joint venture companies			
PT CNGR Ding Xing New Energy		206,152,160.00	
Subtotal		<u>206,152,160.00</u>	
II. Associated companies			
PT Hengsheng New Energy Materials	13,457,693.11	45,319,660.88	
Changqingteng Renewable Resources (Shangrao) Co., Ltd.		7,350,000.00	
Guizhou Wujiang Laboratory Technology Co., Ltd.		600,000.00	
Subtotal	<u>13,457,693.11</u>	<u>53,269,660.88</u>	
Total	<u>13,457,693.11</u>	<u>259,421,820.88</u>	

Continued from above table:

Investment gains and losses recognized under the equity method	Current movement		
	Other comprehensive income adjustments	Other changes in equity	Declared distribution of cash dividends or profits
132,860.65			
<u>132,860.65</u>			
-347,562.17	-3,325,958.45		
-359,495.60			
-75,067.35			
<u>-782,125.12</u>	<u>-3,325,958.45</u>		
<u>-649,264.47</u>	<u>-3,325,958.45</u>		

Continued from above table:

Current Accrual of Provision for Impairment	Current movement		Translation differences in foreign currency statements	Closing balance	Closing balance of provision for impairment
	Others				
			4,711.09	206,289,731.74	
			<u>4,711.09</u>	<u>206,289,731.74</u>	

Current movement	Translation differences	Closing balance	Closing balance of
Current Accrual of	in foreign currency	Closing balance	provision for
Provision for	statements	Closing balance	impairment
Impairment	Others	Closing balance	provision for
		1,112,350.95	56,216,184.32
			6,990,504.40
			524,932.65
		<u>1,112,350.95</u>	<u>63,731,621.37</u>
		<u>1,117,062.04</u>	<u>270,021,353.11</u>

Note: The adjustment to other comprehensive income is the converting difference of foreign currency financial statements arising from the conversion of Indonesian rupee recording currency in financial statements of PT Hengsheng New Energy Materials, an associate, to the U.S. dollar recording currency of Zoomwe Hong Kong New Energy Technology Co., Limited (shareholder).

(XI) Investment in other equity instruments

1. Investments in other equity instruments

Project	Closing balance	Opening balance
Investment in Ganzhou Tengyuan Cobalt New Materials Co., Ltd.	68,407,626.97	
Investment in CALB Group Co., Ltd.	156,772,148.39	
Investment in Sunwoda Electronic Co., Ltd.	95,776,205.48	
Investment in SungEel Hitech Co., Ltd.	176,713,173.77	67,197,456.06
Total	<u>497,669,154.61</u>	<u>67,197,456.06</u>

Note 1: In March 2022, approved by the Twenty-sixth Meeting of the First Session of the Board of Directors of the Company, the Company participated in the placement of strategic investors in the A-share IPO of Ganzhou Tengyuan Cobalt New Materials Co., Ltd. Tengyuan Cobalt was listed on the A-share market in March 2022, and the Company's shareholding ratio was 0.46% at the end of the period. The Company held the investment as non-trading and classified it as "financial assets at fair value through other comprehensive income", which was reported in "other investments in equity instruments".

Note 2: In August 2022, the Company decided at a meeting to participate in the cornerstone investor placement for the Hong Kong IPO of CALB Group Co., Ltd. ("CALB"). CALB was listed in Hong Kong in October 2022 and the Company's shareholding was 0.69% at the end of the period. The Company held the investment as non-trading and classified it as "financial assets at fair value through other comprehensive income", which was reported in "other investments in equity instruments".

Note 3: In November 2022, the Company decided at a meeting to participate in the investor

placement for the global depository receipt issuance by Sunwoda Electronics Co., Ltd.(hereinafter referred to as “Sunwoda”). Sunwoda GDR was listed on the Swiss Securities Exchange in November 2022 and the Company held 3.11% of Sunwoda GDR issue at the end of the period. The Company held the investment as non-trading and classified it as “financial assets at fair value through other comprehensive income”, which was reported in “other investments in equity instruments”.

Note 4: SungEel Hitech Co. Ltd was listed in Korea in July 2022, and the Company held 2.95% of SungEel Hitech Co. Ltd at the end of the period. The Company held the investment as non-trading and classified it as “financial assets at fair value through other comprehensive income”, which was reported in “other investments in equity instruments”.

2. Investments in non-trading equity instruments

Project	Dividend income recognized in the current period	Aggregate gains	Aggregate losses	The amount of other comprehensive income transferred to retained income	The reason of designation for the measurement at fair value and the change being included in other comprehensive income	The reason of transferring other comprehensive income to retained income
Investment in Ganzhou Tengyuan Cobalt New Materials Co., Ltd.	2,293,364.22		31,592,249.47		The Company holds the investment with the intention of non-trading	N/A
Investment in CALB Group Co., Ltd.			188,280,619.60		The Company holds the investment with the intention of non-trading	N/A
Investment in Sunwoda Electronic Co., Ltd.		392,536.48			The Company holds the investment with the intention of non-trading	N/A
Investment in SungEel Hitech Co., Ltd.		99,771,161.37			The Company holds the investment with the intention of non-trading	N/A
Total	<u>2,293,364.22</u>	<u>100,163,697.85</u>	<u>219,872,869.07</u>			

Note: Accumulated gains and losses do not include the effect of conversion of foreign currency statements.

(XII) Other non-current financial assets

Project	Closing balance	Opening balance
Investment in REPT Battero Energy Co., Ltd.	300,000,000.00	
Total	<u>300,000,000.00</u>	

Note: In July 2022, the Company decided to participate in the Series B financing of REPT Battero Energy Co., Ltd.(hereinafter referred to as “REPT Battero”). REPT Battero submitted an application for listing to the Hong Kong Stock Exchange in December 2022, and the Company’s shareholding at the end of the period was 0.99%. As the Company has no significant influence on REPT Battero and there is a repurchase clause in the shareholders’ agreement, the Company classified the investment as “financial assets at fair value through profit or loss” and reported it in “other non-current financial assets”.

(XIII) Fixed assets

1. Summary statement

Project	Closing balance	Opening balance
Fixed assets	8,115,077,018.08	4,398,712,750.06
Disposal of Fixed Assets		
Total	<u>8,115,077,018.08</u>	<u>4,398,712,750.06</u>

2. Fixed asset

(1) Fixed assets

Project	Houses and buildings	Machinery equipment	Means of transport	Electronic equipment	Others	Total
I. Original book value						
1. Opening balance	1,903,695,479.65	2,893,463,774.19	35,900,446.96	44,245,060.44	37,163,206.71	<u>4,914,467,967.95</u>
2. Current increase	<u>1,724,562,589.11</u>	<u>2,296,896,645.28</u>	<u>184,156,154.55</u>	<u>40,407,844.40</u>	<u>30,913,557.42</u>	<u>4,276,936,790.76</u>
(1) Acquisition		22,714,384.75	105,699,142.27	9,720,135.38	18,841,624.04	<u>156,975,286.44</u>
(2) Transfer-in of construction in progress	1,724,562,589.11	2,072,928,606.82	77,040,121.59	30,530,907.77	12,071,933.38	<u>3,917,134,158.67</u>
(3) Transfer-in Right-of-use asset		201,191,872.17				<u>201,191,872.17</u>
(4) Translation of Foreign Currency Financial Statements		61,781.54	1,416,890.69	156,801.25		<u>1,635,473.48</u>
3. Current decrease		<u>38,951,922.79</u>	<u>759,171.42</u>	<u>206,085.12</u>	<u>1,941,348.44</u>	<u>41,858,527.77</u>
(1) Disposal or scrapping		4,686,578.96	759,171.42	206,085.12	1,941,348.44	<u>7,593,183.94</u>
(2) Transfer-in of construction in progress		34,265,343.83				<u>34,265,343.83</u>
4. Closing balance of the period	<u>3,628,258,068.76</u>	<u>5,151,408,496.68</u>	<u>219,297,430.09</u>	<u>84,446,819.72</u>	<u>66,135,415.69</u>	<u>9,149,546,230.94</u>
II. Accumulated depreciation						
1. Opening balance	106,423,763.07	375,684,749.97	8,467,550.74	12,959,847.55	12,219,306.56	<u>515,755,217.89</u>
2. Current increase	<u>79,296,571.68</u>	<u>417,970,125.72</u>	<u>18,550,915.65</u>	<u>13,999,910.11</u>	<u>8,177,040.12</u>	<u>537,994,563.28</u>

Project	Houses and buildings	Machinery equipment	Means of transport	Electronic equipment	Others	Total
(1) Accrual	79,296,571.68	367,016,565.45	18,068,793.81	13,944,888.06	8,173,080.21	<u>486,499,899.21</u>
(2) Transfer-in Right-of-use asset		50,938,253.73				<u>50,938,253.73</u>
(3) Translation of Foreign Currency Financial Statements		15,306.54	482,121.84	55,022.05	3,959.91	<u>556,410.34</u>
3. Current decrease		<u>18,314,304.80</u>	<u>272,197.03</u>	<u>13,184.71</u>	<u>680,881.77</u>	<u>19,280,568.31</u>
(1) Disposal or scrapping		1,181,460.16	272,197.03	13,184.71	680,881.77	<u>2,147,723.67</u>
(2) Transfer-in of construction in progress		17,132,844.64				<u>17,132,844.64</u>
4. Closing balance of the period	<u>185,720,334.75</u>	<u>775,340,570.89</u>	<u>26,746,269.36</u>	<u>26,946,572.95</u>	<u>19,715,464.91</u>	<u>1,034,469,212.86</u>
III. Provision for impairment						
1. Opening balance						
2. Current increase						
3. Current decrease						
4. Closing balance of the period						
IV. Book value						
1. Closing book value	<u>3,442,537,734.01</u>	<u>4,376,067,925.79</u>	<u>192,551,160.73</u>	<u>57,500,246.77</u>	<u>46,419,950.78</u>	<u>8,115,077,018.08</u>
2. Opening book value	<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) There are no fixed assets temporarily idle at the end of the period.

(3) Statements of fixed assets without certificate of title at the end of the period.

Items	Book value	Reason for failure
Houses and buildings in CNGR New Materials Park	317,002,261.33	In process
Houses and buildings in Hunan New Energy Park	331,055,250.43	In process
Houses and buildings in the Guizhou Recycling Park	162,816,688.45	In process
Houses and buildings in Guangxi New Energy Park	903,033,510.23	In process
Houses and buildings in Xing Yang Energy Storage Park	233,895,560.01	In process
Total	<u>1,947,803,270.45</u>	

(4) There are no fixed assets leased out through operating lease at the end of the period.

(XIV) Construction in progress

1. Summary statement

Project	Closing balance	Opening balance
Construction in progress	6,401,544,917.21	2,273,423,607.09
Project Materials	255,933,898.17	30,918,165.07
Total	<u>6,657,478,815.38</u>	<u>2,304,341,772.16</u>

2. Engineering materials

Project	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Project Materials	255,933,898.17		255,933,898.17	30,918,165.07		30,918,165.07
Total	<u>255,933,898.17</u>		<u>255,933,898.17</u>	<u>30,918,165.07</u>		<u>30,918,165.07</u>

3. Construction in progress

(1). Listed by projects

Project	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Annual output of 60,000 gold tons of high nickel matte project in Indonesia Base laterite nickel ore smelting	1,779,448,305.63		1,779,448,305.63	69,271,768.13		69,271,768.13
Annual output of 27,500 tons of nickel metal equivalent low nickel matte project and supporting projects in Debonair, Indonesia	1,421,817,591.03		1,421,817,591.03			
Annual output of 27,500 tons of nickel metal equivalent low nickel matte project in Emerald Bay, Indonesia	546,057,767.82		546,057,767.82			
Guangxi CNGR New Energy Project Phase I	1,351,226,359.25		1,351,226,359.25	1,864,182,939.54		1,864,182,939.54
Annual output of 200,000 tons of iron phosphate integration construction project in Kaiyang industrial base	853,794,465.71		853,794,465.71			

Project	Closing balance		Opening balance			
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Annual output of 80,000 gold tons of nickel matte refining project in southern Guangxi base	196,132,616.57		196,132,616.57			
Annual output of 80,000 gold tons of nickel matte refining nickel sulfate project in western Guizhou base	62,419,325.55		62,419,325.55			
CNGR New Energy (China) Headquarters Industrial Base Phase III and Expansion Project	38,322,419.24		38,322,419.24	116,201,739.50		116,201,739.50
CNGR New Energy (China) Headquarters Industrial Base Phase V Project	403,970.62		403,970.62	137,625,786.35		137,625,786.35
Other projects under construction	151,922,095.79		151,922,095.79	86,141,373.57		86,141,373.57
Total	<u>6,401,544,917.21</u>		<u>6,401,544,917.21</u>	<u>2,273,423,607.09</u>		<u>2,273,423,607.09</u>

(2) Current changes in important projects under construction

Project Title	Budget	Opening balance	Increase in current	Current transfer-in	Other decreases for the period	Closing balance
			period	Amount of the		
			Amount	fixed asset		
Annual output of 60,000 gold tons of high nickel matte project in Indonesia Base laterite nickel ore smelting	4.228 billion yuan	69,271,768.13	1,774,412,784.64	70,634,626.01	-6,398,378.87	1,779,448,305.63
Annual output of 27,500 tons of nickel metal equivalent low nickel matte project and supporting projects in Debonair, Indonesia	2.247 billion yuan		1,421,817,591.03			1,421,817,591.03
Annual output of 27,500 tons of nickel metal equivalent low nickel matte project in Emerald Bay, Indonesia	1.168 billion yuan		546,057,767.82			546,057,767.82
Guangxi CNGR New Energy Project Phase I	5.990 billion yuan	1,864,182,939.54	1,821,403,934.35	2,334,360,514.64		1,351,226,359.25
Annual output of 200,000 tons of iron phosphate integration construction project in Kaiyang industrial base	2.311 billion yuan		1,202,232,265.94	348,437,800.23		853,794,465.71
Annual output of 80,000 gold tons of nickel matte refining project in southern Guangxi base	730 million yuan		196,132,616.57			196,132,616.57

Project Title	Budget	Opening balance	Increase in current	Current transfer-in	Other decreases for the period	Closing balance
			period	Amount of the		
			Amount	fixed asset		
Annual output of 80,000 gold tons of nickel matte refining nickel sulfate project in western Guizhou base	1.83 billion yuan		353,551,059.48	291,131,733.93		62,419,325.55
CNGR New Energy (China) Headquarters Industrial Base Phase III and Expansion Project	2.105 billion yuan	116,201,739.50	142,063,605.82	219,942,926.08		38,322,419.24
CNGR New Energy (China) Headquarters Industrial Base Phase V Project	810 million yuan	137,625,786.35	89,223,907.63	226,445,723.36		403,970.62
Total		<u>2,187,282,233.52</u>	<u>7,546,895,533.28</u>	<u>3,490,953,324.25</u>	<u>-6,398,378.87</u>	<u>6,249,622,821.42</u>

Continued from above table:

Project Title	Cumulative investment in the project Percentage of budget (%)	Work Progress (%)	Interest capitalization Cumulative amount	Including:	Current interest Capitalization rate (%)	Source of funds
				Capitalized amount of interest for the current period		
Annual output of 60,000 gold tons of high nickel matte project in Indonesia Base laterite nickel ore smelting	43.61	44.00	35,901,131.36	35,901,131.36	2.41	Raised funds + Borrowings
Annual output of 27,500 tons of nickel metal equivalent low nickel matte project and supporting projects in Debonair, Indonesia	63.27	63.00	18,591,303.24	18,591,303.24	5.99	Own funds + Borrowings
Annual output of 27,500 tons of nickel metal equivalent low nickel matte project in Emerald Bay, Indonesia	46.75	47.00	437,968.87	437,968.87	6.01	Own funds + Borrowings
Guangxi CNGR New Energy Project Phase I	63.15	63.00	28,667,612.57	11,669,451.20	5.56	Raised funds + Borrowings
Annual output of 200,000 tons of iron phosphate integration construction project in Kaiyang industrial base	52.02	52.00	1,358,825.45	1,358,825.45	4.20	Raised funds + Borrowings
Annual output of 80,000 gold tons of nickel matte refining project in southern Guangxi base	26.87	27.00	4,574,032.93	4,574,032.93	5.56	Raised funds + Borrowings
Annual output of 80,000 gold tons of nickel matte refining nickel sulfate project in western Guizhou base	19.32	19.00	2,194,749.87	2,194,749.87	3.65	Raised funds + Borrowings
CNGR New Energy (China) Headquarters Industrial Base Phase III and Expansion Project	90.66	91.00	23,613,787.69	343,614.16	5.48	Own funds + Borrowings
CNGR New Energy (China) Headquarters Industrial Base Phase V Project	53.46	53.00	4,697,726.37	1,784,596.26	5.48	Own funds + Borrowings
Total			<u>120,037,138.35</u>	<u>76,855,673.34</u>		

Note: Other decreases in the current period represent converting differences on foreign currency statements.

(3) There is no construction in progress leased in through finance leasing in the current period.

(4) There is no sign of impairment in the project in progress at the end of the period, so no impairment provision is made.

(XV) Right-of-use asset

Project	Houses and buildings	Machinery equipment	Total
I. Original book value			
1. Opening balance	23,889,790.86	201,191,872.17	<u>225,081,663.03</u>
2. Current increase	<u>20,245,635.92</u>		<u>20,245,635.92</u>
(1) Current increase	20,245,635.92		<u>20,245,635.92</u>
3. Current decrease	<u>3,402,312.33</u>	<u>201,191,872.17</u>	<u>204,594,184.50</u>
(1) Transferred to fixed assets in current period		201,191,872.17	<u>201,191,872.17</u>
(2) Other decreases	3,402,312.33		<u>3,402,312.33</u>
4. Closing balance of the period	40,733,114.45		<u>40,733,114.45</u>
II. Accumulated depreciation			
1. Opening balance	5,843,701.87	43,487,692.06	<u>49,331,393.93</u>
2. Current increase	<u>12,580,609.15</u>	<u>7,450,561.67</u>	<u>20,031,170.82</u>
(1) Accrual	12,580,609.15	7,450,561.67	<u>20,031,170.82</u>
3. Current decrease	<u>850,578.12</u>	<u>50,938,253.73</u>	<u>51,788,831.85</u>
(1) Transferred to fixed assets in current period		50,938,253.73	<u>50,938,253.73</u>
(2) Other decreases	850,578.12		<u>850,578.12</u>
4. Closing balance of the period	17,573,732.90		<u>17,573,732.90</u>
III. Provision for impairment			
1. Opening balance			
2. Current increase			
3. Current decrease			
4. Closing balance of the period			
IV. Book value			
1. Closing book value	<u>23,159,381.55</u>		<u>23,159,381.55</u>
2. Opening book value	<u>18,046,088.99</u>	<u>157,704,180.11</u>	<u>175,750,269.10</u>

Note: The amount transferred to fixed assets in this period is the original value of right-of-use assets

and accumulated depreciation correspondingly transferred to the original value of fixed assets and accumulated depreciation after the Company's finance lease contract expired and the Company exercised the preferential purchase option to convert the finance leased assets to its own assets.

