



信永中和會計師事務所
ShineWing
certified public accountants

北京市東城區朝陽門北大街
8號富華大廈A座9層
9/F, Block A, Fu Hua Mansion,
No.8, Chaoyangmen Beidajie,
Dongcheng District, Beijing,
100027, P.R.China

聯繫電話 : +86 (010) 6554 2288
telephone: +86 (010) 6554 2288
傳真 : +86 (010) 6554 7190
facsimile: +86 (010) 6554 7190

REVIEW REPORT

XYZH/2022SZAA50306

To the Board of Directors of Sunwoda Electronic Co., Ltd.:

We have reviewed the accompanying financial statements of Sunwoda Electronic Co., Ltd. (the “Company”), which comprise the consolidated and the Company’s statement of financial position as at 30 June 2022, the consolidated and the Company’s statement of comprehensive income, the consolidated and the Company’s statement of cash flow and the consolidated and the Company’s statement of changes in equity for January-June 2022 and notes to financial statements. The management of the Company is responsible for fair presentation of these financial statements. Our responsibility is to issue our review report on these financial statements based on our review.

We conducted our review in accordance with the “Review Standard for Chinese Certified Public Accountants No.2101-Review of Financial Statements”. The standard requires us to plan and conduct a review to obtain limited assurance as to whether financial statements are free from material misstatement. A review is primarily limited to inquire of company personnel and performing analytical procedures on financial data. A review provides less assurance than audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the consolidated and the Company’s financial position as at 30 June 2022, the consolidated and the Company’s results of operations and cash flows for six-month period then ended in accordance with Accounting Standards for Business Enterprises.

ShineWing Certified Public
Accountants LLP

Beijing, China

Certified Public Accountant of China:
(Project Partner)

Certified Public Accountant of China:

24 August 2022

SUNWODA ELECTRONIC CO., LTD.

CONSOLIDATED BALANCE SHEET

As at 30 June 2022

(All amounts expressed in RMB unless otherwise stated)

Assets	Note 6	30 June 2022	31 December 2021
Current assets:			
Cash and cash equivalents	6.1	9,504,124,870.14	8,367,662,296.66
Financial assets held for trading	6.2	660,000,000.00	
Derivative financial assets			
Notes receivable			
Accounts receivable	6.3	9,165,985,386.47	8,551,739,821.22
Receivables financing	6.4	106,254,761.47	214,371,645.95
Advances to suppliers	6.5	725,905,435.00	388,571,701.52
Other receivables	6.6	207,938,366.55	241,177,975.56
Inventories	6.7	8,827,741,037.90	7,635,337,445.87
Contract assets			
Assets held for sale			
Non-current assets due within one year	6.8	82,480,245.95	124,558,611.19
Other current assets	6.9	642,575,049.26	959,843,597.85
Total current assets		29,923,005,152.74	26,483,263,095.82
Non-current assets:			
Creditor's rights investment			
Other creditor's rights investment			
Long-term receivables	6.10	339,503,085.54	331,931,851.41
Long-term equity investments	6.11	416,526,941.58	216,363,626.87
Other equity instrument investment			
Other non-current financial assets	6.12	917,893,458.92	815,605,738.60
Investment property			
Fixed assets	6.13	9,215,257,069.35	8,428,367,873.76
Construction in progress	6.14	3,756,358,420.72	2,015,739,313.97
Right of use assets	6.15	1,107,773,687.82	648,842,691.24
Intangible assets	6.16	642,464,145.33	648,196,203.51
Development expenditures			
Goodwill	6.17	70,728,600.15	70,728,600.15
Long-term deferred expenses	6.18	1,448,235,828.54	1,417,033,023.87
Deferred tax assets	6.19	269,867,209.37	273,540,701.17
Other non-current assets	6.20	1,989,748,766.35	1,278,818,713.13
Total non-current assets		20,174,357,213.67	16,145,168,337.68
Total assets		50,097,362,366.41	42,628,431,433.50

Legal Representative: Chief Financial Controller: Head of the Accounting Department:

<u>Liabilities and Owners' Equity</u>	<u>Note 6</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
Current liabilities:			
Short-term borrowings	6.21	7,372,109,214.06	6,296,494,585.04
Financial liabilities held for trading	6.22	1,330,877.33	25,674.94
Derivative financial liabilities			
Notes payable	6.23	5,384,962,693.27	3,680,833,300.96
Accounts payable	6.24	9,386,626,354.80	9,684,699,872.84
Advances from customers			
Contract liabilities	6.25	458,198,875.71	408,878,458.94
Employees' benefits payable	6.26	438,276,549.95	672,124,282.12
Taxes and surcharges payable	6.27	115,900,389.72	95,563,787.70
Other payables	6.28	933,035,976.29	533,265,218.34
Liabilities held for sale			
Non-current liabilities due within one year . .	6.29	1,386,641,960.37	1,579,756,235.56
Other current liabilities	6.30	296,155,069.82	1,105,613,295.10
Total current liabilities		25,773,237,961.32	24,057,254,711.54
Non-current liabilities:			
Long-term borrowings	6.31	3,362,298,366.56	2,204,968,691.24
Bonds payable	6.32	619,265,859.28	994,393,616.16
Including: Preferred stocks			
Perpetual debts			
Lease liabilities	6.33	1,065,335,083.70	572,228,765.81
Long-term payables	6.34	212,410,763.54	213,192,010.39
Long-term employees' benefits payable			
Provisions	6.35	225,540,422.11	127,493,020.40
Deferred income	6.36	659,621,734.20	523,167,839.50
Deferred tax liabilities	6.19	163,188,054.72	82,909,399.95
Other non-current liabilities	6.37	606,337,467.98	104,716,455.57
Total non-current liabilities		6,913,997,752.09	4,823,069,799.02
Total liabilities		32,687,235,713.41	28,880,324,510.56
Owners' equity:			
Share capital	6.38	1,718,626,656.00	1,718,957,276.00
Other equity instrument	6.39		
Including: Preferred stocks			
Perpetual debts			
Capital reserves	6.40	9,039,304,747.54	7,453,485,081.14
Less: Treasury stocks	6.41	144,521,610.70	226,359,606.70
Other comprehensive income	6.42	4,357,159.97	-158,017.64
Special reserves			
Surplus reserves	6.43	638,362,496.61	638,362,496.61
General risk reserves		1,493,952.42	
Undistributed profits	6.44	3,695,986,682.15	3,445,778,924.09
Total equity attributable to owners of the Company		14,953,610,083.99	13,030,066,153.50
Non-controlling interests		2,456,516,569.01	718,040,769.44
Total owners' equity		17,410,126,653.00	13,748,106,922.94
Total liabilities and owners' equity		50,097,362,366.41	42,628,431,433.50

Legal Representative: Chief Financial Controller: Head of the Accounting Department:

SUNWODA ELECTRONIC CO., LTD.

THE COMPANY'S BALANCE SHEET

As at 30 June 2022

(All amounts expressed in RMB unless otherwise stated)

Assets	Note 16	30 June 2022	31 December 2021
Current assets:			
Cash and cash equivalents		4,187,764,667.98	3,587,066,790.04
Financial assets held for trading		150,000,000.00	
Derivative financial assets			
Notes receivable			
Accounts receivable	16.1	7,588,638,860.00	8,229,407,771.51
Receivables financing	16.2	34,066,255.28	32,152,050.21
Advances to suppliers		100,800,999.44	59,067,303.93
Other receivables	16.3	6,064,146,682.88	5,312,253,217.88
Inventories		2,361,516,178.41	2,528,724,013.04
Contract assets			
Assets held for sale			
Non-current assets due within one year		4,817,359.93	45,394,873.83
Other current assets		159,299,283.59	92,459,510.47
Total current assets		20,651,050,287.51	19,886,525,530.91
Non-current assets:			
Creditor's right investment			
Other creditor's right investment			
Long-term receivables		28,699,987.84	29,232,081.25
Long-term equity investments	16.4	8,611,462,693.88	8,523,809,746.18
Other equity instrument investment			
Other non-current financial assets		266,141,752.88	408,132,297.50
Investment property			
Fixed assets		2,483,936,566.96	2,758,099,608.28
Construction in progress		552,508,353.49	277,134,814.46
Right of use assets		207,138,070.43	182,825,074.02
Intangible assets		134,267,444.82	138,369,362.61
Development expenditures			
Goodwill			
Long-term deferred expenses		172,011,158.73	175,797,624.21
Deferred tax assets			13,306,220.38
Other non-current assets		267,194,619.62	145,530,921.92
Total non-current assets		12,723,360,648.65	12,652,237,750.81
Total assets		33,374,410,936.16	32,538,763,281.72

Legal Representative: Chief Financial Controller: Head of the Accounting Department:

<u>Liabilities and Owners' Equity</u>	<u>Note 16</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
Current liabilities:			
Short-term borrowings		5,551,935,356.77	4,911,820,262.63
Financial liabilities held for trading		1,330,877.33	25,674.94
Derivative financial liabilities			
Notes payable		3,303,133,487.96	2,886,367,450.86
Accounts payable		4,821,878,687.29	6,086,270,841.44
Advances from customers			
Contract liabilities		250,428,415.41	291,055,443.25
Employees' benefits payable		74,614,295.74	134,169,846.22
Taxes and surcharges payable		3,129,894.74	27,413,112.69
Other payables		1,146,639,137.02	737,815,776.53
Liabilities held for sale			
Non-current liabilities due within one year		623,911,549.89	980,848,851.77
Other current liabilities		95,079,294.87	128,544,255.18
Total current liabilities		15,872,080,997.02	16,184,331,515.51
Non-current liabilities:			
Long-term borrowings		1,502,687,669.73	365,908,883.49
Bonds payable		619,265,859.28	994,393,616.16
Including: Preferred stocks			
Perpetual debts			
Lease liabilities		139,234,530.66	113,222,534.90
Long-term payables			
Long-term employees' benefits payable			
Provisions			
Deferred income		120,840,134.92	125,857,954.06
Deferred tax liabilities		45,213,063.71	
Other non-current liabilities			
Total non-current liabilities		2,427,241,258.30	1,599,382,988.61
Total liabilities		18,299,322,255.32	17,783,714,504.12
Owners' equity:			
Share capital		1,718,626,656.00	1,718,957,276.00
Other equity instrument			
Including: Preferred stocks			
Perpetual debts			
Capital reserves		7,878,982,881.94	7,790,421,632.43
Less: Treasury stocks		144,521,610.70	226,359,606.70
Other comprehensive income			
Special reserves			
Surplus reserves		638,362,496.61	638,362,496.61
Undistributed profits		4,983,638,256.99	4,833,666,979.26
Total owners' equity		15,075,088,680.84	14,755,048,777.60
Total liabilities and owners' equity		33,374,410,936.16	32,538,763,281.72

Legal Representative: Chief Financial Controller: Head of the Accounting Department:

SUNWODA ELECTRONIC CO., LTD.

CONSOLIDATED INCOME STATEMENT

For the Period from January to June 2022

(All amounts expressed in RMB unless otherwise stated)

Item	Note 6	January to June 2022	January to June 2021
I. Total revenue.		21,717,782,652.15	15,682,064,057.07
Including: Operating revenue.	6.45	21,717,782,652.15	15,682,064,057.07
II. Total cost		21,351,618,627.49	15,190,874,501.55
Including: Cost of sales	6.45	18,730,419,751.05	13,124,098,634.47
Taxes and surcharges	6.46	68,386,198.54	59,682,078.00
Selling expenses	6.47	205,636,743.75	112,119,216.00
Administrative expenses	6.48	896,648,082.65	637,425,388.48
Research and development expenses	6.49	1,194,938,841.24	1,001,301,637.07
Finance expenses.	6.50	255,589,010.26	256,247,547.53
Including: Interest expenses.		279,703,843.24	267,115,789.82
Interest incomes		74,622,399.45	53,617,650.87
Add: Other incomes.	6.51	189,132,527.83	120,086,599.11
Investment income (“-” for losses)	6.52	-1,361,533.74	14,549,419.04
Including: Income from investment in associates and joint ventures		-7,474,616.32	-18,890,945.92
Incomes from derecognized financial assets measured at amortized cost			
Incomes from change in fair value (“-” for loss)	6.53	-29,764,759.94	21,917,468.75
Losses on credit impairment (“-” for losses)	6.54	-17,843,573.21	-18,085,362.99
Losses on assets impairment (“-” for losses)	6.55	-171,129,283.01	-136,094,069.09
Incomes from assets disposal (“-” for losses)	6.56	-2,243,992.62	231,943,705.80
III. Operating profits (“-” for losses)		332,953,409.97	725,507,316.14
Add: Non-operating income.	6.57	17,037,191.75	17,616,668.40
Less: Non-operating expense	6.58	12,887,225.64	12,604,552.50
IV. Total profits (“-” for total losses)		337,103,376.08	730,519,432.04
Less: Income tax expenses	6.59	105,592,458.28	114,443,481.02
V. Net profits (“-” for net losses)		231,510,917.80	616,075,951.02
(I) Classified by continued operation.			
1. Net profits from continued operation (“-” for net losses)		231,510,917.80	616,075,951.02
2. Net profits from discontinued operation (“-” for net losses)			
(II) Classified by ownership belonging			
1. Net profit attributable to shareholders of the Company (“-” for net losses)		372,028,719.80	617,147,597.81
2. Profits or losses attributable to non-controlling shareholders (“-” for net losses)		-140,517,802.00	-1,071,646.79
VI. Net amount of other comprehensive income after tax.		4,514,482.50	205,650.72
Net amount of other comprehensive income after tax attributable to owners of the Company		4,515,177.61	205,715.82

Item	Note 6	January to June 2022	January to June 2021
(I) Other comprehensive income that cannot be reclassified into the profit or loss afterwards . . .			
1. Changes under the defined benefit plan after re-measurement			
2. Other comprehensive income that cannot be reclassified into profits or losses under equity method			
3. Changes in fair value of other equity instrument investment			
4. Changes in fair value of enterprises' own credit risks			
(II) Other comprehensive income that will be reclassified into the profit or loss		4,515,177.61	205,715.82
1. Other comprehensive income that will be reclassified into profit/loss under equity method . .			
2. Changes in fair values of other creditor's right investment			
3. Amount in other comprehensive incomes after reclassification of financial assets			
4. Provisions for credit impairment of other creditor's right investment			
5. Hedge reserves of cash flow			
6. Differences from translation of foreign-currency financial statements		4,515,177.61	205,715.82
7. Others			
Net amount of other comprehensive income after tax attributable to non-controlling shareholders .		-695.11	-65.10
VII. Total comprehensive income		236,025,400.30	616,281,601.74
Total comprehensive income attributable to owners of the Company		376,543,897.41	617,353,313.63
Total comprehensive income attributable to non-controlling shareholders		-140,518,497.11	-1,071,711.89
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	6.60	0.22	0.40
(II) Diluted earnings per share (RMB/share)	6.60	0.22	0.38

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Chief Financial Controller: Head of the Accounting Department:

SUNWODA ELECTRONIC CO., LTD.

THE COMPANY'S INCOME STATEMENT

For the Period from January to June 2022

(All amounts expressed in RMB unless otherwise stated)

Item	Note 16	January to June 2022	January to June 2021
I. Operating revenue	16.5	11,419,558,959.26	9,786,989,839.03
Less: Cost of sales	16.5	10,425,736,249.94	8,975,762,642.90
Taxes and surcharges		20,026,745.95	24,427,174.55
Selling expenses		22,047,642.22	31,406,659.19
Administrative expenses		232,219,842.96	225,998,722.46
Research and development expenses		303,242,633.78	321,320,026.27
Finance expenses.		20,216,923.14	-84,914,100.39
Including: Interest expenses.		186,865,687.89	193,502,022.57
Interest incomes		119,889,324.44	302,068,101.16
Add: Other incomes.		118,202,371.83	62,886,553.47
Investment income ("-" for losses)	16.6	5,056,813.32	17,583,724.46
Including: Income from investment in associates and joint ventures		-74,607.45	
Income from derecognition of financial assets measured at amortized cost			
Income from changes in fair value ("-" for losses)		-143,195,691.21	28,444,113.05
Loss on credit impairment ("-" for losses)		-8,606,424.42	-12,608,513.91
Loss on assets impairment ("-" for losses)		-45,944,761.10	-42,538,348.98
Income from assets disposal ("-" for losses)		-2,446,217.60	-614,090.09
II. Operating profits ("-" for losses)		319,135,012.09	346,142,152.05
Add: Non-operating income.		5,572,086.75	7,267,087.82
Less: Non-operating expense		6,853,817.19	4,166,803.30
III. Total profits ("-" for total loss)		317,853,281.65	349,242,436.57
Less: Income tax expenses		47,554,994.60	48,566,273.80
IV. Net profits ("-" for net losses)		270,298,287.05	300,676,162.77
Net profits from continued operation ("-" for losses)		270,298,287.05	300,676,162.77
Net profits from discontinued operation ("-" for losses)			
V. Net amount of other comprehensive income after tax.			
(I) Other comprehensive income that cannot be reclassified into the profit or loss			
1. Changes under the defined benefit plan after re-measurement			
2. Other comprehensive income that cannot be reclassified into profits or losses under equity method			
3. Changes in fair value of other equity instruments.			
4. Changes in fair value of enterprises' credit risk.			

Item	Note 16	January to June 2022	January to June 2021
(II) Other comprehensive income that will be reclassified into the profit or loss			
1. Other comprehensive income that will be reclassified into the profit or loss under equity method			
2. Changes in fair values of other creditor's rights investment			
3. Amount in other comprehensive incomes after reclassification of financial assets			
4. Provisions for credit impairment of other creditor's rights investment			
5. Hedge reserves of cash flow			
6. Differences from translation of foreign-currency financial statements			
7. Others			
VI. Total comprehensive income.		270,298,287.05	300,676,162.77
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share).			
(II) Diluted earnings per share (RMB/share)			

Legal Representative: Chief Financial Controller: Head of the Accounting Department:

SUNWODA ELECTRONIC CO., LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Period from January to June 2022

(All amounts expressed in RMB unless otherwise stated)

Item	Note 6	January to June 2022	January to June 2021
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		22,790,451,315.62	16,912,388,032.09
Refunds of taxes and surcharges		1,038,286,030.27	368,837,911.82
Cash received from other operating activities	6.61	919,694,844.47	210,571,268.12
Sub-total of cash inflows from operating activities		24,748,432,190.36	17,491,797,212.03
Cash paid for goods purchased and services received		19,490,690,092.43	14,230,754,170.73
Cash paid to and on behalf of employees		2,997,462,376.68	2,299,584,967.19
Cash paid for taxes and surcharges		357,019,173.24	341,286,765.29
Cash paid for other operating activities	6.61	537,885,598.54	268,921,834.30
Sub-total of cash outflows from operating activities		23,383,057,240.89	17,140,547,737.51
Net cash flows from operating activities		1,365,374,949.47	351,249,474.52
II. Cash flows from investment activities			
Cash received from investment recovery		307,330,370.07	1,775,000.00
Cash received from returns on investments		10,162,621.51	86,782,609.05
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		25,462,041.52	29,689,269.37
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investment activities	6.61		
Sub-total of cash inflows from investment activities		342,955,033.10	118,246,878.42
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		4,294,627,249.83	1,607,361,853.02
Cash paid for investments		1,408,259,722.68	178,982,478.04
Net cash paid for acquiring subsidiaries and other business units			
Cash paid for other investment activities	6.61	1,073,152.24	80,533.00
Sub-total of cash outflows from investment activities		5,703,960,124.75	1,786,424,864.06
Net cash flows from investment activities		-5,361,005,091.65	-1,668,177,985.64
III. Cash flows from financing activities			
Cash received from investment absorption		2,576,252,500.87	11,732,600.00
Including: Cash received by subsidiaries from investments of non-controlling shareholders		2,576,252,500.87	11,732,600.00
Cash received from borrowings		9,061,161,795.74	5,801,489,989.38
Cash received from other financing activities	6.61	315,200,000.00	872,593,477.19
Sub-total of cash inflows from financing activities		11,952,614,296.61	6,685,816,066.57

<u>Item</u>	<u>Note 6</u>	<u>January to June 2022</u>	<u>January to June 2021</u>
Cash paid for debt repayments		7,258,396,829.57	4,790,157,005.51
Cash paid for distribution of dividends and profits or interest payment		235,726,050.29	268,498,414.80
Including: Dividends and profits paid to non- controlling shareholders by subsidiaries			1,635,189.58
Cash paid for other financing activities	6.61	822,779,824.50	1,220,983,716.33
Sub-total of cash outflows from financing activities		8,316,902,704.36	6,279,639,136.64
Net cash flows from financing activities		3,635,711,592.25	406,176,929.93
IV. Implication of exchange rate changes on cash and cash equivalents		56,400,707.73	-13,542,326.56
V. Net increase in cash and cash equivalents	6.62	-303,517,842.20	-924,293,907.75
Add: Beginning balance of cash and cash equivalents	6.62	5,441,712,417.93	2,362,810,717.86
VI. Ending balance of cash and cash equivalents		5,138,194,575.73	1,438,516,810.11

Legal Representative: Chief Financial Controller: Head of the Accounting Department:

SUNWODA ELECTRONIC CO., LTD.

THE COMPANY'S STATEMENT OF CASH FLOWS

For the Period from January to June 2022

(All amounts expressed in RMB unless otherwise stated)

Item	Note	January to June 2022	January to June 2021
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		12,800,730,117.30	11,208,854,889.50
Refunds of taxes and surcharges		308,500,766.62	295,502,674.00
Cash received from other operating activities . . .		862,039,537.85	4,850,836,870.36
Sub-total of cash inflows from operating activities		13,971,270,421.77	16,355,194,433.86
Cash paid for goods purchased and services received		11,202,516,692.72	9,902,571,609.18
Cash paid to and on behalf of employees		567,481,079.74	530,939,172.99
Cash paid for taxes and surcharges		58,732,575.53	51,679,553.82
Cash paid for other operating activities		1,331,312,365.75	1,000,500,989.08
Sub-total of cash outflows from operating activities		13,160,042,713.74	11,485,691,325.07
Net cash flows from operating activities		811,227,708.03	4,869,503,108.79
II. Cash flows from investment activities			
Cash received from investment recovery		130,710,000.00	90,000,000.00
Cash received from returns on investments		8,793,881.78	21,716,506.97
Net cash received from disposal of fixed assets, intangible assets and other long-term assets . . .		36,044,275.96	47,849,456.60
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investment activities . .			
Sub-total of cash inflows from investment activities		175,548,157.74	159,565,963.57
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		530,907,638.59	514,742,700.18
Cash paid for investments		397,000,000.00	1,522,520,000.00
Net cash paid for acquiring subsidiaries and other business units			
Cash paid for other investment activities			1,009,911,238.42
Sub-total of cash outflows from investment activities		927,907,638.59	3,047,173,938.60
Net cash flows from investment activities		-752,359,480.85	-2,887,607,975.03
III. Cash flows from financing activities			
Cash received from investment absorption			
Cash received from borrowings		7,499,990,482.04	2,286,286,594.87
Cash received from other financing activities . . .		185,158,848.22	380,339,326.37
Sub-total of cash inflows from financing activities		7,685,149,330.26	2,666,625,921.24
Cash paid for debt repayments		6,428,799,359.22	3,921,231,470.23

<u>Item</u>	<u>Note</u>	<u>January to June 2022</u>	<u>January to June 2021</u>
Cash paid for distribution of dividends and profits or interest payment		126,384,924.24	210,959,736.06
Cash paid for other financing activities		967,931,073.44	1,390,688,943.62
Sub-total of cash outflows from financing activities		7,523,115,356.90	5,522,880,149.91
Net cash flows from financing activities		162,033,973.36	-2,856,254,228.67
IV. Implication of exchange rate changes on cash and cash equivalents		39,078,546.35	-8,995,088.43
V. Net increase of cash and cash equivalents		259,980,746.89	-883,354,183.34
Add: Beginning balance of cash and cash equivalents		1,902,975,571.91	1,197,909,211.91
VI. Ending balance of cash and cash equivalents		2,162,956,318.80	314,555,028.57

Legal Representative: Chief Financial Controller: Head of the Accounting Department:

SUNWODA ELECTRONIC CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the Period from January to June 2022
(All amounts expressed in RMB unless otherwise stated)

Item	Equity attributable to owners of the Company					Other equity instruments			Subtotal	Non-controlling equity	Total owners' equity			
	Share capital	Preferred stocks	Perpetual debts	Others	Capital reserves	Less: Treasury stocks	Other comprehensive income	Special reserves				Surplus reserves	General risk reserves	Undistributed profits
I. Prior year ending balance	1,718,957,276.00				7,453,485,081.14	226,359,606.70	-158,017.64		638,362,496.61		3,445,778,924.09	13,030,066,153.50	718,040,769.44	13,748,106,922.94
Add: Accounting policy changes														
Prior year error correction														
Business combination under common control														
Others														
II. Current year beginning balance	1,718,957,276.00				7,453,485,081.14	226,359,606.70	-158,017.64		638,362,496.61		3,445,778,924.09	13,030,066,153.50	718,040,769.44	13,748,106,922.94
III. Movement ("-" for decrease)	-330,620.00				1,585,819,666.40	-81,837,996.00	4,515,177.61		1,493,952.42		250,207,758.06	1,923,543,930.49	1,738,475,799.57	3,662,019,730.06
(I) Total comprehensive income							4,515,177.61				372,028,719.80	376,543,897.41	-140,317,802.00	236,026,095.41
(II) Owners' investment and reduction of capital	-330,620.00				1,585,819,666.40	-81,837,996.00					1,667,327,042.40	1,667,327,042.40	1,878,993,601.57	3,546,320,643.97
1. Ordinary shares invested by owners	-330,620.00				-2,734,897.60	-81,837,996.00					78,772,478.40	78,772,478.40	3,376,252,500.87	3,455,024,979.27
2. Capital injected by holders of other equity instruments														
3. Amount of share payment credited into owners' equity					91,296,147.11									91,296,147.11
4. Others					1,497,258,416.89								-1,497,258,899.30	-482.41

January to June 2022

Item	Equity attributable to owners of the Company														
	Other equity instruments					Less: Treasury stocks					Subtotal				
	Share capital	Preferred stocks	Perpetual debts	Others	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits					
(III) Profit distribution									1,493,952.42	-121,820,961.74	-120,327,009.32	-120,327,009.32			
1. Drawing of surplus reserves															
2. Drawing of general risk reserves									1,493,952.42	-1,493,952.42					
3. Distribution to owners (or shareholders)															
4. Others															
(IV) Internal carry-over of owners' equity.															
1. Conversion of capital reserves into paid-in capital (or share capital).															
2. Conversion of surplus reserves into paid-in capital (or share capital).															
3. Surplus reserves making up for losses															
4. Retained income carried forward from the change in defined benefit plan															
5. Retained income carried forward from other comprehensive income															
6. Others															
(V) Special reserves															
1. Accrued during the period.															
2. Utilized during the year															
(VI) Others															
IV. Current year ending balance	1,718,626,656.00				9,039,304,747.54	144,521,610.70	4,357,159.97	638,362,496.61	1,493,952.42	3,695,986,682.15	14,953,610,083.99	2,456,516,569.01	17,410,126,653.00		

Legal Representative: Chief Financial Controller: Head of the Accounting Department:

January to June 2021

Item	Equity attributable to owners of the Company										Total owners' equity			
	Share capital	Preferred stocks	Perpetual debts	Others	Capital reserves	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves		Undistributed profits	Subtotal	Non-controlling equity
I. Prior year ending balance	1,574,979,031.00			72,174,079.25	2,228,172,564.86	368,614,935.00	2,138,548.46		507,131,632.53		2,803,039,775.29	6,819,020,696.39	328,375,231.40	7,147,395,927.79
Add: Accounting policy changes									-1,184,358.41		-55,189,954.03	-36,374,312.44		-36,374,312.44
Prior year error correction														
Business combination under common control														
Others														
II. Current year beginning balance	1,574,979,031.00			72,174,079.25	2,228,172,564.86	368,614,935.00	2,138,548.46		505,947,274.12		2,767,849,821.26	6,782,646,383.95	328,375,231.40	7,111,021,615.35
III. Movement ("+" for decrease)	43,846,622.00			-61,427,197.75	1,015,996,732.36	-93,435,203.50	208,347.19				506,874,638.70	1,598,934,346.00	-7,982,494.28	1,590,951,851.72
(I) Total comprehensive income							208,347.19				617,147,597.81	617,355,945.00	-1,071,646.79	616,284,298.21
(II) Owners' investment and reduction of capital	43,846,622.00			-61,427,197.75	1,015,996,732.36	-93,435,203.50						1,091,851,360.11	-4,866,860.52	1,086,984,499.59
1. Ordinary shares invested by owners	-1,179,460.00													
2. Capital injected by holders of other equity instruments	45,026,082.00			-61,427,197.75	913,589,640.67	-8,469,543.00						-2,797,800.00	11,732,600.00	8,934,800.00
3. Amount of share payment credited into owners' equity														
4. Others					95,518,885.17	-86,584,000.50						182,102,885.67		182,102,885.67
(III) Profit distribution					15,357,749.52							15,357,749.52	-16,599,460.52	-1,241,711.00
1. Drawing of surplus reserves												-110,272,959.11	-2,043,986.97	-112,316,946.08
2. Drawing of general risk reserves														

January to June 2021

Item	Other equity instruments			Equity attributable to owners of the Company						Subtotal	Non-controlling equity	Total owners' equity
	Share capital	Preferred stocks	Perpetual debts	Others	Capital reserves	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserves			
3. Distribution to owners (or shareholders)											-110,272,959.11	-112,316,946.08
4. Others												-2,043,986.97
(IV) Internal carry-over of owners' equity												
1. Conversion of capital reserves into capital (or share capital)												
2. Conversion of surplus reserves into capital (or share capital)												
3. Surplus reserves making up for losses												
4. Retained income carried forward from the change in defined benefit plan												
5. Retained income carried forward from other comprehensive income												
6. Others												
(V) Special reserves												
1. Accrued during the year												
2. Utilized during the year												
(VI) Others												
IV. Current ending balance	1,618,825,653.00			10,746,881.50	3,244,169,297.22	275,179,731.50	2,346,895.65	505,947,274.12	3,274,724,459.96	8,381,580,729.95	320,392,737.12	8,701,973,467.07

Legal Representative: _____ Chief Financial Controller: _____ Head of the Accounting Department: _____

SUNWODA ELECTRONIC CO., LTD.