(XVI) Intangible assets

1. Intangible assets

Project	Land use right	Software	Patents and Know-How	Others	Total
I. Original book value					
1. Opening balance	806,685,061.92	13,417,377.35	6,121,667.98	37,679.61	<u>826,261,786.86</u>
2. Current increase	<u>305,873,731.89</u>	<u>5,546,978.02</u>	<u>589,225.88</u>	<u>54,637.29</u>	<u>312,064,573.08</u>
(1) Acquisition	305,873,731.89	5,546,978.02	589,225.88	54,637.29	<u>312,064,573.08</u>
3. Current decrease					
4. Closing balance of the period	<u>1,112,558,793.81</u>	<u>18,964,355.37</u>	<u>6,710,893.86</u>	<u>92,316.90</u>	<u>1,138,326,359.94</u>
II. Accumulated amortization					
1. Opening balance	34,303,279.81	3,484,982.08	1,803,449.88	22,160.92	<u>39,613,872.69</u>
2. Current increase	<u>19,098,217.60</u>	<u>3,463,359.36</u>	<u>1,035,642.30</u>	<u>26,876.70</u>	<u>23,624,095.96</u>
(1) Accrual	19,098,217.60	3,463,359.36	1,035,642.30	26,876.70	<u>23,624,095.96</u>
3. Current decrease					
4. Closing balance of the period	<u>53,401,497.41</u>	<u>6,948,341.44</u>	<u>2,839,092.18</u>	<u>49,037.62</u>	<u>63,237,968.65</u>
III. Provision for impairment					
1. Opening balance					
2. Current increase					
3. Current decrease					
4. Closing balance of the period					
IV. Book value					
1. Closing book value	<u>1,059,157,296.40</u>	<u>12,016,013.93</u>	<u>3,871,801.68</u>	<u>43,279.28</u>	<u>1,075,088,391.29</u>
2. Opening book value	<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>

Note: There are no intangible assets formed through internal R&D in the end of the period.

2. There was no land use right without property right certificate at the end of the period.

(XVII) Development expenditure

Project	Opening balance	Increase in current period		Decrease in current period			Closing balance
		Internal development expenditures	Others	Include into R&D expenses	Include into operating cost	Include into inventory	
Ternary R&D projects		1,422,324,246.77		594,340,167.36	735,638,927.54	92,345,151.87	
Tetracobalt R&D projects		140,932,594.52		114,497,898.11	17,406,017.85	9,028,678.56	
Other R&D projects		272,414,324.86		220,325,623.79	50,502,089.48	1,586,611.59	
Total		<u>1,835,671,166.15</u>		<u>929,163,689.26</u>	<u>803,547,034.87</u>	<u>102,960,442.02</u>	

Note: The Company recognizes the products produced in the research and development process as inventories until they are sold to the public, and carries forward the operating costs when the external sales are realized.

(XVIII) Goodwill

1. Original carrying value of the goodwill

Name of the investee or matters forming goodwill	Opening balance	Increase in current period		Decrease in current period	Closing balance
		Formed by the combination of companies	Translation of foreign currency statements		
Debonair Holdings Private Limited		1,019,598,779.48	33,398,486.06		1,052,997,265.54
PT Jade Bay Metal Industry		264,131,650.87	8,652,028.04		272,783,678.91
Total		<u>1,283,730,430.35</u>	<u>42,050,514.10</u>		<u>1,325,780,944.45</u>

Note: There is no provision for impairment of goodwill at the end of the period.

2. Information about the asset group or combination of asset groups in which goodwill is located

Book value of goodwill	Asset group or combination of asset groups				Whether there is a change in the current period
	Main components	Book value	Determine method		
1,052,997,265.54	Long-term assets of	1,853,568,575.52	The asset group in which the goodwill is		No

Book value of goodwill	Asset group or combination of asset groups		Determine method	Whether there is a change in the current period
	Main components	Book value		
272,783,678.91	Debonair Holdings Private Limited		located is engaged in the production and sale of low nickel matte, for which there is an active market and which generates independent cash flows, and it will be recognized as a separate asset group	No
	Long-term assets of PT Jade Bay Metal Industry	1,129,232,436.68	The asset group in which the goodwill is located is engaged in the production and sale of low nickel matte, for which there is an active market and which generates independent cash flows, and it will be recognized as a separate asset group	

3. Processes and key parameters of goodwill impairment test, and recognition method of goodwill impairment loss

The Company performs impairment tests on goodwill arising from corporate consolidation at the end of each year to determine the estimated recoverable amount of each goodwill. If the recoverable amount of an asset group or a combination of asset groups is less than its book value, a corresponding impairment loss will be recognized. The recoverable amount of goodwill is determined by value in use, which is derived by discounting the expected cash flows based on the financial budget approved by the management.

The recoverable amount of the asset group of Debonair Holdings Private Limited is measured using the present value of cash flows projected using the income approach; the recoverable amount of the asset group is measured using the discounted future cash flows with a stable year growth rate of zero and a pre-tax discount rate. The forecast shows that the recoverable amount of the asset group of 4311.0874 million yuan is greater than the sum of the book value of the asset group of Debonair Holdings Private Limited of 1853.5686 million and the value of goodwill of 2101.7909 million. The goodwill of Debonair Holdings Private Limited at the end of the period was not subject to goodwill impairment provision.

The recoverable amount of the asset group of PT Jade Bay Metal Industry was projected using the present value of cash flows using the income approach; the recoverable amount of the asset group was measured using the discounted future cash flows with a stable year growth rate of zero and a pre-tax discount rate. The forecast shows that the recoverable amount of the asset group of 2556.0082 million

yuan is greater than the sum of the book value of the asset group of PT Jade Bay Metal Industry of 1,129.2324 million yuan and the value of goodwill of 544.4784 million yuan. The goodwill of PT Jade Bay Metal Industry at the end of the period is not subject to goodwill impairment provision.

(XIX) Long-term deferred expenses

Project	Opening balance	Increase in current period	Current amortization	Other decreases	Closing balance
Decoration fee and others	17,373,491.70	23,223,410.22	16,618,223.16		23,978,678.76
Total	<u>17,373,491.70</u>	<u>23,223,410.22</u>	<u>16,618,223.16</u>		<u>23,978,678.76</u>

(XX) Deferred income tax assets and liabilities

1. Deferred income tax assets without offsetting

Project	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Assets depreciation reserves	164,538,299.24	25,530,169.90	48,037,344.46	7,813,905.60
Government grants	425,090,811.04	75,793,897.31	274,263,102.71	41,139,465.40
Deductible losses	510,391,703.36	77,235,961.48	104,200,946.65	15,742,673.94
Unrealized profits from internal transactions	111,161,523.89	16,674,228.58	29,780,021.90	6,694,643.53
Changes to fair value	260,919,072.85	37,617,642.89		
Equity-settled share-based payment	55,592,375.65	8,738,902.35		
Total	<u>1,527,693,786.03</u>	<u>241,590,802.51</u>	<u>456,281,415.72</u>	<u>71,390,688.47</u>

2. Deferred income tax assets without offsetting

Project	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Pre-tax lump-sum deduction for fixed assets with a unit value of less than 5 million yuan	1,963,281,933.38	304,844,834.86	1,416,739,036.79	212,510,855.52
Total	<u>1,963,281,933.38</u>	<u>304,844,834.86</u>	<u>1,416,739,036.79</u>	<u>212,510,855.52</u>

Note: Finance and Taxation [2021] No. 6 stipulates that "if the Company purchases new equipment or apparatus with a unit value not exceeding 5 million yuan between January 1, 2018 and December 31, 2023, a lump-sum deduction is allowed for current costs and expenses in the calculation of taxable income, and depreciation will no longer be calculated in annual installments." The Company and its subsidiaries meet the requirements and have a larger amount of assets for pre-tax lump-sum deduction, thus creating a larger amount of taxable temporary differences.

3. Details of unrecognized deferred income tax assets

Project	Closing balance	Opening balance
Deductible temporary differences	325,551.50	5,891,625.47
Deductible losses	130,167,582.43	28,932,196.18
Total	<u>130,493,133.93</u>	<u>34,823,821.65</u>

4. The deductible losses on unrecognized deferred income tax assets will be due in the following year

Year of	Closing balance	Opening balance	Remarks
2023		51,919.30	
2024		4,574,968.35	
2025		5,916,940.84	
2026		18,388,367.69	
2027 and later	130,167,582.43		
Total	<u>130,167,582.43</u>	<u>28,932,196.18</u>	

(XXI) Other non-current assets

Project	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Advance payment for land	396,831,603.26		396,831,603.26	95,547,262.56		95,547,262.56
Prepaid equipment	1,880,087,149.14		1,880,087,149.14	603,963,844.32		603,963,844.32
Advance payment	220,286,594.46		220,286,594.46	35,689,181.62		35,689,181.62
Prepayment of equity investments	257,269,538.16		257,269,538.16			
Total	<u>2,754,474,885.02</u>		<u>2,754,474,885.02</u>	<u>735,200,288.50</u>		<u>735,200,288.50</u>

Note: The prepayment of equity investment represents the prepayment of US\$36,939,600 for the purchase of equity interest in Innovation West Mantewe PTE, LTD by the subsidiary, Hong Kong New Materials Trading, which has not yet been delivered as of the balance sheet date and is reported in "Other

non-current assets".

(XXII) Short-term borrowings

1. Classification of short-term borrowings

Project	Closing balance	Opening balance
Pledge + loan margin	327,336,200.00	
Mortgage + guaranteed loan		221,000,000.00
Mortgage borrowings	278,584,000.00	
Guarantee borrowings	5,660,590,603.40	3,095,633,697.39
Discounted unexpired bankers' acceptances that have not been derecognized	42,990,789.54	81,381,442.61
Interest payable	21,898,764.40	6,961,062.74
Total	<u>6,331,400,357.34</u>	<u>3,404,976,202.74</u>

Note: For details of guarantees for short-term loans, please refer to Note "XI (VI), 4. Related party guarantees"; For assets pledged and mortgaged, please refer to Note "VI. (LXII) Assets subject to restrictions on ownership or use".

2. There were no short-term borrowings due and outstanding at the end of the period.

(XXIII) Trading financial liabilities

Project	Closing balance	Opening balance
Financial liabilities measured at fair value through current profit and loss	<u>459,526,215.60</u>	<u>36,042,529.27</u>
Including: Hedging instruments - Futures	459,526,215.60	36,042,529.27
Total	<u>459,526,215.60</u>	<u>36,042,529.27</u>

(XXIV) Notes Payable

1. Classification items

Project	Closing balance	Opening balance
Bank acceptance bills	3,938,447,581.36	6,211,953,049.17
LC	336,344,965.49	488,529,410.76
Total	<u>4,274,792,546.85</u>	<u>6,700,482,459.93</u>

2. There were no notes payable due and unpaid at the end of the period.

(XXV) Accounts payable

1. Classification items

Project	Closing balance	Opening balance
Payables for construction equipment	2,002,880,721.74	1,002,403,696.47
Payables for materials	2,445,262,610.80	2,315,302,427.00
Total	<u>4,448,143,332.54</u>	<u>3,317,706,123.47</u>

2. There are no significant accounts payable aged for over 1 year at the end of the period

(XXVI) Contract liabilities

1. Contract liabilities

Project	Closing balance	Opening balance
Payment received in advance for sales of products	86,424,439.60	18,194,342.44
Total	<u>86,424,439.60</u>	<u>18,194,342.44</u>

2. There is no amount with significant changes in book value at the end of the period.

(XXVII) Accrued payroll

1. Listing of employee benefits

Item Contents	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Short-term remuneration	128,399,155.20	1,136,956,012.65	1,063,639,832.75	201,715,335.10
II. In post-employment benefits - defined contribution plan liabilities		63,371,712.11	61,785,649.13	1,586,062.98
III. Termination benefits		2,952,730.26	2,540,710.78	412,019.48
Total	<u>128,399,155.20</u>	<u>1,203,280,455.02</u>	<u>1,127,966,192.66</u>	<u>203,713,417.56</u>

2. Listing of short-term benefits

Item Contents	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Salaries, bonuses, allowances and subsidies	128,123,810.71	1,015,429,550.79	946,004,765.38	197,548,596.12
II. Employee benefits (excluding non- monetary benefits)		52,732,616.63	52,732,616.63	
III. Social insurance premiums		<u>36,901,465.13</u>	<u>34,265,472.84</u>	<u>2,635,992.29</u>
Including: 1. Basic medical insurance premiums		32,990,488.94	30,397,219.79	2,593,269.15
2. Work-related injury insurance premiums		3,755,074.04	3,712,488.10	42,585.94

Item Contents	Opening balance	Increase in current period	Decrease in current period	Closing balance
3. Others		155,902.15	155,764.95	137.20
IV. Housing fund	248,540.00	30,244,255.14	28,985,370.14	1,507,425.00
V. Trade union funds	26,804.49	640,408.16	643,890.96	23,321.69
VI. Employee education funds		1,007,716.80	1,007,716.80	
Total	<u>128,399,155.20</u>	<u>1,136,956,012.65</u>	<u>1,063,639,832.75</u>	<u>201,715,335.10</u>

3. Listing of defined contribution plan

Project	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Basic pension plan		60,787,482.21	59,267,847.57	1,519,634.64
II. Unemployment insurance premiums		2,584,229.90	2,517,801.56	66,428.34
Total		<u>63,371,712.11</u>	<u>61,785,649.13</u>	<u>1,586,062.98</u>

4. Termination benefits

Project	Current contribution amount	Outstanding amount due at the end of the period
Compensation for termination of labor relations of employees	2,540,710.78	412,019.48
Total	<u>2,540,710.78</u>	<u>412,019.48</u>

(XXVIII) Taxes and fees payable

Tax items	Closing balance	Opening balance
VAT	7,910,128.32	153,816.00
Corporate income tax	94,391,745.87	1,261,784.89
Housing property tax	139,593.68	
Withheld and remitted individual income tax	4,711,022.21	1,743,785.99
City maintenance and construction tax	1,412,704.32	635,511.43
Education surcharge and local education surcharge	1,035,827.03	453,936.74
Stamp duty	15,740,508.23	5,739,452.68
Land use tax	77,112.25	
Others	7,273,195.38	1,137,913.16
Total	<u>132,691,837.29</u>	<u>11,126,200.89</u>

(XXIX) Other payables

1. Summary statement

Project	Closing balance	Opening balance
Interest payable		
Dividend payable		
Other payables	420,151,893.53	43,869,403.39
Total	<u>420,151,893.53</u>	<u>43,869,403.39</u>

2. Other payables

(1) Other payables presented by the nature of the payment

Nature of receivables	Closing balance	Opening balance
Restricted stock repurchase obligation	255,485,624.95	
Receipt of subscriptions for shares of the employee stock ownership plans	100,000,000.02	
Others	39,403,328.16	27,673,859.46
Security deposit	25,262,940.40	16,195,543.93
Total	<u>420,151,893.53</u>	<u>43,869,403.39</u>

Note 1: The restricted stock repurchase obligation is for the grant of restricted stock to equity incentive objects forming other payables of 255,485,624.95 yuan, as detailed in Note VI, (XXXVIII) Related disclosures of equity.

Note 2: The subscriptions received on behalf of the employee stock ownership plan is the subscriptions received on behalf of the executives. The Company held the Thirty-eighth Meeting of the First Session of Board of Directors and the Third Extraordinary General Meeting of 2022 on November 14, 2022 and November 30, 2022, respectively, to consider and adopt the "Proposal on the Company's <Employee Stock Ownership Plan (Draft) in 2022> and its Summary" and other related proposals. At the same time, the Company signed the "Trust Contract for Employee Stock Ownership Collective Fund Trust Plan of Shaanxi International Trust Co., Ltd. - CNCR in 2022" with Shaanxi International Trust Co., Ltd. on behalf of the "Employee Stock Ownership Plan of CNCR Advanced Material Co., Ltd. in 2022". As of the balance sheet date, the Employee Stock Ownership Plan has not yet begun to be purchased through the secondary market.

(2) There are no significant other accounts payable aged for over 1 year at the end of the period

(XXX) Non-current liabilities due within one year

Project	Closing balance	Opening balance
Long-term borrowings due within 1 year	1,039,967,309.05	383,041,287.05
Lease liabilities due within 1 year	36,922,158.30	29,225,445.77
Total	<u>1,076,889,467.35</u>	<u>412,266,732.82</u>

(XXXI) Other non-current liabilities

Project	Closing balance	Opening balance
Bankers' acceptances endorsed and not yet due that have not been derecognized	145,693,206.46	242,546,602.22
Output VAT to be transferred	11,235,177.13	2,365,264.52
Total	<u>156,928,383.59</u>	<u>244,911,866.74</u>

(XXXII) Long-term borrowings

1. Classification by borrowing conditions

Categories of borrowing conditions	Closing balance	Opening balance
Mortgage + guaranteed loan	3,228,841,287.18	2,432,272,617.23
Pledge + loan margin	3,247,988,176.63	
Mortgage borrowings	938,011,125.00	
Guarantee borrowings	5,191,053,499.04	120,000,000.00
Total	<u>12,605,894,087.85</u>	<u>2,552,272,617.23</u>

Note: For details of guarantees for long-term loans, please refer to Note "XI (VI), 4. Related party guarantees"; For assets pledged and mortgaged, please refer to Note "VI. (LXII) Assets subject to restrictions on ownership or use".

2. There were no long-term borrowings due and outstanding at the end of the period.

(XXXIII) Bonds Payable

1. Bonds payable

Project	Closing balance	Opening balance
Green bonds project of \$100 million	696,947,557.80	
Green bonds project of \$140 million	990,439,093.27	
Total	<u>1,687,386,651.07</u>	

2. Increase or decrease of bonds payable

Name of Bonds	Book value	Issue date	Bond maturity	Issue amount	Opening balance
CNGRAM 4.55 03/03/27 XS2446770880	696,460,000.00	March 3, 2022	5-year	696,460,000.00	
CNGRAM 5.7 09/05/25 XS2523255060	975,044,000.00	September 5, 2022	3-year	975,044,000.00	
Total	<u>1,671,504,000.00</u>			<u>1,671,504,000.00</u>	

Continued from above table:

Current issue	Accrued interest at face value	Premium and discount amortization	Repayment in the current period	Closing balance
696,460,000.00	26,407,441.69	-10,075,418.89	15,844,465.00	696,947,557.80
975,044,000.00	18,525,836.00	-3,130,742.73		990,439,093.27
Total	<u>44,933,277.69</u>	<u>-13,206,161.62</u>	<u>15,844,465.00</u>	<u>1,687,386,651.07</u>

3. No convertible bonds were issued in the current period.

(XXXIV) Lease liabilities

Project	Closing balance	Opening balance
Operating lease payable	8,726,582.84	12,531,385.69
Total	<u>8,726,582.84</u>	<u>12,531,385.69</u>

(XXXV) Long-term payables

1. Summary statement

Project	Closing balance	Opening balance
Long-term payables	19,958,622.15	55,687,661.36
Special accounts payable		
Total	<u>19,958,622.15</u>	<u>55,687,661.36</u>

2. Long-term payables

Borrowing unit	Closing balance	Opening balance
Financing sale and leaseback payable	19,958,622.15	55,687,661.36
Total	<u>19,958,622.15</u>	<u>55,687,661.36</u>

(XXXVI) Deferred income

1. Classification items

Project	Opening balance	Increase in current period	Decrease in current period	Closing balance	Cause of formation
Government grants	274,263,102.71	228,013,000.00	77,185,291.67	425,090,811.04	Government subsidies
Total	<u>274,263,102.71</u>	<u>228,013,000.00</u>	<u>77,185,291.67</u>	<u>425,090,811.04</u>	

2. Information on government subsidies:

Project	Opening balance	Current increase Subsidy amount	Amount included in current other income	Other changes	Closing balance	Pertinent to assets / income
CNGR New Energy Project Phase I industrial support funds grant	81,842,289.01		7,010,281.32		74,832,007.69	Related to assets
Industrial support funds of Kaiyang County Bureau of Industry and Information Technology in 2022		117,960,000.00	47,657,243.45		70,302,756.55	Related to income
Government subsidies for attract investment		50,000,000.00			50,000,000.00	Related to income
Project subsidy for the R&D pilot workshop of lithium-ion battery cathode material production base	28,524,305.56		5,542,351.44		22,981,954.12	Related to assets
Special subsidy funds for major science and technology	3,000,000.00	15,000,000.00			18,000,000.00	Related to assets
Subsidy for idle assets revitalization funds (Litian project)	14,169,900.00	3,028,000.00			17,197,900.00	Related to assets
[2022] Subsidies for electric facilities		15,000,000.00			15,000,000.00	Related to assets
Comprehensive utilization of resources and lithium battery recycling phase II project		15,000,000.00			15,000,000.00	Related to assets
Financial subsidies for the settlement of the new energy industrial park phase II	12,000,000.00				12,000,000.00	Related to assets
Special subsidy funds for the development of advanced energy storage materials industry in Changsha in 2020	10,000,000.00		83,333.33		9,916,666.67	Related to assets
Subsidy for industrialization project of comprehensive recovery and recycling of waste lithium-ion batteries	11,250,000.00		1,500,000.00		9,750,000.00	Related to assets

Project	Opening balance	Current increase Subsidy amount	Amount included in current other income	Other changes	Closing balance	Pertinent to assets / income
Subsidy for the project of intelligent workshop of ternary cathode materials for high performance power type lithium-ion batteries with an annual output of 15,000 tons	10,201,540.01		1,569,467.53		8,632,072.48	Related to assets
Government-guided investment funds	8,639,779.92		859,086.36		7,780,693.56	Related to assets
Subsidy for the western base phase I of ternary cathode material precursors for high-performance power lithium-ion batteries	7,848,022.62	800,000.00	882,039.72		7,765,982.90	Related to assets
Special funds for ecological civilization construction	8,989,473.82		1,284,210.48		7,705,263.34	Related to assets
Subsidy for green transformation project of ternary cathode material precursors for lithium-ion batteries with an annual output of 10,000 tons	8,693,877.60		1,602,040.80		7,091,836.80	Related to assets
Subsidy funds for 131 sets of testing equipment such as ultra-high-speed specific surface area analyzer and oxygen-hydrogen analyzer	7,186,666.67		770,000.04		6,416,666.63	Related to assets
Subsidies for green manufacturing system integration projects	7,350,000.00		1,350,000.00		6,000,000.00	Related to assets
Construction project for the production workshop of 30,000 tons per year of safe and high-rate power type lithium-ion battery cathode materials	6,541,666.66		98,039.20	500,000.04	5,943,627.42	Related to assets
Policy incentive funds for advanced manufacturing industry in Xiangjiang New Area in 2021		6,000,000.00	103,448.28		5,896,551.72	Related to assets
Investment contract fulfillment (subsidized interest for fixed asset) phase II project		4,025,000.00			4,025,000.00	Related to assets
Subsidy for major high-quality industrial projects	4,352,414.28		620,056.20		3,732,358.08	Related to assets
Subsidy for the second batch of standard factory buildings of the upgraded version of "135" project	3,576,780.14		344,597.52		3,232,182.62	Related to assets
Subsidy funds for investment of District Management Committee	3,515,000.00		380,000.04		3,134,999.96	Related to assets
Equipment subsidy for Ningxiang Bureau of Economy and Information Technology	3,000,000.00				3,000,000.00	Related to assets

Project	Opening balance	Current increase Subsidy amount	Amount		Closing balance	Pertinent to assets / income
			included in current other income	Other changes		
Subsidy for the production base project of tricobalt tetraoxide for lithium-ion batteries with an annual production capacity of 5000 tons	2,851,063.83		510,638.28		2,340,425.55	Related to assets
Subsidy for technological transformation of industrial companies in 2020	2,564,705.89		282,352.92		2,282,352.97	Related to assets
Special funds for energy saving and emission reduction	2,412,121.12		228,548.67		2,183,572.45	Related to assets
Capital construction investment within the provincial budget in 2021 - subsidies for special manufacturing innovation	2,000,000.00				2,000,000.00	Related to assets
Summary of sporadic subsidies	23,753,495.58	1,200,000.00	3,587,556.05	420,000.00	20,945,939.53	Related to assets
Total	<u>274,263,102.71</u>	<u>228,013,000.00</u>	<u>76,265,291.63</u>	<u>920,000.04</u>	<u>425,090,811.04</u>	

(XXXVII) Other non-current liabilities

Item Contents	Closing balance	Opening balance
Government subsidy advances	83,025,800.00	151,960,750.00
Borrowing Funds	805,909,565.36	
Total	<u>888,935,365.36</u>	<u>151,960,750.00</u>

Note 1: The government subsidy advance at the end of the period was obtained from the local government by Hunan CNGR New Energy Science & Technology Co., Ltd., a subsidiary of the Company. The amount of the above subsidy advance is settled in accordance with the requirements of this agreement on the basis of the principle of refund for any overpayment or a supplemental payment for any deficiency, and is recognized as government subsidy according to the amount after settlement.

Note 2: Funds split at the end of the period include: subsidiary PT DNI - PT Debonair Nickel Indonesia split funds of 717,415,466.38 yuan to minority shareholder DEBONAIR NICKEL PRIVATE LIMITED for the period from July 25, 2022 to July 24, 2025, with borrowings at an annual interest rate of one-year Libor+220BP; subsidiary PT Zhongtsing New Energy split funds of 71,548,287.51 yuan to minority shareholder RIGQUEZA INTERNATIONAL PTE. LTD for the period from May 30, 2022 to May 29, 2025, with borrowings at an annual interest rate of one-year Libor +350BP; subsidiary PT Jade Bay Metal Industry split funds of 16,945,811.46 yuan to minority shareholder DEBONAIR NICKEL PRIVATE LIMITED for the period from July 25, 2022 to July 24, 2025, with borrowings at an annual interest rate of one-year Libor +220BP.

(XXXVIII) Share capital

Project	Opening balance	Increase/decrease in current period (+/-)				Closing balance	
		New issue	Bonus issue	Capitalisation of reserve funds	Others		Total
I. Sale of shares with restricted conditions	<u>454,610,453.00</u>	<u>64,960,523.00</u>			<u>-37,119,027.00</u>	<u>27,841,496.00</u>	<u>482,451,949.00</u>
1. State holding							
2. State-owned legal person holding	11,630,345.00	7,558,384.00			-3,558,745.00	3,999,639.00	15,629,984.00
3. Other domestic capital holding	<u>436,712,098.00</u>	<u>51,936,293.00</u>			<u>-27,292,272.00</u>	<u>24,644,021.00</u>	<u>461,356,119.00</u>
Including: domestic legal person holding	413,632,511.00	46,284,495.00			-25,124,111.00	21,160,384.00	434,792,895.00
Domestic natural person holding	23,079,587.00	5,651,798.00			-2,168,161.00	3,483,637.00	26,563,224.00
4. Foreign shareholding	<u>6,268,010.00</u>	<u>5,465,846.00</u>			<u>-6,268,010.00</u>	<u>-802,164.00</u>	<u>5,465,846.00</u>
Among them: overseas legal person holding	6,268,010.00	5,425,296.00			-6,268,010.00	-842,714.00	5,425,296.00
Overseas natural person holding		40,550.00				40,550.00	40,550.00
II. Shares outstanding with no restriction on sale	<u>151,062,600.00</u>				<u>37,119,027.00</u>	<u>37,119,027.00</u>	<u>188,181,627.00</u>
1. RMB ordinary shares	151,062,600.00				37,119,027.00	37,119,027.00	188,181,627.00
2. Domestically listed foreign shares							
3. Overseas listed foreign shares							
4. Others							
Total	<u>605,673,053.00</u>	<u>64,960,523.00</u>				<u>64,960,523.00</u>	<u>670,633,576.00</u>

Note 1: On April 13, 2022, the Twenty-ninth Meeting of the First Session of Board of Directors of the Company considered and passed the Proposal on Adjusting the List of Partial Incentive Objects for the First Grant of the 2022 Restricted Stock Incentive Plan and the Grant Quantity, and the Proposal on the First Grant of Restricted Stock to the Incentive Objects of the Company, in view of the achievement of the grant conditions stipulated in the 2022 Restricted Stock Incentive Plan, April 13, 2022 was determined as the first grant date of the Equity Incentive Plan, and 3,993,835.00 restricted shares with par value of 1.00 yuan per share were granted to 903 incentive objects for the first time, and the grant price was 63.97 yuan per share, and the actual amount of subscription received was 255,485,624.95 yuan, of which 3,993,835.00 yuan was included in share capital and 251,491,789.95 yuan was included in capital surplus - capital premium.

Note 2: As approved by the China Securities Regulatory Commission under the document "SEC License [2022] No. 2140", the Company completed the issuance of 60,966,688 domestically listed RMB ordinary shares (A-share) with par value of 1.00 yuan per share to specific objects in November 2022 at an issue price of 70.65 yuan per share, raising total proceeds of 4,307,296,507.20 yuan, and the net proceeds after deducting the issue expenses (excluding tax) were 4,272,871,066.92 yuan, of which 60,966,688.00 yuan was included in share capital and 4,211,904,378.92 yuan was included in capital surplus - capital premium.

(XXXIX) Capital surplus

Project	Opening balance	Increase in current period	Decrease in current period	Closing balance
Share premium	7,738,822,426.83	5,391,838,063.20		13,130,660,490.03
Other capital reserves	102,113,445.20	78,005,845.20		180,119,290.40
Total	<u>7,840,935,872.03</u>	<u>5,469,843,908.40</u>		<u>13,310,779,780.43</u>

Note 1: Share premium increased by 5,391,838,063.20 yuan during the period, of which, the issue of domestically listed RMB ordinary shares to specific objects increased capital surplus - capital premium by 4,211,904,378.92 yuan, the grant of restricted shares to equity incentive objects formed capital surplus - capital premium by 251,488,022.18 yuan (including the issuance registration fee of 3,767.77 yuan for offsetting capital surplus - capital premium). For details, please refer to the relevant disclosures in Note VI, (XXXVIII) Equity; In addition, subsidiaries Hunan CNGR New Energy Science & Technology Co., Ltd. and Guizhou CNGR Resource Recycling Industry Development Co., Ltd. increased capital surplus - share capital premium by 686,791,460.98 yuan and 241,654,201.12 yuan, respectively, due to the introduction of minority shareholders.

Note 2: The share-based payment accrued for the equity incentive of 79,429,480.95 yuan, of which the portion attributable to the parent Company of 78,005,845.20 yuan was included in capital surplus - other capital surplus and the portion attributable to minority shareholders of 1,423,635.75 yuan was included in minority interests.

(XL) Treasury shares

Project	Opening balance	Increase in current period	Decrease in current period	Closing balance
Treasury shares		255,485,624.95		255,485,624.95
Total		<u>255,485,624.95</u>		<u>255,485,624.95</u>

Note: The Company granted restricted shares to the equity incentive objects during the period and recognized a liability for the repurchase obligation, increasing treasury shares by 255,485,624.95 yuan.

(XLI) Other comprehensive income

Project	Opening balance	Current period Amount incurred before income tax	Current amount incurred		Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	Closing balance
			Less: Amount included in other comprehensive income in the prior period but transferred to current profit and loss	Less: Amount included in other comprehensive income in the prior period but retained earnings in the current period				
I. Other comprehensive income that cannot be reclassified into profits or losses								
Changes in fair value of investment in other equity instruments		-119,709,171.22			-35,740,371.08	-83,968,800.14		-83,968,800.14
II. Other comprehensive income that can be reclassified into profits or losses								
1. Other comprehensive income that can be transferred into profits or losses under the equity method								
2. Effective portion of cash flow hedge		-63,036,414.72				-63,036,414.72		-63,036,414.72
3. Translation difference in the foreign currency financial statements								
	-1,384,928.78	112,640,278.65				113,071,450.48	-431,171.83	111,686,521.70
Total	<u>-1,384,928.78</u>	<u>-73,431,265.74</u>			<u>-35,740,371.08</u>	<u>-37,259,722.83</u>	<u>-431,171.83</u>	<u>-38,644,651.61</u>

(XLII) Special reserve

Project	Opening balance	Increase in current period	Decrease in current period	Closing balance
Safety production costs	377,571.38	18,064,287.56	12,439,097.10	6,002,761.84
Total	<u>377,571.38</u>	<u>18,064,287.56</u>	<u>12,439,097.10</u>	<u>6,002,761.84</u>

Note: According to the "Management Measures for the Withdrawal and Use of Safety Production Expenses of the Company" (Finance and Enterprise [2012] No. 16), the hazardous materials production and storage company takes the actual operating income of the previous year as the basis for accrual, and adopts the over-regressive method to withdraw the safety production expenses on an average monthly basis according to the standard. The Company's subsidiaries, Guizhou CNGR Resource Recycling Industry Development Co., Ltd. and Guangxi CNGR New Energy Science & Technology Co., Ltd. began production and sales of hazardous materials in May 2018 and September 2022, respectively. Therefore, the safety production expenses is provided for this year based on the actual operating revenue of the previous year.

(XLIII) Surplus Reserves

Project	Opening balance	Increase in current period	Decrease in current period	Closing balance
Legal surplus reserve	84,134,646.66	101,496,140.96		185,630,787.62
Total	<u>84,134,646.66</u>	<u>101,496,140.96</u>		<u>185,630,787.62</u>

Note: The increase in legal surplus reserve for the current period is accrued based on 10% of the parent company's net profit.

(XLIV) Undistributed profits

Project	Amount in current period	Amount in last period
Undistributed profit at the end of the prior period	1,302,756,765.40	469,507,185.53
Current opening undistributed profits	1,302,756,765.40	469,507,185.53
More: Net profits attributable to owners of the parent company in the period	1,543,528,759.67	938,952,084.15
Less: Extraction of legal surplus reserve	101,496,140.96	60,130,504.28
Ordinary shares dividends payable	101,753,037.79	45,572,000.00
Undistributed profits at the end of the period	<u>2,643,036,346.32</u>	<u>1,302,756,765.40</u>

(XLV) Operating incomes and operating costs

1. Operating incomes and operating costs

Project	Amount incurred in current period		Amount incurred in previous period	
	Revenue	Costs	Revenue	Costs
Principal Businesses	28,816,565,468.74	25,391,075,331.76	19,720,049,539.14	17,409,008,180.50
Other Business	1,527,176,129.96	1,454,794,394.40	352,441,783.78	346,780,874.93
Total	<u>30,343,741,598.70</u>	<u>26,845,869,726.16</u>	<u>20,072,491,322.92</u>	<u>17,755,789,055.43</u>

2. Revenue generated from contracts

Contract classification	Total
Goods type	
Ternary precursors	24,627,655,637.99
Cobalt tetraoxide	3,194,732,133.55
Entrusted processing	136,236,178.43
Others	2,385,117,648.73
Total	<u>30,343,741,598.70</u>
Classified by business area	
Chinese mainland	20,124,343,395.90
Other regions in China	19,649.56
Korea	4,603,069,949.80
Other countries	5,616,308,603.44
Total	<u>30,343,741,598.70</u>
Market or customer type	
Lithium cathode precursor material market	30,343,741,598.70
Total	<u>30,343,741,598.70</u>
Classification by sales channel	
Self-operated	27,822,387,771.54
Machining	136,236,178.43
Others	2,385,117,648.73
Total	<u>30,343,741,598.70</u>

3. Description of performance obligations

(1) Product sales business

For domestic sales, the customer will sign the delivery order (or logistics bill) after the customer has inspected and signed for the goods, and the company will complete the performance obligation upon receiving the delivery order (or logistics bill) signed by the customer; for export, the company will arrange the third party logistics to send the goods to the port for loading and customs clearance for export, and the company will complete the performance obligation upon obtaining the bill of lading.

(2) Raw material sales business

For raw materials settled according to the contract amount, the performance obligation is completed when the customer inspects and signs the goods and the company receives the delivery note signed by the customer; for raw materials settled according to the actual test results of metal content, the performance obligation is completed when the company obtains the settlement bill confirmed by both parties.