THE COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY

For the Period from January to June 2022

(All amounts expressed in RMB unless otherwise stated)

Item	Other equity instruments				January to June 2022			Total owners' equity
	Share capital	Preferred stocks	Perpetual debis	Others	Capital reserves	Less: Treasury stocks	Other comprehensive income	
I. Prior year ending balance . . .	1,718,957,276.00				7,790,421,632.43	226,359,606.70		14,755,048,777.60
Add: Accounting policy changes .								
Prior year error correction.								
Others								
II. Current year beginning balance	1,718,957,276.00				7,790,421,632.43	226,359,606.70		14,755,048,777.60
III. Movement ("-" for decrease).	-330,620.00				88,561,249.51	-81,837,996.00		320,039,903.24
(I) Total comprehensive income .								270,298,287.05
(II) Owners' investment and reduction of capital	-330,620.00				88,561,249.51	-81,837,996.00		170,068,623.51
1. Ordinary shares invested by owners	-330,620.00				-2,734,897.60	-81,837,996.00		78,772,478.40
2. Capital injected by holders of other equity instruments								
3. Amount of share payment credited into owners' equity .					91,296,147.11			91,296,147.11
4. Others								
(III) Profit distribution								-120,327,009.32
1. Drawing of surplus reserves. .								
2. Profit distributed to owners (or shareholders).								-120,327,009.32

January to June 2022

Item	Other equity instruments			Capital reserves	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
	Share capital	Preferred stocks	Perpetual debis							
3. Others										
(IV) Internal carry-over of owners' equity										
1. Conversion of capital reserves into capital (or share capital).										
2. Conversion of surplus reserves into capital (or share capital)										
3. Surplus reserves making up for losses										
4. Retained income carried forward from the change in defined benefit plan										
5. Retained income carried forward from other comprehensive income										
6. Others										
(V) Special reserves										
1. Accrued during the year										
2. Utilized during the year										
(VI) Others										
IV. Current year ending balance	1,718,626,656.00			7,878,982,881.94	144,521,610.70			638,362,496.61	4,983,638,256.99	15,075,088,680.84

Legal Representative: Chief Financial Controller: Head of the Accounting Department:

January to June 2021

Item	Share capital			Other equity instruments			Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
	Share capital	Preferred stocks	Perpetual debts	Others	Capital reserves	Others						
I. Prior year ending balance	1,574,979,031.00			72,174,079.25	2,769,359,281.46		368,614,935.00			507,131,632.53	3,762,862,161.84	8,317,891,251.08
Add: Accounting policy changes												
Prior year error correction										-1,184,358.41	-10,659,225.83	-11,843,584.24
Others												
II. Current year beginning balance	1,574,979,031.00			72,174,079.25	2,769,359,281.46		368,614,935.00			505,947,274.12	3,752,202,936.01	8,306,047,666.84
III. Movement ("-" for decrease)	43,846,622.00			-61,427,197.75	1,000,638,982.84		-93,435,203.50				190,403,203.66	1,266,896,814.25
(I) Total comprehensive income											300,676,162.77	300,676,162.77
(II) Owners' investment and reduction of capital	43,846,622.00			-61,427,197.75	1,000,638,982.84		-93,435,203.50					1,076,493,610.59
1. Ordinary shares invested by owners	-1,179,460.00				-8,469,543.00		-6,851,203.00					-2,797,800.00
2. Capital injected by holders of other equity instruments	45,026,082.00			-61,427,197.75	913,589,640.67							897,188,524.92
3. Amount of share payment credited into owners' equity												182,102,885.67
4. Others							-86,584,000.50					
(III) Profit distribution											-110,272,959.11	-110,272,959.11
1. Drawing of surplus reserves												
2. Profit distributed to owners (or shareholders)												
3. Others												
(IV) Internal carry-over of owners' equity												
1. Conversion of capital reserves into capital (or share capital)												
2. Conversion of surplus reserves into capital (or share capital)												
3. Surplus reserves making up for losses												

January to June 2021

Item	Share capital			Other equity instruments		Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
	Preferred stocks	Perpetual debts	Others	Capital reserves	Others						
4. Retained income carried forward from the change in defined benefit plan . . .											
5. Retained income carried forward from other comprehensive income.											
6. Others											
(V) Special reserves											
1. Accrued during the year											
2. Utilized during the year											
(VI) Others											
IV. Current year ending balance	1,618,825,653.00		10,746,881.50	3,769,998,264.30		275,179,731.50			505,947,274.12	3,942,606,139.67	9,572,944,481.09

Legal Representative:

Chief Financial Controller:

Head of the Accounting Department:

SUNWODA ELECTRONIC CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
(All amounts expressed in RMB unless otherwise stated)

1. GENERAL INFORMATION

Sunwoda Electronic Co., Ltd. (hereinafter referred to as “the Company”) is a joint stock company changed from a limited company on 15 October 2008 with the approval from Shenzhen Administration for Industry and Commerce, and the approval from Shareholders’ Meeting of the Company. Registration number of its business license is 440306102879581. In April 2011, the Company issued RMB ordinary shares to the public as approved by the China Securities Regulatory Commission with the Document (Zheng Jian Xu Ke [2011] No. 481) and got listed in Shenzhen Stock Exchange on 13 April 2011.

As at 30 June 2022, the Company has issued a total of 1,718,626,700 shares with registered capital of RMB1,718,626,700. Its registration place is Section A and Section B of 1st Floor and 2nd Floor, Section D of 2nd Floor, and 9th Floor of Multi-functional Building, No. 2, Yihe Road, Shilong Community, Shiyuan Subdistrict, Baoan District, Shenzhen; while its headquarter is located at No. 2, Yihe Road, Shilong Community, Shiyuan Subdistrict, Baoan District, Shenzhen.

The Company’s principal business covers: software development and sales; laboratory tests and technical consulting service of lithium-ion batteries, storage batteries and accumulator batteries; industry development; domestic business, material supply and marketing industry; import and export of goods and technologies; ordinary freight. R&D, manufacturing and sales of batteries, chargers, instrument and apparatus, industrial equipment, automation equipment and production lines; R&D, manufacturing and sales of electronic products; R&D, manufacturing and sales of storage batteries and energy storage system; R&D, production and sales of industrial protective articles and labor protective articles; R&D, production and sales of mobile base stations, communication equipment and electronic touch pens; R&D, production and sales of lithium-ion battery materials, high-performance membrane materials and electrolyte materials.

Ultimate beneficial owners of the Company are Wang Mingwang and Wang Wei.

The financial statements were approved and authorized for issue by Board of Directors of the Company on 24 August 2022.

2. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries directly controlled by the Company included in the scope of consolidation as at 30 June 2022 are as follows:

Company Names

Shenzhen Xinwei Electronic Co., Ltd. (“Xinwei Electronic”)
Xinwei (Hong Kong) Electronic Co., Ltd. (“Xinwei Hong Kong”)
Sunwoda Huizhou New Energy Co., Ltd. (“Huizhou New Energy”)
Shenzhen Sunwoda Electrical Technology Co., Ltd. (“Sunwoda Electrical”)
Shenzhen PTL Testing Technology Co., Ltd. (“PTL”)
Shenzhen Qianhai Hongsheng Technology Co., Ltd. (“Qianhai Hongsheng”)
Dongguan Liwinon Energy Technology Co., Ltd. (“Dongguan Liwinon”)
Shenzhen Sunwoda Integrated Energy Services Co., Ltd. (“Integrated Energy”)
Shenzhen Sunwoda Intelligent Technology Co., Ltd. (“Sunwoda Intelligent Technology”)
Shenzhen Sunwinon Electronic Co., Ltd. (“Shenzhen Sunwinon”, formerly named “Shenzhen Sunwoda Intelligent Hardware Co., Ltd.”)
Shenzhen Xinxiangrong Entrepreneurship Services Co., Ltd. (“Xinxiangrong”)

Company Names

Shenzhen Sunynn Technology Co., Ltd. (“Shenzhen Sunynn”)
Shenzhen Xindong Energy Technology Co., Ltd. (“Shenzhen Xindong Energy”)
Shenzhen Sunwoda Property Management Co, Ltd. (“Sunwoda Property”)
Zhejiang Sunwoda Electronic Co., Ltd. (“Zhejiang Sunwoda”)
Zhejiang Xindong Energy Technology Co., Ltd. (“Zhejiang Xindong Energy”)
Huizhou Liwinon New Energy Technology Co., Ltd. (“Huizhou Liwinon”)
Superstar (Shenzhen) Automation Co., Ltd. (“Superstar”)

Subsidiaries indirectly controlled by the Company included in the scope of consolidation as at 30 June 2022 are as follows:

Company Names

Sunwoda Europe GmbH (“Germany Subsidiary”)
Sunwoda Electronic India Private Limited (“India Subsidiary”)
Sinaean Electronic Co., Limited (“Sinaean Electronic”)
Santo Electronic Co., Limited (“Santo Electronic”)
Sunwoda Japan Co., Ltd. (“Sunwoda Japan”)
Sunwoda Electric Vehicle Battery Co., Ltd. (“Sunwoda Electric Vehicle Battery”)
Sunwoda (Liuzhou) New Energy Co., Ltd. (“Sunwoda Liuzhou”)
Sunwoda (Putian) New Energy Co., Ltd. (“Sunwoda Putian”)
Sunwoda Huizhou Power New Energy Co., Ltd. (“Power New Energy”)
Nanjing Sunwoda New Energy Co., Ltd. (“Nanjing Sunwoda”)
Nanchang Sunwoda New Energy Co., Ltd. (“Nanchang Sunwoda”)
Xinneng Nanjing Energy Technology Co., Ltd. (“Xinneng Technology”)
Huizhou Sunwoda Intelligent Industry Co., Ltd. (“Huizhou Intelligent Industry”)
Shenzhen Qianhai Dianjin Factoring Co., Ltd. (“Dianjin Factoring”)
Shenzhen Yisheng Investment Co., Ltd. (“Yisheng Investment”)
Shenzhen Green Energy Technology Co., Ltd. (“Green Energy”)
Huizhou Winone Precision Technology Co., Ltd. (“Winone Precision”)
Winone Precision (HK) Co., Limited (“Winone HK”)
Winone Precision Technology India Private Limited (“Winone India”)
Dongguan Hongsheng Technology Co., Ltd. (“Dongguan Hongsheng Technology”)
Haixi Yueshan Membrane Separation Technology Co., Ltd. (“Haixi Yueshan Membrane”)
Shenzhen Xihuicai Technology Co., Ltd. (“Xihuicai”)
Yuzhou Yuke PV Power Co., Ltd. (“Yuke PV”)
Qinghai Sunwoda New Energy Co., Ltd. (“Qinghai New Energy”)
Huizhou Sunwoda Energy Technology Co., Ltd. (“Huizhou Energy Technology”)
Huizhou Sunwinon Electronic Co, Ltd. (“Huizhou Sunwinon”)
Dongguan Sunwoda Intelligent Hardware Co., Ltd. (“Dongguan Intelligent Hardware”)
Hunan Sunwinon Electronic Co., Ltd. (“Hunan Sunwinon”)

Company Names

Shenzhen Xinwei Intelligence Co., Ltd. (“Xinwei Intelligence”)
Huizhou Xinwei Intelligent Technology Co., Ltd. (“Huizhou Xinwei Intelligent”)
Sunsaint Electronic Co., Limited (“Sunsaint Electronic”)
Hunan Sunynn Technology Co., Ltd. (“Hunan Sunynn”)
Huizhou Xindong Energy Technology Co., Ltd. (“Huizhou Xindong Energy”)
Huizhou Liwinon Electronics Technology Co., Ltd. (“Huizhou Liwinon Electronics”)
Dongguan Liwinon Microelectronics Technology Co., Ltd. (“Dongguan Liwinon Electronics”)
Zhejiang Liwinon Energy Technology Co., Ltd. (“Zhejiang Liwinon”)

Company Names

Zhejiang Liwinon Electronics Technology Co., Ltd. (“Zhejiang Liwinon Electronics”)
Shenzhen Huaxin Zhilian Software Technology Co., Ltd. (“Huaxin Zhilian”)
Nanchang Sunwoda Property Management Co., Ltd. (“Nanchang Sunwoda Property”)
Shandong Sunwoda New Energy Co., Ltd. (“Shandong Sunwoda”)
Nanjing PTL Testing Technology Co., Ltd. (“Nanjing PTL”)
Deyang Sunwoda New Energy Co., Ltd. (“Deyang Sunwoda”)
Zhuhai Sunwoda New Energy Co., Ltd. (“Zhuhai Sunwoda”)
Huizhou PTL Testing Technology Co., Ltd. (“Huizhou PTL”)
Huizhou Yingchuang Precision Technology Co., Ltd. (“Yingchuang Precision”)
Shenzhen Sunwoda Smart Energy Co., Ltd. (“Smart Energy”)
Shandong Xingaotou Energy Development Co., Ltd. (“Shandong Xingaotou”)
Shandong Xinneng Power Service Co., Ltd. (“Shandong Xinneng Power”)
Shandong Xinzhi New Energy Co., Ltd. (“Shandong Xinzhi New Energy”)
Zaozhuang Xinyue New Energy Co., Ltd. (“Zaozhuang Xinyue”)
Zaozhuang Xinding New Energy Co., Ltd. (“Zaozhuang Xinding”)
Shenzhen Xinwei Zhiwang Technology Co., Ltd. (“Xinwei Zhiwang”)
Shenzhen Xinyi Zhilian Technology Co., Ltd. (“Xinyi Zhilian”)
Shenzhen Xinzhi Wangjia Technology Co., Ltd. (“Xinzhi Wangjia”)
Sunwinon Electronic (HK) Co., Ltd. (“Sunwinon HK”)

For details of the relevant information of subsidiaries of the Company, please refer to “8. Interests in other entities”.

For details of the changes in the scope of consolidation of this reporting period, please refer to “7. Changes in the scope of consolidation”.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.1 Basis of preparation

The financial statements have been prepared in accordance with the *Accounting Standards for Business Enterprises — Basic Standards — general principles and specific accounting standards*, issued by the Ministry of Finance, the *Accounting Standards for Business Enterprises — Application Guidelines*, the *Accounting Standards for Business Enterprises — Interpretations* and other relevant provisions of regulations (hereafter collectively referred to as “Accounting Standards for Business Enterprises”), and with reference to the disclosure requirements set out in *The Preparation of Information Disclosure of Companies Issuing Public Shares No.15-General Requirements for Financial Reports* issued by the China Securities Regulatory Commission.

3.2 Going concern

The financial statements are prepared on a going concern basis.

There is no events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern in the next 12 months. The financial statements of the Company are prepared on a going concern basis.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

4.1 Statement on compliance with Accounting Standards for Business Enterprises

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance, which truly and completely present the consolidated and the Company's financial position as at 30 June 2022, and the consolidated and the Company's financial performance and cash flows for the six months ended June 2022.

4.2 Accounting period

The fiscal year is from 1 January to 31 December.

4.3 Operating cycle

Operating cycle of the Company is 12 months.

4.4 Reporting currency

RMB is adopted as the reporting currency of the Company.

4.5 Accounting treatment methods of business combinations under and not under common control

Business combinations under the common control: assets and liabilities obtained by the combining party from business combination (including the goodwill raised from the ultimate controller's acquisition of the combined party) are measured at the carrying amount of the assets and liabilities of the combined party in the consolidated financial statements of the ultimate controller on the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) is applied to the capital reserves to adjust the share premium, or applied to retained earnings if the capital reserves is not sufficient to absorb the difference.

Business combination not under common control: combination costs are fair value, on the date of acquisition, of any assets acquired, any liabilities incurred or assumed, and any equity securities issued by the acquirer, in exchanges for the right of control over the acquirees. The difference by which the combination cost exceeds the fair value of the net identifiable assets acquired from the acquiree is recognized as goodwill. If the combination cost is lower than the fair value of the net identifiable assets acquired from the acquiree, the difference is recorded in profit or loss for the current period. The acquiree's identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured at their fair values on the date of acquisition.

Directly related expenses for the business combination are recorded in the profit or loss upon occurrence. Transaction costs for issuance of equity securities or debt securities for business combination are included in the initial measurement of equity securities or debt securities.

4.6 Preparation methods of the consolidated financial statements

The scope of consolidated financial statements is determined based on control, and the consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control means that the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company treated the enterprise group as a whole and prepares the consolidated financial statements according to consistent accounting policies to reflect the financial position, operating results and cash flows of the Company. All significant intra-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements. In the event of the impairment loss of relevant assets in the internal transactions, the loss shall be fully recognized. The accounting policies and accounting period adopted by subsidiaries included in the scope of consolidation shall be the same as those of the Company; if inconsistent, necessary adjustments shall be made according to the Company's accounting policies and accounting period in the preparation of the consolidated financial statements.

The subsidiaries' shareholders' equity, net profit or loss of the period, and the portion in their comprehensive income not attributable to the Company are presented separately as non-controlling interests, net profit attributable to non-controlling interests, and total comprehensive income attributable to non-controlling interests in the consolidated financial statements under equity, net profits and total comprehensive income, respectively. If the losses of non-controlling shareholders of a subsidiary exceed the shares attributable to the non-controlling shareholders at the beginning of the owner's equity in the subsidiary, the balance shall be offset against the non-controlling equity.

(1) Increase of subsidiaries or business

During the reporting period, for the increased subsidiaries or business due to business combination under common control, operating results and cash flows from the beginning to the ending of the consolidation period are included in the consolidated financial statements. Meanwhile, opening balances in the consolidated financial statements and relevant items in comparative statements are adjusted accordingly, as if the reporting entity after the business combination continuously exists at the time when the ultimate controller has the control power.

If control can be exercised on the investee under the common control for additional investment or other reasons, for the equity investments held before the control is obtained, the related profits and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained or the date when the acquirer and the acquiree are under the common control to the combination date, will be adjusted to the retained earnings or profit or loss in the comparative statements respectively.

During the reporting period, for the increased subsidiaries or business from the business combination not under common control, various identifiable assets, liabilities and contingent liabilities, determined on the date of acquisition based on their fair value, are recorded in the consolidated financial statements since the date of acquisition.

If the control can be exercised on the investee not under common control due to additional investment or other reasons, the equity held by the acquiree before the date of acquisition is remeasured at the fair value of the equity on the date of the acquisition, and the difference between the fair value and the carrying amount is recognized in the investment income. In the event that the equity of the acquiree held prior to the date of acquisition involves other comprehensive income that can be reclassified into profit or loss in subsequent measurement, the changes in other owners' equity under the equity method shall be transferred to the investment income for the period when the acquisition occurs.

(2) Disposal of subsidiaries

① General method of disposal

If control over a subsidiary is lost due to the disposal of partial equity investment or for any other reason, the remaining equity is remeasured at the fair value at the date when the control is lost; the difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity and the portion of net assets calculated continuously from the acquisition date of

the original subsidiaries based on the original shareholding proportion is recognized as investment income for the current period in which the control is lost; and other comprehensive income related to the original subsidiaries' equity investment is transferred into investment income for the period in which the control is lost.

② *Disposal of subsidiaries by steps*

If the control is lost due to disposal of shares in a subsidiary through multiple transactions, all the terms and conditions of the arrangements and their economic effects shall be considered when accounting for the multiple transactions as a single transaction:

- i. These transactions are entered into at the same time or in contemplation of each other;
- ii. These transactions form a single transaction designed to achieve an overall commercial effect;
- iii. The occurrence of one transaction is dependent on the occurrence of at least one other one transaction;
- iv. One transaction considered on its own is not economically justified, but it is economically justified when considered together with other transactions.

When these transactions of disposing of equity investment in subsidiaries cause loss of control and be deemed as a single transaction, they are accounted for by the Company as a transaction of disposing of subsidiary and losing control; however, the difference between the accumulated disposal considerations before loss of control and the Company's share of the net assets of the subsidiary is recognized as other comprehensive income in the consolidated financial statements, and is transferred into profit or loss upon loss of control.

If the disposal of equity investment in subsidiaries and other transactions until the control loses are not a single transaction, then before the control loses, the stipulations of partial disposal of equity investments without losing control will apply; if the control loses, general accounting method for the disposal of subsidiaries will govern.

(3) *Acquisition of non-controlling interests of subsidiary*

The share premium in the capital reserves under the consolidated balance sheet is adjusted at the difference between the long-term equity investment acquired by the Company for the acquisition of non-controlling equities and the share of net assets calculated continuously from the date of acquisition (or date of combination) according to the newly acquired proportion. Retained earnings are adjusted if share premium is insufficient.

(4) *Partial disposal of equity investments in subsidiaries without loss of control*

Share premium of capital reserves in the consolidated balance sheet is adjusted according to the difference between the disposal considerations of the corresponding disposed proportion and the share of net assets of subsidiaries calculated from the date of acquisition (or the date of combination); Retained earnings are adjusted if share premium is insufficient.

4.7 Classification of joint venture arrangements and accounting treatment

Joint venture arrangements are classified into joint operation and joint venture.

Joint operation is defined as a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognized the following items related to interest shares in the joint operation:

- (1) its assets, including its share of any assets held jointly;
- (2) its liabilities, including its share of any liabilities incurred jointly;
- (3) its revenue from the sale of its share of the output arising from the joint operation;
- (4) its share of the revenue from the sale of the output by the joint operation; and
- (5) its expenses, including its share of any expenses incurred jointly.

See Note “4.14 Long-term equity investment” for the equity method that the Company adopts for calculation of its investment in joint ventures.

4.8 Recognition criteria of cash and cash equivalents

The term “cash” refers to the cash on hand and the unrestricted deposit of the Company, while “cash equivalents” refer to the short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

4.9 Foreign currency transactions and translation of foreign currency financial statements

4.9.1 Foreign currency transactions

Foreign currency transactions of the Company are translated at the spot exchange rate on the transaction date and be accounted for at RMB. The balance of foreign currency monetary items as at the balance sheet date are translated at the spot exchange rate on the balance sheet date and the exchange differences arising therefrom shall be included in profit or loss, except for those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization that will be capitalized at the borrowing expenses.

4.9.2 Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rates on the balance sheet date. The equity items, excluding “undistributed profits”, are translated using the spot exchange rates at the dates the transactions take place. Revenue and expense items in the income statement are translated at the spot exchange rates on the dates when the transactions occur. For disposal of overseas operation, the translation difference of foreign currency financial statements relating to overseas operations is included in current profit or loss from the item of owners’ equity.

4.10 Financial instruments

The Company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

4.10.1 Classification of financial instruments

According to the business model of the Company in managing financial assets and the features of contract cash flow of financial assets, financial assets, upon initial recognition, are classified into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive incomes, and the financial assets measured at fair value through profit or loss.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss as the financial assets measured at amortized cost: ① the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; ② the cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss as those measured at fair value through other comprehensive incomes: ① the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; ② the cash flows that are solely payments of principal and interest on the principal amount outstanding. For the equity instrument investment not held for trading, the Company, determines whether to designate it as the financial assets (equity instruments) measured at fair value through other comprehensive income upon initial recognition. It is determined based on the single investment which meets the definition of equity instrument from the perspective of the issuer.

Except for the above financial assets measured at amortized cost and at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value through profit or loss. At initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Company may irrevocably designate the financial assets that should be measured at amortized cost or at fair value through other comprehensive income as those measured at fair value through profit or loss.

At initial recognition, the financial liabilities can be classified as those measured at fair value through profit or loss and those measured at amortized cost.

Financial liabilities meeting one of the following conditions can be designated as those measured at fair value through profit or loss upon initial recognition: ① It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; ② A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel; ③ The financial liabilities include the embedded derivatives that need to be separated.

4.10.2 Recognition criteria and measurement methods of financial instruments

① Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, creditor's rights investment, etc., which are initially measured at its fair value minus relevant transaction costs that are directly attributable to the acquisition of the financial asset; the accounts receivables that do not include significant financing components and those that the Company decides not to take financing components into consideration for no more than one year are initially measured at the contract transaction price.

The interest calculated by the effective interest method during the holding period is included in profit or loss.

At the time of recovery or disposal, the difference between the consideration obtained and the carrying amount of the financial asset shall be recorded in the profit or loss.

② *Financial assets (debt instruments) measured at fair value through other comprehensive incomes*

Financial assets (debt instruments) measured at fair value through other comprehensive incomes shall include receivables financing and other creditor's rights investment, etc., which are initially measured at fair value minus relevant transaction cost that are directly attributable to the acquisition of financial assets. The financial assets are subsequently measured at fair value, and the changes thereof are included in other comprehensive income other than the interest calculated by the effective interest method, impairment loss or gain and exchange loss or gain.