(3) Provision of labor services

The company provides labor services mainly for precursor material processing business, after the processing is completed, the customer inspects and signs the goods, and then the customer signs and confirms on the delivery order (or logistics bill), and the company will complete the performance obligation upon receiving the delivery note (or logistics bill) signed by the customer.

4. Description of the apportionment to remaining performance obligations

At the end of this reporting period, the amount of income corresponding to the performance obligations that have received orders but have not been fulfilled or completed was RMB 86,424,439.60, among which RMB 86,424,439.60 was expected to be recognized in 2023.

(XLVI) Tax and surcharges

Project	Amount incurred in current period	Amount incurred in previous period
City maintenance and construction tax	12,912,349.17	10,397,614.61
Education surcharge and local education surcharge	10,064,142.77	7,781,347.85
Housing property tax	22,853,826.86	11,693,952.51
Land use tax	6,688,844.97	5,095,627.26
Stamp duty	46,991,566.35	24,602,942.38
Others	342,402.94	80,146.87
Total	<u>99,853,133.06</u>	<u>59,651,631.48</u>

(XLVII) Selling expenses

Nature of expenses	Amount incurred in current period	Amount incurred in previous period
Employee remuneration	29,114,629.63	26,537,399.47
Sales and service fees	8,439,966.74	5,145,840.00
Travel expenses	5,146,020.69	2,755,633.33
Hospitality fee	2,551,081.40	3,446,300.71
Insurance premiums	1,210,890.51	1,191,013.71
Others	9,814,166.47	6,078,973.37
Total	<u>56,276,755.44</u>	<u>45,155,160.59</u>

(XLVIII) Administrative expenses

Nature of expenses	Amount incurred in current period	Amount incurred in previous period
Employee remuneration	312,761,090.52	173,636,002.73
Share payment	52,524,636.57	28,323,334.98
Agency fee	35,933,074.91	13,984,236.83
Depreciation and amortization	56,639,383.01	34,643,570.62
Business entertainment expenses	20,344,358.70	5,330,495.70
Travel expenses	12,650,253.62	4,468,682.96
Office expenses	8,972,898.81	3,562,649.74
Rental fee	6,214,160.53	1,083,475.47
Property management fees	7,193,185.14	4,581,413.84
Installation costs	3,861,015.20	5,928,956.69
Utilities	3,503,429.24	2,648,223.35
Insurance premiums	1,563,744.21	3,137,024.88
Others	33,255,414.03	16,644,190.48
Total	<u>555,416,644.49</u>	<u>297,972,258.27</u>

(IL) R&D expenses

Nature of expenses	Amount incurred in current period	Amount incurred in previous period
Employee remuneration	166,439,194.27	78,959,373.09
Material consumption	691,446,884.67	606,945,658.15
Depreciation and amortization	24,314,249.68	14,670,174.99
Others	46,963,360.64	68,620,949.09
Total	<u>929,163,689.26</u>	<u>769,196,155.32</u>

(L) Financial expenses

Nature of expenses	Amount incurred in current period	Amount incurred in previous period
Interest Charges	527,772,462.31	105,483,048.09
Less: Interest income	89,932,969.16	27,704,468.72
Banking charges	42,384,940.84	26,322,491.72
Exchange gains or losses	21,694,498.13	1,984,013.82
Others		20,660.35
Total	<u>501,918,932.12</u>	<u>106,105,745.26</u>

(LI) Other gains

Project	Amount incurred in current period	Amount incurred in previous period
Industrial development support funds	216,528,959.40	137,044,570.60
Import and export incentive subsidies	51,350,083.18	
Subsidy for industrial projects in the Free Trade Zone Industrial Service Center Lot 2# - for science and technology innovation	50,000,000.00	
Industrial support funds of Kaiyang County Bureau of Industry and Information Technology in 2022	47,657,243.45	
Subsidy for industrial projects in the Free Trade Zone Industrial Service Center Lot 3# - for science and technology innovation	32,256,300.00	
Electricity consumption incentive funds and electricity subsidies	24,234,900.00	27,264,481.80
Government subsidy funds from Finance Bureau of Guizhou Dalong Economic Development Zone	22,230,200.00	
Annual Support Funds in 2021	7,458,304.94	
CNGR New Energy Project Phase I industrial support funds grant	7,010,281.32	5,257,710.99
Subsidy funds for projects of "1+N" companies	6,000,000.00	
Project subsidy for the R&D pilot workshop of lithium-ion battery cathode material production base	5,542,351.44	1,475,694.44
Incentive funds for leading companies	3,000,000.00	
Social security subsidies	2,626,253.22	313,623.37
Subsidies for attracting investment to the market	2,400,000.00	
Subsidy for R&D	2,002,900.00	3,285,200.00
Incremental subsidy for transformation tax		2,603,900.00
Subsidies for earning foreign exchange through export		7,137,000.00
Incentive funds for listed companies from 2018 to 2020		3,500,000.00
Summary of sporadic subsidies	27,885,393.22	17,433,718.33
Total	<u>508,183,170.17</u>	<u>205,315,899.53</u>

(LII) Investment income

Source of investment income	Amount incurred in current period	Amount incurred in previous period
Investment income earned on maturity of financial products classified as trading financial assets	1,735,995.79	1,498,142.41
Long-term equity investment income accounted for under the equity method	-649,264.47	-438,711.65
Discount interest on bankers' acceptances that meet the conditions for derecognition	-80,353,570.95	-111,104,791.73

Source of investment income	Amount incurred in current period	Amount incurred in previous period
Dividend income from investments in other equity instruments during the holding period	2,293,364.22	
Gains from ineffective hedging of positions	3,995,600.29	917,994.80
Total	<u>-72,977,875.12</u>	<u>-109,127,366.17</u>

(LIII) Gains from changes in fair value

The sources of gains from changes in fair value	Amount incurred in current period	Amount incurred in previous period
Gains from changes in fair value of financial liabilities held for trading	4,715,929.19	-5,288,680.20
Total	<u>4,715,929.19</u>	<u>-5,288,680.20</u>

(LIV) Credit impairment loss

Project	Amount incurred in current period	Amount incurred in previous period
Bad loans on accounts receivable (Fill in loss with "-")	-6,115,733.96	-31,908,469.60
Bad loans of other receivables (Fill in loss with "-")	935,056.36	
Total	<u>-5,180,677.60</u>	<u>-31,908,469.60</u>

(LV) Loss from impairment of assets

Item Contents	Amount incurred in current period	Amount incurred in previous period
Inventory falling price reserve (Fill in loss with "-")	-122,894,474.73	-30,551,206.53
Total	<u>-122,894,474.73</u>	<u>-30,551,206.53</u>

(LVI) Gains from asset disposals

Project	Amount incurred in current period	Amount incurred in previous period
Losses from disposal of assets not classified as non-current assets held for sale	-91,840.14	-19,324.37
Total	<u>-91,840.14</u>	<u>-19,324.37</u>

(LVII) Non-operating income

1. Listed by projects

Item Contents	Amount incurred in current period	Amount incurred in previous period
Gains from retirement of non-current assets	11,079.43	
Government grants	10,020,000.00	
Indemnity income	8,206,991.10	1,510,000.00
Penalty and confiscatory income	4,120,306.59	
Others	3,542,953.80	1,326,782.94
Total	<u>25,901,330.92</u>	<u>2,836,782.94</u>

Note: Current non-operating incomes are non-recurring profit and loss.

2. Details of government subsidies

Item of subsidy	Amount incurred in current period	Amount incurred in previous period
Investment Promotion Award [2022] No.12 of Ningxiang National Economic and Technological Development Zone Management Committee	10,000,000.00	
Others	20,000.00	
Total	<u>10,020,000.00</u>	

(LVIII) Non-operating expenses

Item Contents	Amount incurred in current period	Amount incurred in previous period
Losses on retirement of non-current assets	2,841,025.67	
Donation	1,731,517.12	1,100,000.00
Compensation expenditures	397,588.52	
Others	562,630.78	1,021,582.42
Total	<u>5,532,762.09</u>	<u>2,121,582.42</u>

Note: Current non-operating expenses are non-recurring profit and loss

(LIX) Income tax expenses

1. Statement of income tax expenses

Item Contents	Amount incurred in current period	Amount incurred in previous period
Income tax expenses	<u>153,020,085.82</u>	<u>129,558,129.78</u>
Including: Current income tax	193,796,930.65	54,569,304.27
Deferred income tax	-40,776,844.83	74,988,825.51

2. Adjustment process of accounting profits and income tax expenses

Project	Amount incurred in current period	Amount incurred in previous period
Total profits	1,687,365,518.77	1,067,757,369.75
Income tax expenses calculated at the applicable tax rate	253,104,827.82	266,939,342.44
Impact of different tax rates on certain components	23,005,661.47	-106,260,031.00
Non-taxable income	-2,718,220.95	
Impact of non-deductible costs, expenses and losses	4,798,710.78	7,293,441.33
Impact of additional deduction	-133,000,427.21	-27,757,022.94
Impact of the unrecognized deductible temporary differences and deductible losses	8,915,695.31	2,564,010.92
Adjustments to current income taxes for previous period	1,535,738.45	
Impact of tax credits for environmental protection equipment	-2,621,899.85	-13,221,610.97
Total	<u>153,020,085.82</u>	<u>129,558,129.78</u>

(LX) Notes to items of the consolidated statement of cash flow

1. Other cash received in connection with operating activities

Project	Amount incurred in current period	Amount incurred in previous period
Government subsidies received	601,015,928.54	276,344,606.37
Security and deposit received	1,030,000.00	28,152,069.44
Government subsidy advances received		112,335,750.00
Interest income	89,932,969.16	27,704,468.72
Receipt of subscriptions for shares of the employee stock ownership plans	100,000,000.02	
Others	5,607,640.24	883,619.53
Total	<u>797,586,537.96</u>	<u>445,420,514.06</u>

2. Other cash paid in connection with operating activities

Project	Amount incurred in current period	Amount incurred in previous period
Various types of margin deposits paid	127,917,800.21	826,728,109.32
Security and deposit paid	55,745,082.40	10,540,680.82
Out-of-pocket period expenses	178,698,513.14	174,740,119.34
Others	2,691,736.42	1,871,782.17

Project	Amount incurred in current period	Amount incurred in previous period
Total	<u>365,053,132.17</u>	<u>1,013,880,691.65</u>

3. Other Cash Received Relating to Investing Activities

Project	Amount incurred in current period	Amount incurred in previous period
Investment performance bond recovered	1,050,000.00	16,072,400.00
Salary security deposit recovered	780,798.40	1,880,000.00
Land security deposit recovered		1,238,000.00
Construction permission security deposit recovered	498,263.00	600,000.00
Total	<u>2,329,061.40</u>	<u>19,790,400.00</u>

4. Other cash paid relating to investing activities

Project	Amount incurred in current period	Amount incurred in previous period
Investment performance bond paid		12,000,000.00
Land security deposit paid		30,075,607.29
Salary security deposit paid		440,000.00
Construction permission security deposit paid		50,000.00
Total		<u>42,565,607.29</u>

5. Other cash received related to financing activities

Project	Amount incurred in current period	Amount incurred in previous period
Financing sale and leaseback received		55,000,000.00
Notes discount financing funds	464,420,474.03	1,985,930,556.79
Borrowed loans from minority shareholders received	805,909,565.36	
Finance lease security deposit recovered	2,782,171.00	7,712,176.07
Total	<u>1,273,112,210.39</u>	<u>2,048,642,732.86</u>

6. Other cash paid relating to financing activities

Project	Amount incurred in current period	Amount incurred in previous period
Rent on finance lease and leaseback paid	22,971,185.46	138,479,772.85

Project	Amount incurred in current period	Amount incurred in previous period
Finance lease security deposit and commission paid		8,226,000.00
Cash paid for notes discount financing	1,951,332,952.13	913,148,976.02
Security deposit paid for L/C financing	290,209,125.00	289,985,913.69
Issuing expenses paid	49,001,966.42	9,301,416.61
Total	<u>2,313,515,229.01</u>	<u>1,359,142,079.17</u>

(LXI) Supplementary information of cash flow statement

1. Cash flow from adjusting net profits into operating activities

Supplementary information	Amount incurred in current period	Amount incurred in previous period
I. Cash Flow from Adjusting Net Profits Into Operating Activities		
Activities		
Net profit	1,534,345,432.95	938,199,239.97
Add: Reserve for assets depreciation	122,894,474.73	30,551,206.53
Credit impairment loss	5,180,677.60	31,908,469.60
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	480,917,069.87	213,830,485.13
Amortization of right-of-use assets	20,031,170.82	44,127,965.78
Amortization of intangible assets	18,447,473.04	15,577,309.29
Amortization of long-term deferred expenses	16,618,223.16	5,411,920.41
Losses on Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets (Fill in gains with "-")	91,840.14	19,324.37
Losses on retirement of fixed assets (Fill in gains with "-")	2,829,946.24	227,165.29
Losses from changes in fair value (Fill in gains with "-")	-4,715,929.19	5,288,680.20
Financial expenses (Fill in income with "-")	572,198,449.96	110,693,061.91
Investment loss (Fill in income with "-")	-7,375,695.83	-1,977,425.56
Decrease in deferred income tax assets (Fill in increase with "-")	-133,110,824.17	-27,230,361.43
Increase in deferred income tax liabilities (Fill in decrease with "-")	92,333,979.34	102,219,186.94
Decrease in Inventory (Fill in Increase with "-")	-4,878,289,119.74	-3,396,869,311.62
Decrease in Operating Receivables (Fill in Increase with "-")	-3,745,170,805.09	-6,750,501,569.85
Increase in operating payables (Fill in decrease with "-")	879,681,453.25	6,991,462,723.48
Others	69,525,064.40	28,323,334.98

Supplementary information	Amount incurred in current period	Amount incurred in previous period
Net cash generated from operating activities	<u>-4,953,567,118.52</u>	<u>-1,658,738,594.58</u>
II. Significant investment and financing activities not involved in cash receipts and payments		
Liabilities converted into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
III. Net increase/decrease in cash and cash equivalents		
Closing balance of cash	12,979,249,316.62	6,337,215,717.67
Less: Opening balance of cash	6,337,215,717.67	1,904,787,710.71
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase amount of cash and cash equivalents	<u>6,642,033,598.95</u>	<u>4,432,428,006.96</u>

2 Current net cash paid for acquiring subsidiaries

Project	Amount
Cash or cash equivalents paid in the current period for a business combination occurred in the current period	<u>1,351,396,905.01</u>
Including: Debonair Holdings Private Limited	1,350,896,905.01
Hunan CNGR Holding Group Co., Ltd.	500,000.00
Less: Cash and cash equivalents held by the subsidiaries at acquisition date	<u>393,848,230.83</u>
Including: Debonair Holdings Private Limited	393,848,230.83
Hunan CNGR Holding Group Co., Ltd.	
Add: Cash or cash equivalents paid in the current period for a business combination occurred in previous period	
Including: Debonair Holdings Private Limited	
PT Jade Bay Metal Industry	
Hunan CNGR Holding Group Co., Ltd.	
Net cash paid for acquiring subsidiaries	<u>957,548,674.18</u>

3. Composition of cash and cash equivalents

Project	Closing balance	Opening balance
I. Cash	<u>12,979,249,316.62</u>	<u>6,337,215,717.67</u>
Including: Cash on hand	139,910.24	39,267.04
Bank deposit available for payment at any time	12,979,109,406.38	6,337,176,450.63

Project	Closing balance	Opening balance
Other monetary funds available for payments at any time		
II. Cash equivalents		
Including: bond investment due within 3 months		
III. Closing balance of cash and cash equivalents	<u>12,979,249,316.62</u>	<u>6,337,215,717.67</u>

(LXII) Assets with restricted ownership or use rights

Project	Closing book value	Causes of restriction
Monetary fund	1,209,498,308.28	Futures margin
Monetary fund	667,977,923.22	Notes deposit
Monetary fund	139,561,366.72	Letter of guarantee margins
Monetary fund	136,116,443.69	Letter of credit deposits
Monetary fund	116,461,107.44	Other deposits
Notes receivable	90,714,193.93	Used as pledge for issuing bank acceptance bill
Accounts receivable financing	5,000,000.00	Used as pledge for issuing bank acceptance bill
Fixed assets	574,105,734.61	Used as pledge for borrowing
Intangible assets	313,634,107.19	Used as pledge for borrowing
Total	<u>3,253,069,185.08</u>	

(LXIII) Foreign currency monetary items

1. Foreign currency monetary items

Item	Closing balance in foreign currency	Conversion rate	Closing conversion balance in RMB
Monetary fund			<u>2,625,911,520.56</u>
Including: USD	369,792,407.71	6.9646	2,575,456,202.71
KRW	32,284,698.18	0.0055	177,565.84
Hong Kong dollar	3,057,471.97	0.8933	2,731,239.71
Euro	4,194,167.98	7.4229	31,132,889.53
Polish Zloty	822.21	1.5878	1,305.51
Indonesian rupiah	41,030,793,150.00	0.0004	16,412,317.26
Short-term borrowings			<u>1,467,002,313.90</u>
Including: USD	210,636,980.43	6.9646	1,467,002,313.90
Long-term borrowings			<u>2,691,817,900.00</u>
Including: USD	386,500,000.00	6.9646	2,691,817,900.00
Notes payable			<u>77,943,476.79</u>

Item	Closing balance in foreign currency	Conversion rate	Closing conversion balance in RMB
Including: USD	11,191,378.80	6.9646	77,943,476.79
Bonds payable			<u>1,687,386,651.07</u>
Including: USD	242,280,482.88	6.9646	1,687,386,651.07

2. Information on key overseas business entities

Key overseas business entities	Main place of operation	Functional currency	Remarks
CNGR Hong Kong Material Science & Technology Co., Ltd.	HONG KONG	US Dollar	Product sales, import and export trade
PT Zhongtsing New Energy	Indonesia	US Dollar	R&D, production and sales of nickel mattes
PT Debonair Nickel Indonesia	Indonesia	US Dollar	R&D, production and sales of new energy materials
PT Jade Bay Metal Industry	Indonesia	US Dollar	R&D, production and sales of new energy materials

(LXIV) Hedging items and related hedging instruments

Disclose the qualitative and quantitative information on hedging items, related hedging instruments and hedged risks according to the hedging category:

1. Hedging relationship

The Company uses derivative financial instruments (mainly futures contracts) as its hedging instruments.