At derecognition, the accumulated gains or losses previously included in comprehensive income are transferred out from other comprehensive income and recorded in the profit or loss.

③ *Financial assets (equity instruments) measured at fair value through other comprehensive income*

Financial assets (equity instruments) measured at fair value through other comprehensive income include other equity instrument investments, which are initially measured at fair value minus relevant transaction costs that are directly attributable to the acquisition of financial assets. The financial assets are subsequently measured at fair value, and the changes thereof are included in other comprehensive income. Moreover, the dividends received are included in profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out from other comprehensive income and recorded in retained earnings.

④ *Financial assets measured at fair value through profit or loss*

Financial assets measured at fair value through profit or loss include financial assets held for trading, derivative financial assets and other non-current financial assets, which are initially measured at fair value with the relevant transaction costs included in profit or loss. The financial assets are subsequently measured at fair value through profit or loss.

⑤ *Financial liabilities measured at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss include the financial liabilities held for trading and derivative financial liabilities, which are initially measured at fair value with relevant transaction costs included in profit or loss. The financial liabilities are subsequently measured at fair value through profit or loss.

At derecognition, the difference between the carrying amount and the consideration paid is recorded in profit or loss.

⑥ *Financial liabilities measured at amortized cost*

Financial liabilities measured at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, which are initially measured at fair value with relevant transaction costs recorded in the initial measurement.

The interest calculated by the effective interest method during the holding period is recorded in profit or loss.

At derecognition, the difference between the consideration paid and the carrying amount of the financial liability shall be recorded in the profit or loss.

4.10.3 Derecognition and transfer of financial assets

The Company derecognize a financial asset when meeting the following conditions: 1) the contractual rights to the cash flows from the financial asset expire; 2) the financial assets have been transferred, and almost all the risks and rewards on the ownership thereof have been transferred to the transferee; 3) the financial assets have been transferred, and the Company does not retain control of the financial assets, although it has neither transferred nor retained almost all the risks and rewards on the ownership of the financial assets.

When a financial asset is transferred, it shall not be derecognized if all the risks and returns on the ownership thereof have been retained substantially.

In determining whether the transfer of a financial asset meets the above derecognition condition of financial assets, the principle of substance over form will prevail.

The Company shall differentiate the transfer of a financial asset into the transfer of the entire financial assets and the transfer of partial financial assets, and treat them respectively pursuant to these Standards. Where the transfer of the entire financial asset meets the derecognition conditions, the difference between the amounts of the following two items will be recorded in the profit or loss: (1) The carrying amount of the financial asset transferred; (2) The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (the financial assets involving transfer are the financial assets (debt instruments) measured at fair value through other comprehensive incomes).

If the transfer of partial financial asset satisfies the derecognition criteria, the overall carrying amount of the financial asset transferred shall be split into the derecognized and recognized part according to their respective fair value, and the difference between the amounts of the following two items shall be recorded in the profit or loss: (1) The carrying amount of derecognized part; (2) The sum of the consideration for the derecognized part and the accumulated amount of the changes in fair value originally and directly included in owners' equity (the financial assets involving transfer are the financial assets (debt instruments) measured at fair value through other comprehensive incomes) of the corresponding portion of derecognition.

If the transfer of a financial asset does not meet the derecognition criteria, the financial asset shall continue to be recognized, and the consideration received will be recognized as a financial liability.

4.10.4 Derecognition criteria of financial liabilities

Where the present obligations of financial liabilities (or a part thereof) have been discharged, the financial liability (or a part thereof) is derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, it shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Where financial liabilities (or a part thereof) are derecognized, the difference between the carrying amount of the financial liabilities derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities borne) will be recognized in profit or loss.

If the Company repurchases a part of a financial liability, the Company shall allocate the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized shall be recognized in profit or loss.

4.10.5 Method of determining the fair value of financial assets and financial liabilities

For the financial instruments with an active market, the Company determines their fair value based on the quotation in the active market. For the financial instruments without an active market, the Company determines their fair value using valuation techniques. In the valuation process, the Company adopts the valuation technology that is applicable to the current situation and has sufficient available data and other supportable information, selects the input value consistent with the characteristics of assets or liabilities considered by market participants in the transaction of relevant assets or liabilities, and gives priority to the use of relevant observable input values as far as possible, or uses the relevant unobservable input value when the relevant observable input value cannot be obtained or is not feasible to obtain.

4.10.6 Test methods and accounting treatment methods for impairment of financial assets

The Company takes all reasonable and supportable information into consideration, including forward-looking information, to estimate the expected credit loss of the financial assets measured at amortized cost and the financial assets (debt instruments) measured at fair value with other comprehensive income in a single or combined way. The measurement of expected credit loss depends on whether there is a significant increase in credit risk of the financial assets since initial recognition.

If the credit risk of this financial instrument is obviously increased since the initial recognition, the Company will measure the loss allowance based on the amount equivalent to the lifetime expected credit loss of the financial instrument; if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company will measure its loss allowance based on the amount equivalent to the 12-month expected credit losses.. The accrual or reversal amount of the loss allowance shall be included in the profit and loss as the impairment loss or gain.

Generally, if the financial instrument is overdue for 30 days, the Company considers that the credit risk thereof has increased significantly, unless there is a conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of the financial instrument on the balance sheet date is low, the Company considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

Where there is a conclusive evidence that a financial asset has suffered credit impairment, the Company makes provision for impairment of the financial asset individually.

(1) Notes receivables

The credit risk of the bill acceptor is identified as the common risk characteristics. As such, bill acceptors of notes obtained by the Company are divided into financial institutions and other enterprises. The Company measures the provision at an amount equal to the expected credit loss for the entire duration, whether or not it contains a significant financing component.

(2) Accounts receivable

- ① If there is objective evidence that credit loss has occurred for an account receivable, provisions for doubtful accounts should be provided and the expected credit loss should be recognized.

- ② Where the expected credit loss of a single financial asset cannot be assessed at a reasonable cost, the Company will divide the accounts receivable group according to the credit risk characteristics and calculate the expected credit loss on the grouping basis.

Groups	Basis to determine provision
Aging analysis group	Accrue expected credit losses on the basis of aging
Related-party groups within the scope of consolidation	No provision will be provided

Except for these receivables due from related parties within the scope of consolidation, the remaining receivables are classified as aging groups.

Based on the actual credit losses occurred in prior years, the Company assesses that there is a correlation between the probability of default and aging, which was identified an indicator of whether the credit risk of the Company’s accounts receivable has increased significantly. Accordingly, credit risk losses are measured on an aging basis and expected credit losses taking forward-looking information into consideration, are measured according to the following accounting estimates:

Aging	Loss Given Default (%)
Within 6 months (including 6 months)	
6 months to 1 year (including 1 year)	5.00
1-2 years (including 2 years)	10.00
2-3 years (including 3 years)	30.00
Over 3 years	100.00

(3) *Other receivables*

Provisions are made for other receivables according to the following circumstances: 1) For financial assets whose credit risk has not increased significantly since the initial recognition, the Company provides provisions according to the amount of expected credit loss in the next 12 months; 2) For the financial assets whose credit risk has increased significantly since the initial recognition, the Company provides provisions according to the amount equivalent to the expected credit loss of the financial instrument during its entire lifetime; 3) For the financial assets purchased or originated from which credit loss has occurred, the Company provides provisions according to the amount equivalent to the expected credit loss in the entire duration.

Group-based assessment. For other receivables, the Company could not obtain sufficient evidence of a significant increase in credit risk at a reasonable cost at the level of a single instrument, and it is feasible to evaluate whether credit risk increases significantly on the grouping basis. Therefore, the nature of customers or the age of account is identified as the common risk characteristics by the Company. Other receivables are grouped and considered on a group basis to assess whether credit risk has increased significantly.

The specific method of impairment loss of other receivables shall refer to the above expected credit loss accounting estimation of receivables.

(4) *Long-term receivables*

Long-term receivables mainly comprise receivables generated from finance lease and receivables generated from business activities such as sales of goods and service with financing nature, which are collected by stages in deferred mode. The Company has elected to measure its provision for long-term receivables at an amount equal to the expected credit loss for the entire duration.

4.11 Inventories

4.11.1 Classification and cost of inventories

Inventories are classified into: raw materials, work in process, finished goods, goods in transit, semi-finished products and low-value consumables, etc.

Inventories are initially measured at cost, including purchase cost, processing cost and other expenses to make inventories in the current location with the current status.

4.11.2 Measurement method of inventories cost

Cost is determined using the weighted average method.

4.11.3 Basis for net realizable values of inventories of different categories

Net realizable values are determined at the estimated selling prices minus the estimated selling expenses and relevant taxes and surcharges for merchandise inventories held directly for sale, including finished goods, stock commodities and materials for sale; net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges for material inventories that need further processing; for inventories held to execute sales contract or service contract, net realizable values are calculated on the basis of contract price. If the quantity of the inventory held exceeds that ordered in the sales contract, the net realizable value of the excess part of the inventory shall be calculated on the basis of the general sales price.

The provisions for decline in the value of inventory reserve are made on an individual basis at the end of each period; for inventories with large quantities and relatively low unit prices, the provisions for decline in the value of inventory reserve are made on a category basis. For inventories related to the product groups manufactured and sold in the same area, and of which the final usage or purpose is identical or similar thereto, and which is difficult to be separated from other items for measurement purposes, the provisions for decline in the value of inventory reserve are made on the grouping basis.

Unless there is clear evidence that the market price is abnormal on the balance sheet date, the net realizable value of inventory items shall be recognized at the market price on the balance sheet date.

The net realizable value of inventory items as at the end of this year is determined based on the market price on the balance sheet date.

4.11.4 Inventory count system

The perpetual inventory system is adopted.

4.11.5 Amortization methods for low-cost consumables and packaging materials

- (1) One-off amortization method is adopted for low-value consumables;
- (2) One-off amortization method is adopted for packaging materials.

4.12 Contract assets

4.12.1 Recognition methods and standards of contract assets

The Company recognizes the contract assets or liabilities in the balance sheet based on the stipulated performance obligation and customer payment in the contract. The right of the Company to receive consideration for the goods transferred by or the services provided by the customers (and such rights depends on factors other than the time lapse) is recognized as contract assets. Contract assets and liabilities under the same contract are presented on the net basis. The Company's right to collect consideration from customers unconditionally (only depending on the time lapse) is presented separately as account receivables.

4.12.2 Determination method and accounting treatment of the expected credit loss of contract assets

Please refer to "4.10.6 Test method and accounting treatment method of impairment of financial assets" '(2) Account receivables' for the recognition of the expected credit loss of contract assets.

4.13 Assets held for sale

A non-current asset or disposal group is classified as assets held for sale when its carrying amount is recovered mainly through sale (including the exchange of non-monetary assets with commercial substance) rather than continuous use.

The Company recognizes the non-current assets or disposal groups that meet all the following conditions as assets held for sale:

- (1) The non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group;
- (2) The sales is likely to occur, that is, the Company has entered a legally enforceable sales agreement with other party and obtained relevant approval, and the sales transaction is expected to be completed within one year. In addition, the Company has acquired approval of local authority or supervision department, if necessary.

Non-current assets (excluding financial assets, deferred income tax assets, assets formed by employees' benefits) or disposal groups that meet the recognition criteria for held for sale are recognized at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognized as asset impairment losses, and recorded in the profit or loss. Meanwhile, provision for impairment of assets held-for-sale are made.

4.14 Long-term equity investment

4.14.1 Criteria for joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Where the Company exercises joint control over the investee together with other parties and enjoys the right on the investee's net assets, the investee is a joint venture of the Company.

Significant influence is the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control with other parties, the formulation of such policies. Where the Company is able to have significant influences on an investee, the investee is a associate of the Company.

4.14.2 Recognition of initial investment cost

(1) Long-term equity investments acquired from business combination

For the long-term equity investment in subsidiaries acquired by business combination under the common control, its initial investment cost shall be the shares of the carrying amount of the owner's equity in the combination in the consolidated financial statements of the ultimate controller on the combination date, the equity premium in the capital reserve shall be adjusted according to the difference between the initial investment cost of long-term equity investment and the carrying amount of the consideration paid; when the equity premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the Company can exercise control over the investee under common control as a result of additional investment or other reasons, the difference between the initial investment cost of long-term equity investments recognized subject to the above principle and the sum of carrying amount of long-term equity investments before the combination plus the carrying amount of consideration paid for additional shares shall be used to adjust stock premium. Retained earnings are adjusted if there is no sufficient stock premium.

For the long-term equity investment in subsidiaries obtained through business combination not under the common control, its initial investment cost shall be recognized at the combination cost recognized on the date of acquisition. If the Company can exercise control over the investee not under common control as a result of additional investment or other reasons, the carrying amount of the equity investment previously held plus the cost of additional investment shall be measured as the initial investment cost.

(2) Long-term equity investments acquired by other means

For a long-term equity investment acquired through cash payments, investment initial cost is measures at the actually paid amount.

For a long-term equity investment acquired by issuing equity securities, its initial investment cost is the fair value of the issued equity securities.

4.14.3 Subsequent measurement and recognition of profits or losses

(1) Long-term equity investments accounted under the cost method

Long-term equity investments of the Company in subsidiaries shall be accounted under the cost method. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the investment income in the period when the cash dividends or profits are declared by the investee.

(2) Long-term equity investments accounted under the equity method

The Company's long-term equity investments in associates and joint ventures are accounted using the equity method. If the initial cost exceeds the share of the fair value of the investee's identifiable net asset to which the Company shall be entitled when investing, the initial cost of the long-term equity investment will not be adjusted. If the initial cost of a long-term equity investment is lower than the share of the fair value of the investee's identifiable net asset to which the Company shall be entitled when investing, the difference shall be included in profit or loss.

The Company shall recognize the investment income and other comprehensive income and adjust the carrying amount of the long-term equity investments respectively according to the shares of net profits and losses and other comprehensive income realized by the investee which the Company shall enjoy or bear; carrying amount of the long-term equity investments should be reduced if profits or cash dividends are declared and distributed by the investee correspondingly; for other changes in owner's equity of the investee other than net profit and loss, other comprehensive income and profit distribution, the Company adjusts the carrying amount of long-term equity investments and records such changes in the owners' equity.

When recognizing the attributable share of net profit or loss of the investee, the Company shall recognize its attributable share of the net profit or loss of the investee after the adjustment according to the Company's accounting policy and accounting period based on the fair value of identifiable net asset of the investee obtained. When holding the investment, the investee should prepare the consolidated financial statements, which shall account for the investment income based on the net profit, other comprehensive income and the changes in other owner's equity attributable to the investee.

The profit and loss of the internal transactions that are not realized will be eliminated at the proportion shares attributable to the Company, and the investment income will be recognized accordingly unless the output or sold assets constitute business. If the losses from internal transactions between the Company and the investee suffered assets impairment loss, the full amount of impairment loss shall be recognized.

The net loss incurred by the Company in the joint ventures or associates shall be written down to zero subject to the carrying amount of the long-term equity investment and other long-term equity substantially constituting the net investment in the Joint Ventures or Associates, in addition to the additional losses undertaken. If a joint venture or an associate realizes net profit in the following years, the Company shall resume to recognize its share of income after using the share of incomes to make up for the unrecognized loss.

(3) *Disposal of long-term equity investments*

For disposal of long-term equity investments, the difference between the carrying amount and the actual consideration shall be included into profit or loss.

When the Company disposes of the long-term equity investment measured under the equity method, and the remaining equity is still accounted under the equity method, other comprehensive income accounted and recognized by the original equity method shall be carried forward according to corresponding proportion on the same basis as would be required if the investee had directly disposed of the assets or liabilities related thereto, and other changes in owner's equity shall be carried forward to profit or loss proportionately.

If the joint control or significant influence over the investee is lost for disposing of equity investments or other reasons, as to other comprehensive income recognized based on measurement of the original equity investment under the equity method, accounting treatment will be made on the same basis as would be required if the investee directly disposed of assets or liabilities related thereto when the equity method is terminated to use, while other changes in owner's equity shall be transferred to the profit or loss when the equity method confirmed is no longer used.

Where the Company loses the control over the investee due to disposal of partial equity investments or other reasons, if the Company owned still can exercise joint control or significant influence on the investee at preparation of the individual financial statements, such investments should be changed to be accounted for under the equity method and the remaining equity should be deemed to be adjusted upon acquisition, then the other comprehensive income that is recognized before acquisition of the control over the investee will be carried forward on the same basis as would be required if the investee directly disposed of assets or liabilities related thereto, while other changes in owner's equity recognized due to the use of equity method shall be transferred to the profit or loss proportionally; if the remaining equity cannot exercise joint control or significant influence on the investee, such equity will be recognized as a financial asset, then the difference between fair value and carrying amount on the date of loss of the control should be included in the profit or loss, and other comprehensive incomes recognized before the acquisition of the control right over the investee and the changes in owners' equity will be carried forward in full.

When transactions of disposing of the equity investment in subsidiaries resulting in loss of control are deemed as a single transaction, they are accounted for as a transaction of disposing of the equity investment in subsidiaries and losing control; however, the difference between each disposal consideration before loss of control and the carrying amount of the long term equity investment shall be firstly recognized as other comprehensive income in the individual financial statement and then transferred into profit or loss upon loss of control. If transactions are not a single transaction, each transaction shall be accounted for separately.

4.15 Fixed assets

4.15.1 Recognition criteria of fixed assets

Fixed assets refer to the tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period. The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2) The costs of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (in consideration of the effect of the expected asset retirement expense). Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets when the economic benefits related thereto are likely to flow into the Company and their costs can be reliably measured; for the replaced part, the carrying amount shall be derecognized; and all other subsequent expenses shall be included in the loss or profit upon occurrence.

4.15.2 Depreciation method

Depreciation of the fixed assets is made on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For the fixed assets with provision for impairment, their depreciation shall be determined in the future according to the carrying amount after deduction of the provision for impairment and the remaining useful lives. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, the Company should choose different depreciation rates or methods to separately provide for depreciation.

The depreciation of fixed assets acquired under financing lease is consistent with the policies for the self-owned fixed assets. When it is able to reasonably determine the ownership of the leased assets upon expiry of lease term, the depreciation shall be made within the life span of the leased asset. If being unable to reasonably determine the ownership of the leased assets upon expiry of lease term, the depreciation shall be made within a shorter period between the lease term and the useful life of the leased assets. The depreciation methods, depreciation years, residual value rates and annual depreciation rates of fixed assets are as follows:

Category	Depreciation method	Depreciation life (year)	Residual value rate	Annual depreciation rate
			(%)	(%)
Houses and buildings	Straight-line method	20-40	5	2.38-4.75
Machinery equipment	Straight-line method	5-10	5	9.50-19.00
Electronic equipment	Straight-line method	2-5	5	19.00-47.50
Transportation facilities	Straight-line method	3-5	5	19.00-31.67
Other equipment	Straight-line method	2-20	5	4.75-47.50

4.15.3 Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

4.16 Construction in progress

Construction in progress is measured at its actual cost, including the construction cost, installation cost, borrowing cost meeting the capitalization conditions and other necessary expenses incurred before the construction in progress reaches the expected conditions for use. The construction in progress is converted into fixed assets after it reaches the expected conditions for use, and depreciation is made since the second month.

4.17 Borrowing costs

4.17.1 Capitalization of borrowing costs

The borrowing costs directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and included into relevant asset costs; other borrowing costs should be recognized at costs according to the amount incurred and be recorded in the profit or loss. Assets meeting the capitalization requirements mainly comprise fixed assets, investment properties and inventories, etc. which need to be purchased, constructed or produced for a long time to be available for intended use or sale.

4.17.2 Capitalization period of borrowing costs

Capitalization period refers to the period from the commencement of capitalization of borrowing costs to its cessation, excluding the period of capitalization suspension of borrowing costs. Capitalization shall commence when all the following conditions are satisfied: (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred; (2) Borrowing costs have already incurred; (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale status.

4.17.3 Period of suspension for capitalization

If the acquisition and construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach their intended use or sale status, the borrowing costs should continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the profit or loss and continue to be capitalized until the acquisition, construction or production of the asset restarts.

4.17.4 Measurement of capitalization ratio and capitalized amounts of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowings actually incurred in the current period less the interest income from undrawn borrowings deposited in the bank or investment income from temporary investment should be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the interest of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

During the period of capitalization, the exchange difference of the principal and interest of foreign currency special loans shall be capitalized and included in the cost of assets meeting the conditions of capitalization, while the exchange differences arising from the principal and interest of other foreign currency loans other than the said foreign currency special loans are included in the profit or loss.

4.18 Intangible assets

4.18.1 Valuation method of intangible assets

- (1) The Company initially measures intangible assets at cost on acquisition: The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges as well as other directly attributable expenditures incurred to prepare the assets for their intended use.
- (2) Subsequent measurement: The useful lives of the intangible assets are analyzed and determined on their acquisition. The intangible assets with definite useful lives shall be amortized within the period during which they can bring economic benefits to the Company. If the period when the intangible assets generate economic benefit for Company cannot be forecasted, the intangible assets shall be deemed as those with indefinite useful life and shall not be amortized.

4.18.2 Estimation of useful lives of intangible assets with limited useful lives

Item	Estimated useful lives (Year)	Amortization method	Basis
Land use right	40-70	Straight-line method	User term of land use certificate
Software	5-10	Straight-line method	Use term
Patent rights	10	Straight-line method	Estimated useful life

The useful life and amortization method of intangible assets with definite useful lives should be reviewed at the end of each year.

4.18.3 Determination basis of intangible assets with indefinite useful lives and procedure for review of useful lives

The useful life of intangible assets with indefinite useful lives shall be reviewed at the end of each period. Upon the review, the Company has no intangible assets with indefinite useful lives as at the end of the year.

4.18.4 Specific criteria of classification into research phase and development phase

The Company's expenditures for its internal research and development projects are classified into research expenditures and development expenditures.

The research phase: the phase when creative and planned investigations and research activities are conducted to acquire and understand new scientific or technological knowledge.

The development phase: the phase when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

4.18.5 Specific criteria for capitalization of expenditures at development phase

Expenditures arising from the research phase are recorded in the profit or loss upon occurrence. Expenditures arising from development phase are recognized as intangible assets when all of the following criteria are met, otherwise, they are recorded in the profit or loss.

- (1) It is feasible technically to prepare intangible assets for use or sale;
- (2) It is intended to use or sell the intangible asset;
- (3) The ways whereby the intangible asset generates economic benefits, are able to prove that there is a potential market for the products manufactured by applying this intangible asset or that there is a potential market for the intangible asset itself; if the intangible asset is used internally, its usefulness shall be proved;
- (4) With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible asset, and able to use or sell the intangible asset; and
- (5) The expenditures attributable to the intangible assets during their development phase can be reliably measured.

Expenditures for research and development which cannot be determined to occur in the research phase or development phase are recorded in the profit or loss.

4.19 Right of use assets

Right of use assets refer to the right of the Company, as the lessee, to use the leased assets during the lease term.

4.19.1 Initial measurement

On the beginning date of the lease term, the Company initially measures the right of use assets according to the cost. The cost includes the following four items: ① the initial measurement amount of lease liabilities; ② the lease payment paid on or prior to the lease term, which has deducted relevant amount of lease incentive enjoyed if there is lease incentive; ③ the initial direct expenses incurred, namely the incremental costs incurred for reaching the lease; ④ the costs expected to occur for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease term, except those incurred for the production of inventories.

4.19.2 Subsequent measurement

After the lease term starts, the Company adopts the cost model for subsequent measurement of the right of use assets, that is, to measure the right of use assets at the cost less the accumulated depreciation and accumulated impairment losses. If the Company re-measures the lease liabilities in accordance with the relevant provisions of the lease standards, the carrying amount of the right of use assets is adjusted accordingly.

4.19.3 Depreciation of the right of use assets

After the lease term starts, the Company depreciates the right of use assets, which are usually depreciated from the month when the lease term begins. The amount of depreciation accrued shall be included in the cost of relevant assets or current profit or loss according to the purpose of the right of use assets. Depreciation during the decoration period is included in long-term deferred expenses.

When determining the depreciation method of right of use assets, the Company makes a decision according to the expected consumption mode of economic benefits related to the right of use assets, and depreciates the right of use assets with the straight-line method.

When determining the depreciation life of the right of use assets, the Company follows the following principles: if the ownership of the leased assets can be reasonably determined upon expiration of the lease term, depreciation shall be accrued within the remaining service life of the leased assets; if it is impossible to reasonably determine that the ownership of the leased asset can be obtained upon expiration of the lease term, depreciation shall be accrued within the shorter of lease term and remaining service life of the leased asset.

4.19.4 Impairment of right of use assets

In case of impairment of the right of use assets, the Company will conduct subsequent depreciation according to the carrying amount of the right of use assets after deducting the impairment loss.

4.20 Long-term assets impairment

Where there are indications of impairment on long-term equity investments, the investment property measured by the cost model, fixed assets, construction in progress, right of use assets, intangible assets with definite use lives, oil and gas assets and other long-term assets on the balance sheet date, impairment test should be made. If the results of impairment test indicate that the recoverable amounts of the assets are lower than their carrying amount, the provision for impairment shall be made to the difference and recorded in impairment loss. The recoverable amount of intangible assets is the higher of the net amount of their fair value less the disposal cost and the present values of the future cash flows expected to be derived from the assets. The provision for assets impairment is calculated and recognized by the individual asset. If it is difficult to estimate the recoverable amount of an individual asset, the Company shall estimate it of the asset group that the individual asset belongs to. The asset group is the minimum asset group that can independently generate the cash inflow.

Goodwill formed by business combination, the intangible assets with indefinite useful lives and intangible assets that still cannot be used shall be subject to impairment test at least once at the end of each period.

The Company conducts impairment tests for goodwill. The carrying amount of goodwill arising from a business combination is allocated to the relevant assets group in a reasonable way since the acquisition date; where it is difficult to be allocated to the relevant assets group, it will be allocated to the relevant combination of assets groups. The relevant assets group or combination of assets group can be benefited from the synergy effects of business combination.

When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups related to the goodwill may be impaired, the Company shall firstly conduct an impairment test on the asset groups or combinations of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant carrying amount to recognize the corresponding impairment loss. Then the Company shall conduct an impairment test on the assets groups or combinations of assets groups containing goodwill, and compare their carrying amount with the recoverable amount. Where the recoverable amount is lower than the carrying amount, the amount of impairment loss shall be firstly used to offset and be apportioned to the carrying amount of the asset groups or combination of asset groups containing goodwill, and then offset the carrying amount of other assets in Percentage according to the Percentage of the carrying amount of other assets in the asset groups or combination of asset groups except goodwill.

The above losses from asset impairment shall not be reversed in subsequent accounting periods once they are recognized.

4.21 Long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year. The long-term deferred expense of the Company include decoration engineering and others.

Long-term deferred expenses are evenly amortized over the beneficial period. The improvement expenses for fixed assets shall be amortized at the remaining useful life of fixed assets; other expenses shall be evenly amortized at benefit years from 3 to 10 years.

4.22 Contract liabilities

The Company presents contract assets or liabilities in the balance sheet according to the relationship between performance obligation and customer payment. The Company's obligation to transfer goods or provide services to customers for the consideration received or receivable from customers is presented as a contract liability. The contract assets and liabilities under the same contract are presented on a net basis separately.

4.23 Employee benefits

The Company's employee compensation includes short-term compensation, post employment benefits, dismissal benefits and other long-term benefits.

4.23.1 Accounting treatment of short-term compensation

The short-term employee benefits actually occurred are recognized as a liability in the accounting period in which the service is rendered by the employees.

The social insurance and the housing provident fund burdened by the Company for its employees, together with the labor union expenditures and employee education expenses drawn as required are used to calculate and determine the relevant employee benefits based on the prescribed accrual basis and accrual proportion during the accounting period, in which the employees provide services to the Company.

The employee welfare expenses of the Company are recorded in the profit or loss or related asset costs on the basis of the actual amount upon occurrence, of which the non monetary welfare are measured at its fair value.

4.23.2 Accounting treatment of post-employment benefits

(1) Defined contribution plan

Pursuant to the relevant laws and regulations of the local government, the Company participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organizations. The Company makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Besides, enterprise annuity payment plan/supplementary endowment plan are established with approval of the relevant government department. A certain proportion of the total wages of its employees and the corresponding expenditure is contributed to the plan and included in the profit or loss or relevant asset costs.

(2) *Defined benefit plan*

The Company regards the period of welfare obligation generated from the defined contribution plan according to the formula confirmed by the anticipated welfare unit law as the period of rendering service of its employees, and records the contribution into the profit or loss or related asset costs.

The deficit or surplus formed after the present value of the defined benefit plan obligation deducts the fair value of the defined benefit plan is recognized as a net liability or net asset. If the Company has a surplus of the defined benefit plan, the Company shall define the lower value between the surplus of the defined benefit plan and the upper limit of asset as the net asset of the defined benefit plan.

All the obligations of defined benefit plans, including the payment obligation which is predicted to fulfill in 12 months after ending of the Annual Report of the period for rendering service of employees, shall be discounted according to the market yields of treasury bonds which match the currency and period of the benefit plan or the high quality company bonds on the active market on the balance sheet day.

The cost of service generated by the defined benefit plan and the net interest of net liabilities or net assets under the rated benefit plan are recorded in the profit or loss or related capital cost; the net liabilities of the defined benefit plan which is re-measured or the changes arising from the net assets are included into other comprehensive incomes, and will not be returned to profit or loss during the subsequent accounting period. Upon expiry of the original defined benefit plan, the parts which were formally included in the other comprehensive incomes shall be carried over to the undistributed profit.

Upon settlement of the defined benefit plan, the difference between the present value of the defined benefit plan and the settlement price confirmed on the settlement day is confirmed as settlement profit or loss.

4.23.3 Accounting treatment of termination benefits

The Company provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Company recognizes a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw an employment termination plan or a curtailment proposal; (2) when the Company recognizes costs or expenses for a restructuring that involves the payment of termination benefits.

4.24 Lease liabilities

4.24.1 Initial measurement

The Company makes initial measurement of the lease liabilities according to the present value of the unpaid lease payment on the commencement of lease term.

(1) *Lease payment*

Lease payment refers to the amount paid by the Company to the Lessor related to the right to use the leased assets during the lease term, including: ① fixed payment and substantial fixed payment. If there is lease incentive, the amount related to lease incentive shall be deducted; ② the amount of variable lease payments depending on the index or ratio, which is determined at the initial measurement according to the index or ratio on the beginning date of the lease term; ③ the Company reasonably determines the exercise price of the purchase option when it will exercise the purchase option; ④ the lease term reflects the amount to be paid when the Company will exercise the option to terminate the lease; ⑤ the amount expected to be paid according to the guaranteed residual value provided by the Company.

(2) *Discount rate*

When calculating the present value of lease payments, the Company adopts the interest rate during in the lease term as the discount rate, which makes the sum of present value of the Lessor's lease receipts and present value of the unsecured residual value equal to the sum of the fair value of the leased asset and the Lessor's initial direct expenses. If the Company is unable to determine the interest rate in the lease term, it adopts the incremental borrowing interest rate as the discount rate. The incremental loan interest rate refers to the interest rate that the Company must pay to borrow funds with similar mortgage conditions in similar periods in order to obtain assets close to the value of right of use assets under similar economic environment. The interest rate is related to the following matters: ① the Company's own situation, that is, solvency and credit status; ② the term of the "loan", i.e. the lease term; ③ the amount of "borrowing", i.e. the amount of lease liabilities; ④ "mortgage conditions", that is, the nature and quality of the underlying assets; ⑤ economic environment, including the jurisdiction of the lessee, pricing currency, contract signing time, etc. based on the bank loan interest rate, the Company obtains the incremental loan interest rate by adjusting the above factors.

4.24.2 Subsequent measurement

After the beginning date of the lease term, the Company makes subsequent measurement of the lease liability according to the following principles: ① increasing the book amount of the lease liability when confirming the interest of the lease liability; ② reducing the carrying amount of the lease liability when paying the lease payment; ③ remeasuring the carrying amount of the lease liability when the lease payment changes due to revaluation or lease change.

The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate and records it into the current profit and loss, except those that should be capitalized. Cyclical interest rate refers to the discount rate adopted by the Company for the initial measurement of lease liabilities, or the revised discount rate adopted by the Company when the lease liabilities need to be remeasured according to the revised discount rate due to changes in lease payments or lease changes.

4.24.3 Re measurement

After the beginning date of the lease term, in case of the following circumstances, the Company shall re measure the lease liabilities according to the present value of the lease payment after the change, and adjust the carrying amount of the right of use assets accordingly. If the carrying amount of the use right asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company will include the remaining amount in the current profit and loss. ① the actual fixed payment changes (in this case, the original discount rate is adopted); ② the expected payable amount of the guaranteed residual value changes (in this case, the original discount rate is adopted); ③ the index or rate used to determine the amount of lease payments changes (in this case, the revised discount rate is adopted); ④ the evaluation result of the purchase option changes (in this case, the revised discount rate is adopted); ⑤ the evaluation result or actual exercise of the renewal option or termination option changes (in this case, the revised discount rate is adopted.)

4.25 Provisions

A provision is recognized for an obligation related to a contingency when: (1) The obligation is a present obligation of the Company; (2) It is probable that an outflow of economic benefits will be required to settle the obligation; and (3) the amount of the obligation can be estimated reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. Best estimate shall be treated as follows in different circumstances:

- (1) If there is a continuous range (or interval) for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimates will be determined at the average amount of upper and lower limits within the range.
- (2) If there is no continuous range (or interval) for the necessary expenses, or probabilities of occurrence of all the outcomes within this range are unequal despite such a range exists, in case that the contingency involves a single item, the best estimate shall be determined at the most likely outcome; if the contingency involves two or more items, the best estimates should be determined according to all the possible outcomes with their relevant probabilities.

When all or part of the expenses necessary for the settlement of provisions of the Company are expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain to be received. The compensation recognized shall not exceed the carrying amount of provisions.

The Company's provisions mainly comprise comprehensive after-sale service fees for automotive power batteries. The Company is responsible for the maintenance of the sold products during the after-sales service period agreed in the contract clauses of power battery system and energy storage system, no matter how the market price index fluctuates. The company recognizes provisions based on the best estimate of the maximum possible loss.

The carrying amount of provisions is reviewed by the Company on each balance sheet date and adjusted to reflect the current best estimate.

4.26 Share-based payments

The Company grants equity instruments or undertakes equity-instrument-based liabilities in exchange for services from employees or other parties. The share-based payments of the Company consist of equity-settled share-based payments and cash-settled share-based payments.

Equity-settled share-based payment and equity instruments

The equity-settled share-based payment in return for services from employees shall be measured at the fair value of the equity instruments granted to the employees. As to an equity-settled share-based payment, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly. As to an equity-settled share-based payment, if the right can be exercised only when the services within the vesting period come to an end or until the prescribed performance conditions are met, then the services obtained in the current period shall be included in the relevant cost or expenses based on the best estimates of the equity instruments with exercisable rights on each balance sheet date within the vesting period, and capital reserves shall be added accordingly.

If the terms of the equity-settled share-based payments were modified, the services received shall be recognized at least in accordance with the unmodified terms. Moreover, the modification of fair value of equity instruments granted from any increase, or beneficial changes to the employee on the modification date shall be recognized as increases in services obtained.

If the equity instrument granted is canceled during the vesting period, it shall be handled as accelerated vesting, and the amount to be recognized during the vesting period shall be included in current profit or loss and capital reserves shall be recognized at the same time. However, if new equity instruments are granted, which are recognized as the replacement of the canceled equity instrument on the grant date, the granted equity instrument for replacement shall be handled in the same way with the disposal of revision of terms and conditions on the original equity instrument.

4.27 Revenue

4.27.1 Accounting policies adopted for revenue recognition and measurement

The Company recognizes revenue when it has fulfilled the performance obligation stipulated in the Contract, that is, the customer obtains the right of control over the relevant goods or services. The right of control over relevant goods or services means the domination of the use of the goods or services and acquisition of almost all the economic benefits therefrom.

Where a contract has two or more performance obligations, the Company determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Company recognizes as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Company determines the transaction price in accordance with the terms of the contract and in combination with its past practices, and takes into account the influence of variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to customers, etc. The Company recognizes the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Company recognizes the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortized using an effective interest method over the contract term.

The Company satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in 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 asset created or enhanced during the Company's performance; or
- (3) the Company's performance does not create an asset with an alternative use to it and the Company has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Company recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Company expects to recover the costs incurred in satisfying the performance obligation, the Company recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Company recognizes revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indicators:

- (1) The Company has the present right to receive payment for the goods or services, that is, the customer has the present obligation for paying the goods or services.
- (2) The Company has transferred the legal ownership of goods to the customer, that is, the customer has owned the legal ownership of the goods.
- (3) The Company has transferred the physical possession to the customer, that is, the customer has possessed the goods.
- (4) The Company has transferred the substantial risks and rewards on ownership of the goods to customer, that is, the customer has acquired the substantial risks and rewards on ownership of the goods.
- (5) The customer has accepted the goods or services, etc.

4.27.2 Revenue recognition time and specific principles

- (1) Domestic sales: when the goods are delivered to the customer and the customer has accepted the goods, it is deemed that the customer has obtained the right of control over the goods, and the Company recognizes the revenue accordingly.
- (2) Export sales: The Company generally adopts the operating management mode of Vendor Management Inventory (hereinafter referred to as VMI). Revenue is recognized at the point when the customer picks up and accepts goods in the VMI warehouse, which is deemed that the control has been transferred and the performance obligation has been fulfilled. For a small part of customers in the export business, the revenue is recognized upon the completion of export declaration.

4.28 Contract costs

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: (1) the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; (2) the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and (3) the costs are expected to be recovered.

Assets recognized for the incremental costs of obtaining a contract and assets recognized for the costs to fulfil a contract (the “assets related to contract costs”) are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Company recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Company recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds: (1) remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates; (2) the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

If the factors of impairment in the previous period change later, as a result, the above difference is higher than the carrying amount of the asset, the Company shall reserve the originally provided impairment and include it in the profit or loss, but the carrying amount of the asset after reversal shall not exceed the carrying amount of the asset on the reversal date assuming no provision for impairment is made.

4.29 Government subsidy

4.29.1 Type

Government subsidies refer to the monetary and non-monetary assets obtained by the Company from the government free of charge, classified into asset-related government subsidies and income-related government subsidies.

Asset-related government subsidies refer to those obtained by the Company for the purposes of purchase, construction or acquisition of the long-term assets., while the remaining subsidiaries are income-related government subsidies.

Specific criteria for the Company to divide subsidies into asset-related government subsidies are as follows: government documents have specified the use of the funds, and the expected use direction of such funds is expected to form the relevant assets;

The specific criteria of the Company to divide subsidies into income-related subsidies are: government documents have not specified the use of the funds, and the expected use direction of such funds is expected to supplement the current funds;

Where government documents do not clearly define subsidy objects, the judgment basis for the Company to divide subsidies into asset-related government subsidy or income-related government subsidy is as follows: such government subsidies are recorded in the profit or loss except that those designated by the Company to relate to the asset.

4.29.2 Time of recognition

Government subsidies shall be recognized when

- (1) The enterprise can meet all attached conditions of government subsidies;
- (2) The enterprise can receive government subsidies.

Specific time of recognition:

The government subsidies allocated according to the fix quota standard: recognized as government subsidies according to amount receivable.

Other government subsidies: recognized as government subsidies when they are actually received.

4.29.3 Accounting treatment

The assets-related government subsidies shall be used to compensate the carrying amount of related assets or be recognized as deferred income, and shall be apportioned and recorded in the profit or loss on average within the useful life of the relevant assets (the government subsidies related to the daily activities of the Company are included in the other incomes, otherwise, they are included in the non-operating income); if relevant assets are sold, transferred, discarded or damaged before ending of the use life, the balance of relevant deferred income which has not been distributed shall be transferred into the profit or loss in the period of asset disposal.

The income-related government subsidies which are used to compensate the Company's relevant expenses or losses in future periods are recognized as deferred income and included in the profit or loss of current period of recognition of relevant expenses or losses (the government subsidies related to the daily activities of the Company are included in the other incomes, otherwise, they are included in the non-operating income) or used to offset relevant cost or loss. The government subsidies used to compensate the relevant cost or loss that the Company has occurred are directly recorded in the profit or loss (the government subsidies related to the daily activities of the Company are included in the other incomes, otherwise, they are included in the non-operating income) or used to offset the relevant cost or loss.

The policy loans with preferential interest rate benefited by the Company is classified into two scenarios and shall be treated respectively:

- (1) If interest subsidies are received by a bank from government and the bank provides loans to the Company with the preferential interest rate, the loan actually received by the Company is regarded as initial recognition amount of the loan, and relevant loan expense shall be calculated according to the loan principal and the preferential interest rate.
- (2) If interest subsidies are received by the Company from government, the Company will deduct relevant loan cost from the corresponding subsidy.

4.30 Deferred tax assets and deferred tax liabilities

Income tax includes current income tax and deferred income tax. Current income tax and deferred income tax are recognized in profit or loss except for the income tax arising from business combination or transactions or events directly recorded in owner's equity (including other comprehensive income).

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax basis and accounting basis of assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred tax assets arising therefrom are recognized to the extent that they shall not exceed the future taxable income probably obtained to offset deductible losses and tax credits.

Taxable temporary differences are recognized as deferred tax liabilities except in special circumstances.

Special circumstances for not recognizing the deferred tax assets or deferred tax liabilities include: the initial recognition of goodwill; other transactions or events excluding business combinations, which affect neither accounting profits nor the taxable income (or deductible losses) when occurred.

Deferred tax liabilities shall be recognized for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless the Company can control the time of reversal of the temporary differences and the temporary differences are not likely to reserve in the foreseeable future. For the deductible temporary differences related to the investments in subsidiaries, associates and joint ventures, when the temporary differences are likely to be reversed in the foreseeable future and are likely to obtain the taxable income which can be used to offset the deductible temporary differences in the future.

On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rates for the expected period during which the relevant assets are collected back or relevant liabilities are paid off in accordance with the provisions of the Tax Law.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current income tax assets and liabilities shall be presented at the net amount after offset when the Company has a legal right to settle on a net basis and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

On the balance sheet date, deferred tax assets and deferred tax liabilities are presented as the net amount after offset when meeting the following conditions simultaneously: the taxpayer has the legal right to settle the current tax assets and current tax liabilities on a net basis; deferred tax assets and deferred tax liabilities are related to the income tax levied on the same taxpayer by the same tax administrative department or are related to different taxpayers, but within each future period of reversal of each significant tax asset and tax liability, the taxpayers involved intend to settle the current tax assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

4.31 Leases

4.31.1 Lease recognition

Lease refers to a contract in which the lessor transfers the right to use assets to the lessee for obtaining consideration within a certain period of time. On the commencement date of the contract, the Company evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is recognized as a lease or contains a lease.

If multiple separate leases are contained in the contract at the same time, the Company will split the contract and account for each separate lease. If the lease and non lease parts are included in the contract at the same time, the lessee and the lessor shall separate the lease and non lease parts.

4.31.2 The Company as the Lessee

(1) Confirmation of lease

On the beginning date of the lease term, the Company recognizes the right to use assets and lease liabilities as the lease. See “4.19. Right of use assets” and “4.24. Lease liabilities” in Note 4 for the recognition and measurement of right of use assets and lease liabilities.

(2) Lease changes

Lease changes are changes in the lease scope, lease consideration and lease duration that are beyond the terms of the original Contract, including the adding or terminating the right to use one or more leased assets, extending or shortening the lease term specified in the Contract, etc. The effective date of the change is the day when both parties reach an agreement on it.

When a lease is changed and the following conditions are also met, the Company accounts for the lease change as a separate lease: ① The lease change expands the scope of lease by adding the right to use one or more leased assets; ② The increased consideration is equivalent to the individual price of the enlarged part of the lease scope adjusted for the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company shall re allocate the consideration of the contract after the change, re determine the lease term, and re measure the lease liability according to the present value which is calculated by the lease payment after the change and the revised discount rate. In calculating the present value of lease payments after the change, the Company uses the leased interest rate in the remaining lease term as the discount rate; if it is not possible to determine the leased interest rate in the remaining lease term, the Company adopts the increment interest rate on the lease change effective date as the discount rate. Regarding the impact of the above adjustments on lease liabilities, the Company distinguishes the following situations for accounting treatment: (1) if the lease change results in a reduction in the scope of the lease or a shortened lease term, the Lessee shall reduce the book value of the right of use asset and counts the relevant gains or losses related to the partial or complete termination of lease in the profit or loss; (2) if the other lease changes result in re-measurement of the lease liabilities, the Lessee adjusts the book value of the right-of-use asset accordingly.

(3) Short term leases and low value assets lease

The Company chooses not to recognize the right of use assets and lease liabilities for short-term leases with a lease of no more than 12 months and low-value asset lease with lower value when the single leased asset is a brand-new asset. The Company records the lease payments of the short-term leases and low-value asset lease into relevant assets cost or current profit or loss according to the straight-line method in each period of the lease term or other systematical and reasonable methods.

4.31.3 The Company as the Lessor

On the basis that contract is evaluated as a lease or includes a lease in the above (1), the Company, as the Lessor, classifies the lease into financial lease and operating lease on the commencement date of the lease.

The Lessee classifies the lease which essentially transfers almost all the risks and rewards related to the ownership of leased assets as a financial lease, and classifies other leases other than financial lease as operating lease.

(1) Accounting treatment of financial lease

On the commencement date of the lease, the Company recognizes the financial lease receivables as the financial lease and derecognizes the financial lease assets. When the Company initially measures the financial lease receivables, the net amount of the lease investment is taken as the entry value of the financial lease receivables. The Company calculates and recognizes the interest income of each period within the lease term at a fixed periodic interest rate.

(2) Accounting treatment of operating lease

In each period within the lease term, the Company recognizes the lease receipts from operating leases as rental income in the straight-line method/other systematic and reasonable methods. The variable lease payments related to operating leases that are not included in the lease receipts of the Company are recorded in profit and loss when they actually occur.

In case of any change in the operating lease, the Company will treat it as a new lease from the effective date of the change, and regard the amount of lease receipts received in advance or lease receivable before the change as the payment of new lease.

4.31.4 Sale and leaseback transaction

The Company evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the principles described in “4. 27. Revenue” of this Note.

(1) As Lessee

If the asset transfer in the sale and leaseback transaction belongs to sales, the Company, as the Lessee, will measure the right of use assets formed by the sale and leaseback according to the part related to the use right in the carrying amount of the original assets obtained by leaseback, and only recognize the relevant gains or losses on the rights transferred to the Lessor; if the asset transfer in the sale and leaseback transaction does not belong to sales, the Company, as the Lessee, shall continue to recognize the transferred asset and recognize a financial liability equaling to the transfer income. For the accounting treatment of financial liabilities, please see “4. 10. Financial instruments” in this Note.

(2) As Lessor

If the asset transfer in the sale and leaseback transaction belongs to sales, the Company will conduct accounting treatment for the asset purchase as the Lessor and dispose the asset lease according to the policy in “4.31.3 the Company as the Lessor”; supporting the asset transfer in the sale and leaseback transaction does not belong to sales, the Company, as the Lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income. For the accounting treatment of financial assets, see “4. 10. Financial instruments” in this Note.

4.32 Discontinued operation

A discontinued operation refers to a component that meets any of the following conditions, can be separately identifiable and has been disposed of by the Company or is classified as held for sale by the Company:

- (1) The component represents a separate major line of business or geographical area of operations;
- (2) The component is a part of a single plan to dispose of a separate major line of business or geographical area of operations; or
- (3) The component is a subsidiary acquired exclusively for re-sale.

Profit and loss from continuing operation and those from discontinued operation are presented in the income statement respectively. The operating and disposal profit and loss, such as the impairment loss and reversal amount from discontinued operation are presented as the profit and loss from discontinued operation. For the discontinued operation presented in the current period, the Company presents the information which was originally presented as the profit and loss from continuing operation as the profit and loss from discontinued operation in the current financial statements during the comparable accounting period.

4.33 Segment report

The Company determines the business segments based on its internal organizational structure, management requirements and internal report system, and determines the reportable segment and discloses its information based on the business segments.

The business segments are component parts of the Company that meet the following conditions at the same time: (1) the component part can generate income and expenses in daily activities; (2) the Management of the Company can regularly evaluate the financial performance of the component part to determine the allocation of resources and evaluation of its performance; (3) the Company could summarize the financial status, the financial performance, cash flows and other relevant accounting information of the component part. The two or more business segments with similar economic characteristics and meeting certain conditions can be combined into one business segment.

4.34 Changes in significant accounting policies and accounting estimates

4.34.1 Changes in significant accounting policies

Content and reason for the changes in accounting policies	Approval procedure
The Ministry of Finance issued <i>No. 15 Interpretation of Accounting Standards for Business Enterprises</i> (Cai Kuai (2021) No. 35, hereinafter referred to as “No. 15 Interpretation”) on 30 December 2021, in which, the content of “accounting treatment for the external sales of products or by-products produced by enterprises before the fixed assets reach the intended serviceable state or during the research and development process” and “judgment on contracts involving losses” shall be implemented since 1 January 2022. The implementation of this provision has not had a significant impact on the financial status and financial performance of the Company.	Reviewed and approved by the 31st session of the 5th Board Meeting

4.34.2 Change in significant accounting estimate

There is no change in the significant accounting estimate in 2022.

5. TAXATION

5.1 Main tax types and tax rates

Tax type	Basis for tax assessment	Tax rate
Value-added tax (VAT)	Output VAT is calculated based on the sales revenue of goods and taxable service revenue calculated in accordance with tax laws, and VAT payable shall be the difference after the output VAT deducts the input VAT deductible in the same period.	3%, 6%, 13%
Urban maintenance and construction tax	Levied on the basis of VAT and consumption tax paid	5%, 7%
Enterprise income tax.	Levied on the basis of taxable income	See the table below

Disclosure to tax rates of taxpayers with different enterprise income tax rates:

Name of taxpayer	Income tax rate
Sunwoda	15%
Xinwei Hong Kong	16.5%
India Subsidiary	25.17%
Sunwoda Japan	23.2%
Sunwoda Electric Vehicle Battery	15%
Power New Energy	15%
Huizhou Intelligent Industry.	15%
Sunwoda Electrical	15%
PTL	15%
Winone Precision	15%
Winone HK.	16.5%
Winone India	25.17%
Dianjin Factoring	15%
Integrated Energy	15%
Yuke PV	25%
Shenzhen Sunwinon.	15%

Name of taxpayer	Income tax rate
Huizhou Sunwinon	15%
Huizhou Liwinon	15%
Huizhou Liwinon Electronics	15%
Superstar	15%
Huaxin Zhilian	12.5%
Other subsidiaries	25%

5.2 Tax preference

5.2.1 Enterprise income tax

In 2020, the Company obtained the High-tech Enterprise Certificate (No.: GF202044205286), which is valid for three years. Therefore, the Company enjoys the income tax rate at 15% in 2020, 2021 and 2022.

In 2020, the Company's holding subsidiary, Sunwoda Electric Vehicle Battery, obtained the High-tech Enterprise Certificate (No.: GR202044201988), which is valid for three years. Therefore, Sunwoda Electric Vehicle Battery enjoys income tax rate at 15% in 2020, 2021 and 2022.

In 2020, the Company's holding subsidiary, Power New Energy, obtained the High-tech Enterprise Certificate (GR202044007454), which is valid for three years. Therefore, Power New Energy enjoys the levying rate of enterprise income tax at 15% in 2020, 2021 and 2022.

In 2020, the Company's holding subsidiary, Huizhou Intelligent Industry, obtained the High-tech Enterprise Certificate (No.: GR202044006730), which is valid for three years. Therefore, Huizhou Intelligent Industry enjoys the levying rate of enterprise income tax at 15% in 2020, 2021 and 2022.

In 2021, the Company's holding subsidiary, Sunwoda Electrical, obtained the High-tech Enterprise Certificate (No.: GR202144200696), which was valid for three years. Therefore, Sunwoda Electrical enjoys the levying rate of enterprise income tax at 15% in 2021, 2022 and 2023.

In 2020, the Company's holding subsidiary, PTL, obtained the High-tech Enterprise Certificate (No.: GR202044201178), which is valid for three years. Therefore, PTL enjoys the income tax rate at 15% in 2020, 2021 and 2022.

In 2020, the Company's holding subsidiary, Winone Precision, obtained the High-tech Enterprise Certificate (No.: GR202044003020), which is valid for three years. Therefore, PTL enjoys the income tax rate at 15% in 2020, 2021 and 2022.

The Company's holding subsidiary, Dianjin Factoring, enjoys the preferential tax policy of Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Business Cooperation Zone, and is levied income tax rate at 15%.

In 2021, the Company's holding subsidiary, Integrated Energy, obtained the High-tech Enterprise Certificate (No.: GR202144200725), which was valid for three years. Therefore, Integrated Energy enjoys the income tax rate at 15% in 2021, 2022 and 2023.

In 2020, the Company's holding subsidiary, Shenzhen Sunwinon, obtained the High-tech Enterprise Certificate (No.: G202044205334), which is valid for three years. Therefore, Shenzhen Sunwinon enjoys the income tax rate at 15% in 2020, 2021 and 2022.

In 2020, the Company's holding subsidiary, Huizhou Sunwinon, obtained the High-tech Enterprise Certificate (No.: G202044010248), which is valid for three years. Therefore, Huizhou Sunwinon enjoys the income tax rate at 15% in 2020, 2021 and 2022.

In 2019, the Company's holding subsidiary, Huizhou Liwinon, obtained the High-tech Enterprise Certificate (No.: GR201944004806), which is valid for three years. Therefore, Huizhou Liwinon enjoys the income tax rate at 15% in 2019, 2020 and 2021. After expiry of recognition of the High-tech Enterprise of this period, an application for a review has been submitted to the certifying authority.

In 2020, the Company's holding subsidiary, Huizhou Liwinon Electronics, obtained the High-tech Enterprise Certificate (No.: GR202044009255), which is valid for three years. Therefore, Huizhou Liwinon Electronics enjoys the income tax rate at 15% in 2020, 2021 and 2022.

In 2020, the Company's holding subsidiary, Superstar, obtained the High-tech Enterprise Certificate (No.: GR202044202677), which is valid for three years. Therefore, Superstar enjoys the income tax rate at 15% in 2020, 2021 and 2022.

In 2020, the Company's holding subsidiary, Huaxin Zhilian, obtained Software Enterprise Certificate (SRQ-2020-1031) and Software Product Certificate (SRQ-2020-1950). In accordance with the regulations in Item 2 of Article 1 of *Circular of the State Taxation Administration and Ministry of Finance on Several Preferential Policy of Enterprise Income Tax* (Cai Shui [2008] No. 1), the new software production enterprise in China, after being recognized, can enjoy the free enterprise income in the first year and second year, and enjoy halved payment of enterprise income tax in the third year, fourth year and the fifth year since the year of obtaining income. Therefore, Huaxin Zhilian enjoyed free enterprise income tax in 2019 and 2020, and enjoys half payment of enterprise income tax in 2021, 2022 and 2023.