2. Cash flow hedging

For the cash flow hedging business carried out by the Company during the current period, the amount of other comprehensive income recognized at the end of the period is RMB -63,036,414.72.

3. Fair value hedging

During the current period, the Company lost RMB 578,671,600 from the closing the position of nickel futures, gained RMB 56,99,100,100 from the hedging risk of nickel metal inventory, and lost RMB 3,995,600 from invalid hedging. The income of the expired forward settlement and sale of foreign exchange transaction is RMB 36.76959 million, and the bank's forward settlement and sale of foreign exchange transaction effectively hedged the exchange rate fluctuation risks such as foreign currency purchases.

(LXV) Government subsidies

1. Basic information of the government subsidies

Category	Amount	Presented items	Amount included into current profits and losses
Industrial development support funds	147,594,009.40	Other gains	147,594,009.40
Industrial support funds of Kaiyang County Bureau of Industry and Information Technology in 2022	117,960,000.00	Deferred Income	47,657,243.45
Import and export incentive subsidies	51,350,083.18	Other gains	51,350,083.18
Government subsidies for attract investment Subsidy for industrial projects in the Free Trade Zone	50,000,000.00	Deferred Income	
Industrial Service Center Lot 2# - for science and technology innovation	50,000,000.00	Other gains	50,000,000.00
Subsidy for industrial projects in the Free Trade Zone			
Industrial Service Center Lot 3# - for science and technology innovation	32,256,300.00	Other gains	32,256,300.00
Electricity consumption incentive funds and electricity subsidies	24,234,900.00	Other gains	24,234,900.00
Government subsidy funds from Finance Bureau of Guizhou Dalong Economic Development Zone	22,230,200.00	Other gains	22,230,200.00
Major high-quality industrial project supporting funds allocated by Qinzhou Finance Bureau to the autonomous region	15,000,000.00	Deferred Income	
[2022] Subsidies for electric facilities	15,000,000.00	Deferred Income	
Comprehensive utilization of resources and lithium battery recycling phase II project	15,000,000.00	Deferred Income	
Investment Promotion Award [2022] No.12 of Ningxiang National Economic and Technological Development Zone Management Committee	10,000,000.00	Non-operating income	10,000,000.00
Annual Support Funds in 2021	7,458,304.94	Other gains	7,458,304.94
Policy incentive funds for advanced manufacturing industry in Xiangjiang New Area in 2021	6,000,000.00	Deferred Income	103,448.28
Subsidy funds for projects of "1+N" companies	6,000,000.00	Other gains	6,000,000.00
Investment contract fulfillment (subsidized interest for fixed asset) phase II project	4,025,000.00	Deferred Income	
Subsidy for idle assets revitalization funds (Litian project)	3,028,000.00	Deferred Income	
Incentive funds for leading companies	3,000,000.00	Other gains	3,000,000.00
Social security subsidies	2,626,253.22	Other gains	2,626,253.22
Subsidies for attracting investment to the market	2,400,000.00	Other gains	2,400,000.00
Subsidy for R&D	2,002,900.00	Other gains	2,002,900.00

Category	Amount	Presented items	Amount included into current profits and losses
Condolence money from Kaiyang County Civil Affairs Bureau	20,000.00	Non-operating income	20,000.00
Summary of sporadic subsidies	2,000,000.00	Deferred Income	882,039.74
Summary of sporadic subsidies	11,829,977.80	Other gains	11,829,977.80
Total	<u>601,015,928.54</u>		<u>421,645,660.01</u>

2. No government subsidies returned in current period

VII. Changes in the Scope of Combination

(I) Business combinations not under common control

1. Business combinations not under common control in the current period

Name of the acquiree	Time for acquiring equity	Time for acquiring equity	Equity acquisition ratio (%)	Method of acquiring the equity	Acquisition date	The basis for the determination of the acquisition date	Revenue of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period
Debonair Holdings Private Limited	2022.7	USD 200 million	100.00	Purchases	2022.7	Actual control over management and decision-making	None	USD -304,400
PT Jade Bay Metal Industry	2022.7	USD 112 million	50.10	Capital increase	2022.7	Actual control over management and decision-making	None	USD -266,500
CNGR Finland Oy	2022.5	EUR 3 million	60.00	Capital increase	2022.5	Actual control over management and decision-making	None	EUR -1.0743 million
Hunan CNGR Holding Group Co., Ltd	2022.8	RMB 500,000	100.00	Purchases	2022.8	Actual control over management and decision-	None	None

2. Combination cost and goodwill

(1) Debonair Holdings Private Limited and PT Jade Bay Metal Industry

Item	Debonair Holdings	PT Jade Bay Metal
	Private Limited	Industry
Combination cost	<u>1,350,896,905.01</u>	<u>757,713,999.43</u>
Including: Cash	1,350,896,905.01	757,713,999.43
Less: share of fair value of identifiable net assets acquired	331,298,125.53	493,582,348.56
Goodwill at the time of combination	<u>1,019,598,779.48</u>	<u>264,131,650.87</u>
Impact of translation of ending foreign currency statements	33,398,486.06	8,652,028.04
Ending goodwill	<u>1,052,997,265.54</u>	<u>272,783,678.91</u>

Explanation of the method for determining the fair value of combination costs:

1) During this period, the Company, through its wholly-owned subsidiary HongKong CNGR Zhongtuo New Energy Co., Limited ("Hong Kong Zhongtuo"), acquired 100% equity of Debonair Holdings Private Limited ("DHPL" or the "Underlying Company") through self-financing. DHPL, which has no real business as a holding platform, owns 50.1% equity of PT Debonair Nickel Indonesia ("DNI"), DNI is the project company for the construction of two RKEF ferro-nickel iron production lines (with an annual output of 27,500 tons of ferro-nickel metal equivalent nickel mattes) and one 380MW supporting power plant project in Weda Bay Industrial Park (IWIP), Indonesia. The base date of this valuation is May 31, 2022, according to the Project Valuation Report of the Proposed Cash Acquisition of Debonair Holdings Private Limited Shareholders by CNGR Advanced Material Co., Ltd. (Z.L.P.G.Z [2022] No. 2099) (hereinafter referred to as the "Valuation Report") issued by China United Assets Appraisal Group Co., Ltd. In this valuation, DHPL is a holding company with no real business, so the asset-based method is adopted for valuation. Its only holding company, DNI, is under construction and has a clear production plan. The future operation of DNI can be predicted. Therefore, DHPL uses income method to evaluate the long-term equity investment of DNI. Corresponding to the above subject matter, the valuation conclusion is USD 223,558,700. Through friendly negotiations between the counterparties, the transaction price of the underlying asset was determined to be USD 200,319,840 (RMB 1,350,896,905.01).

2) During this period, the Company increased the capital of PT Jade Bay Metal Industry (hereinafter referred to as "Jade Bay") with self-raised funds through Hong Kong Zhongtuo at a premium. After the capital increase, the Company holds 50.10% equity of Jade Bay. Jade Bay is the project company for the construction of 2 RKEF ferro-nickel production lines (27,500 tons of ferro-nickel metal equivalent nickel mattes per year) in Weda Bay Industrial Park (IWIP), Indonesia. Because the difference between the construction project of Jade Bay and DNI is that there is one more 380MW supporting power plant with DNI, the valuation conclusion of the DHPL valuation report is converted into the overall valuation of DNI of USD 446,225,700 (USD 223,558,700/50.10%). After deducting the investment amount of the 380MW supporting power plant project of USD 171,190,000, the 50.10% equity value of

Jade Bay is approximately USD 137,792,500. Through friendly negotiations between the counterparties, the capital increase price of the underlying asset is determined to be USD 113,588,000 (RMB 757,713,999.43).

Explanation of the contingent consideration of the combination costs and its changes:

According to the Joint Venture Agreement on DNI and Jade Bay signed by Hong Kong Zhongtuo and the co-partner, the co-partner has made a commitment to production capacity, and the Company has the right to sell back if the production capacity is not achieved as scheduled after the project is put into operation. The risks and rewards undertaken by the Company are essentially the same as those of the co-partner's shareholders. The right to sell back is regarded as an embedded derivative instrument. Since the construction of DNI and Jade Bay project are carried out as planned on the balance sheet date, the probability of triggering the conditions of the selling back of the Company is extremely low, so both the initial fair value and the ending fair value of this derivative instrument are 0.

Main reasons for the formation of large amount of goodwill:

1) The co-partner controlling shareholder of DNI and Jade Bay is Shanghai Decent Investment (Group) Co., Ltd., which has rich experience in project construction in Indonesia. The co-partner has invested capital, manpower and technology in the construction of DNI and Jade Bay project in the early stage, and has made production commitment.

2) The DNI and Jade Bay project is progressing well. Through the layout of mineral smelting of nickel resources in Indonesian, the industrial integration and internationalization of the Company can be promoted, the industrial synergy can be effectively enhanced, the operating cost of the Company can be reduced, the profit level of the Company can be increased, so as to enhance the core competitiveness of the Company.

(2) CNGR Finland Oy

During the current period, the Company increased capital to CNGR Finland Oy through its wholly-owned subsidiary Zoomwe Hong Kong New Energy Technology Co., Limited at a price of EUR 3 million. After the capital increase, the Company holds 60% equity of CNGR Finland Oy. The combination consideration of EUR 160.00 less than the fair value share of the identifiable net assets on the combination date is included in the non-operating income.

(3) Hunan CNGR Intelligent Engineering Co., Ltd.

During the current period, the Company acquired 100% equity of Hunan CNGR Intelligent Engineering Co., Ltd. (hereinafter referred to as "Intelligent Engineering") through its wholly-owned subsidiary Hunan CNGR Intelligent Manufacturing Co., Ltd. at a price of RMB 500,000 to obtain the relevant qualification of intelligent engineering. The book assets and liabilities of Intelligent Engineering on the combination date are 0. The combination consideration of RMB 500,000 greater than the share of the fair value of the identifiable net assets on the combination date is included in the non-recurring administrative expenses for the sake of cost-effectiveness principle due to the small amount.

3. Identifiable assets and liabilities of the acquiree on the acquisition date

(1) Debonair Holdings Private Limited and PT Jade Bay Metal Industry

Item	Debonair Holdings Private Limited		PT Jade Bay Metal Industry	
	Acquisition date	Acquisition date	Acquisition date	Acquisition date
	Fair value	Book value	Fair value	Book value
Assets:				
Monetary fund	393,848,230.82	393,848,230.82	153,413,592.03	153,413,592.03
Prepayments	1,199,031,195.93	1,199,031,195.93	862,268,181.74	862,268,181.74
Construction in progress	441,312,935.42	441,312,935.42	3,306,331.58	3,306,331.58
Others	86,788,840.01	86,788,840.01	302,378.61	302,378.61
Liabilities:				
Accounts Payable	101,232,194.01	101,232,194.01	1,621,594.42	1,621,594.42
Other payables	1,358,109,867.67	1,358,109,867.67	32,070.00	32,070.00
Others	362,606.25	362,606.25	32,442,510.97	32,442,510.97
net assets	<u>661,276,534.25</u>	<u>661,276,534.25</u>	<u>985,194,308.57</u>	<u>985,194,308.57</u>
Less: Equity of the minority shareholders	329,978,408.72	329,978,408.72	491,611,960.01	491,611,960.01
Net assets acquired	<u>331,298,125.53</u>	<u>331,298,125.53</u>	<u>493,582,348.56</u>	<u>493,582,348.56</u>

Determination method of fair value of identifiable assets and liabilities:

According to the "In Process Appraisal Report on Identifiable Assets and Liabilities of Debonair Holdings Private Limited Involved in Combination Consideration Allocation (Z.L.X.Z.P.B.Z [2023] No. Z002)" issued by China United Assets Appraisal Group Hunan Huaxin Co., Ltd. and "In Process Appraisal Report on Identifiable Assets and Liabilities of PT. Jade Bay Metal Industry Involved in Combination Consideration Allocation (Z.L.X.Z.P.B.Z [2023] No. Z004)", the appraisal value of identifiable assets and liabilities on the base date of evaluation, July 31, 2022, differs little from the book assets and liabilities. Therefore, book assets and liabilities are taken as the fair values of identifiable assets and liabilities on the combination date.

(2) CNGR Finland Oy and Hunan CNGR Intelligent Engineering Co., Ltd.

The fair values of the identifiable assets and liabilities of CNGR Finland Oy and Hunan CNGR Intelligent Engineering Co., Ltd. on the combination date is consistent with the respective book values.

4. No gain or loss arising from re-measurement of equity held before the acquisition date according to fair value

5. There is no circumstance where the combination consideration or the fair value of the acquiree's identifiable assets and liabilities cannot be reasonably determined on the acquisition date or at the end of the current merger period.

(II) Business combinations under common control

The Company has no business combination under the common control in the current period.

(III) Reverse purchase

The Company has no reverse purchases in the current period.

(IV) Disposal of subsidiaries

In the current period, the Company does not lose the right of control after single disposal of the investment in the subsidiary, nor does it lose the right of control after step-by-step disposal of the investment in the subsidiary through multiple transactions.

(V) Changes in scope of combination for other reasons

1. Information on the newly established subsidiaries in the current period

For details, see "VIII. (I) 1. Way of acquisition" - Setup in the current period.

2. Cancellation of subsidiaries in the current period

On November 16, 2021, the Company held the 22nd meeting of the first Board of Directors, deliberated and approved the Proposal on Cancellation of Wholly-owned Subsidiaries, and agreed to cancel wholly-owned subsidiaries Tianjin CNGR New Energy Technology Co., Ltd. and Tianjin CNGR Recycling Technology Co., Ltd. The Company has completed the cancellation procedures for the above two wholly-owned subsidiaries.

(VI) Except for the above changes in the scope of combination, the Company has no other changes in the scope of combination in the current period.

VIII. Interests in Other Entities

(I) Interests in subsidiaries

1. Composition of the Company

Full name of subsidiaries	Major Place of operation	Place of registration	Nature of business	Shareholding ratio (%)		Proportion of votes (%)	Method of acquisition
				Direct	Indirect		
Guizhou CNGR Resource Recycling Industry Development Co., Ltd.	Tongren	Tongren	Resource recovery	79.32		79.32	Establishment
Hunan CNGR New Energy Science & Technology Co., Ltd.	Changsha	Changsha	R&D, production and sales of new energy materials	85.71		85.71	Establishment
Hunan CNGR Recycling Technology Co., Ltd.	Changsha	Changsha	Resource recovery	100.00		100.00	Establishment
Hunan CNGR Zhengyuan Advanced Material Trade Co., Ltd.	Changsha	Changsha	Product sales, import and export trade	100.00		100.00	Establishment
CNGR Hong Kong Material Science & Technology Co., Ltd.	HONG KONG	HONG KONG	Product sales, import and export trade	100.00		100.00	Establishment

Full name of subsidiaries	Major Place of operation	Place of registration	Nature of business	Shareholding ratio (%)		Proportion of votes (%)	Method of acquisition
				Direct	Indirect		
Zoomwe Hong Kong New Energy Technology Co., Limited	HONG KONG	HONG KONG	Investments	100.00		100.00	Establishment
Guangxi CNGR New Energy Science & Technology Co., Ltd.	Qinzhou	Qinzhou	R&D, production and sales of new energy materials	100.00		100.00	Establishment
Guangxi CNGR Resource Recycling Industry development Co., Ltd.	Qinzhou	Qinzhou	Resource recovery	79.32		79.32	Establishment
PT Zhongtsing New Energy	Jakarta	Jakarta	R&D, production and sales of nickel mattes	70.00		70.00	Establishment
PT Zhongwei Eco Energy Indonesia	Jakarta	Jakarta	R&D, production and sales of new energy materials	100.00		100.00	Establishment
Guizhou CNGR Xingyang Energy Storage Technology Co., Ltd.	Guiyang	Guiyang	R&D, production and sales of new energy materials	52.00		52.00	Establishment
Guizhou CNGR New Energy Technology Co., Ltd.	Tongren	Tongren	R&D, production and sales of new energy materials	52.00		52.00	Establishment
Hunan CNGR Intelligent Manufacturing Co. Ltd.	Changsha	Changsha	Equipment manufacturing	100.00		100.00	Established in the current period
Guizhou CNGR New Materials Trading Co., Ltd.	Guiyang	Guiyang	Product sales, import and export trade	100.00		100.00	Established in the current period
Shandong CNGR New Materials Co., Ltd.	Shandong	Shandong	Product sales, import and export trade	100.00		100.00	Established in the current period
Guizhou CNGR Recycling Technology Co., Ltd.	Guiyang	Guiyang	Investments	100.00		100.00	Established in the current period
Guizhou CNGR Recycling Technology Co., Ltd.	Guiyang	Guiyang	Resource recovery	100.00		100.00	Established in the current period
Guizhou CNGR Xingyang Mining Co., Ltd.	Guiyang	Guiyang	Mining of mineral resources (not coal mines)	100.00		100.00	Established in the current period
Guangxi CNGR New Materials Technology Co., Ltd.	Qinzhou	Qinzhou	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
CNGR (Hong Kong) Xingquan New Energy Technology Co., Ltd.	HONG KONG	HONG KONG	Investments	100.00		100.00	Established in the current period
CNGR (Hong Kong) Xingqiu New Energy Technology Co., Ltd.	HONG KONG	HONG KONG	Investments	100.00		100.00	Established in the current period

Full name of subsidiaries	Major Place of operation	Place of registration	Nature of business	Shareholding ratio (%)		Proportion of votes (%)	Method of acquisition
				Direct	Indirect		
CNGR (Hong Kong) Xingxin New Energy Technology Co., Ltd.	HONG KONG	HONG KONG	Investments	100.00		100.00	Established in the current period
Hong Kong CNGR Zhonghe New Energy Co., Ltd.	HONG KONG	HONG KONG	Investments	100.00		100.00	Established in the current period
Hong Kong CNGR Zhongheng New Energy Co., Ltd	HONG KONG	HONG KONG	Investments	100.00		100.00	Established in the current period
Hong Kong CNGR Zhongkuang New Energy Co., Ltd	HONG KONG	HONG KONG	Investments	100.00		100.00	Established in the current period
HongKong CNGR Zhongtuo New Energy Co., Limited	HONG KONG	HONG KONG	Investments	100.00		100.00	Established in the current period
Hong Kong CNGR Zhongxin New Energy Co., Ltd	HONG KONG	HONG KONG	Investments	100.00		100.00	Established in the current period
PT CNGR Xingquan New Energy	Jakarta	Jakarta	R&D, production and sales of new energy materials	70.00		70.00	Established in the current period
PT CNGR Xingqiu New Energy	Jakarta	Jakarta	R&D, production and sales of new energy materials	70.00		70.00	Established in the current period
PT CNGR Xing Xin New Energy	Jakarta	Jakarta	R&D, production and sales of new energy materials	70.00		70.00	Established in the current period
Singapore CNGR New Energy and Technology Pte., Ltd.	Singapore	Singapore	Investments	100.00		100.00	Established in the current period
Singapore CNGR Zhonghe New Energy Pte., Ltd.	Singapore	Singapore	Investments	100.00		100.00	Established in the current period
Singapore CNGR Zhongtuo New Energy Pte., Ltd.	Singapore	Singapore	Investments	100.00		100.00	Established in the current period
Singapore CNGR Zhongxin New Energy Pte., Ltd.	Singapore	Singapore	Investments	100.00		100.00	Established in the current period