5.2.2 Valued added tax

In accordance with the *Announcement of the State Taxation Administration on Releasing the Measures for the Administration of Tax Reduction and Exemption* (State Taxation Administration [2015] No. 43), value-added tax for the software products produced and sold by the taxpayer will be levied but refunded immediately, and Sunwoda Electrical, Superstar and Huaxin Zhilian, the Company's wholly-owned subsidiaries, enjoy this preferential policy.

6. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

For the data in the disclosed financial statements, unless otherwise stated, "beginning balance before adjustment" refers to 31 December 2021, "beginning balance" refers to 1 January 2022, "ending balance" refers to 30 June 2022, "current period" refers to the period from 1 January 2022 to 30 June 2022, and "prior period" refers to the period from 1 January 2021 to 30 June 2021. The monetary unit is RMB Yuan.

6.1 Cash and cash equivalents

Item	Ending balance	Beginning balance
Cash on hand	485,007.17	758,689.27
Bank deposit	5,137,709,568.56	5,440,953,728.66
Other cash balances	4,365,930,294.41	2,925,949,878.73
Total	9,504,124,870.14	8,367,662,296.66
Including: total amount of deposit at abroad	264,414,261.91	361,537,292.67

Cash and cash equivalents being restricted for use due to mortgage, pledge or freezing, or being restricted for withdrawal due to centralized capital management, or being placed overseas with restrictions on fund repatriation are listed as follows:

Item	Ending balance	Beginning balance
Bank acceptance deposits	3,541,572,684.84	1,879,613,224.38
Term deposit or notice deposit used for guarantee	554,563,979.20	999,201,642.42
Payment deposit.	113,423,391.98	27,800,519.02
L/G deposit	51,769,847.06	5,734,101.58
L/C deposit	104,600,391.33	13,600,391.33
Total	4,365,930,294.41	2,925,949,878.73

6.2 Financial assets held for trading

Item	Ending balance	Beginning balance
Financial assets measured at fair value through current profit or loss	660,000,000.00	
Including: structured deposit.	660,000,000.00	
Total.	660,000,000.00	

6.3 Accounts receivable

6.3.1 Aging analysis of accounts receivable

Aging	Ending balance	Beginning balance
Within 1 year		
Including: Within 1 year (0-6 months, 6 months-1 year).		
Within 6 months (including 6 months)	8,896,184,289.52	8,315,536,978.28
6 months-1 year (including 1 year)	39,092,823.15	77,821,855.25
Subtotal within 1 year	8,935,277,112.67	8,393,358,833.53
1-2 years	148,756,025.83	89,518,820.02
2-3 years	55,101,994.10	44,284,490.78
Over 3 years	94,679,899.51	279,094,964.72
Subtotal.	9,233,815,032.11	8,806,257,109.05
Less: Provision for doubtful accounts	67,829,645.64	254,517,287.83
Total.	9,165,985,386.47	8,551,739,821.22

6.3.2 Accounts receivable disclosed by categories for provision for doubtful accounts

Category	Ending balance				
	Original amount		Provision for doubtful accounts		Carrying amount
	Amount	Percentage	Amount	Percentage of provision	
		(%)		(%)	
Accounts receivable subject to individual provision for doubtful accounts	221,500,318.94	2.40	35,787,494.87	16.16	185,712,824.07
Including:					
Accounts receivable not individually significant but provision for impairment considered on the individual basis	221,500,318.94		35,787,494.87		185,712,824.07
Accounts receivable subject to provision for doubtful accounts on the grouping basis	9,012,314,713.17	97.60	32,042,150.77	0.36	8,980,272,562.40
Including:					
Aging analysis group	9,012,314,713.17		32,042,150.77		8,980,272,562.40
Total.	9,233,815,032.11	100.00	67,829,645.64		9,165,985,386.47

(Continued)

Category	Beginning balance				
	Original amount		Provision for doubtful accounts		Carrying amount
	Amount	Percentage	Amount	Percentage of provision	
	(%)		(%)		
Accounts receivable subject to individual provision for doubtful accounts	396,358,210.09	4.50	232,062,732.72	58.55	164,295,477.37
Including:					
Accounts receivable not individually significant but provision for impairment considered on the individual basis	396,358,210.09		232,062,732.72		164,295,477.37
Accounts receivable subject to provision for doubtful accounts on the grouping basis	8,409,898,898.96	95.50	22,454,555.11	0.27	8,387,444,343.85
Including:					
Aging analysis group	8,409,898,898.96		22,454,555.11		8,387,444,343.85
Total	8,806,257,109.05	100.00	254,517,287.83		8,551,739,821.22

Accounts receivable subject to individual provision for doubtful accounts:

Name	Carrying amount	Ending balance		
		Provision for doubtful accounts	Percentage of provision	Reason for provision
			(%)	
Accounts receivable not individually significant but subject to individual provision for doubtful accounts	221,500,318.94	35,787,494.87	16.16	It is not expected to collect all or the collection will be late
Total	221,500,318.94	35,787,494.87		

Accounts receivable subject to provision for doubtful accounts on the grouping basis:

Items for provision on the grouping basis:

Name	Ending balance		
	Accounts receivable	Provision for doubtful accounts	Percentage of provision
			(%)
Aging analysis group			
Including:			
Within 6 months (including 6 months)	8,836,437,625.59		
6 months-1 year (including 1 year)	39,092,823.15	1,954,641.16	5.00
Subtotal within 1 year	8,875,530,448.74	1,954,641.16	0.02
1-2 years (including 2 years)	110,607,966.86	11,060,796.68	10.00
2-3 years (including 3 years)	10,213,692.33	3,064,107.69	30.00
Over 3 years	15,962,605.24	15,962,605.24	100.00
Total	9,012,314,713.17	32,042,150.77	

6.3.3 Provision, reversal or recovery of provision for doubtful accounts in current period:

Category	Beginning balance	Movement in the current period			Ending balance
		Provision	Reversal or recovery	Write off or cancellation	
Individual provision for doubtful accounts	232,062,732.72	2,121,368.44	3,681,823.40	194,714,782.89	35,787,494.87
Provision for doubtful accounts on the grouping basis	22,454,555.11	9,611,730.60		24,134.94	32,042,150.77
Total	254,517,287.83	11,733,099.04	3,681,823.40	194,738,917.83	67,829,645.64

6.3.4 Accounts receivable actually written off in the current period:

Item	Amount Written Off
Accounts receivable actually written off	194,738,917.83

Written-off information of the significant accounts receivable:

Company name	Nature of accounts receivable	Amount written-off	Reason	Procedure fulfilled	Whether the amount arises from related transactions
Dongguan Jinming Electronics Co., Ltd.	Goods payment	140,984,497.74	The lawsuit has been closed and the customer is unable to repay	Examined and approved by the Board of Directors	No
Dongguan Goldex Communication Technology Co., Ltd.	Goods payment	31,806,181.76	The lawsuit has been closed and the customer is unable to repay	Examined and approved by the Board of Directors	No
Zerotech (Beijing) Technology Co., Ltd.	Goods payment	9,942,730.27	The lawsuit has been closed and the customer is unable to repay	Examined and approved by the Board of Directors	No
Letv Chuangjing Technology (Beijing) Co., Ltd.	Goods payment	2,615,333.92	The lawsuit has been closed and the customer is unable to repay	Examined and approved by the Board of Directors	No
Lemobile Information Technology (Beijing) Co., Ltd.	Goods payment	9,366,039.20	The lawsuit has been closed and the customer is unable to repay	Examined and approved by the Board of Directors	No
Total		194,714,782.89			

6.3.5 Top 5 accounts receivable in terms of ending balance presented by debtors

The total top 5 accounts receivable in terms of balance presented by debtors as at 30 June 2022 is RMB4,516,304,891.85, accounting for 48.92% of the balance of accounts receivable as at 30 June 2022, and the corresponding ending balance of provision for doubtful accounts is RMB153,892.61.

6.3.6 Derecognized accounts receivable due to transfer of financial assets:

Item	Amount derecognized	Way of transfer of financial assets	Gains or losses related to derecognition
Accounts receivable	694,524,899.76	Sell the financial assets without any claim right	-5,535,343.32
Total	694,524,899.76		-5,535,343.32

6.4 Receivables financing

6.4.1 Receivables financing

Item	Ending balance	Beginning balance
Notes receivable	106,254,761.47	214,371,645.95
Total	106,254,761.47	214,371,645.95

6.4.2 Movement in receivables financing

Item	Beginning balance	Additions during the period	Derecognized amount	Other movement	Ending balance	Accumulative loss provision recognized in other comprehensive incomes
Notes receivable	214,371,645.95	1,743,298,345.76	1,851,415,230.24		106,254,761.47	
Total	214,371,645.95	1,743,298,345.76	1,851,415,230.24		106,254,761.47	

6.4.3 Notes receivable endorsed as at 30 June 2022

Item	Amount derecognized as at 30 June 2022
Bank acceptance	22,104,081.25
Total	22,104,081.25

6.4.4 Notes receivable endorsed or discounted by the Company at at 30 June 2022 and not yet due on the balance sheet day

Item	Amount derecognized as at 30 June 2022	Amount not derecognized as at 30 June 2022
Bank acceptance	1,428,442,988.67	
Total	1,428,442,988.67	

6.5 Advances to suppliers

6.5.1 Aging analysis of advances to suppliers

Aging	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	658,543,812.45	90.72	368,432,534.62	94.82
1-2 years	61,961,675.59	8.54	17,476,693.33	4.50
2-3 years	3,524,871.85	0.49	1,090,741.93	0.28
Over 3 years	1,875,075.11	0.26	1,571,731.64	0.40
Total	725,905,435.00	100.01	388,571,701.52	100.00

6.5.2 Top five advances to suppliers presented by the prepayment suppliers

The top five advances to suppliers presented by prepayment suppliers amounted to RMB441,392,290.75, accounting for 60.81% of total balance as at 30 June 2022.

6.6 Other receivables

Item	Ending balance	Beginning Balance
Interest receivable		
Other receivables	207,938,366.55	241,177,975.56
Total	207,938,366.55	241,177,975.56

Other accounts receivable

6.6.1 Aging analysis of other receivables

Aging	Ending balance	Beginning balance
Within 1 year		
Including: within 1 year (0-6 months, 6 months-1 year)		
Within 6 months (including 6 months)	124,554,875.69	161,101,211.82
6 months-1 year (including 1 year)	23,640,535.13	9,833,686.33
Subtotal within 1 year	148,195,410.82	170,934,898.15
1-2 years	26,569,961.06	47,281,030.50
2-3 years	52,874,310.76	39,575,644.73
Over 3 years	40,452,236.63	34,696,814.14
Subtotal	268,091,919.27	292,488,387.52
Less: provision for doubtful accounts	60,153,552.72	51,310,411.96
Total	207,938,366.55	241,177,975.56

6.6.2. Provision for doubtful accounts

	Stage 1	Stage 2	Stage 3	Total
Provision for doubtful accounts	Expected credit losses in 12 months in the future	Expected credit losses of the entire duration (no credit impairment occurred)	Expected credit losses of the entire duration (credit impairment occurred)	
Beginning balance before adjustment	20,816,967.52		30,493,444.44	51,310,411.96
Beginning balance in this period				
— Transfer to stage 2				
— Transfer to stage 3				
— Transfer back to stage 2				
— Transfer back to stage 1				
Accrual in this period	9,792,297.57			9,792,297.57
Reversal in this period				
Write-off in this period				
Cancellation in this period	949,156.81			949,156.81
Other movements				
Ending balance	29,660,108.28		30,493,444.44	60,153,552.72

6.6.3 Provision for doubtful accounts

Type	Beginning balance	Current movement			Ending balance
		Provision	Reversal or recovery	Write off or cancellation	
Provision for doubtful accounts on a credit risk group	51,310,411.96	9,792,297.57		949,156.81	60,153,552.72
Total	51,310,411.96	9,792,297.57		949,156.81	60,153,552.72

6.6.4 Other receivables classified by nature

Nature	Ending balance	Beginning balance
Financing lease deposits	47,184,834.70	53,287,486.85
Other deposits	57,052,693.29	68,037,145.25
Petty cash	5,959,578.86	3,707,519.14
Export rebates		56,817,187.92
Receivables from disposal of subsidiaries	30,493,444.44	30,493,444.44
L/C for import tariff in India	46,580,839.60	
Others	80,820,528.38	80,145,603.92
Total	268,091,919.27	292,488,387.52

6.6.5 Top five other receivables presented by the debtor:

Entity name	Nature	Ending balance	Aging	Proportion in total ending balance of other receivables (%)	Ending balance of provision for doubtful accounts
No. 1	Equity transfer fund	30,493,444.44	Over 3 years	11.37	30,493,444.44
No. 2	L/C for import tariff in India	30,032,421.25	Within 6 months	11.20	
No. 3	Financing lease deposit	18,722,750.00	1-2 years: 7,200,000.00		
			2-3 years: 11,522,750.00	6.98	4,176,825.00
No. 4	Financing receivable	16,907,392.20	Within 6 months	6.31	
No. 5	Financing lease deposit	14,300,000.00	2-3 years	5.33	4,290,000.00
Total		110,456,007.89		41.19	38,960,269.44

6.7 Inventories

6.7.1 Classification of inventories

Item	Ending balance		
	Original amount	Provision for decline in value of inventory/provision for impairment of contract fulfillment cost	Carrying amount
Raw material	2,740,311,287.17	73,079,857.80	2,667,231,429.37
Working process	1,494,941,334.24	12,850,365.53	1,482,090,968.71
Finished goods	3,082,031,526.11	125,150,709.80	2,956,880,816.31
Goods in transit.	1,017,181,827.38	8,197,360.60	1,008,984,466.78
Low-cost consumables	5,934,305.06		5,934,305.06
Materials for consigned processing . .	6,661,041.17		6,661,041.17
Semi-finished products.	707,506,953.20	7,548,942.70	699,958,010.50
Total	9,054,568,274.33	226,827,236.43	8,827,741,037.90

(Continued)

Item	Beginning balance		
	Original amount	Provision for decline in the value of inventory/provision for impairment of contract fulfillment cost	Carrying amount
Raw material	2,310,488,372.31	70,229,294.78	2,240,259,077.53
Working process	1,206,209,901.82	12,377,007.84	1,193,832,893.98
Finished goods	2,702,841,333.32	132,406,191.33	2,570,435,141.99
Goods in transit.	1,013,595,597.15	13,960,002.56	999,635,594.59
Low-cost consumables	7,542,943.36		7,542,943.36
Materials for consigned processing . .	5,727,364.36		5,727,364.36
Semi-finished products.	623,727,740.87	5,823,310.81	617,904,430.06
Total	7,870,133,253.19	234,795,807.32	7,635,337,445.87

6.7.2 Provision for decline in the value of inventory and provision for impairment of contract fulfillment cost

Item	Beginning balance	Additions during the year		Decrease during the year		Ending balance
		Provision	Others	Reversal or resale	Others	
Raw material	70,229,294.78	72,168,330.33		69,317,767.31		73,079,857.80
Working process	12,377,007.84	12,850,365.53		12,377,007.84		12,850,365.53
Finished goods	132,406,191.33	72,540,968.76		79,796,450.29		125,150,709.80
Goods in transit.	13,960,002.56	2,942,207.23		8,704,849.19		8,197,360.60
Low-value consumables						
Materials for consigned processing						
Semi-finished products.	5,823,310.81	10,627,411.16		8,901,779.27		7,548,942.70
Total	234,795,807.32	171,129,283.01		179,097,853.90		226,827,236.43

6.8 Non-current assets due within one year

Item	Ending balance	Beginning balance
Long-term receivables due within one year	76,793,344.91	105,729,842.41
Unrealized profit or loss of after-sales leaseback due within one year.	5,686,901.04	18,828,768.78
Total.	82,480,245.95	124,558,611.19

6.9 Other current assets

Item	Ending balance	Beginning balance
Input tax to be deducted.	223,049,195.35	608,520,094.35
Import VAT and tariff.	42,705,586.03	10,782,165.92
Excess VAT paid for future offsetting	190,223,379.62	149,053,014.29
Deferred expense	63,696,865.07	62,172,012.84
Other prepaid taxes and surcharges	122,900,023.19	129,316,310.45
Total.	642,575,049.26	959,843,597.85

6.10 Long-term receivables

Breakdown of long-term receivables

Item	Ending balance			Beginning balance			
	Original amount	Provision for doubtful accounts	Carrying amount	Original amount	Provision for doubtful accounts	Carrying amount	Cash rate
Land and construction transfer fund collected by stages.	28,699,987.84		28,699,987.84	29,232,081.25		29,232,081.25	
Therein: unrealized financing income.	2,010,012.16		2,010,012.16	1,477,918.75		1,477,918.75	
Total	339,503,085.54		339,503,085.54	331,931,851.41		331,931,851.41	

6.11 Long-term equity investments

Investee	Beginning balance before adjustment	Movement						Ending balance of provision for impairment				
		Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustments to other comprehensive income	Changes in other equity	Cash dividends or profits declared and distributed		Provision for impairment	Others	Ending balance	
1. Associates												
Xingzhiyoudao (Shenzhen) Auto Service Co., Ltd. ("Xingzhiyoudao")												10,014,453.68
Intelligent Cloud Apparel Technology Research Institute (Shenzhen) Co., Ltd.												155,645.85
Guizhou Hengda Mining Holdings Co., Ltd.		147,000,000.00		-74,607.45						146,925,392.55		
Ningbo Meishan Bonded Port Area Fengsheng Liuhe Investment Management Co., Ltd.	2,809,104.05			34,970.30							2,844,074.35	
Ningbo Meishan Bonded Port Area Fengsheng Liuhe New Endergy Investment Partnership ("Limited Partnership")	44,446,314.78			1,647,943.22						46,094,258.00		8,211,175.72
Nanjing JSE Technology Co., Ltd. Shenzhen Lufeng Technology Co., Ltd.												317,600.96
Shenzhen Dami Growth New Industry Equity Investment Fund Partnership (Limited Partnership)	27,937,768.35		862,068.97	3,445.30							27,079,144.68	
Beijing Sheen Power Technology Co., Ltd.	10,389,341.35		-1,623,772.10								8,765,569.25	

Investee	Beginning balance before adjustment	Movement							Ending balance of provision for impairment	
		Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustments to other comprehensive income	Changes in other equity	Cash dividends or profits declared and distributed	Provision for impairment		Others
Shenzhen Yufeng New Materials Co., Ltd.										
Yuchuang Semiconductor (Shenzhen) Co., Ltd.	14,750,661.29		-1,500,514.19							13,250,147.10
Paersen Environmental Protection Technology Co., Ltd. ("Paersen")	62,151,737.86		1,226,814.78							63,378,552.64
Dongguan Dami Excellent Growth Venture Investment Management Co., Ltd.	2,249,044.92			-91,705.05						2,157,339.87
Sichuan Xinlianwu Material Technology Co., Ltd.	15,910,938.77	20,000,000.00		-1,502,647.77						34,408,291.00
Shenzhen Ruikewei Electronics Co., Ltd. ("Ruikewei")		10,000,000.00		-155,074.88						9,844,925.12
Shenzhen Rice Growth Angel Investment Partnership (Limited Partnership)		7,500,000.00		5,854.37						7,505,854.37
Shenzhen Xianbang New Material Technology Co., Ltd.	31,321,913.55			-88,670.69						31,233,242.86
Shandong Jili Sunwoda Power Battery Co., Ltd. ("Jili Sunwoda")	4,396,801.95	24,000,000.00		-5,356,652.16						23,040,149.79
Sub-total	216,363,626.87	208,500,000.00	862,068.97	-7,474,616.32						416,526,941.58
Total	216,363,626.87	208,500,000.00	862,068.97	-7,474,616.32						416,526,941.58

6.12 Other non-current financial assets

Item	Ending balance	Beginning balance
Financial assets measured at fair value through current profit or loss	917,893,458.92	815,605,738.60
Including: Equity instrument investment	917,893,458.92	815,605,738.60
Total.	917,893,458.92	815,605,738.60

6.13 Fixed assets

6.13.1 Fixed assets and disposal thereof

Item	Ending balance	Beginning balance
Fixed assets.	9,207,471,504.48	8,428,265,607.65
Disposal of fixed assets	7,785,564.87	102,266.11
Total.	9,215,257,069.35	8,428,367,873.76

6.13.2 Breakdown of fixed assets

Item	Houses and buildings	Machinery equipment	Electronic equipment	Transportation equipment	Other equipment	Total
1. Original carrying amount						
(1) Beginning balance before adjustment . . .	2,500,730,384.22	5,544,160,704.23	875,824,717.36	55,371,949.72	1,182,407,338.89	10,158,495,094.42
(2) Additions during the period		1,608,890,697.86	115,455,023.65	18,219,377.50	97,933,083.14	1,840,498,182.15
— Purchase		312,722,740.12	88,068,453.14	16,190,763.73	45,981,484.07	462,963,441.06
— Transfer from construction in progress . .		1,296,167,957.74	27,386,570.51	2,028,613.77	51,951,599.07	1,377,534,741.09
(3) Decrease during the period	383,775.76	479,732,220.21	113,142,746.82	1,097,054.62	21,834,051.83	616,189,849.24
— Disposal or scrapping	383,775.76	152,964,502.10	4,614,825.89	1,097,054.62	14,598,168.10	173,658,326.47
— Transfer to construction in progress		326,767,718.11	108,527,920.93		7,235,883.73	442,531,522.77
(4) Ending balance	2,500,346,608.46	6,673,319,181.88	878,136,994.19	72,494,272.60	1,258,506,370.20	11,382,803,427.33
2. Accumulated depreciation						
(1) Beginning balance before adjustment . . .	205,389,183.78	896,301,830.52	338,160,575.28	30,588,622.72	259,789,274.47	1,730,229,486.77
(2) Additions during the period	36,122,794.71	367,068,148.44	98,439,954.53	9,216,609.39	40,660,563.07	551,508,070.14
— Provision	36,122,794.71	367,068,148.44	98,439,954.53	9,216,609.39	40,660,563.07	551,508,070.14
(3) Decrease during the period		65,501,011.69	31,427,683.50	831,754.65	8,645,184.22	106,405,634.06
— Disposal or scrapping		55,442,088.20	24,885,480.28	831,754.65	8,087,250.14	89,246,573.27
— Transfer to construction in progress		10,058,923.49	6,542,203.22		557,934.08	17,159,060.79
(4) Ending balance	241,511,978.49	1,197,868,967.27	405,172,846.31	38,973,477.46	291,804,653.32	2,175,331,922.85
3. Provision for impairment						
(1) Beginning balance before adjustment . . .						
(2) Additions during the period						
— Provision						
(3) Decrease during the period						
— Disposal or scrapping						
(4) Ending balance						
4. Carrying amount						
(1) Ending balance	2,258,834,629.97	5,475,450,214.61	472,964,147.88	33,520,795.14	966,701,716.88	9,207,471,504.48
(2) Beginning balance before adjustment . . .	2,295,341,200.44	4,647,858,873.71	537,664,142.08	24,783,327.00	922,618,064.42	8,428,265,607.65

6.13.3 Fixed assets with pending certificates of title

Item	Carrying amount	Reason for failure to complete the formalities for the certificate of title
Houses and buildings	373,214,890.02	Under process
Houses and buildings	4,371,088.59	The property is a settlement house

6.13.4 Disposal of fixed assets

Item	Ending balance	Beginning balance
Liquidation of fixed asset	7,785,564.87	102,266.11
Total	7,785,564.87	102,266.11

6.14 Construction in progress

6.14.1 Construction in progress and project materials

Item	Ending balance	Beginning balance
Construction in progress	3,756,358,420.72	2,015,739,313.97
Project materials		
Total	3,756,358,420.72	2,015,739,313.97

6.14.2 Breakdown of construction in progress

Item	Ending balance			Beginning balance		
	Original amount	Provision for impairment	Carrying amount	Original amount	Provision for impairment	Carrying amount
Housing renovation engineering	743,312,073.63		743,312,073.63	163,611,301.21		163,611,301.21
Installation of outsourcing equipment	2,035,146,932.23		2,035,146,932.23	1,350,546,504.79		1,350,546,504.79
Construction project of Boluo Industrial Park	118,687,913.85		118,687,913.85	108,262,986.79		108,262,986.79
Construction engineering of Nanjing Industrial Park	205,533,403.43		205,533,403.43	11,698,419.59		11,698,419.59
Construction project of power lithium battery production line	19,825,127.40		19,825,127.40	1,574,311.93		1,574,311.93
Construction project of consumer-based lithium battery production line	4,556,501.74		4,556,501.74	8,001,300.43		8,001,300.43
Improvement of fixed assets	367,084,314.94		367,084,314.94	97,832,324.02		97,832,324.02
Sunwoda Baoan District Lithium Ion Battery Intelligent Manufacturing Industrial Park	188,566,980.89		188,566,980.89	160,686,096.63		160,686,096.63
Mine exploration right of East Taigener Lake	52,051,921.40		52,051,921.40	49,479,339.30		49,479,339.30
5.9 MW roof distributed photovoltaic power generation project	13,817,210.50		13,817,210.50	56,184,007.15		56,184,007.15
Others	7,776,040.71		7,776,040.71	7,862,722.13		7,862,722.13
Total	3,756,358,420.72		3,756,358,420.72	2,015,739,313.97		2,015,739,313.97

6.14.3 Changes in significant construction in progress in the current period

Item	Budget	Beginning balance before adjustment	Additions during the year	Amount transferred into fixed assets in this period	Other decrease in this period	Ending balance	Proportion of accumulated project investment in budget (%)	Percentage of completion	Accumulated capitalization amount of interest	Including: capitalization amount of interest in the current period	Capitalization rate of interest in the current period (%)	Capital source
Housing renovation engineering		227,605,587.14	626,070,020.00	—	110,363,533.51	743,312,073.63		Complete gradually				Raised, self-raised
Installation of outsourcing equipment		1,287,133,864.92	2,088,853,087.57	1,275,768,219.50	65,071,800.76	2,035,146,932.23			3,757,674.69	3,757,674.69		Raised, self-raised
Construction project of Bohuo Industrial Park		108,262,986.79	22,021,217.55	—	11,596,290.29	118,687,913.85						Self-raised
Construction engineering of Nanjing Industrial Park	1,400,000,000.00	11,698,419.59	194,188,029.72	—	353,045.88	205,533,403.43	14.71	Complete gradually				Self-raised
Construction project of power lithium battery production line	180,000,000.00	1,574,311.93	18,250,815.47	—	—	19,825,127.40	11.01	Complete gradually				Self-raised
Construction project of consumer-based lithium battery production line	270,000,000.00	8,001,300.43	6,510,333.23	—	9,955,131.92	4,556,501.74	5.37	Under construction				Raised
Improvement of fixed assets		97,250,677.96	371,066,064.92	70,258,186.71	30,974,241.23	367,084,314.94						Self-raised
Sunwoda Baoan District Lithium Ion Battery Intelligent Manufacturing Industrial Park	405,000,000.00	160,686,096.63	27,880,884.26	—	—	188,566,980.89	46.56	Under construction				Raised, self-raised
Mine exploration right of East Taigener Lake		49,479,339.30	2,572,582.10	—	—	52,051,921.40						Self-raised
5.9 MW roof distributed photovoltaic power generation project		56,184,007.15	—	31,034,042.84	11,332,753.81	13,817,210.50						Self-raised
Others		7,862,722.13	578,761.06	474,292.04	191,150.44	7,776,040.71						Self-raised
Total		2,015,739,313.97	3,357,991,795.68	1,377,534,741.09	239,837,947.84	3,756,358,420.72			3,757,674.69	3,757,674.69		Self-raised