Full name of subsidiaries	Major Place of operation	Place of registration	Nature of business	Shareholding ratio (%)		Proportion of votes (%)	Method of acquisition
				Direct	Indirect		
Singapore CNGR Zhongheng New Energy Pte., Ltd.	Singapore	Singapore	Investments	100.00		100.00	Established in the current period
Singapore CNGR Zhongkuang New Energy Pte., Ltd.	Singapore	Singapore	Investments	100.00		100.00	Established in the current period
CNGR Finland Oy	Finland	Finland	R&D, production and sales of new energy materials	60.00		60.00	Acquisitions
project 101 Oy	Finland	Finland	R&D, production and sales of new energy materials	60.00		60.00	Acquired the subsidiary of CNGR Finland Oy
CNGR Zimbabwe New Energy Technology Co. (Private) Limited	Zimbabwe	Zimbabwe	Investment trade	100.00		100.00	Established in the current period
Guangxi CNGR Zhengyuan Trading Co., Ltd.	Qinzhou	Qinzhou	Product sales, import and export trade	100.00		100.00	Established in the current period
Huaihua CNGR Trading Co., Ltd.	Huaihua	Huaihua	Product sales, import and export trade	100.00		100.00	Established in the current period
PT ZHONGWEI ZHONGTUO NEW ENERGY INDUSTRY TECHNOLOGYINDONESIA	Indonesia	Indonesia	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
Changsha CNGR Chuangyuan Trading Co., Ltd.	Changsha	Changsha	Product sales, import and export trade	100.00		100.00	Established in the current period
Guangxi CNGR Wind Energy Co., Ltd.	Qinzhou	Qinzhou	Energy storage technical services	100.00		100.00	Established in the current period
CNGR Hong Kong Dingchuang New Energy Co., Ltd.	Indonesia	Indonesia	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
CNGR Hong Kong Hongchuang New Energy Co., Ltd.	Indonesia	Indonesia	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
CNGR Hong Kong Xingchuang New Energy Co., Ltd.	Indonesia	Indonesia	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period

Full name of subsidiaries	Major Place of operation	Place of registration	Nature of business	Shareholding ratio (%)		Proportion of votes (%)	Method of acquisition
				Direct	Indirect		
CNGR Hong Kong Tongchuang New Energy Co., Ltd.	Indonesia	Indonesia	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
PT Pomalaa New Energy Materials	Indonesia	Indonesia	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
Guizhou CNGR Shuanghua Technology Co., Ltd.	Guiyang	Guiyang	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
Guizhou CNGR Tongsheng Energy Storage Technology Co., Ltd.	Guiyang	Guiyang	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
PT Jade Bay Metal Industry	Indonesia	Indonesia	R&D, production and sales of new energy materials	50.10		50.10	Acquisitions
Debonair Holdings Private Limited	Indonesia	Indonesia	R&D, production and sales of new energy materials	100.00		100.00	Acquisitions
PT Debonair Nickel Indonesia	Indonesia	Indonesia	R&D, production and sales of new energy materials	50.10		50.10	Acquired the subsidiary of DHP L
Guizhou CNGR Energy Storage Technology Co., Ltd.	Guizhou	Guizhou	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
Guizhou CNGR Phosphate Technology Co., Ltd.	Guizhou	Guizhou	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
Hunan CNGR Holding Group Co., Ltd.	Changsha	Changsha	Engineering Construction	100.00		100.00	Acquisitions
CNGR Japan New Energy Technology Co., Ltd	Japan	Japan	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
PT CNGR Walsin New Mining Industry Investment Indonesia	Indonesia	Indonesia	R&D, production and sales of new energy materials	60.00		60.00	Established in the current period
PT CNGR Walsin New Energy and Technology Indonesia	Indonesia	Indonesia	R&D, production and sales of new energy materials	60.00		60.00	Established in the current period
PT Anugerah Barokah Cakrawala	Indonesia	Indonesia	R&D, production and sales of new energy materials	51.00		51.00	Established in the current period
CNGR Singapore Tongchuang New Energy Pte., Ltd.	Singapore	Singapore	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period

Full name of subsidiaries	Major Place of operation	Place of registration	Nature of business	Shareholding ratio (%)		Proportion of votes (%)	Method of acquisition
				Direct	Indirect		
CNGR Singapore Hongchuang New Energy Pte., Ltd.	Singapore	Singapore	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period
CNGR Singapore Dingchuang New Energy Pte., Ltd.	Singapore	Singapore	R&D, production and sales of new energy materials	100.00		100.00	Established in the current period

2. Key non-wholly-owned subsidiaries

Full name of subsidiaries	Minority	Minority	Profit and loss	Dividends declared	Balance of minority
	shareholders'	shareholders'	attributable to	for distribution to	shareholders'
	Shareholding ratio (%)	Proportion of voting rights (%)	Minority shareholders in the current period	minority shareholders in the current period	equity at the end of the period
Hunan CNGR New Energy Science & Technology Co., Ltd.	14.2857	14.2857			813,208,539.02
PT Zhongtsing New Energy	30.00	30.00	-15,942,967.77		272,602,908.17

Note: Hunan CNGR New Energy Science & Technology Co., Ltd. (hereinafter referred to as "Hunan New Energy") increased capital and admitted external shareholders at the end of December 2022 (see the explanation in "VIII. (II) 1." for details). As the date of capital increase is relatively close to the balance sheet date, the profit and loss attributable to minority shareholders of Hunan New Energy in 2022 is RMB 0.

3. Main financial information about key non-wholly owned subsidiaries

Project	Closing balance of the period or amount incurred in current period	
	Hunan New Energy	PT Zhongtsing
	Current assets	10,467,295,420.06
Non-current assets	7,172,862,541.37	2,524,275,688.60
Total assets	<u>17,640,157,961.43</u>	<u>3,286,480,908.98</u>
Current Liabilities	8,296,982,128.95	1,174,756,785.77
Non-current liabilities	2,804,197,538.05	1,203,047,762.65
Total liabilities	<u>11,101,179,667.00</u>	<u>2,377,804,548.42</u>
Total equity attributable to owners of parent company	5,692,459,773.15	N/A
Minority shareholders' interests	846,518,521.28	N/A
Total owners' equities	<u>6,538,978,294.43</u>	<u>908,676,360.56</u>
Operating incomes	11,448,438,027.52	

Project	Closing balance of the period or amount incurred in current period	
	Hunan New Energy	PT Zhongtsing
	Net profit	<u>342,647,680.83</u>
Including: net profit attributable to owners of parent company	344,564,001.47	N/A
Profit and loss of minority shareholders	-1,916,320.64	N/A
Total comprehensive income	<u>333,569,129.86</u>	<u>-53,143,225.90</u>
Including: total comprehensive income attributable to the owners of the parent company	335,485,450.50	N/A
Total comprehensive income attributable to minority shareholders of the company	-1,916,320.64	N/A
Cash flow from operating activities	-2,885,671,468.85	-30,976,774.21

Continued from above table:

Project	Opening balance or amount incurred in previous period	
	Hunan New Energy	PT Zhongtsing
Current assets	8,837,030,739.58	173,095,326.46
Non-current assets	2,621,757,292.58	296,596,730.70
Total assets	<u>11,458,788,032.16</u>	<u>469,692,057.16</u>
Current Liabilities	6,521,383,316.36	29,629,997.88
Non-current liabilities	1,095,235,087.35	
Total liabilities	<u>7,616,618,403.71</u>	<u>29,629,997.88</u>
Operating incomes	10,724,761,800.83	
Net profit	328,214,950.31	-3,380,846.08
Total comprehensive income	328,214,950.31	-4,760,775.72
Cash flow from operating activities	1,114,143,566.39	-3,002,508.44

(II) Transactions in which subsidiaries are controlled when share of the owner's equity in the subsidiaries changes

1. Explanation of changes in the ownership share of subsidiaries

Hunan CNGR New Energy Science & Technology Co., Ltd. (hereinafter referred to as "Hunan New Energy"), a subsidiary of the Company, admitted BoCOM Financial Assets Investment Co., Ltd., ABC Financial Assets Investment Co., Ltd., and BOC Financial Assets Investment Co., Ltd. (hereinafter collectively referred to as "Investors") through capital increase and share expansion at the end of December 2022. Each investor contributed RMB 500 million to the increased capital of the Company,

totaling RMB 1.5 billion. Upon completion of the capital increase, the Company's share of owner's equity in Hunan New Energy changed from 100.00% to 85.71%.

Guizhou New Industrialization Development Equity Investment Fund Partnership (Limited Partnership), as a minority shareholder of Guizhou CNGR New Energy Technology Co., Ltd. ("Guizhou New Energy"), a subsidiary of the Company, increased the capital of Guizhou CNGR Resource Recycling Industry Development Co., LTD. ("Guizhou Recycling") through Guizhou New Energy in July 2022 by RMB 600 million. Upon completion of the capital increase, the Company's share of owner's equity in Guizhou Recycling changed from 91.74% to 79.32%.

2. The impact of the transaction on minority shareholders' equity and the owner's equity attributable to the parent company

Item	Hunan New Energy	Guizhou Recycling
Consideration of capital increase contributed by minority shareholders	<u>1,500,000,000.00</u>	<u>600,000,000.00</u>
Including: Cash	1,500,000,000.00	600,000,000.00
Total consideration of capital increase contributed by minority shareholders	<u>1,500,000,000.00</u>	<u>600,000,000.00</u>
Less: The share of net assets of the subsidiaries calculated in proportion to the equity of minority shareholders	813,208,539.02	358,345,798.88
Shortfall	<u>686,791,460.98</u>	<u>241,654,201.12</u>
Including: Adjusted capital reserve	686,791,460.98	241,654,201.12

(III) The interests in the joint venture or associated companies

1. Key joint venture or associated companies

N/A

2. Major financial information of the key joint venture companies

N/A

3. Major financial information of the key associated companies

N/A

3. Summary of financial information of the non-key joint venture and associated companies

Project	Closing balance of the period or amount incurred in current period	Opening balance or amount incurred in previous period
Joint venture companies:		
PT CNGR Ding Xing New Energy	206,289,731.74	

Project	Closing balance of the period or amount incurred in current period	Opening balance or amount incurred in previous period
Total book value of investments	<u>206,289,731.74</u>	
Total amount of the following items according to the proportion of shareholdings		
—— Net profit	132,860.65	
—— Other comprehensive income		
—— Total comprehensive income	132,860.65	
Associated companies:		
PT HengSheng New Energy Material Indonesia	56,216,184.32	13,457,693.11
Changqingteng Renewable Resources (Shangrao) Co., Ltd.	6,990,504.40	
Guizhou Wujiang Laboratory Technology Co., Ltd.	524,932.65	
Total book value of investments	<u>63,731,621.37</u>	<u>13,457,693.11</u>
Total amount of the following items according to the proportion of shareholdings		
—— Net profit	-782,125.12	-438,711.65
—— Other comprehensive income		
—— Total comprehensive income	-782,125.12	-438,711.65

5. Explanation of material limitations on the ability of the joint venture or associated companies to transfer funds to the Company

N/A

6. Unconfirmed commitments in connection with the investment of the joint venture companies

N/A

6. Contingent liabilities in connection with the investment of the joint venture or associated companies

N/A

IX. Risks Associated with Financial Instruments

The Company's financial assets mainly include monetary funds, accounts receivable, receivables financing, etc. The Company's financial liabilities mainly include short-term loans, accounts payable, other current liabilities, long-term loans, bonds payable, etc.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and

market risk.

(I) Classification of financial instruments

1. The book values of various financial assets on the balance sheet date are as follows:

Items of financial assets	Financial assets at amortised cost	Closing balance		Total
		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	
Monetary fund	15,248,864,465.97			<u>15,248,864,465.97</u>
Financial assets held for trading		4,246,720.41		<u>4,246,720.41</u>
Notes receivable	443,189,593.12			<u>443,189,593.12</u>
Accounts receivable	4,436,187,636.59			<u>4,436,187,636.59</u>
Accounts receivable financing			198,074,306.95	<u>198,074,306.95</u>
Other receivables	102,494,107.76			<u>102,494,107.76</u>
Investment in other equity instruments			497,669,154.61	<u>497,669,154.61</u>
Other non-current financial assets		300,000,000.00		<u>300,000,000.00</u>
Total	<u>20,230,735,803.44</u>	<u>304,246,720.41</u>	<u>695,743,461.56</u>	<u>21,230,725,985.41</u>

(continued)

Items of financial assets	Financial assets measured at amortized costs	Opening balance		Total
		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	
Monetary fund	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>
Accounts receivable financing			568,121,131.85	<u>568,121,131.85</u>
Other receivables	85,184,510.21			<u>85,184,510.21</u>
Investment in other equity instruments			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. The book values of various financial liabilities on the balance sheet date are as follows:

Closing balance			
Financial liabilities at fair value			
Items of financial liabilities	through profit or loss	Financial liabilities at amortised cost	Total
Short-term borrowings		6,331,400,357.34	<u>6,331,400,357.34</u>
Trading financial liabilities	459,526,215.60		<u>459,526,215.60</u>
Notes payable		4,274,792,546.85	<u>4,274,792,546.85</u>
Accounts payable		4,448,143,332.54	<u>4,448,143,332.54</u>
Other payables		420,151,893.53	<u>420,151,893.53</u>
Non-current liabilities due within one year		1,076,889,467.35	<u>1,076,889,467.35</u>
Other current liabilities		145,693,206.46	<u>145,693,206.46</u>
Long-term borrowings		12,605,894,087.85	<u>12,605,894,087.85</u>
Bonds payable		1,687,386,651.07	<u>1,687,386,651.07</u>
Lease liability		8,726,582.84	<u>8,726,582.84</u>
Long-term payables		19,958,622.15	<u>19,958,622.15</u>
Other non-current liabilities		805,909,565.36	<u>805,909,565.36</u>
Total	<u>459,526,215.60</u>	<u>31,824,946,313.34</u>	<u>32,284,472,528.94</u>

(continued)

Opening balance			
Financial liabilities at fair value			
Items of financial liabilities	through profit or loss	Financial liabilities at amortised cost	Total
Short-term borrowings		3,404,976,202.74	<u>3,404,976,202.74</u>
Trading 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 borrowings		2,552,272,617.23	<u>2,552,272,617.23</u>
Lease liability		12,531,385.69	<u>12,531,385.69</u>
Long-term payables		55,687,661.36	<u>55,687,661.36</u>

Opening balance

Items of financial liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Total	<u>36,042,529,273</u>	<u>16,742,339,188.85</u>	<u>16,778,381,718.12</u>

(II) Credit risk

Credit risk refers to the risk that one party to financial instruments fails to fulfill its obligations, resulting in financial losses to the other party. The Company's credit risk is primarily derived from bank deposits and receivables. In order to control the above related risks, the Company has taken the following measures respectively:

1. Bank deposits

The Company's bank deposits are mainly deposited in financial institutions with higher credit ratings, so their credit risks are relatively low.

2. Receivables

The Company regularly conduct credit evaluation on customers who trade by credit. Based on the results of the credit assessment, the Company has elected to transact with recognized and creditworthy customers and monitors their receivables balances to ensure that the Company is not exposed to significant bad debt risk.

No collateral is required as the Company only transacts with recognized and creditworthy third parties. Credit risk is centrally managed according to customers. As of the end of the period, the Company has certain credit concentration risk, 59.66% of the Company's accounts receivable are from the top five customers of the balance. The Company does not hold any collateral or other credit enhancement for the balance of accounts receivable.

(III) Liquidity risk

Liquidity risk refers to the risk that the Company may encounter capital shortage when fulfilling its obligations related to financial liabilities. It is the Company's policy to ensure that it has sufficient funds to repay its obligations when they are due. Liquidity risk is centrally controlled by the Company's Finance Department. By monitoring cash balances and rolling forecasts of cash flows over the next 12 months, the Finance Department ensures that the Company has sufficient funds to repay its liabilities under all reasonable projections.

(IV) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument 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 or future cash flow of financial instruments will fluctuate due to changes in market interest rates. All loan contracts to which the Company is a party as the borrower has clearly agreed on the loan interest rate, so the Company's financial liabilities are not exposed to the major risk of market interest rate changes.

2. Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in foreign exchange rate. The Company's exposure to foreign exchange risks is mainly related to the exchange rate changes between the US dollar and other foreign currencies held by the Company and some customers' loan payments and RMB. The Company's measures in response to foreign exchange risks are as follows:

(1) The import and export business of the Company is settled in the same foreign currency, through which the Company automatically hedges part of the risk of foreign exchange fluctuations;

(2) The Company's export business size is larger than that of its import business. In order to control exchange risks and reduce unnecessary foreign exchange settlement and purchase, the Company moderately increases foreign exchange loans and foreign exchange bills of credit in the same currency, and reduces the risk of foreign exchange fluctuations through the configuration of foreign currency assets and liabilities;

(3) The Company further strengthens the analysis of foreign exchange rate fluctuations, and timely introduces foreign exchange hedging tools to reduce the impact of foreign exchange fluctuations; and

(4) The Company allocates professional personnel to strengthen the management of foreign exchange business and reduce the impact of foreign exchange fluctuations on its operation and compliance risks.

(V) Capital management

The primary objective of the Company's capital management is to ensure the Company's ability to continue as a going concern and maintain a healthy capital ratio to support its business development and maximize its shareholder value.

The Company manages the capital structure and adjusts it based on the changes in the economic situation and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares.