6.15 Right of use assets

Item	Houses and Buildings	Others	Total
1. Original carrying amount			
(1) Beginning balance before adjustment	930,606,247.10	1,767,705.09	932,373,952.19
(2) Additions during the year	560,622,583.76		560,622,583.76
— Newly increased finance	560,622,583.76		560,622,583.76
— Estimation and adjustment			
(3) Decrease during the year	21,778,885.79		21,778,885.79
— Transfer out to fixed assets			
— Disposal	16,192,636.42		16,192,636.42
— Other decreases	5,586,249.37		5,586,249.37
(4) Ending balance	1,469,449,945.07	1,767,705.09	1,471,217,650.16
2. Accumulated amortization			
(1) Beginning balance	281,813,470.74	1,717,790.21	283,531,260.95
(2) Additions during the year	100,004,247.65	49,914.88	100,054,162.53
— Provision	100,004,247.65	49,914.88	100,054,162.53
(3) Decrease during the year	20,141,461.14		20,141,461.14
— Transfer out to fixed assets			
— Disposal	15,623,339.62		15,623,339.62
— Other decreases	4,518,121.52		4,518,121.52
(4) Ending balance	361,676,257.25	1,767,705.09	363,443,962.34
3. Provision for impairment			
(1) Beginning balance before adjustment			
(2) Additions during this period			
— Provision			
(3) Decrease during this period			
— Transfer out to fixed assets			
— Disposal			
(4) Ending balance			
4. Carrying amount			
(1) Ending balance	1,107,773,687.82		1,107,773,687.82
(2) Beginning balance	648,792,776.36	49,914.88	648,842,691.24

6.16 Intangible assets

Breakdown of intangible assets

Item	Land use right	Software	Patent right	Total
1. Original amount				
(1) Beginning balance	630,841,885.45	101,301,676.64	44,415,115.84	776,558,677.93
(2) Additions during the period		13,824,793.95		13,824,793.95
— Purchase		13,824,793.95		13,824,793.95
(3) Decrease during the period		699,509.80		699,509.80
— Disposal		699,509.80		699,509.80
(4) Ending balance	630,841,885.45	114,426,960.79	44,415,115.84	789,683,962.08
2. Accumulated amortization				
(1) Beginning balance	48,201,686.58	49,259,488.67	30,901,299.17	128,362,474.42
(2) Additions during the period	7,044,908.82	9,807,600.27	2,278,940.00	19,131,449.09
— Provision	7,044,908.82	9,807,600.27	2,278,940.00	19,131,449.09

Item	Land use right	Software	Patent right	Total
(3) Decrease during the period		274,106.76		274,106.76
— Disposal		274,106.76		274,106.76
(4) Ending balance.	55,246,595.40	58,792,982.18	33,180,239.17	147,219,816.75
3. Provision for impairment				
(1) Beginning balance.				
(2) Additions during the period				
— Provision				
(3) Decrease during the year				
— Disposal				
(4) Ending balance.				
4. Carrying amount				
(1) Ending balance.	575,595,290.05	55,633,978.61	11,234,876.67	642,464,145.33
(2) Beginning balance.	582,640,198.87	52,042,187.97	13,513,816.67	648,196,203.51

6.17 Goodwill

6.17.1 Changes in goodwill

Name of investee or matters relevant to formation of goodwill	Beginning balance before adjustment	Additions during the period Formed by business combination	Decrease during the period		Ending balance
			Disposal	Others	
Original amount:					
Dongguan Liwinon	51,211,434.67				51,211,434.67
Yuke PV	7,945,765.47				7,945,765.47
Dianjin Factoring	11,571,400.01				11,571,400.01
Subtotal.	70,728,600.15				70,728,600.15
Impairment provision:					
Dongguan Liwinon					
Yuke PV					
Dianjin Factoring					
Subtotal.					
Carrying amount.	70,728,600.15				70,728,600.15

6.17.2 Provision for goodwill impairment

(1) Dongguan Liwinon

① Relevant information of asset groups or combination of asset groups of the goodwill

The “consumer-based lithium battery cell business” is the only asset group owned by Dongguan Liwinon on the date of acquisition. As at 30 June 2022, the asset group containing goodwill is consistent with that determined at the time of goodwill recognition on the date of acquisition without any significant change.

② Recognition method of testing process, key parameters and goodwill impairment loss

The recoverable amount of the asset group shall be determined according to the present value of the expected future cash flow of the asset group. The future cash flow is forecasted based on the five-year financial budget approved by the Management whose CAGR (compound annual growth rate) of operating revenue in the next five years is estimated at 4.26%. The sustainable cash flow five years later will be determined according to the level of the last year of the detailed forecast period, combining with the industry development trend and other factors. The discount rate for calculation of present value is 13.39%, which is the pre-tax discount rate reflecting the specific risks of the relevant asset group.

30 June 2022 was set as the benchmark date for test of goodwill impairment, and if the above assumptions could be achieved, the recoverable amount of asset group related to Dongguan Liwinon and goodwill held by the Company is higher than the carrying amount of the asset group. Therefore, the goodwill has not been impaired as at 30 June 2022.

(2) *Yuke PV*

① Relevant information of asset groups or combination of asset groups of the goodwill

The “PV Power Station business” is the only asset group owned by Yuke PV on the date of acquisition. As at 30 June 2022, the asset group containing goodwill is consistent with that determined at the time of goodwill recognition on the date of acquisition without any significant change.

② Recognition method of testing process, key parameters and goodwill impairment loss

The recoverable amount of the asset group shall be determined according to the present value of the expected future cash flow of the asset group. We forecast the future cash flow based on the five-year financial budget approved by the Management and the operating revenue in the next five years will be calculated on the basis of the power consumption and predicated price. The sustainable cash flow five years later will be determined based on the amount of the last year of the detailed forecast period, combining with the industry development trend and other factors. The discount rate for calculation of present value is 12%, which is the pre-tax discount rate reflecting the specific risks of the relevant asset group.

30 June 2022 was set as the benchmark date for test of goodwill impairment and if the above assumptions could be achieved, the recoverable amount of asset group related to Yuke PV and goodwill held by the Company is higher than the carrying amount of the asset group. Therefore, the goodwill has not been impaired as at 30 June 2022.

(3) *Dianjin Factoring*

① Relevant information of asset groups or combination of asset groups of the goodwill

The “factoring business” owned by Dianjin Factoring on the date of acquisition is the only asset group. As at 30 June 2022, the asset group containing goodwill is consistent with that determined at the time of goodwill recognition on the date of acquisition without any significant change.

The recoverable amount of the asset group shall be determined according to the present value of the expected future cash flow of the asset group. Future cash flow is forecasted based on the five-year financial budget approved by the Management and it is estimated that the annual growth rate of operating revenue in the next five years will be 14.65%. The sustainable cash flow five years later will be determined according to the level of the last year of the detailed forecast period, combining with the industry development trend and other factors. The discount rate for calculation of present value is 12%, which is the pre-tax discount rate reflecting the specific risks of the relevant asset group.

② Recognition method of testing process, key parameters and goodwill impairment loss

30 June 2022 was set as the benchmark date for test of goodwill impairment and if the above assumptions could be achieved, the recoverable amount of asset group related to Dianjin Factoring and goodwill held by the Company is higher than the carrying amount of the asset group, and hence, goodwill has not been impaired.

6.18 Long-term deferred expenses

Item	Beginning balance	Additions during the period	Current amortization	Decrease during the period	Ending balance
Huizhou Industrial Park-house renovation engineering	610,909,285.90	35,565,018.11	50,645,763.94	600,513.05	595,228,027.02
Huizhou Industrial Park-power lithium battery production line construction project	153,184,984.68	28,212,357.37	14,344,022.51		167,053,319.54
Huizhou Industrial Park-consumer-based battery cell production line construction project . .	56,310,911.98	12,007,755.49	6,022,999.26	57,156.68	62,238,511.53
Guangming Industrial Park-house renovation engineering	60,925,716.87	284,403.66	5,789,541.10	223,161.10	55,197,418.33
Shilongzai Industrial Park-house renovation engineering	40,882,522.46	291,574.61	3,719,255.31		37,454,841.76
Jinjia Industrial Park-house renovation engineering. . .	22,568,772.76	296,432.31	7,248,300.68		15,616,904.39
Yuyongxing Industrial Park-house renovation engineering	38,262,323.14		2,695,839.12		35,566,484.02
India factory-house renovation engineering. . .	17,651,691.10	225,363.83	2,414,812.06		15,462,242.87
Nanjing Industrial Park-power lithium battery production line construction project	204,857,952.90		11,966,964.68		192,890,988.22
Nanjing Industrial Park-house renovation engineering. . .	64,697,894.37	1,217,792.08	3,611,851.79		62,303,834.66
Lanxi Industrial Park-consumption-based construction project of the core production line	23,117,499.53	11,842,923.27	1,552,368.18		33,408,054.62
Other leased factory and dormitory renovation engineering	107,804,491.68	68,735,351.50	14,905,403.22	742,604.74	160,891,835.22
Other long-term deferred expense	15,858,976.50	1,562,638.98	2,498,249.12		14,923,366.36
Total	1,417,033,023.87	160,241,611.21	127,415,370.97	1,623,435.57	1,448,235,828.54

6.19 Deferred tax assets and deferred tax liabilities

6.19.1 Deferred tax assets before offset

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	242,186,702.13	44,337,465.81	453,048,244.01	77,593,096.34
Share-based compensation	70,136,038.43	10,520,405.76	123,809,633.54	18,571,445.03
Deductible tax loss	829,926,365.90	159,406,897.18	156,943,141.90	33,273,674.99
Unrealized profit from internal transactions	864,896,120.77	143,839,872.86	940,923,931.30	156,800,087.97
Deferred income-government subsidy	282,545,274.03	67,309,341.65	282,080,933.05	67,696,815.99
Fair value change from financial instrument held for trading and derivative financial instruments	1,330,877.33	199,631.60	25,674.94	3,851.24
Accrued expense	7,445,286.85	1,873,829.80	4,566,378.13	1,149,266.05
Total	2,298,466,665.44	427,487,444.66	1,961,397,936.87	355,088,237.61

6.19.2 Deferred tax liabilities before offset

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value change from business combination not under the common control	10,434,876.68	2,608,719.18	12,593,816.67	3,148,454.17
Fair value change from financial instruments held for trading and derivative financial instruments	430,136,153.86	87,736,469.48	441,971,998.48	76,496,376.18
Accelerated depreciation of fixed assets allowed by Taxation Bureau	1,297,218,076.99	226,347,640.02	474,406,797.86	78,850,892.15
Income from equity investment which is not intend to be held for a long time	16,461,845.33	4,115,461.33	23,844,855.51	5,961,213.89
Total	1,754,250,952.86	320,808,290.01	952,817,468.52	164,456,936.39

6.19.3 Deferred tax assets or liabilities presented at net amount after the offset

Item	Ending balance		Beginning balance	
	Amount of mutual offset of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after mutual offset	Amount of mutual offset of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after mutual offset
Deferred tax assets	157,620,235.29	269,867,209.37	81,547,536.44	273,540,701.17
Deferred tax liabilities	157,620,235.29	163,188,054.72	81,547,536.44	82,909,399.95

6.19.4 Breakdown of unrecognized deferred tax assets

Item	Ending balance	Beginning balance
Deductible temporary differences	140,636,401.64	115,587,932.08
Deductible tax loss	5,320,265,648.13	4,677,107,649.50
Total	5,460,902,049.77	4,792,695,581.58

As it is uncertain whether some subsidiaries can generate sufficient taxable income in the future, these deferred tax assets are not recognized.

6.19.5 Deductible losses unrecognized as deferred tax assets will be expired in the following years

Year	Ending balance	Beginning balance	Remarks
2022		109,409,810.07	
2023	59,450,593.17	116,986,430.87	
2024	133,101,077.83	143,996,564.72	
2025	265,532,269.47	218,481,376.15	
2026	897,361,018.40	976,735,767.82	
2027	606,824,145.50	65,422,944.67	
2028	121,802,219.54	207,886,878.63	
2029	493,557,083.33	548,007,464.81	
2030	670,066,610.38	671,873,960.38	
2031	1,258,535,186.88	1,603,389,864.61	
2032	760,921,841.47		
No time limit	53,113,602.16	14,916,586.77	
Total	5,320,265,648.13	4,677,107,649.50	

6.20 Other non-current assets

Item	Ending balance			Beginning balance		
	Original amount	Provision of impairment	Carrying amount	Original amount	Provision of impairment	Carrying amount
Prepayment for land use right	11,500,000.00		11,500,000.00	21,500,000.00		21,500,000.00
Prepayment for equipment	1,195,154,375.81		1,195,154,375.81	1,021,875,230.26		1,021,875,230.26
Prepayment for projects	768,187,728.03		768,187,728.03	212,137,462.91		212,137,462.91
Unrealized profit or loss on the after-sales leaseback	4,630,958.31		4,630,958.31	5,163,859.35		5,163,859.35
Prepayment for software	275,704.20		275,704.20	8,142,160.61		8,142,160.61
Deposit for migrant workers	10,000,000.00		10,000,000.00	10,000,000.00		10,000,000.00
Total	1,989,748,766.35		1,989,748,766.35	1,278,818,713.13		1,278,818,713.13

6.21 Short-term borrowings

Classification of short-term borrowings

Item	Ending balance	Beginning balance
Pledged and guaranteed borrowings	2,967,140,000.00	2,726,190,637.42
Guaranteed borrowings	3,561,940,938.66	2,857,309,393.85
Credit borrowing	843,028,275.40	712,994,553.77
Total	7,372,109,214.06	6,296,494,585.04

6.22 Financial liabilities held for trading

Item	Ending balance	Beginning balance
Financial liabilities held for trading	1,330,877.33	25,674.94
Including: Derivative financial liabilities	1,330,877.33	25,674.94
Total	1,330,877.33	25,674.94

6.23 Notes payable

Category	Ending balance	Beginning balance
Bank acceptance	5,384,962,693.27	3,680,833,300.96
Total	5,384,962,693.27	3,680,833,300.96

6.24 Accounts payable

Presentation of accounts payable

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	9,029,945,393.78	9,382,834,757.07
1-2 years (including 2 years)	252,568,310.64	253,267,458.49
2-3 years (including 3 years)	62,153,764.70	23,424,273.93
Over 3 years	41,958,885.68	25,173,383.35
Total	9,386,626,354.80	9,684,699,872.84

6.25 Contract liabilities

Breakdown of contract liabilities

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	289,326,858.70	258,697,041.07
1-2 years (including 2 years)	149,923,120.35	145,046,120.57
2-3 years (including 3 years)	17,446,790.48	1,270,427.08
Over 3 years	1,502,106.18	3,864,870.22
Total	458,198,875.71	408,878,458.94

6.26 Employees' benefits payable

6.26.1 Movement of employees' benefits payable

Item	Beginning balance before adjustment	Additions during the period	Decrease during the period	Ending balance
Short-term benefits	671,057,147.97	2,656,676,863.68	2,890,738,071.44	436,995,940.21
Post-employment benefits — defined contribution plans	1,067,134.15	107,815,361.43	107,601,885.84	1,280,609.74
Total	672,124,282.12	2,764,492,225.11	2,998,339,957.28	438,276,549.95

6.26.2 Presentation of short-term benefits

Item	Beginning balance before adjustment	Additions during the period	Decrease during the period	Ending balance
(1) Salary, bonus, allowance and subsidies	666,213,427.88	2,498,503,387.93	2,730,264,609.49	434,452,206.32
(2) Employees' benefits	3,768,470.30	72,709,368.47	75,175,903.26	1,301,935.51
(3) Social security contributions	657,123.14	59,400,374.76	59,329,931.30	727,566.60
Including: medical insurance	602,720.53	51,795,952.69	51,691,333.74	707,339.48
Work injury insurance	16,639.73	5,567,179.90	5,565,052.50	18,767.13
Maternity insurance	37,762.88	2,037,242.17	2,073,545.06	1,459.99
(4) Housing provident fund	398,126.65	25,320,103.28	25,233,998.15	484,231.78
(5) Labor union expenditures and employees' education expenses	20,000.00	743,629.24	733,629.24	30,000.00
Total	671,057,147.97	2,656,676,863.68	2,890,738,071.44	436,995,940.21

6.26.3 Presentation of defined contribution plan

Item	Beginning balance before adjustment	Additions during the period	Decrease during the period	Ending balance
Basic pensions.	1,030,048.12	105,051,003.78	104,845,333.10	1,235,718.80
Unemployment insurance.	37,086.03	2,764,357.65	2,756,552.74	44,890.94
Total.	1,067,134.15	107,815,361.43	107,601,885.84	1,280,609.74

6.27 Taxes and surcharges payable

Tax Item	Ending balance	Beginning balance
Value added tax (VAT).	90,868,131.46	16,268,537.79
Enterprise income tax.	14,200,115.87	68,332,772.77
Individual income tax.	4,310,369.80	3,432,789.20
Urban maintenance and construction tax	3,022,904.88	1,123,946.51
Education surtax	1,288,085.62	783,510.97
Stamp tax	1,865,882.34	5,308,998.98
Other taxes and dues	344,899.75	313,231.48
Total.	115,900,389.72	95,563,787.70

6.28 Others payables

Item	Ending balance	Beginning balance
Interest payable		
Dividend payable.	120,327,009.32	
Other payables.	812,708,966.97	533,265,218.34
Total.	933,035,976.29	533,265,218.34

6.28.1 Dividend payable

Item	Ending balance	Beginning balance
Ordinary share dividend	120,327,009.32	
Total.	120,327,009.32	

6.28.2 Other payables

Other payables presented by nature

Item	Ending balance	Beginning balance
Deposit for production capacity	457,222,047.54	
Other deposits	18,133,783.46	27,072,068.58
Accrued expenses	61,902,921.41	52,090,215.29
Accounts of equity incentive with obligation of repurchase	144,546,250.70	226,384,246.70
Increased capital of subsidiary with obligation of repurchase		124,131,589.04
Guarantee expense payable.		13,408,301.88
Others.	130,903,963.86	90,178,796.85
Total.	812,708,966.97	533,265,218.34

6.29 Non-current liabilities due within one year

Item	Ending balance	Beginning balance
Long-term payables due within one year	239,888,098.32	334,851,141.76
Unrealized profit or loss on the after-sales leaseback due with one year	9,569,183.26	10,140,226.37
Bonds payable due within one year	383,232,440.89	
Long-term borrowings due within one year	610,284,778.20	1,012,451,869.66
Lease liabilities due within one year	143,667,459.70	145,393,721.09
Other long-term liabilities due within one year		76,919,276.68
Total	1,386,641,960.37	1,579,756,235.56

6.30 Other current liabilities

Item	Ending balance	Beginning balance
Short-term payable bonds		813,282,191.76
Output tax to be written off	296,155,069.82	292,331,103.34
Total	296,155,069.82	1,105,613,295.10

6.31 Long-term borrowings

Category of long-term borrowings:

Item	Ending balance	Beginning balance
Guaranteed borrowings	1,913,517,042.33	671,962,788.66
Guaranteed and mortgaged borrowings	1,113,021,189.38	1,533,005,902.58
Credit loan	335,760,134.85	
Total	3,362,298,366.56	2,204,968,691.24

6.32 Bonds payable

6.32.1 Breakdown of bonds payable

Item	Ending balance	Beginning balance
Bonds payable	619,265,859.28	994,393,616.16
Total	619,265,859.28	994,393,616.16

6.32.2 Breakdown of bonds payable

Bond name	Par value	Issuing date	Bond term	Issuing amount
20 Xin Wang 01	390,000,000.00	2020-6-23	3 years	390,000,000.00
20 XinWang 02	210,000,000.00	2020-8-31	3 years	210,000,000.00
20 Xin Wang 03	400,000,000.00	2020-8-31	5 years	400,000,000.00
Total				1,000,000,000.00

6.32.3 Movement in bonds payable

Name of bond	Beginning balance before adjustment	Current issue	Interest accrued at par value	Premium and discount amortization	Current repayment	Other decrease	Ending balance
20 Xin Wang 01	391,815,058.93	139,500,000.00	7,697,210.96	2,362,171.00	155,022,000.00	386,352,440.89	
20 Xin Wang 02	209,505,174.57		4,425,821.92	1,017,369.18			214,948,365.67
20 Xin Wang 03	393,073,382.66		9,580,602.74	1,663,508.21			404,317,493.61
Total	994,393,616.16	139,500,000.00	21,703,635.62	5,043,048.39	155,022,000.00	386,352,440.89	619,265,859.28

6.33 Lease liabilities

Item	Ending balance	Beginning balance
Lease liabilities	1,065,335,083.70	572,228,765.81
Including: unrecognized financing expense	330,792,139.64	149,532,101.66
Total	1,065,335,083.70	572,228,765.81

6.34 Long-term payables

Item	Ending balance	Beginning balance
Long-term payables	212,410,763.54	213,192,010.39
Total	212,410,763.54	213,192,010.39

6.34.1 Long-term payables

Item	Ending balance	Beginning balance
Long-term payables	212,410,763.54	213,192,010.39
Including: unrecognized financing expenses.	5,065,026.18	1,024,366.02
Total	212,410,763.54	213,192,010.39

6.35 Provisions

Item	Beginning balance before adjustment	Additions during the period	Decrease during the period	Ending balance	Causes
Product quality guarantee. . .	127,493,020.40	98,847,401.71	800,000.00	225,540,422.11	After-sale comprehensive service charge of electric vehicle battery
Total	127,493,020.40	98,847,401.71	800,000.00	225,540,422.11	

6.36 Deferred income

Item	Beginning balance before adjustment	Additions during the period	Decrease during the period	Ending balance	Causes
Government subsidies	522,969,102.91	161,751,112.40	28,626,546.43	656,093,668.88	
Unrealized profit or loss on the after-sales leaseback .	198,736.59		198,736.59		
Other		3,528,065.32		3,528,065.32	
Total	523,167,839.50	165,279,177.72	28,825,283.02	659,621,734.20	

Items involving government subsidies

Liabilities	Beginning balance before adjustment	Additions of subsidies in this period	Amount recorded in profit or loss in this period	Other changes	Ending balance	Asset-related/ Income-related
Funds of the Ministry of Industry and Information Technology for development of electronic information — research, development and industrialization of Sunwoda laptop battery	9,301.01		9,301.01			Asset-related
Technology breakthrough on lithium-ion battery modules of electric vehicles	1,200,000.00		1,200,000.00			Asset-related
Lab of grouping and control system engineering in terms of power and energy-storage battery in Shenzhen	1,025,356.83		257,800.14		767,556.69	Asset-related
Research and development of optional complete equipment of new power battery	689,059.83				689,059.83	Asset-related
Fund of industrialized projects of distributed lithium battery energy storage system	2,802,710.01		144,868.92		2,657,841.09	Asset-related
Supporting fund subsidies for import discount of the State	1,932,631.41		152,546.40		1,780,085.01	Asset-related
Company technology and control system in terms of power and energy-storage battery	29,090.77		5,131.68		23,959.09	Asset-related
Project fund for replacement of variable pump-motor power equipment with all-electric servo-system.	48,570.23		48,570.23			Asset-related
Subsidies for application and research on key technology of family photovoltaic energy-storage system	209,979.42		27,990.18		181,989.24	Asset-related
Energy storage device for lithium battery of smart grid	2,400,000.00				2,400,000.00	Asset-related

Liabilities	Beginning balance before adjustment	Additions of subsides in this period	Amount recorded in profit or loss in this period	Other changes	Ending balance	Asset-related/ Income-related
Research, development and industrialization for group lithium battery for electro-mobility and key technology of battery management system . . .	6,521,968.84		2,615,149.28		3,906,819.56	Asset-related
Research and development team on key technology of MW-level battery energy storage power station	700,000.00				700,000.00	Asset-related
Research and development on all solid state lithium battery and key materials based on materials genome . . .	1,083,629.44		43,875.36		1,039,754.08	Asset-related
Flexible materials	173,250.00				173,250.00	Asset-related
Research, development and industrial project of VR force/haptic interaction equipment .	1,520,684.54		1,143,608.11		377,076.43	Asset-related
Key technology research and development of Heavy 20170083 300Wh/Kg lithium ion power battery	3,716,391.76		1,815,836.81		1,900,554.95	Asset-related
Demonstration project of distributed energy system of multi-energy complementary integrated optimization in the special state key research and development plan “smart power grid technology and device”	14,600,914.00		4,528,100.00		10,072,814.00	Asset-related
Subsidies for “lithium ion power battery PACK assembly high flexibility digitalized factory” of 2017 smart manufacturing new form application project	11,000,000.00				11,000,000.00	Asset-related

Liabilities	Beginning balance before adjustment	Additions of subsidies in this period	Amount recorded in profit or loss in this period	Other changes	Ending balance	Asset-related/ Income-related
Research and development on key technology of Heavy 20180005 Distributed PV-power storage connected operation and dispatch .	2,600,000.00				2,600,000.00	Asset-related
Key technology on safety of new energy auto system-Subsidy for rewards of technology matching projects of Shenzhen Baoan District Technology Innovation Bureau in 2019	200,000.00				200,000.00	Asset-related
Research outlay for high energy density electrode and battery technology	3,208,370.21		17,444.70		3,190,925.51	Asset-related
Innovation capacity building project of Sunwoda national enterprise technology center of Shenzhen Development and Reform Commission . .	4,605,632.72		145,775.46		4,459,857.26	Asset-related
Construction of Application Innovation Experience Center of industrial internet platform	500,000.00				500,000.00	Asset-related
The first batch of funding plan for the special technological transformation investment project for technological multiplication – technological transformation and upgrading project of Sunwoda Guangming Industrial Park	2,736,314.13		104,826.42		2,631,487.71	Asset-related
Secondary node construction of Sunwoda industrial Internet logo analysis .	2,400,000.00				2,400,000.00	Asset-related
Projects supported by 2020 industrial Internet development support plan	2,650,000.00				2,650,000.00	Asset-related

Liabilities	Beginning balance before adjustment	Additions of subsidies in this period	Amount recorded in profit or loss in this period	Other changes	Ending balance	Asset-related/ Income-related
The second batch of funding plan for major projects – technological transformation and upgrading project of Sunwoda Guangming Industrial Park	8,646,254.13		1,179,034.62		7,467,219.51	Asset-related
Technical transformation project of key material production enterprises for epidemic prevention and control .	129,166.69		51,666.66		77,500.03	Asset-related
Research, development and industrialization project of high energy solid battery of Heavy 20200055	1,800,000.00				1,800,000.00	Asset-related
Subsidy for technical transformation of Shenzhen Baoan District Bureau of Industry and Information	15,000,000.00				15,000,000.00	Asset-related
Research and application verification of distributed computer system	1,360,000.00				1,360,000.00	Asset-related
Supporting facility award of technology in Guangdong Province and the State.	600,000.00				600,000.00	Asset-related
Technical transformation investment project of enterprise technology support plan	3,430,000.00				3,430,000.00	Asset-related
Test, research and application of Qi wireless charging technology	433,333.42		69,999.96		363,333.46	Asset-related
Closed-loop quality test technology of Pack intelligent manufacturing production line of lithium battery	2,413,176.13		230,528.04		2,182,648.09	Asset-related

Liabilities	Beginning balance before adjustment	Additions of subsidies in this period	Amount recorded in profit or loss in this period	Other changes	Ending balance	Asset-related/ Income-related
Research on health status and residual value evaluation technology of retired power battery cells and modules	58,181.82		10,909.08		47,272.74	Asset-related
Special subsidy for high-flexibility digital factory of Pack assembly of lithium ion power battery . . .	57,735.82		14,722.26		43,013.56	Asset-related
Digital twin system project of production line based on industrial internet platform	8,970,237.04		499,996.77		8,470,240.27	Asset-related
Research and development of key technologies for high safety 350Wh/kg power battery of Heavy 20200054	2,250,000.00				2,250,000.00	Asset-related
Special fund and project investment subsidy for the provincial strategic new emerging industries in 2020	36,400,000.00				36,400,000.00	Asset-related
Supporting fund of Yuanzhou Town People's Government on technology	302,520,332.01		5,479,183.20		297,041,148.81	Asset-related
Technical transformation project of expanding production and increasing efficiency for precision mould workshops	2,030,000.00				2,030,000.00	Asset-related
Investment subsidy for technical transformation multiplied by special technical transformation of Shenzhen Economic Trade and Informatization Commission	134,545.46				134,545.46	Asset-related
Research and development on key technology of Heavy 20180005 Distributed PV-power storage connected operation and dispatch .	700,000.00				700,000.00	Asset-related

Liabilities	Beginning balance before adjustment	Additions of subsidies in this period	Amount recorded in profit or loss in this period	Other changes	Ending balance	Asset-related/ Income-related
Industrialization project of application of lithium battery	1,000,000.00				1,000,000.00	Asset-related
Award for supporting fund of technical device. . .	10,000,000.00				10,000,000.00	Asset-related
Support fund of special technology	1,750,000.00				1,750,000.00	Asset-related
Awards of Boluo County Bureau of Technology, Industry and Information Technology for enlarging technical transformation of industrial enterprises in 2019	22,036,744.05	5,286,100.00	1,518,093.33		25,804,750.72	Asset-related
Special subsidy for the first batch of investment in equipment of 2020 . . .	4,814,125.65	30,000,000.00	2,785,171.00		32,028,954.65	Asset-related
Support fund for land of Nanjing Sunwoda . . .		74,549,600.00	765,920.52		73,783,679.48	Asset-related
Special subsidy for the first batch of investment in equipment of 2021 . . .		1,002,212.40	60,508.92		941,703.48	Asset-related
Technical transformation project for production expansion and efficiency improvement of precision mold numerical control workshop		1,751,000.00	22,920.61		1,728,079.39	Asset-related
Subsidy for equipment . . .		23,490,000.00	1,844,189.97		21,645,810.03	Asset-related
Subsidy for equipment investment in lithium ion battery project in Lanxi		15,672,200.00	157,530.37		15,514,669.63	Asset-related
The second batch of grants for projects of key enterprises and research institutes . . .		10,000,000.00			10,000,000.00	Asset-related
Technical transformation project of precision plastic parts production line	1,542,737.45		149,053.26		1,393,684.19	Asset-related
Total	522,969,102.91	161,751,112.40	28,626,546.43		656,093,668.88	

6.37 Other non-current liabilities

Item	Ending balance	Beginning balance
Loan to shareholder	315,200,000.00	
Payment for Sunwoda Factory (Phase 2) in Nanjing.	291,137,467.98	104,716,455.57
Total	606,337,467.98	104,716,455.57

6.38 Share capital

Item	Beginning balance before adjustment	Movement (“+” for increase and “-” for decrease)				Sub-total	Ending balance
		New shares issued	Shares granted	Public reserve transferred to shares	Others		
Total shares. . .	1,718,957,276.00				-330,620.00	-330,620.00	1,718,626,656.00

Other notes:

Since the incentive conditions are not eligible after the original incentive object in the incentive plan of the restricted stocks of the Company has resigned, the Company will repurchase the 330,620 restricted stocks at the granting price, which have been granted to the employees but not unlocked. The share capital decreased by RMB330,620.00 accordingly.