The Company is not subject to external mandatory capital requirements. No changes were made to the Company's capital management objectives, policies or procedures in the current period. The Company monitors its capital structure on the basis of its asset-liability ratio (total liabilities divided by total assets). By the end of the period, the Company's asset-liability ratio recorded in its consolidated

statements is 62.24%.

X. Disclosure of Fair Value

(一) Ending fair value of assets and liabilities measured at fair value

Project	Closing balance			Total
	Level 1	Level 2	Level 3	
	Fair value measurement	Fair value measurement	Fair value measurement	
I. Continuous measurement of fair value				
(I) Financial assets held for trading				
Financial assets at fair value through profit or loss	<u>4,246,720.41</u>			<u>4,246,720.41</u>
Including: Hedging instruments - Foreign exchange	4,246,720.41			<u>4,246,720.41</u>
(B) Receivables financing				
Financial assets at fair value through other comprehensive income			<u>198,074,306.95</u>	<u>198,074,306.95</u>
Including: Bank acceptance bills			198,074,306.95	<u>198,074,306.95</u>
(III) Investment in other equity instruments				
Financial assets at fair value through other comprehensive income		497,669,154.61		<u>497,669,154.61</u>
(IV) Other non-current financial assets				
Financial assets at fair value through profit or loss		300,000,000.00		<u>300,000,000.00</u>
Total assets continuously measured at fair value	<u>4,246,720.41</u>	<u>797,669,154.61</u>	<u>198,074,306.95</u>	<u>999,990,181.97</u>
(III) Trading financial liabilities				
Financial liabilities measured at fair value through current profit and loss	<u>459,526,215.60</u>			<u>459,526,215.60</u>
Including: Hedging instruments - Futures	459,526,215.60			<u>459,526,215.60</u>
Total liabilities continuously measured at fair value	<u>459,526,215.60</u>			<u>459,526,215.60</u>

(二) Basis for determining the market price of continuous and non-continuous Level 1 fair value measurement items

Hedging instruments are valued on the basis of the returns of positions provided by financial institutions.

(III) Basis for determining the market price of continuous and non-continuous Level 2 fair value measurement items

Investment of other equity instruments refers to the equity investment of listed companies held by the Company. Active market quotation is used as the basis to determine the fair value, and AAP model is used to calculate the impact of liquidity discount during the restricted period.

Other non-current financial assets are the equity investments of non-listed companies held by the Company. Due to the short interval between the closing date and the balance sheet date, there is no significant change in the operating environment, operating conditions and financial status of the invested company, so the Company takes the initial investment cost as the fair value at the end of the period.

(IV) Continuous and non-continuous third-level fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters

Receivables financing refers to the bank acceptance bill with high credit registration by the accepting bank, whose management model aims at both collecting the contractual cash flow and selling the financial assets. Therefore, the Company measures the bank acceptance bill according to the face amount as the fair value.

XI. Related party relationship and transactions

(I) Identification criteria of related parties

If one party controls or jointly controls over or exerts a significant influence on the other party, or two or more parties are under the control, joint control or significant influence of the other party, they constitute a related party.

(II) Information about the Company's parent company

The parent company of the Company is Hunan CNGR Holding Group Co., Ltd., for which the actual controller is Deng Weiming and his wife Wu Xiaoge.

(III) Information about the Company's subsidiaries

Information about the Company's subsidiaries is detailed in Note to this Financial Statement "VIII. (I) Interests in the Subsidiaries".

(IV) Information about the Company's joint venture and associated companies

Information about the Company's joint venture and associated companies is detailed in the note to this Financial Statements "VIII. (III) Interests in Joint Venture or Associated Companies".

(V) Information about the Company's other related parties

Name of related party	Relations with the Company
Honglin Construction Engineering Group Co., Ltd.	A company controlled by the actual controller's close relatives
Hunan Minqiang Construction Co., Ltd.	A company controlled by the actual controller's close relatives
Dalong Longsheng Hotel	A company controlled by the actual controller's close relatives
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	A company controlled by the actual controller
Hunan Zhongxian Intelligent Technology Co., Ltd.	A company controlled by the actual controller
Jiangsu Haishi Pump Manufacturing Co.,Ltd.	A company controlled by the actual controller
Hunan Weichu Juice Wine Co., Ltd.	A company controlled by the actual controller's close relatives
Hunan Juntai Fire Detection Co., Ltd.	Other related parties
Hunan Yakongjian Property Management Co., Ltd.	Other related parties
Guizhou Qiheng Transportation Co., Ltd.	Other related parties

(VI) Related party transactions

1. List of commodities purchased

Related party	Content of related transaction	Amount incurred in current period	Amount incurred in previous period
Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	Equipment purchasing	35,555,837.27	58,692,960.83
Hunan Zhongxian Intelligent Technology Co., Ltd.	Equipment purchasing	104,994,255.35	135,663,476.11
Jiangsu Haishi Pump Manufacturing Co.,Ltd.	Equipment purchasing	3,394,118.89	9,631,907.53
Hunan Juntai Fire Detection Co., Ltd.	Receiving services	492,690.19	
Hunan Yakongjian Property Management Co., Ltd.	Receiving services	52,944.66	
Dalong Longsheng Hotel	Receiving services	40,776.00	91,028.00
Guizhou Qiheng Transportation Co., Ltd.	Receiving services	395,529.27	
Hunan Weichu Juice Wine Co., Ltd.	Purchasing commodities	6,076.00	46,800.00
Total		<u>144,932,227.63</u>	<u>204,126,172.47</u>

2. Information on sales of commodities

N/A

3. Information on associated leases

N/A

4. Information on related party guarantees

(1) Guarantees for which the Company is the secured party

The guarantor	The secured party	Secured amount (RMB'0,000)	Guarantee Start date	Guarantee Expiry date	Whether the guarantee has been fulfilled
Hunan CNGR Holding Group Co., Ltd., Deng Weiming, Wu Xiaoge	The Company	1,647,000,000.00	2022-11-18	2025-11-17	no
Hunan CNGR Holding Group Co., Ltd.	The Company	485,000,000.00	2021-6-7	2023-6-7	no
Deng Weiming, Wu Xiaoge	The Company	485,000,000.00	2021-6-7	2023-6-7	no
Deng Weiming, Wu Xiaoge	The Company	600,000,000.00	2022-7-1	2024-7-1	no
Hunan CNGR Holding Group Co., Ltd., Deng Weiming, Wu Xiaoge	The Company	860,000,000.00	2022-3-23	2025-4-20	no
Deng Weiming, Wu Xiaoge	The Company	600,000,000.00	2022-9-19	2024-9-13	no
Deng Weiming, Wu Xiaoge	The Company	180,000,000.00	2022-10-29	2025-10-28	no
Deng Weiming, Wu Xiaoge	The Company	90,000,000.00	2022-7-21	2024-7-21	no
Deng Weiming, Wu Xiaoge	The Company	60,000,000.00	2022-8-29	2024-8-29	no
Deng Weiming, Wu Xiaoge	The Company	1,200,000,000.00	2022-2-22	2025-6-29	no
Deng Weiming, Wu Xiaoge	The Company	50,000,000.00	2022-3-29	2024-3-28	no
Deng Weiming, Wu Xiaoge	The Company	700,000,000.00	2022-9-9	2023-11-17	no
Hunan CNGR Holding Group Co., Ltd., Deng Weiming, Wu Xiaoge	The Company	860,000,000.00	2022-5-7	2023-5-7	no
Hunan CNGR Holding Group Co., Ltd., Deng Weiming, Wu Xiaoge	The Company	700,000,000.00	2022-3-11	2023-3-10	no
Hunan CNGR Holding Group Co., Ltd., Deng Weiming, Wu Xiaoge	The Company	1,000,000,000.00	2022-3-10	2023-6-30	no
Total		<u>9,517,000,000.00</u>			

(2) Guarantees for which Hunan CNGR New Energy Science & Technology Co., Ltd., a subsidiary of the Company, is the secured party

The guarantor	The secured party	Secured amount (RMB'0,000)	Guarantee Start date	Guarantee Expiry date	Whether the guarantee has been fulfilled
Hunan CNGR Holding Group Co., Ltd., Deng Weiming, Wu Xiaoge	Hunan CNGR New Energy Science & Technology Co., Ltd.	580,000,000.00	2020/3/20	2025-3-20	no
Hunan CNGR Holding Group Co., Ltd., Deng Weiming, Wu Xiaoge	Hunan CNGR New Energy Science & Technology Co., Ltd.	597,220,000.00	2020/10/15	2026-10-15	no
Hunan CNGR Holding Group Co., Ltd., Deng Weiming, Wu Xiaoge	Hunan CNGR New Energy Science & Technology Co., Ltd.	600,000,000.00	2021/9/3	2026-12-31	no
Deng Weiming, Wu Xiaoge	Hunan CNGR New Energy Science & Technology Co., Ltd.	400,000,000.00	2021/8/11	2023-8-10	no
Hunan CNGR Holding Group Co., Ltd., Deng Weiming, Wu Xiaoge	Hunan CNGR New Energy Science & Technology Co., Ltd.	600,000,000.00	2021/9/3	2026-12-31	no
Deng Weiming, Wu Xiaoge	Hunan CNGR New Energy Science & Technology Co., Ltd.	150,000,000.00	2022/3/10	2023-3-9	no
Deng Weiming, Wu Xiaoge	Hunan CNGR New Energy Science & Technology Co., Ltd.	840,000,000.00	2022/4/24	2023-4-22	no
Hunan CNGR Holding Group Co., Ltd., Deng Weiming, Wu Xiaoge	Hunan CNGR New Energy Science & Technology Co., Ltd.	300,000,000.00	2022/7/29	2023-7-28	no
Deng Weiming, Wu Xiaoge	Hunan CNGR New Energy Science & Technology Co., Ltd.	1,350,000,000.00	2022/5/26	2023-5-25	no
Deng Weiming, Wu Xiaoge	Hunan CNGR New Energy Science & Technology Co., Ltd.	1,000,000,000.00	2022/11/17	2023-11-16	no
Total		<u>6,417,220,000.00</u>			

(3) Guarantees for which Hunan CNGR Zhengyuan Advanced Material Trade Co., Ltd., a subsidiary of the Company, is the secured party

The guarantor	The secured party	Secured amount (RMB'0,000)	Guarantee Start date	Guarantee Expiry date	Whether the guarantee has been fulfilled
Deng Weiming, Wu Xiaoge	Hunan CNGR Zhengyuan Advanced Material Trade Co., Ltd.	1,200,000,000.00	2021/6/4	2023-6-4	no
Total		<u>1,200,000,000.00</u>			

(4) Guarantees for which Guangxi CNGR New Energy Science & Technology Co., Ltd., a subsidiary of the Company, is the secured party

The guarantor	The secured party	Secured amount (RMB'0,000)	Guarantee Start date	Guarantee Expiry date	Whether the guarantee has been fulfilled
Deng Weiming, Wu Xiaoge	Guangxi CNGR New Energy Science & Technology Co., Ltd.	810,000,000.00	2022-3-7	2025-3-6	no
Deng Weiming, Wu Xiaoge	Guangxi CNGR New Energy Science & Technology Co., Ltd.	600,000,000.00	2021-10-19	2026-6-25	no
Deng Weiming	Guangxi CNGR New Energy Science & Technology Co., Ltd.	150,000,000.00	2022-3-8	2023-1-17	no
Wu Xiaoge	Guangxi CNGR New Energy Science & Technology Co., Ltd.	150,000,000.00	2022-3-7	2023-1-17	no
Deng Weiming, Wu Xiaoge	Guangxi CNGR New Energy Science & Technology Co., Ltd.	600,000,000.00	2022-7-22	2023-7-21	no
Deng Weiming, Wu Xiaoge	Guangxi CNGR New Energy Science & Technology Co., Ltd.	600,000,000.00	2022-8-19	2023-8-18	no
Total		<u>2,910,000,000.00</u>			

(5) Guarantees for which Guizhou CNGR Xinyang Energy Storage Technology Co., Ltd., a subsidiary of the Company, is the secured party

The guarantor	The secured party	Secured amount (RMB'0,000)	Guarantee Start date	Guarantee Expiry date	Whether the guarantee has been fulfilled
Deng Weiming, Wu Xiaoge	Guizhou CNGR Xinyang Energy Storage Technology Co., Ltd.	800,000,000.00	2022/10/14	2025-10-14	no
Total		<u>800,000,000.00</u>			

5. Related party funds borrowing

N/A

6. Remuneration for key management personnel

Item	Amount incurred in current period	Amount incurred in previous period
Remuneration for key management personnel	16,363,496.80	15,015,116.55

Note: The amount of share payment generated by equity incentive for key management personnel has not been included in the scope of statistics.

7. Other related transactions

N/A

(VII) Accounts receivable and payable of related party

1. Amount due from related party

Project Title	Related party	Closing balance		Opening balance	
		Book balance	Bad debt reserves	Book balance	Bad debt reserves
Other non-current assets	Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	561,935.96			
Other non-current assets	Hunan Minqiang Construction Co., Ltd.	176,390.34		176,390.34	
Other non-current assets	Hunan Zhongxian Intelligent Technology Co., Ltd.	352,080.02			
Other non-current assets	Jiangsu Haishi Pump Manufacturing Co.,Ltd.			694,883.57	
Total		<u>1,090,406.32</u>		<u>871,273.91</u>	

2. Amount due to related party

Project Title	Related party	Closing balance	Opening balance
Accounts payable	Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	9,073,275.90	8,983,066.08
Accounts payable	Jiangsu Haishi Pump Manufacturing Co.,Ltd.	1,399,641.33	724,821.78
Accounts payable	Hunan Zhongxian Intelligent Technology Co., Ltd.	21,176,499.96	21,419,218.97
Accounts payable	Hunan Juntai Fire Detection Co., Ltd.	37,864.08	
Accounts payable	Hunan Minqiang Fire Engineering Co., Ltd.	1,010,073.24	1,010,073.24
Accounts payable	Honglin Construction Engineering Group Co., Ltd.	18,153,623.24	18,153,623.24
Accounts payable	Guizhou Qiheng Transportation Co., Ltd.	134,946.52	
Total		<u>50,985,924.27</u>	<u>50,290,803.31</u>
Other payables	Hunan Hanhua Jingdian Clean Energy Technology Co., Ltd.	2,750.00	650.00
Other payables	Jiangsu Haishi Pump Manufacturing Co.,Ltd.	400.00	
Other payables	Honglin Construction Engineering Group Co., Ltd.	75,428.82	
Other payables	Dalong Longsheng Hotel	9.00	18,362.00
Other payables	Guizhou Qiheng Transportation Co., Ltd.	200,780.00	
Other payables	Hunan Zhongxian Intelligent Technology Co., Ltd.		300.00
Total		<u>279,367.82</u>	<u>19,312.00</u>

XII. Share-based payment

1. General situation of share-based payment

Project	Amount incurred in current period
Total amount of various equity instruments granted by the Company in the current period	3,993,835.00
Total amount of equity instruments exercised by the Company in the current period	None
Total amount of various equity instruments invalid in the current period	None
The range of the exercise price and the remaining term of the contract of the company's outstanding stock options at the end of the period	None
The range of exercise price of other equity instruments issued by the company at the end of the period and the remaining term of the contract	None

(II) Equity-settled share-based payment

Project	Amount incurred in current period
Method for determining fair value of equity instruments on the grant date	The difference between the closing stock price on the grant date and the grant price; PE participating price as the basic. Estimate according to the latest number of persons with
Basis for determining the number of exercisable equity instruments	exercisable rights, achievement of performance indicators and other follow-up information; Estimate according to the corresponding equity instruments of in-service personnel
Reasons for significant differences between the current estimate and the previous estimate	None
Accumulated amount of equity-settled share-based payment included in the capital reserve	159,767,967.62
Total expenses recognized for equity-settled share-based payments in the current period	79,429,480.95

Explanation of the equity-settled share-based payment

1. The first equity-settled share-based payment in July 2019

In order to motivate the Company's senior executives and core employees, the Company's shareholders Hunan CNGR Holding Group Co., Ltd., Deng Weiming and the new shareholders Tongren Yuanjuzhihe Business Management Consulting Partnership Co., Ltd. (Limited Partnership) and Tongren Hengsheng Lineng Business Management Consulting Partnership Co., Ltd. (Limited Partnership) held a shareholders' meeting on March 5, 2019, and agreed to increase the registered capital of the Company from RMB 400 million to RMB 412.38 million, and increase the registered capital by RMB 12.38 million, among them, Tongren Yuanjuzhihe Business Management Consulting Partnership Co., Ltd. (Limited Partnership) subscribed for a new registered capital of RMB 5,681,072.00 with RMB 8,237,554.40 in cash; Tongren Hengsheng Lineng Business Management Consulting Partnership Co., Ltd. (Limited Partnership) subscribed for a new registered capital of RMB 6,698,928.00 with RMB

9,713,445.60 in cash.

From the essence of the equity incentive transaction, the purpose of the Company's equity incentive is to obtain the future service of employees. The equity incentive agreement signed with employees and the management measures of the employee shareholding platform both stipulate a five-year service period. Based on the accounting principle of matching cost expenses to acquired economic resources (services), the expenses for share-based payment are amortized in installments over the five-year service period.

According to Article 52 of the *Accounting Standard for Business Enterprises No. 22 -Recognition and Measurement of Financial Instruments*, which states, "the company shall choose the financial instruments generally recognized by the market players and have been verified by the previous market actual transaction prices with reliability of the valuation technology to determine the fair value. The Company takes the investment price of the investors in the Series A financing as the fair value, and recognizes the difference between the employee capital increase price and the fair value as share-based payment.

In the current period, the Company confirms that the employee service amount in exchange for the equity-settled share-based payment is RMB 23,837,105.30, which is included in the management expenses, while increasing the capital reserve.

2. The second equity-settled share-based payment in April 2022

On April 6, 2022, the Company held the first extraordinary general meeting of shareholders in 2022 to make a resolution to examine and approve the *Proposal regarding the Company's 2022 Restricted Stock Incentive Plan (Draft) and its Summary* (hereinafter referred to as the "Restricted Stock Incentive Plan Proposal").