6.39 Capital reserves

Item	Beginning balance	Additions during the period	Decrease during the period	Ending balance
Capital premium (stock premium)	6,951,370,688.07	64,383,866.06	2,734,897.60	7,013,019,656.53
Other capital reserves	502,114,393.07	1,593,289,367.64	69,118,669.70	2,026,285,091.01
Total	7,453,485,081.14	1,657,673,233.70	71,853,567.30	9,039,304,747.54

Other notes to the movement and the reasons thereof:

Increase in the stock premium: RMB64,383,866.06 was increased due to the lifting of the ban on the incentive restricted stocks of Phase 3;

Decrease in the stock premium: RMB2,734,897.60 was decreased caused by repurchase of the incentive restricted stocks of Phase 2;

Increase in other capital reserves: RMB91,296,147.11 was increased due to the implementation of the incentive expenses calculated by the incentive restricted stocks in Phase 3. Because of the change in the owner’s equity of the subsidiary, the other capital reserve was increased by RMB1,501,993,220.53.

Decrease in other capital reserves: RMB64,383,866.06 of other capital reserves decreased due to the lifting of the ban on the incentive restricted stocks in Phase 3; the non-controlling shareholders’ equity changes due to the implementation of the incentive restricted stocks in Phase 3 for employees of non-wholly owned subsidiaries, so other capital reserve is reduced by RMB4,734,803.64.

6.40 Treasury stocks

<u>Item</u>	<u>Beginning balance</u>	<u>Additions during the period</u>	<u>Decrease during the period</u>	<u>Ending balance</u>
Accounts received for the restricted stocks with the obligation of repurchase. . . .	226,359,606.70		81,837,996.00	144,521,610.70
Total.	226,359,606.70		81,837,996.00	144,521,610.70

Other notes to the movements and the reasons thereof:

The subscription expense was paid when the objects of incentive plan of restricted stocks of the Company subscribed the restricted stocks. When obtaining the subscription expense, the Company recognizes the share capital and capital reserves (stock premium) and confirms one liability in full amount and treasury stocks in terms of the obligation of repurchase.

The decrease in this period refers to the treasury stocks transferred back due to the repurchase of the incentive restricted stocks in Phase 3 and the lifting of the ban.

6.41 Other comprehensive income

Item	Beginning balance before adjustment	Current				Ending balance
		Pre-tax amount in the current period	Less: amount included in other comprehensive income in prior period and included in current retained income	Less: income tax expenses	After-tax amount attributable to the Company	
1. Other comprehensive income to be not reclassified into profit or loss						
Including: Change in remeasurement under the defined benefit plan						
Other comprehensive income to be not reclassified to profit or loss under the equity method						
Changes in fair value of other equity instrument investment						
Changes in fair value of credit risk of the enterprise						
2. Other comprehensive income to be reclassified in profit or loss	-158,017.64	4,514,482.50			4,515,177.61	4,357,159.97
Including: other comprehensive income to be reclassified in profit or loss under equity method						-695.11
Changes in fair value of other creditor's rights investment						
Amount included in other comprehensive income after reclassification of financial assets						
Provision of credit impairment of other creditor's right investment						
Hedge reserve of cash flows						
Translation differences of foreign currency financial statements	-158,017.64	4,514,482.50			4,515,177.61	4,357,159.97
Total of other comprehensive income	-158,017.64	4,514,482.50			4,515,177.61	4,357,159.97

6.42 Surplus reserves

Item	Beginning balance before adjustment	Additions during the period	Decrease during the period	Ending balance
Statutory surplus reserves	638,362,496.61			638,362,496.61
Total	638,362,496.61			638,362,496.61

6.43 General risk provisions

Item	Beginning balance before adjustment	Additions during the period	Decrease during the period	Ending balance
General risk provisions		1,493,952.42		1,493,952.42
Total		1,493,952.42		1,493,952.42

6.44 Undistributed profit

Item	Ending balance	Beginning balance
Undistributed profits by the end of prior year before adjustment	3,445,778,924.09	2,803,039,775.29
Total undistributed profits at the beginning of adjustment year (increase +, decrease -)		-30,226,753.78
Undistributed profits at the beginning of the year after adjustment	3,445,778,924.09	2,772,813,021.51
Add: Current net profits attributable to owners of the Company	372,028,719.80	915,654,084.18
Less: Drawing of statutory surplus reserves		132,415,222.49
Drawing of discretionary surplus reserves		
Drawing of general risk reserves	1,493,952.42	
Ordinary share dividends payable	120,327,009.32	110,272,959.11
Ordinary share dividends transferred to share capital		
Others		
Undistributed profits by the end of period	3,695,986,682.15	3,445,778,924.09

6.45 Operating revenue and cost of sales

6.45.1 Presentation of operating revenue and cost of sales

Item	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
Primary business	21,106,849,170.48	18,387,051,997.42	15,444,404,471.16	12,995,147,718.38
Other business	610,933,481.67	343,367,753.63	237,659,585.91	128,950,916.09
Total	21,717,782,652.15	18,730,419,751.05	15,682,064,057.07	13,124,098,634.47

Breakdown of operating revenue:

Item	Current period	Prior period
Contractual income	21,717,782,652.15	15,682,064,057.07
Rental income		
Total	21,717,782,652.15	15,682,064,057.07

6.45.2 Contractual income

Income of this period is presented below:

Contract classification	Current period
Classified by commodities:	
3C battery	12,899,918,542.70
EV battery	4,199,938,833.15
ESS	179,483,211.01
Smart hardware	2,608,317,372.99
Precision structural parts	1,274,201,575.59
Others	555,923,116.71
Total	21,717,782,652.15
Classified by operating areas:	
Domestic	12,909,836,626.43
Overseas	8,807,946,025.72
Total	21,717,782,652.15

6.46 Taxes and surcharges

Item	Current period	Prior period
Urban maintenance and construction tax	19,710,712.38	21,078,808.53
Education surtax	15,553,652.88	17,610,391.90
Property tax	9,343,792.89	4,425,242.01
Land use tax	856,582.58	1,018,802.10
Stamp tax and others	22,654,518.02	15,174,044.96
Vehicle use tax	445.84	469.80
Environment protection tax	266,493.95	374,318.70
Total	68,386,198.54	59,682,078.00

6.47 Selling expenses

Item	Current period	Prior period
Employees' benefits	53,562,308.14	40,079,202.58
Business entertainment expenses	8,611,450.20	8,810,186.93
Travel expenses	2,666,406.09	2,999,900.38
Share-based payment	4,301,415.48	8,037,155.13
Consulting fee	9,305,555.66	2,698,633.88
Material consumption	18,160,245.66	24,644,559.93
Product quality guarantee deposit	98,847,401.71	15,733,443.43
Others	10,181,960.81	9,116,133.74
Total	205,636,743.75	112,119,216.00

6.48 Administrative expenses

Item	Current period	Prior period
Employees' benefits	474,762,419.35	315,404,933.08
Depreciation charge	50,334,957.75	39,611,204.72
Amortization of intangible assets	10,045,592.20	9,361,704.22
Expenses of office affairs	16,444,073.34	9,447,160.49
Intermediary consulting service fee	26,528,418.40	25,242,005.25
Business entertainment expenses	15,438,534.44	15,801,768.79
Fees for water, power and property management	56,340,545.37	36,780,534.61
Rental	15,168,298.78	15,921,883.47
Amortization of long-term deferred expenses	26,649,005.99	22,734,329.30
Share-based payment	14,430,269.27	37,736,409.46
Maintenance fee	13,133,709.10	12,531,128.05
Material consumption	75,478,727.69	31,111,885.16
Depreciation of right of use assets	24,230,094.48	14,933,709.66
Others	77,663,436.49	50,806,732.22
Total	896,648,082.65	637,425,388.48

6.49 Research and development expenses

Item	Current period	Prior period
Employees' benefits	517,267,711.77	394,587,485.49
Depreciation charge	116,743,162.90	103,618,195.44
Intermediary consulting service fee	11,840,799.85	5,350,761.97
Fees for water, power and property management	35,483,322.69	19,590,954.85
Rental	2,527,476.47	3,906,898.95
Amortization of long-term deferred expenses	11,984,915.43	14,932,603.73
Material consumption	397,327,490.17	369,382,757.34
Travel expense	4,991,501.35	4,771,479.02
Identification test fee	40,544,132.08	39,238,426.09
Share-based payment	19,750,828.44	26,679,756.34
Depreciation of right of use assets	6,325,852.59	1,648,907.72
Others	30,151,647.50	17,593,410.13
Total	1,194,938,841.24	1,001,301,637.07

6.50 Finance expenses

Item	Current period	Prior period
Interest expenses	279,703,843.24	267,115,789.82
Including: interest expense of lease liabilities	22,668,388.63	18,551,949.85
Less: interest income	74,622,399.45	53,617,650.87
Profit or loss from exchange	25,733,115.23	25,211,733.01
Bank charges for discounted notes	5,365,240.36	2,462,861.50
Others	19,409,210.88	15,074,814.07
Total	255,589,010.26	256,247,547.53

6.51 Other incomes

Item	Current period	Prior period
Government subsidies	185,892,400.29	107,745,016.43
Immediate levy and refund	2,633,774.83	11,331,151.00
Weighed input tax deduction	252,069.58	214,356.64
Exemped social insurance	368.28	
Individual income tax withheld and paid	353,914.85	796,075.04
Total	189,132,527.83	120,086,599.11

Government subsidies included in other incomes:

Subsidy items	Current year	Prior year	Asset-related/ Income-related
Funds of the Ministry of Industry and Information Technology for development of electronic information — research, development and industrialization of Sunwoda laptop battery	9,301.01	27,596.88	Asset-related
Technology breakthrough on lithium-ion battery modules of electric vehicles	1,200,000.00		Asset-related
Lab of group technology and control system engineering in terms of power and energy-storage battery in Shenzhen	257,800.14	257,800.14	Asset-related

<u>Subsidy items</u>	<u>Current year</u>	<u>Prior year</u>	<u>Asset-related/ Income-related</u>
Fund of industrialized projects of distributed lithium battery energy storage system	144,868.92	144,868.92	Asset-related
Supporting fund subsidies for import discount of the State	152,546.40	152,546.40	Comprehensive
Group and control system in terms of power and energy-storage battery.	5,131.68	5,131.68	Asset-related
Project fund for replacement of variable pump-motor power equipment with all-electric servo-system.	48,570.23	144,109.02	Asset-related
Subsidies for application and research on key technology of family photovoltaic energy-storage system.	27,990.18	27,990.18	Asset-related
Research, development and industrialization for new power management system of lithium battery for electric vehicles	2,615,149.28	231,270.14	Asset-related
Research and development of all solid state lithium batteries and key materials based on material genomics technology	43,875.36	18,780.18	Asset-related
Research, development and industrial project of VR force/haptic interaction equipment.	1,143,608.11	127,205.64	Asset-related
Key technology research and development of Heavy 20170083 300Wh/Kg lithium ion power battery . .	1,815,836.81	53,176.54	Asset-related
Demonstration project of distributed energy system of multi-energy complementary integrated optimization in the special state key research and development plan “smart power grid technology and device”	4,528,100.00		Asset-related
Funds for research and development of “high energy density lithium ion battery of nickel-rich LiNi _{1-x-y} CoxMnyO ₂ cathode material with micro sodium structure	70,398.24	70,398.23	Comprehensive
“Technical Equipment and Management Promotion Project of 2016 Robot, Wearable Equipment and Smart Device Industry Enterprises” provides funds for “Intelligent transformation project of polymer lithium battery automatic packaging production line”.	0.14	499,999.98	Comprehensive
Integrated special fund for “Innovation chain + industrial chain” of independent development and application of Pack intelligent manufacturing production line for lithium ion batteries.	957,894.78	984,788.13	Asset-related
Promotion project for technology reconstruction of Sunwoda Industrial Park.	498,000.00	498,000.00	Asset-related
Research on high energy density electrode and battery technology	17,444.70		Asset-related
Public service platform of gathered innovation capacity construction projects of the National Enterprise Technology Center	145,775.46		Asset-related

<u>Subsidy items</u>	<u>Current year</u>	<u>Prior year</u>	<u>Asset-related/ Income-related</u>
The first batch of funding plan for the special technological transformation investment project for technological multiplication — technological transformation and upgrading project of Sunwoda Guangming Industrial Park	104,826.42	104,826.42	Asset-related
The second batch of funding plan for key project – technological transformation and upgrading project of Sunwoda Guangming Industrial Park . .	1,179,034.62	1,179,034.62	Asset-related
Technological transformation of production enterprises of epidemic control materials	51,666.66	51,666.66	Asset-related
Test, research and application of Qi wireless charging technology	69,999.96	69,999.96	Asset-related
Closed-loop quality test technology of Pack intelligent manufacturing production line of lithium battery	230,528.04	310,606.08	Asset-related
Research on health status and residual value evaluation technology of retired power battery cells and modules.	10,909.08		Asset-related
High-flexibility digital factory for Pack assembly of lithium-ion power battery	14,722.26	6,309.54	Asset-related
Digital twin system project of production line based on industrial Internet platform.	499,996.77		Asset-related
Supporting fund of Yuanzhou Town People’s Government on technology	5,479,183.20	3,913,132.83	Asset-related
Awards of Boluo County Bureau of Technology, Industry and Information Technology for enlarging technical transformation of industrial enterprises in 2019.	1,518,093.33		Asset-related
Special subsidy for investment in equipment.	4,689,869.89	117,282.45	Asset-related
Support fund for land of Nanjing Sunwoda	765,920.52		Asset-related
Technical transformation project for production expansion and efficiency improvement of precision mold numerical control workshop	22,920.61		Asset-related
Subsidy for equipment investment in lithium ion battery project in Lanxi	157,530.37		Asset-related
Technical transformation project for production line of precision plastic parts.	149,053.26	157,376.74	Asset-related
Subsidy for postdoctoral	4,490,000.00	3,200,000.00	Income-related
Subsidy for increase of production capacity	90,270,493.64	38,341,309.50	Income-related
Subsidy for research and development	9,413,600.00	19,331,000.00	Income-related
Subsidy for post stabilization and employment	8,879,863.36	12,790,426.20	Income-related
Other government grants	44,211,896.86	24,928,383.37	Income-related
Total	185,892,400.29	107,745,016.43	

6.52 Investment income

Item	Current period	Prior period
Incomes from long-term equity investment calculated under equity method	-7,474,616.32	-18,890,945.92
Investment incomes from disposal of long-term equity investment	-387,077.92	-60,572.16
Investment incomes from disposal of financial assets held for trading	-1,033,901.81	21,396,887.14
Investment incomes in the period of holding other non-current financial assets	6,292,653.22	12,104,049.98
Investment incomes from disposal of other non-current financial assets	1,241,409.09	
Total	-1,361,533.74	14,549,419.04

6.53 Incomes from change in fair value

Source of incomes from changes in fair value	Current period	Prior period
Financial liabilities held for trading	-1,205,146.59	-10,220,448.93
Including: income from changes in fair value arising from the derivative financial instruments	-1,205,146.59	-10,013,757.03
Other non-current year financial assets	-28,559,613.35	32,137,917.68
Total	-29,764,759.94	21,917,468.75

6.54 Losses on credit impairment

Item	Current period	Prior period
Loss on bad debts of accounts receivable	-8,051,275.64	-11,491,592.62
Loss on bad debts of other receivables	-9,792,297.57	-6,593,770.37
Total	-17,843,573.21	-18,085,362.99

6.55 Losses on assets impairment

Item	Current period	Prior period
Losses on inventory depreciation	-171,129,283.01	-136,094,069.09
Total	-171,129,283.01	-136,094,069.09

6.56 Incomes from assets disposal

Item	Current period	Prior period	Amount included in non-recurring profit or loss in this period
Profit or loss on disposal of fixed assets	-2,243,992.62	55,040,200.94	-2,243,992.62
Profit or loss on disposal of intangible assets and construction in process		176,903,504.86	
Total	-2,243,992.62	231,943,705.80	-2,243,992.62

6.57 Non-operating income

Item	Current period	Prior period	Amount included in non-recurring profit or loss in current period
Income from discarded non-current assets	729,864.66	371,977.58	729,864.66
Incomes from waste	14,291,551.68	11,371,896.22	14,291,551.68
Incomes from penalty	1,624,166.33	3,768,343.92	1,624,166.33
Others	391,609.08	2,104,450.68	391,609.08
Income from discarded non-current assets	729,864.66	371,977.58	729,864.66
Total	17,037,191.75	17,616,668.40	17,037,191.75

6.58 Non-operating expenses

Item	Current period	Prior period	Amount included in non-recurring profit or loss in the current period
External donations	1,783,171.52	2,553,430.00	1,783,171.52
Losses on damages and discard of non-current assets . .	9,471,519.10	7,243,310.23	9,471,519.10
Others	1,632,535.02	2,807,812.27	1,632,535.02
Total	12,887,225.64	12,604,552.50	12,887,225.64

6.59 Income tax expenses

6.59.1 Breakdown of income tax expenses

Item	Current period	Prior period
Current income tax expenses	41,618,626.15	155,829,063.12
Deferred income tax expenses.	63,973,832.13	-41,385,582.10
Total.	105,592,458.28	114,443,481.02

6.59.2 Adjustment process of accounting profits and income tax expenses

Item	Current period
Total profit	337,103,376.08
Income tax expenses calculated at the statutory [or applicable] tax rate	50,565,506.41
Effect of different tax rates applicable to subsidiaries	-33,642,927.87
Effect of adjustment on income tax in prior year.	-944,778.67
Effect of tax-free income.	488,671.51
Effect of non-deductible costs, expenses and losses.	9,922,765.04
Effect of use of the deductible losses of deferred income tax unrecognized in the prior year	-91,698,501.66
Effect of deductible temporary differences or deductible losses from deferred income tax assets unrecognized in the current period	205,212,491.05
Change in balance of deferred income tax/liabilities at the beginning due to adjustment of tax payment	77,486.14
Extra deductible expense regulated by the tax law.	-34,313,136.63
Others	-75,117.04
Income tax expenses	105,592,458.28

6.60 Items in the statement of cash flows

6.60.1 Cash received from other operating activities

Item	Current period	Prior period
Interest income	74,622,399.45	45,167,886.87
Penalty income and other non-operating income	16,307,327.09	18,737,546.55
Government subsidies.	325,586,422.53	100,719,223.14
Deposits and margins.	468,206,499.50	17,269,637.60
Proceeds from other operating activities	34,972,195.90	28,676,973.96
Total.	919,694,844.47	210,571,268.12

6.60.2 Cash paid for other operating activities

Item	Current period	Prior period
Selling expenses paid in cash	30,130,048.36	33,632,589.29
Administrative expenses paid in cash	210,904,309.80	125,342,224.11
Research and development expenses paid in cash.	84,994,747.86	41,229,635.89
Finance expenses	19,409,210.88	14,859,036.06
Donation expenditures	1,783,171.52	2,503,500.00
Deposits and margins.	131,658,618.44	26,503,755.78
Current accounts and others	59,005,491.68	24,851,093.17
Total.	537,885,598.54	268,921,834.30

6.60.3 Cash received from other investment activities

Item	Current period	Prior period
Cash received for acquisition of subsidiaries	1,073,152.24	80,533.00
Total.	1,073,152.24	80,533.00

6.60.4 Cash received from other financing activities

Item	Current period	Prior period
Note and L/C deposit.		799,218,317.87
Borrowings from others	315,200,000.00	73,375,159.32
Total.	315,200,000.00	872,593,477.19

6.60.5 Cash paid for other financing activities

Item	Current period	Prior period
Deposit for financing notes.	646,532,336.78	896,973,644.03
Deposits for financing leases and relevant expenses.	89,641,638.14	225,811,561.36
Expense for bond issuance	13,408,301.88	3,120,000.00
Repurchase of stocks	3,065,517.60	9,615,467.93
Repayment for principal and interest of lease liabilities	70,132,030.10	58,184,621.18
Refunds to others.		17,398,144.06
Expense of notes		9,880,277.77
Total.	822,779,824.50	1,220,983,716.33

6.61 Supplementary information to the statement of cash flows

6.61.1 Supplementary information to the statement of cash flows

Supplementary information	Current period	Prior period
1. Net profit adjusted to cash flows from operating activities		
Net profit	231,510,917.80	616,075,951.02
Add: Losses on credit impairment.	17,843,573.21	18,085,362.99
Provision for asset impairment	171,129,283.01	136,094,069.09
Depreciation of fixed assets	551,508,070.14	396,398,722.66
Depreciation of right of use assets	79,912,701.39	66,666,501.33
Amortization of intangible assets	19,131,449.09	18,305,369.63
Amortization of long-term deferred expenses.	127,415,370.97	136,123,590.13
Losses on disposal of fixed assets, intangible assets and other long-term assets (“-” for income)	2,243,992.62	-231,943,705.80
Loss on write-off of fixed assets (“-” for income)	8,741,654.44	6,871,332.65
Loss from changes in fair value (“-” for income).	29,764,759.94	-21,917,468.75
Finance expenses (“-” for income)	227,818,313.12	269,578,651.32
Investment loss (“-” for income).	1,361,533.74	-14,549,419.04
Decreases in deferred tax assets (“-” for increase)	3,673,491.80	-79,955,243.05
Increases in deferred tax liabilities (“-” for decrease).	-80,278,654.77	38,569,843.91
Decreases in inventories (“-” for increase).	-1,184,435,021.14	-1,469,036,704.40
Decreases in operating receivables (“-” for increase)	-1,402,303,610.52	557,775,957.23
Increases in operating payables (“-” for decrease)	2,473,945,702.80	-192,599,494.17
Others	86,391,421.83	100,706,157.77
Net cash flows from operating activities	1,365,374,949.47	351,249,474.52
2. Significant investment and financing activities not involving cash inflows and outflows		
Conversion of debt into capital.		
Convertible corporate bonds due within one year.		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Ending balance of cash	5,138,194,575.73	1,438,516,810.11
Less: Beginning balance of cash.	5,441,712,417.93	2,362,810,717.86
Add: Ending balance of cash equivalents.		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-303,517,842.20	-924,293,907.75

6.61.2 Net cash paid for acquisition of subsidiaries in this period

	Amount
Cash or cash equivalents received in this period from disposal of subsidiaries in this period.	96,000.00
Including: Sunwoda (Japan).	96,000.00
Less: cash and cash equivalents held by subsidiaries on the date of losing control right	1,169,152.24
Including: Sunwoda (Japan).	1,169,152.24
Add: cash and cash equivalents received in prior year from disposal of subsidiaries in prior year	
Including: Sunwoda (Japan).	
Net cash received from disposal of subsidiaries.	-1,073,152.24

6.61.3 Breakdowns of cash and cash equivalents

Item	Ending balance	Beginning balance
I. Cash	5,138,194,575.73	5,441,712,417.93
Including: Cash on hand.	485,007.17	758,689.27
Unrestricted bank deposit.	5,137,709,568.56	5,440,953,728.66
Other unrestricted		
II. Cash equivalents		
Including: Bond investments due within three months		
III. Ending balance of cash and cash equivalents	5,138,194,575.73	5,441,712,417.93
Including: cash and cash restricted for use by the Company or subsidiaries		

6.62 Asset with restriction on its ownership or use right

Item	Ending balance	Reason for restriction
Cash and cash equivalents	4,365,930,294.41	Bank acceptance drafts and L/C deposits
Accounts receivable.	198,686,803.87	Pledge of right to collect electricity incomes from PV power station
Fixed assets	1,277,748,860.39	Mortgage for borrowing
Intangible assets	351,425,117.33	Mortgage for borrowing
Receivable financing	22,104,081.25	Notes pledged
Total	6,215,895,157.25	