On April 13, 2022, the Company held the 29th meeting of the first Board of Directors, deliberating and passing the *Proposal on Adjusting the List of Partial Incentive Objects and the Number of Grants for the First Time in the 2022 Restricted Stock Incentive Plan*. In accordance with the authorization of the Company's first extraordinary general meeting of shareholders in 2022, the Board of Directors of the Company has made adjustments to the list of initial incentive objects and the number of restricted stock granted under this incentive plan. After this adjustment, the number of persons granted partial incentive for the first time has been changed from 1,113 to 1,040, and the number of restricted shares granted for the first time has been changed from 4,840,000 shares to 4,685,653 shares. The meeting agreed to determine April 13, 2022 as the first grant date, and grant 1,040 incentive objects with 4,685,653 restricted shares for the first time, the grant price is RMB 63.97 per share, the closing price of the stock on the grant date is the fair value, the difference between the incentive grant price of restricted share and the fair value is recognized as share-based payment. According to the Proposal Restricted Stock Incentive Plan, the assessment year for the release of restricted stock granted for the first time in this incentive plan shall be three fiscal years from 2022 to 2024, and the assessment shall be conducted once in each fiscal year thereafter.

In the current period, the Company confirms that the above employee service amount in exchange for the equity-settled share-based payment is RMB 55,592,375.65, which is included in the costs and expenses, while increasing the capital reserve.

XIII. Commitments and Contingencies

(1) Important commitments

1. Capital commitments

Item	By the end of the period (CNY)
Contracted but not recognized in the Financial Statements:	
—Commitment to acquire or construct long-term assets	2,435,503,478.27

Capital commitment means the capital expenditure of the PE projects the Company

(2) Contingencies

As of the balance sheet date, the Company does not have any contingencies requiring disclosure.

XIV. Events After the Balance Sheet Date

Based on the total share capital of 670,633,576.00 shares as of December 31, 2022, the Company intends to pay out RMB 2.58 (including tax) for every 10 shares without conversion or share dividend.

According to relevant regulations, after the announcement of this distribution plan and before its implementation, if the total capital stock of the Company changes due to the incentive exercise of additional equity issuance, convertible bonds to equity and other reasons, the Company will disclose the distribution proportion calculated by the Company's latest total capital stock in accordance with the principle of "total cash dividend, total bonus shares and total converted capital stock are fixed".

XV. Other important matters

(I) Debt restructuring

N/A

(II) Assets swap

N/A

(III) Pension plan

N/A

(IV) Discontinued operations

N/A

(V) Segment information

For management purposes, the overall Group as a business unit, namely, carries out research and development and sales of lithium battery anode precursor materials. For decision-making purposes of resources allocation and performance evaluation, the management regards the whole Group as a reporting segment and manages its operating results. Therefore, specific analysis of operating segment is not required.

(VI) Borrowing costs

Year	Capitalization of interest	Capitalization rate
Amount incurred in current period	77,951,067.09	2.41%-6.01%

(VII) Foreign currency translation

The exchange loss included in current profit and loss is RMB 21,694,498.13.

(VIII) Lease

1. Lessor

The Company has no relevant information to be disclosed as a lease lessor.

2. Lessee

The Company has no major lease events as the lessee.

(IX) Other important transactions and matters affecting investors' decisions

N/A

(X) Others

N/A

XVI. Notes to Items in the Financial Statements of the Parent Company

(I) Accounts receivable

1. Disclosure by aging

Aging	Closing balance
Within 3 months (including 3 months)	1,725,298,022.92
Within 4-12 months (including 12 months)	312,932,028.57
1 - 2 years (including 2 years)	532,895.40
Over 3 years	1,992,249.08

Aging	Closing balance
Subtotal	<u>2,040,755,195.97</u>
Less: Provision for bad debts	21,222,683.80
Total	<u>2,019,532,512.17</u>

2. Classified disclosure at bad debt accrual method

Category	Closing balance				Opening balance					
	Book balance		Bad debt reserves		Book balance		Bad debt reserves		Book value	
	Amount	Percentage (%)	Amount	Accrual proportion (%)	Amount	Percentage (%)	Amount	Accrual proportion (%)		
Provision for bad debts at individual including: Amounts from related parties within the scope of combination	<u>368,211,312.25</u>	<u>18.04</u>			<u>368,211,312.25</u>					<u>300,413,088.98</u>
Provision for bad debts by combination including: Aging combination	<u>1,672,543,883.72</u>	<u>81.96</u>	<u>21,222,683.80</u>	<u>1.27</u>	<u>1,651,321,199.92</u>	<u>1,601,266,855.04</u>	<u>84.20</u>	<u>18,812,946.81</u>	<u>1.17</u>	<u>1,582,453,908.23</u>
Total	<u>2,040,755,195.97</u>	<u>100</u>	<u>21,222,683.80</u>		<u>2,019,532,512.17</u>	<u>1,901,679,944.02</u>	<u>100</u>	<u>18,812,946.81</u>		<u>1,882,866,997.21</u>

3. Accounts receivable made a provision for bad debts at aging combination

Name	Closing balance		Accrual proportion (%)
	Accounts receivable	Bad debt reserves	
Within 3 months (including 3 months)	1,609,427,033.69	16,094,270.36	1.00
Within 4-12 months (including 12 months)	60,591,705.55	3,029,585.28	5.00
1-2 years (including 2 years)	532,895.40	106,579.08	20.00

Name	Closing balance		Accrual proportion (%)
	Accounts receivable	Bad debt reserves	
Over 3 years	1,992,249.08	1,992,249.08	100.00
Total	<u>1,672,543,883.72</u>	<u>21,222,683.80</u>	

4. Provision for bad debts

Category	Opening balance	Amount of change in the current period			Closing balance
		Provisions	Recovery or reversal	Write-off	
Aging combination	18,812,946.81	2,409,736.99			21,222,683.80
Total	<u>18,812,946.81</u>	<u>2,409,736.99</u>			<u>21,222,683.80</u>

5. The Company had no actual write-offs of receivables in the current period.

6. Accounts receivable of Top 5 closing balance collected by debtor

The balance of the top five closing accounts receivable totaled RMB 1,471,574,302.94, accounting for 72.11% of the balance of the accounts receivable, and the amount of bad debt provision was RMB 13,180,131.78. .

7. The Company had no accounts receivable that are derecognized due to the transfer of financial assets

8. There are no assets and liabilities formed by transferring other receivables and continuing to be involved in the end of the period.

(II) Other receivables

1. Summary statement

Project	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	170,308,855.43	94,665,106.68
Total	<u>170,308,855.43</u>	<u>94,665,106.68</u>

2. Other receivables

(1) Listed by aging

Aging	Closing balance
Within 3 months (including 3 months)	101,130,139.93
Within 4-12 months (including 12 months)	68,846,522.76
1 - 2 years (including 2 years)	407,360.90
2 - 3 years (including 3 years)	172,408.53
Over 3 years	391,000.00
Subtotal	<u>170,947,432.12</u>
Less: Provision for bad debts	638,576.69
Total	<u>170,308,855.43</u>

(2) Book balance of other receivables classified by nature

Nature of receivables	Closing balance	Opening balance
Margins and deposits	90,456.53	5,556,897.59
Related party transactions within the scope of combination	161,897,604.32	85,759,592.16
Others	8,959,371.27	6,383,604.42
Subtotal	<u>170,947,432.12</u>	<u>97,700,094.17</u>
Less: Provision for bad debts	638,576.69	3,034,987.49
Total	<u>170,308,855.43</u>	<u>94,665,106.68</u>

(3) Provision for bad debts

Bad debt reserves	Phase One	Phase Two	Phase Three	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment occurred)	Expected credit loss in the entire duration (credit impairment occurred)	
Opening balance	3,034,987.49			<u>3,034,987.49</u>
At the beginning of the current period, book balance of other accounts receivable in the current period was				
-Transferred to the second stage				
-Transferred to the third stage				
-Transferred back to the second stage				
-Transferred back to the first				

Bad debt reserves	Phase One	Phase Two	Phase Three	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment occurred)	Expected credit loss in the entire duration (credit impairment occurred)	
stage				
Provisions in the current period	-2,396,410.80			<u>-2,396,410.80</u>
Current reversal				
Current write-off				
Write-off in current period				
Other changes				
Closing balance	<u>638,576.69</u>			<u>638,576.69</u>

(4) Provision for bad debts

Category	Opening balance	Amount of change in the current period			Closing balance
		Provisions	Recovery or reversal	Write-off	
Combination accrual	3,034,987.49	-2,396,410.80			638,576.69
Total	<u>3,034,987.49</u>	<u>-2,396,410.80</u>			<u>638,576.69</u>

(5) There are no other receivables actually written off in the current period.

(6) Top five other receivables at the end of the period

Company name	Nature of receivables	Closing balance	Aging	Percentage of	Bad debt
				total other receivables (%)	reserves Closing balance
Hunan CNGR New Energy Science & Technology Co., Ltd.	Current accounts of related parties within the scope of combination	81,698,271.62	Within 3 months	47.79	
Zoomwe Hong Kong New Energy Technology Co., Limited	Current accounts of related parties within the scope of combination	56,796,313.00	4-12 months	33.22	
Hunan CNGR Intelligent Manufacturing Co. Ltd.	Current accounts of related parties within the scope of combination	15,000,000.00	Within 3 months	8.77	
Guangxi CNGR New Energy Science & Technology Co., Ltd.	Current accounts of related parties within the scope of combination	7,350,404.61	Within 3 months	4.30	
Withholding	Others	1,428,741.40	Within 3 months	0.84	14,287.41

Company name	Nature of receivables	Closing balance	Aging	Percentage of	Bad debt
				total other	reserves
				receivables (%)	Closing balance
Total		<u>162,273,730.63</u>		<u>94.92</u>	<u>14,287.41</u>

(7) There are no other receivables derecognized in the current period.

(8) There are no assets and liabilities formed by transferring other receivables and continuing to be involved in the end of the period.

(9) There are no government subsidies receivable in other receivables at the end of the period.

(III) Long-term equity investments

1. Classification items

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	16,997,668,594.12		16,997,668,594.12	9,356,912,095.30		9,356,912,095.30
Investment in associated companies	524,932.65		524,932.65			
Total	<u>16,998,193,526.77</u>		<u>16,998,193,526.77</u>	<u>9,356,912,095.30</u>		<u>9,356,912,095.30</u>

2. Investment in subsidiaries

The invested entity	Opening balance	Additional investments	Others	Decrease in current period	Closing balance	Current	Closing
						Accrual of Provision for Impairment	balance of provision for impairment
Hunan CNGR New Energy Science & Technology Co., Ltd.	3,302,479,366.67	14,804,694.20			3,317,284,060.87		
Hunan CNGR Zhengyuan Advanced Material Trade Co., Ltd.	1,701,455,540.00	1,601,599.90			1,703,057,139.90		
Guizhou CNGR Resource Recycling Industry Development Co., Ltd.	401,331,805.00	1,866,930.18			403,198,735.18		
Tianjin CNGR New Energy Technology Co., Ltd.	10,092,431.67			10,092,431.67			
Guangxi CNGR New Energy Science & Technology Co., Ltd.	2,586,400,000.00	1,502,914,089.92			4,089,314,089.92		
Guizhou CNGR Xinyang Energy Storage Technology Co., Ltd.	325,000,000.00	652,963,525.24			977,963,525.24		

The invested entity	Opening balance	Additional investments	Others	Decrease in current period	Closing balance	Current	Closing
						Accrual of Provision for Impairment	balance of provision for impairment
Guizhou CNGR New Energy Technology Co., Ltd.	325,000,000.00	650,000,000.00			975,000,000.00		
Hunan CNGR Intelligent Manufacturing Co. Ltd.		50,582,415.31			50,582,415.31		
Guizhou CNGR Energy Storage Technology Co., Ltd.		500,000.00			500,000.00		
Guangxi CNGR New Materials Technology Co., Ltd.		54,500,000.00			54,500,000.00		
Guizhou CNGR New Materials Trading Co., Ltd.		950,000,000.00			950,000,000.00		
CNGR Hong Kong Material Science & Technology Co., Ltd.	306,702,407.68	2,613,374,870.00			2,920,077,277.68		
Zoomwe Hong Kong New Energy Technology Co., Limited	398,450,544.28	1,150,432,245.74			1,548,882,790.02		
Singapore CNGR New Energy Technology Pte., Ltd.		7,308,560.00			7,308,560.00		
Total	<u>9,356,912,095.30</u>	<u>7,650,848,930.49</u>		<u>10,092,431.67</u>	<u>16,997,668,594.12</u>		

3. Investment in associated companies

Name of investee	Opening balance	Current movement	
		Additional investments	Decrease
Guizhou Wujiang Laboratory Technology Co., Ltd.		600,000.00	
total		<u>600,000.00</u>	

Continued from above table:

Investment gains and losses recognized under the equity method	Current movement		
	Other comprehensive income adjustments	Other changes in equity	Declared distribution of cash dividends or profits
-75,067.35			
<u>-75,067.35</u>			

Continued from above table:

Current movement	Closing balance	Closing balance of
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Current Accrual of Provision for Impairment	Others	provision for impairment
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524,932.65

524,932.65

(VI) Operating incomes and operating costs

1. Operating incomes and operating costs

Project	Amount incurred in current period		Amount incurred in previous period	
	Revenue	Costs	Revenue	Costs
Principal Businesses	15,238,036,885.53	13,554,222,529.48	9,901,514,294.11	8,700,626,927.19
Other Business	794,123,353.85	767,856,381.26	92,054,165.67	93,859,477.79
Total	<u>16,032,160,239.38</u>	<u>14,322,078,910.74</u>	<u>9,993,568,459.78</u>	<u>8,794,486,404.98</u>

2. Revenue generated from contracts

Contract classification	Total
Goods type	
Ternary precursors	15,018,730,659.68
Others	1,013,429,579.70
Total	<u>16,032,160,239.38</u>
Classified by business area	
Chinese mainland	14,305,331,086.49
Korea	1,726,829,152.89
Total	<u>16,032,160,239.38</u>
Market or customer type	
Lithium cathode precursor material market	16,032,160,239.38
Total	<u>16,032,160,239.38</u>
Type of Contract	
Self-operated	15,106,771,718.15
Others	925,388,521.23
Total	<u>16,032,160,239.38</u>

3. Description of performance obligations

(1) Product sales business

For domestic sales, the customer will sign the delivery order (or logistics bill) after the customer has inspected and signed for the goods, and the company will complete the performance obligation upon receiving the delivery order (or logistics bill) signed by the customer; for export, the company will arrange the third party logistics to send the goods to the port for loading and customs clearance for export, and the company will complete the performance obligation upon obtaining the bill of lading.

(2) Raw material sales business

For raw materials settled according to the contract amount, the performance obligation is completed when the customer inspects and signs the goods and the company receives the delivery note signed by the customer; for raw materials settled according to the actual test results of metal content, the performance obligation is completed when the company obtains the settlement bill confirmed by both parties.

(3) Provision of labor services

The company provides labor services mainly for precursor material processing business, after the processing is completed, the customer inspects and signs the goods, and then the customer signs and confirms on the delivery order (or logistics bill), and the company will complete the performance obligation upon receiving the delivery note (or logistics bill) signed by the customer.

4. Description of the apportionment to remaining performance obligations

At the end of this reporting period, the amount of income corresponding to the performance obligations that have received orders but have not been fulfilled or completed was RMB 609,896,392.13, among which RMB 609,896,392.13 was expected to be recognized in 2023.

(V) Investment income

Source of investment income	Amount incurred in	
	current period	previous period
Investment income earned on maturity of financial products classified as trading financial assets	458,077.49	1,498,142.41
Discount interest on bankers' acceptances that meet the conditions for derecognition	-44,461,249.95	-36,218,084.54
Long-term equity investment income accounted for under the equity method	-75,067.35	
Dividend income from investments in other equity instruments during the holding period	2,293,364.22	
Investment income from disposal of long-term equity investments	-10,068,354.83	
Total	<u>-51,853,230.42</u>	<u>-34,719,942.13</u>

XVII. Supplementary information

(1) In accordance with the requirements of CSRC's *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-Recurring Profit and Loss*, the non-recurring profit and loss of the current period shall be disclosed as follows:

The breakdown of non-recurring profit and loss	Amount
(1) Profits and losses on disposal of non-current assets	-91,840.14
(2) Tax rebates and exemptions with or without formal approval documents	
(3) Government grant included in the current profits or losses (except for the government grant which are closely related to the business of the company and are in accordance with the national unified standard quota)	518,203,170.17
(4) Capital occupation fee charged to non-financial enterprises included in the current gains and losses	
(5) Income generated when the investment cost of an enterprise to obtain subsidiaries, joint ventures and associates is less than the fair value of the identifiable net assets of the investee when the investment is obtained	1,076.18
(6) Gains and losses from exchange of non-monetary assets	
(7) Gains and losses from entrusting others to invest or manage assets	
(8) Provision 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 staff resettlement expenses, integration costs, etc.	
(11) Gains and losses of the portion over fair value arising from the transactions whose transaction prices are obviously unfair	
(12) Current net gains and losses of subsidiaries arising from business combination under the common control from the beginning of the period to the combination date	
(13) Gains and losses arising from contingencies unrelated to normal business of the Company	
(14) Besides the effective hedging business related to normal operations of the Company, the profits or losses on changes in fair value arising from holding trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment income from disposing of trading financial assets, derivative financial assets, trading financial liabilities, trading financial liabilities and other debt investments	10,447,525.27
(15) The receivables and the reserve for impairment of contractual assets that are separately tested for impairment are transferred back	
(16) Gains and losses from external entrusted loans	
(17) Gains and losses arising from changes in fair value of investment real estate that are subsequently measured at fair value	
(18) Impact from one-time adjustment of the current gains and losses according to the requirements of laws and regulations relating to taxation and accounting on the current gains and losses	
(19) Custody fee income from entrusted operations	
(20) Other non-operating income and expenses other than those mentioned above	10,347,492.65
(21) Other gain and loss items that meet the definition of non-recurring gains and losses	
Total non-recurring profit and loss	<u>538,907,424.13</u>
Less: Income tax impacted amount	86,101,656.39
Non-recurring profit and loss after deducting income tax impacted amount	<u>452,805,767.74</u>

The breakdown of non-recurring profit and loss	Amount
Including: non-recurring profit and loss attributable to owners of the parent company	434,469,303.75
Non-recurring profit and loss attributable to minority shareholders	18,336,463.99

(II) Return on Equity and Earnings per Share

Profits in the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	14.02	2.52	2.52
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profits or losses	10.08	1.81	1.81

CNGR Advanced Material Co., Ltd.
April 25, 2023



邓伟印

邹畅印

朱宗元印