6.63 Monetary items in foreign currency

6.63.1 Breakdown of monetary items in foreign currency

Item	Ending balance in foreign currency	Exchange rate	Ending balance translated in RMB
Cash and cash equivalents.			611,428,070.55
Including: USD	53,050,511.14	6.7114	356,043,200.46
TWD	1,177,134.00	0.2266	266,738.56
HKD	457,871.90	0.8552	391,567.47
EUR	1,664,557.80	7.0084	11,665,886.89
RUPEE	2,793,800,887.00	0.0870	243,060,677.17
Accounts receivable			4,036,503,743.28
Including: USD	481,291,184.80	6.7114	3,230,137,657.67
TWD	5.89	0.2266	1.33
RUPEE	9,268,575,681.41	0.0870	806,366,084.28
EUR			
Short-term borrowing			855,152,931.98
Including: USD	127,417,965.25	6.7114	855,152,931.98
Accounts payable			1,893,973,856.46
Including: USD	277,866,051.81	6.7114	1,864,870,220.12
EUR	352,942.57	7.0084	2,473,562.71
HKD	1,677.85	0.8552	1,434.90
JPY	70,819,237.50	0.0491	3,479,774.05
RUPEE	266,078,904.37	0.0870	23,148,864.68

6.63.2 Description of overseas entities, including the disclosure of principal overseas business locations, reporting currency and basis for selection of the significant overseas business entities, as well as reasons for changes in reporting currency if any

<u>Overseas operating entity</u>	<u>Principal place of business</u>	<u>Reporting currency</u>	<u>Basis for selecting reporting currency</u>
Xinwei Hong Kong	Hong Kong	HKD	Common currency in the place of business
Germany Subsidiary	Germany	EUR	Common currency in the place of business
India Subsidiary	India	RUPEE	Common currency in the place of business
Winone HK	Hong Kong	HKD	Common currency in the place of business
Winone India	India	RUPEE	Common currency in the place of business
Sunwinon (Hong Kong)	Hong Kong	HKD	Common currency in the place of business
Sunwoda (Japan)	Japan	JPY	Common currency in the place of business

6.64 Government subsidy

Breakdown of government subsidy

<u>Type</u>	<u>Amount</u>	<u>Item presented in Balance Sheet</u>	<u>Items included in profit and loss or offset relevant costs and expenses</u>
Funds of the Ministry of Industry and Information Technology for development of electronic information — research, development and industrialization of Sunwoda laptop battery		Deferred income	9,301.01
Technology breakthrough on lithium-ion battery modules of electric vehicles		Deferred income	1,200,000.00
Lab of group technology and control system engineering in terms of power and energy-storage battery in Shenzhen	767,556.69	Deferred income	257,800.14
Research and development of optional complete equipment of new power battery	689,059.83	Deferred income	
Fund of industrialized projects of distributed lithium battery energy storage system	2,657,841.09	Deferred income	144,868.92
Supporting fund subsidies for import discount of the State	1,780,085.01	Deferred income	152,546.40
Group technology and control system in terms of power and energy-storage battery	23,959.09	Deferred income	5,131.68
Project fund for replacement of variable pump-motor power equipment with all-electric servo-system		Deferred income	48,570.23
Subsidies for application and research on key technology of family photovoltaic energy-storage system	181,989.24	Deferred income	27,990.18

Type	Amount	Item presented in Balance Sheet	Items included in profit and loss or offset relevant costs and expenses
Energy storage device for lithium battery of smart grid.	2,400,000.00	Deferred income	
Research, development and industrialization for groups of lithium battery for electro-mobiles and key technology of battery management system.	3,906,819.56	Deferred income	2,615,149.28
Research and development team on key technology of MW-level battery energy storage power station.	700,000.00	Deferred income	
Research and development on all solid state lithium battery and key materials based on materials genome	1,039,754.08	Deferred income	43,875.36
Flexible materials.	173,250.00	Deferred income	
Research, development and industrial project of VR force/haptic interaction equipment . . .	377,076.43	Deferred income	1,143,608.11
Key technology research and development of Heavy 20170083 300Wh/Kg lithium ion power battery	1,900,554.95	Deferred income	1,815,836.81
Demonstration project of distributed energy system of multi-energy complementary integrated optimization in the special state key research and development plan “smart power grid technology and device”.	10,072,814.00	Deferred income	4,528,100.00
Subsidies for “lithium ion power battery PACK assembly high flexibility digitalized factory” of 2017 smart manufacturing new form application project.	11,000,000.00	Deferred income	
Funds for research and development of “high energy density lithium ion battery of nickel-rich LiNi _{1-x-y} CoxMnyO ₂ cathode material with micro sodium structure.	3,606,417.39	Deferred income	70,398.24
“Technical Equipment and Management Promotion Project of 2016 Robot, Wearable Equipment and Smart Device Industry Enterprises” provides funds for “Intelligent transformation project of polymer lithium battery automatic packaging production line”.		Deferred income	0.14
Information construction project-Sunwoda i-Factory information construction project. . .	200,000.00	Deferred income	
The second batch of technical transformation projects in Baoan District in 2016	200,000.00	Deferred income	
Multi-energy complementary power generation and independent technology for load and independent power supply (special project) . .	465,100.00	Deferred income	
Integrated special fund for “innovation chain + industrial chain” of independent development and application of Pack intelligent production line of Li-ion battery .	19,666,867.54	Deferred income	957,894.78

Type	Amount	Item presented in Balance Sheet	Items included in profit and loss or offset relevant costs and expenses
Promotion project for technology reconstruction of Sunwoda Industrial Park . .	664,000.00	Deferred income	498,000.00
Research and development on key technology of Heavy 20180005 Distributed PV- power storage connected operation and dispatch . . .	2,600,000.00	Deferred income	
Key technology on safety of new energy auto system-Subsidy for rewards of technology matching projects of Shenzhen Baoan District Technology Innovation Bureau in 2019.	200,000.00	Deferred income	
Research outlay for high energy density electrode and battery technology	3,190,925.51	Deferred income	17,444.70
Innovation capacity building project of Sunwoda national enterprise technology center of Shenzhen Development and Reform Commission	4,459,857.26	Deferred income	145,775.46
Construction of Application Innovation Experience Center of industrial internet platform	500,000.00	Deferred income	
The first batch of funding plan for the special technological transformation investment project for technological multiplication – technological transformation and upgrading project of Sunwoda Guangming Industrial Park	2,631,487.71	Deferred income	104,826.42
Secondary node construction of Sunwoda industrial Internet logo analysis	2,400,000.00	Deferred income	
Projects supported by 2020 industrial Internet development support plan	2,650,000.00	Deferred income	
The second batch of funding plan for major projects — technological transformation and upgrading project of Sunwoda Guangming Industrial Park	7,467,219.51	Deferred income	1,179,034.62
Technical transformation project of key material production enterprises for epidemic prevention and control.	77,500.03	Deferred income	51,666.66
Research, development and industrialization project of high energy solid battery of Heavy 20200055	1,800,000.00	Deferred income	
Subsidy for technical transformation of Shenzhen Baoan District Bureau of Industry and Information	15,000,000.00	Deferred income	
Research and application verification of distributed computer system.	1,360,000.00	Deferred income	
Supporting facility award of technology in Guangdong Province and the State	600,000.00	Deferred income	
Technical transformation investment project of enterprise technology support plan	3,430,000.00	Deferred income	
Test, research and application of Qi wireless charging technology	363,333.46	Deferred income	69,999.96

Type	Amount	Item presented in Balance Sheet	Items included in profit and loss or offset relevant costs and expenses
Closed-loop quality test technology of Pack intelligent manufacturing production line of lithium battery	2,182,648.09	Deferred income	230,528.04
Research on health status and residual value evaluation technology of retired power battery cells and modules.	47,272.74	Deferred income	10,909.08
Special subsidy for high-flexibility digital factory of Pack assembly of lithium ion power battery	43,013.56	Deferred income	14,722.26
Digital twin system project of production line based on industrial internet platform.	8,470,240.27	Deferred income	499,996.77
Research and development of key technologies for high safety 350Wh/kg power battery of Heavy 20200054	2,250,000.00	Deferred income	
Special fund and project investment subsidy for the provincial strategic new emerging industries in 2020	36,400,000.00	Deferred income	
Supporting fund of Yuanzhou Town People's Government on technology	297,041,148.81	Deferred income	5,479,183.20
Technical transformation project of expanding production and increasing efficiency for precision mould workshops	2,030,000.00	Deferred income	
Investment subsidy for technical transformation multiplied by special technical transformation of Shenzhen Economic Trade and Informatization Commission	134,545.46	Deferred income	
Research and development on key technology of Heavy 20180005 Distributed PV- power storage connected operation and dispatch	700,000.00	Deferred income	
Industrialization project of application of lithium battery	1,000,000.00	Deferred income	
Awards of Boluo County Bureau of Technology, Industry and Information Technology for enlarging technical transformation of industrial enterprises in 2019.	25,804,750.72	Deferred income	1,518,093.33
Support fund of special technology	1,750,000.00	Deferred income	
Special subsidy for the first batch of investment in equipment of 2020	32,028,954.65	Deferred income	2,785,171.00
Support fund for land of Nanjing Sunwoda	73,783,679.48	Deferred income	765,920.52
Special subsidy for the first batch of investment in equipment of 2021	941,703.48	Deferred income	60,508.92
Technical transformation project for production expansion and efficiency improvement of precision mold numerical control workshop	1,728,079.39	Deferred income	22,920.61
Subsidy for equipment	21,645,810.03	Deferred income	1,844,189.97

Type	Amount	Item presented in Balance Sheet	Items included in profit and loss or offset relevant costs and expenses
Subsidy for equipment investment in lithium ion battery project in Lanxi	15,514,669.63	Deferred income	157,530.37
The second batch of grants for projects of key enterprises and research institutes.	10,000,000.00	Deferred income	
Reward for supporting fund of technical device	10,000,000.00	Deferred income	
Technical transformation project of precision plastic parts production line.	1,393,684.19	Deferred income	149,053.26
Subsidy for postdoctoral	4,490,000.00	Other income	4,490,000.00
Subsidy for increase of production capacity	90,270,493.64	Other income	90,270,493.64
Subsidy for research and development	9,413,600.00	Other income	9,413,600.00
Subsidy for post stabilization and employment	8,879,863.36	Other income	8,879,863.36
Other government grants	44,211,896.86	Other income	44,211,896.86
Total	813,359,522.74		185,892,400.29

7. CHANGES IN THE SCOPE OF CONSOLIDATION

7.1 Disposal of subsidiaries

7.1.1 Single disposal of the investment in subsidiaries and the situation of losing control right

Name of subsidiary	Cost of equity disposal	Percentage of equity disposal	Way of equity disposal	Date of losing control right	Basis for determination of date of losing control right	Difference between the disposal price and the share of net assets of the subsidiary at the level of consolidated financial statements corresponding to the disposed investment	Proportion of remaining equity on the date of losing control right	Carrying amount of remaining equity on the date of losing control right	Fair value of remaining equity on the date of losing control right	Profit or loss from the remaining equity remeasured at fair value	Determination method and main assumption of fair value of remaining equity on the date of losing control right	Amount of other comprehensive income related to equity investment of the original subsidiary which is transferred to investment profit and loss
Sunwoda (Japan)	480,000.00	99.94	Cash transfer	30 June 2022	Equity Transfer Agreement has been signed and taken effect	-387,077.92						

7.2 Changes in scope of consolidation for other reasons

There are 14 new combined entities due to the establishment of subsidiaries, including Deyang Sunwoda, Zhuhai Sunwoda, Huizhou PTL, Yingchuang Precision, Smart Energy, Shandong Xingtaotou, Shandong Xinneng Power, Shandong Xinzhi New Energy, Zaozhuang Xinyue, Zaozhuang Xinding, Xinwei Zhiwang, Xinyi Zhilai, Xinzhi Wangjia and Sunwinon HK.

8. EQUITY IN OTHER ENTITIES

8.1 Equity in subsidiaries

8.1.1 Structure of the Company

Names of subsidiaries	Principal place of business	Registered place	Nature of business	Shareholding ratio (%)		Way of acquisition
				Directly	Indirectly	
Xinwei Electronic	Shenzhen	Shenzhen	Manufacturing	100.00		Business combinations under common control
Xinwei Hong Kong . . .	Hong Kong	Hong Kong	Trade	100.00		Establishment
Germany Subsidiary . .	Germany	Germany	Trade		100.00	Establishment
India Subsidiary	India	India	Manufacturing		99.99	Establishment
Sunsaint Electronic . . .	Hong Kong	Hong Kong	Trade		100.00	Establishment
Santo Electronic	The British Virgin Islands	The British Virgin Islands	Trade		100.00	Establishment
Sinaean Electronic . . .	Cayman Islands	Cayman Islands	Trade		100.00	Establishment
Sunwoda Japan	Japan	Japan	Trade		99.94	Establishment
Huizhou New Energy . .	Huizhou	Huizhou	Manufacturing	98.00	2.00	Establishment
Electric Vehicle Battery	Shenzhen	Shenzhen	Manufacturing		62.14	Establishment
Huizhou Electric Vehicle Battery	Huizhou	Huizhou	Manufacturing		100.00	Establishment
Power New Energy . . .	Huizhou	Huizhou	Manufacturing		100.00	Establishment
Liuzhou Sunwoda	Liuzhou	Liuzhou	Manufacturing		100.00	Establishment
Putian Sunwoda	Putian	Putian	Manufacturing		100.00	Establishment
Nanjing New Energy . .	Nanjing	Nanjing	Manufacturing		77.87	Establishment
Nanchang Sunwoda . . .	Nanchang	Nanchang	Manufacturing		99.55	Establishment
Huizhou Intelligent Industry	Huizhou	Huizhou	Manufacturing		100.00	Establishment
Sunwoda Electrical . . .	Shenzhen	Shenzhen	Manufacturing		100.00	Establishment
PTL	Shenzhen	Shenzhen	Testing	66.81		Establishment
Qianhai Hongsheng . . .	Shenzhen	Shenzhen	Manufacturing and investing	100.00		Establishment
Dianjin Factoring	Shenzhen	Shenzhen	Finance		60.00	Business combination not under common control
Yisheng Investment . . .	Shenzhen	Shenzhen	Investment		100.00	Business combination not under common control
Green Energy	Shenzhen	Shenzhen	Manufacturing		100.00	Establishment
Winone Precision	Huizhou	Huizhou	Manufacturing		52.41	Establishment

Names of subsidiaries	Principal place of business	Registered place	Nature of business	Shareholding ratio (%)		Way of acquisition
				Directly	Indirectly	
Winone HK	Hong Kong	Hong Kong	Manufacturing		100.00	Establishment
Winone India	India	India	Manufacturing		99.99	Establishment
Dongguan Hongsheng Technology	Dongguan	Dongguan	Manufacturing		100.00	Establishment
Haixi Yueshan Membrane	Delingha	Delingha	Manufacturing		90.76	Business combination not under common control
Xinhuicai	Shenzhen	Shenzhen	Trade		100.00	Establishment
Dongguan Liwinon	Dongguan	Dongguan	Manufacturing	100.00		Business combination not under common control
Integrated Energy	Shenzhen	Shenzhen	Manufacturing	100.00		Establishment
Yuke PV	Yuzhou	Yuzhou	Electric power		90.00	Business combination not under common control
Qinghai New Energy	Xining	Xining	Manufacturing		100.00	Establishment
Huizhou Energy Technology	Huizhou	Huizhou	Manufacturing		100.00	Establishment
Xinneng Nanjing	Nanjing	Nanjing	Manufacturing		100.00	Establishment
Sunwoda Intelligent Technology	Shenzhen	Shenzhen	Manufacturing	100.00		Establishment
Shenzhen Sunwinon	Shenzhen	Shenzhen	Manufacturing	100.00		Establishment
Huizhou Sunwinon	Huizhou	Huizhou	Manufacturing		100.00	Establishment
Dongguan Intelligent Hardware	Dongguan	Dongguan	Manufacturing		100.00	Establishment
Hunan Sunwinon	Changsha	Changsha	Manufacturing		100.00	Establishment
Xinwei Intelligence	Shenzhen	Shenzhen	Wholesale and retail		100.00	Establishment
Huizhou Xinwei Intelligence	Huizhou	Huizhou	Manufacturing		100.00	Establishment
Xinxiangrong	Shenzhen	Shenzhen	Business service	51.00		Establishment
Shenzhen Sunynn	Shenzhen	Shenzhen	Manufacturing	64.81		Establishment
Hunan Sunynn	Changsha	Changsha	Manufacturing		100.00	Establishment
Shenzhen Xindong Energy	Shenzhen	Shenzhen	Manufacturing	60.00		Establishment
Sunwoda Property	Shenzhen	Shenzhen	Service	100.00		Establishment
Zhejiang Sunwoda	Lanxi	Lanxi	Manufacturing	100.00		Establishment
Zhejiang Xindong Energy	Lanxi	Lanxi	Manufacturing	60.00		Establishment
Huizhou Xindong Energy	Huizhou	Huizhou	Manufacturing		100.00	Establishment
Huizhou Liwinon	Huizhou	Huizhou	Manufacturing	80.00	20.00	Establishment

Names of subsidiaries	Principal place of business	Registered place	Nature of business	Shareholding ratio (%)		Way of acquisition
				Directly	Indirectly	
Dongguan Liwinon Microelectronics . . .	Dongguan	Dongguan	Manufacturing		51.00	Establishment
Zhejiang Liwinon	Lanxi	Lanxi	Manufacturing		100.00	Establishment
Zhejiang Liwinon Electronics	Lanxi	Lanxi	Manufacturing		52.92	Establishment
Huizhou Liwinon Electronics	Huizhou	Huizhou	Manufacturing		100.00	Establishment
Superstar	Shenzhen	Shenzhen	Manufacturing	51.00		Business combination not under common control
Huaxin Zhilian	Shenzhen	Shenzhen	Software		100.00	Business combination not under common control
Nanchang Sunwoda Property	Nanchang	Nanchang	Service		100.00	Establishment
Shandong Sunwoda	Zaozhuang	Zaozhuang	Manufacturing		100.00	Establishment
Nanjing PTL	Nanjing	Nanjing	Testing		100.00	Establishment
Deyang Sunwoda	Deyang	Deyang	Manufacturing		100.00	Establishment
Zhuhai Sunwoda	Zhuhai	Zhuhai	Manufacturing		100.00	Establishment
Huizhou PTL	Huizhou	Huizhou	Testing		100.00	Establishment
Yinchuang Precision	Huizhou	Huizhou	Manufacturing		100.00	Establishment
Smart Energy	Shenzhen	Shenzhen	Manufacturing		100.00	Establishment
Shandong Xingaotou	Zaozhuang	Zaozhuang	Manufacturing		94.00	Establishment
Shandong Xinneng Power	Zaozhuang	Zaozhuang	Manufacturing		100.00	Establishment
Shandong Xinzhi New Energy	Zaozhuang	Zaozhuang	Manufacturing		100.00	Establishment
Zaozhuang Xinyue	Zaozhuang	Zaozhuang	Manufacturing		100.00	Establishment
Zaozhuang Xinding	Zaozhuang	Zaozhuang	Manufacturing		100.00	Establishment
Xinwei Zhiwang	Shenzhen	Shenzhen	Manufacturing		100.00	Establishment
Xinyi Zhilian	Shenzhen	Shenzhen	Manufacturing		51.00	Establishment
Xinzhi Wangjia	Shenzhen	Shenzhen	Manufacturing		51.00	Establishment
Sunwinon HK	Hong Kong	Hong Kong	Trade		99.00	Establishment

8.1.2 Significant non-wholly owned subsidiaries

Names of subsidiaries	Non-controlling shareholders' shareholding ratio (%)	Profit and loss attributable to non-controlling shareholders in current period	Dividend declared to non-controlling shareholders in current period	Ending balance of non-controlling shareholders' equity
Electric Vehicle Battery	37.86	-109,335,969.04		1,718,618,120.64
Nanjing New Energy	22.13	-79,981,168.51		315,458,139.20
Winone Precision	47.59	39,354,779.94		264,330,325.16

8.1.3 Key financial information of non-wholly owned subsidiaries

Names of subsidiaries	Ending balance		
	Current assets	Non-current assets	Total assets
Electric Vehicle Battery	6,227,626,655.52	8,255,603,424.48	14,483,230,080.00
Nanjing New Energy.	2,341,322,623.14	3,412,743,511.91	5,754,066,135.05
Winone Precision	1,471,884,734.87	537,126,722.16	2,009,011,457.03

(Continued 1)

Names of subsidiaries	Ending balance		
	Current liabilities	Non-current liabilities	Total liabilities
Electric Vehicle Battery	7,602,389,742.70	2,021,437,497.48	9,623,827,240.18
Nanjing New Energy	3,514,268,420.00	814,191,518.37	4,328,459,938.37
Winone Precision.	1,378,924,472.72	72,573,690.41	1,451,498,163.13

(Continued 2)

Names of subsidiaries	Beginning balance		
	Current assets	Non-current assets	Total assets
Electric Vehicle Battery	3,760,042,094.98	5,002,672,342.21	8,762,714,437.19
Nanjing New Energy.	2,241,733,989.54	2,957,461,348.41	5,199,195,337.95
Winone Precision	986,498,238.39	383,210,046.20	1,369,708,284.59

(Continued 3)

Names of subsidiaries	Beginning balance		
	Current liabilities	Non-current liabilities	Total liabilities
Electric Vehicle Battery	5,769,686,335.17	719,444,542.05	6,489,130,877.22
Nanjing New Energy.	3,060,159,348.43	484,714,552.09	3,544,873,900.52
Winone Precision	1,064,901,573.70	48,953,943.07	1,113,855,516.77

(Continued 4)

Names of subsidiaries	Current period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow of operating activity
Electric Vehicle Battery	4,227,179,232.55	-424,302,391.06	-424,302,391.06	577,466,506.70
Nanjing New Energy.	2,676,093,871.90	-361,635,421.46	-361,635,421.46	563,196,675.10
Winone Precision	1,458,573,621.38	98,386,949.84	98,386,949.84	172,025,021.42

(Continued 5)

Names of subsidiaries	Prior period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow of operating activity
Electric Vehicle Battery	573,825,037.21	-414,109,381.50	-414,109,381.50	-1,505,552,775.96
Nanjing New Energy.	257,463,696.01	-125,801,470.72	-125,801,470.72	92,837,588.39
Winone Precision	1,025,716,435.76	62,957,788.70	62,957,788.70	212,572,484.41

8.2 Transactions still control the subsidiary, in which the owner's equity changes

8.2.1 Impact of transaction on non-controlling shareholders' equity and owner's equity attributable to the Company

Item	Electric Vehicle Battery	Nanjing Sunwoda	Winone Precision	Nanchang Sunwoda	Winone India
Purchase cost/disposal cost					
— Cash	3,041,452,500.00	130,000,000.00	200,000,000.00	4,800,000.00	0.87
Total of purchase cost/disposal consideration	3,041,452,500.00	130,000,000.00	200,000,000.00	4,800,000.00	0.87
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired/disposed	1,617,359,246.98	129,684,466.79	122,180,369.71	5,035,183.48	13.38
Difference.	1,424,093,253.02	315,533.21	77,819,630.29	-235,183.48	-12.51
Including: adjustment of capital reserve.	1,424,093,253.02	315,533.21	77,819,630.29	-235,183.48	-12.51
Adjustment of surplus reserve					
Adjustment of undistributed profit					

8.3 Equity in joint venture arrangements or associates

8.3.1 Summarized financial information of the insignificant joint ventures or associates

	Ending balance/current period	Beginning balance/Prior period
Joint ventures:		
Total of investment carrying amount	416,526,941.58	216,363,626.87
Total amount calculated based on proportion of the shareholders		
— Net profit	-7,474,616.32	-18,890,945.92
— Other comprehensive income		
— Total comprehensive income	-7,474,616.32	-18,890,945.92

9. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

9.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to receivables from sales of goods. The Company has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers without additional approval. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available.

The Company monitors credit ratings of existing customers quarterly, and reviews aging analysis of accounts receivable monthly to ensure the credit risk is under control. Customers shall be divided into groups based on their credit features during monthly review. Customers identified as "high risk" will be regarded as restricted party and required prepayments unless additional approval is obtained.

9.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset.

The Company is committed to cover expected cash demands. Liquidity risk is under centralized control of the financial department of the Company, who manages cash, high-liquid securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts on the condition of reasonable prediction. Besides, the finance department also monitors the Company's compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Financial liabilities are presented at undiscounted contractual cash flows on the maturity date as follows:

Item	Ending balance				
	Within 6 months	6 months-1 year	1-5 years	Over 5 years	Total
Short-term borrowing	3,672,970,320.21	3,804,725,286.00			7,477,695,606.21
Notes payable.	5,384,962,693.27				5,384,962,693.27
Accounts payable	9,311,261,570.35	75,364,784.45			9,386,626,354.80
Other payables	740,435,841.62	72,273,125.35			812,708,966.97
Non-current liabilities due					
within one year	501,704,759.74	884,937,200.63			1,386,641,960.37
Other current liabilities	296,155,069.82				296,155,069.82
Long term borrowing	101,450,425.00	91,164,375.07	3,674,062,163.88	54,259,847.40	3,920,936,811.35
Bonds payable	15,522,000.00	28,245,000.00	648,640,000.00		692,407,000.00
Long-term payables			217,475,789.72		217,475,789.72
Lease liabilities.			1,396,127,223.34		1,396,127,223.34
Total.	20,024,462,680.01	4,956,709,771.50	5,936,305,176.94	54,259,847.40	30,971,737,475.85

Item	Beginning balance				
	Within 6 months	6 months-1 year	1-5 years	Over 5 years	Total
Short-term borrowing	3,372,131,931.85	3,005,368,137.61			6,377,500,069.46
Notes payable.	3,660,495,995.96	20,337,305.00			3,680,833,300.96
Accounts payable	9,603,030,653.38	81,663,029.96	6,189.50	9,684,699,872.84	
Other payables	419,886,015.91	113,379,202.43			533,265,218.34
Non-current liabilities due					
within one year	815,981,047.71	789,878,117.76			1,605,859,165.47
Other current liabilities	813,282,191.76	813,282,191.76			
Long term borrowing	67,931,578.36	54,343,270.14	1,604,763,481.22	885,000,000.00	2,612,038,329.72
Bonds payable	15,522,000.00	28,245,000.00	1,082,407,000.00		1,126,174,000.00
Long-term payables			214,216,376.41		214,216,376.41
Lease liabilities.			721,760,867.47		721,760,867.47
Total.	18,768,261,414.93	4,093,214,062.90	3,623,153,914.60	885,000,000.00	27,369,629,392.43

9.3 Market risk

Market risk associated with financial instruments refers to the risk from the fluctuations in the fair value or future cash flows of financial instruments due to variations in market prices, including exchange rate risk, interest rate risk, etc.

9.3.1 Interest rate risk

Interest rate risk is the risk arising from changes in fair value or future cash flows of financial instruments due to fluctuation in market interest rate.

Short-term borrowings of the Company are subject to a fixed interest rate. The interest rate risk that the Company faces mainly derives from long-term bank borrowings and financing lease payments.

The Company establishes good relations with banks to ensure credit lines, credit varieties and credit period meet the needs of short-term financing activities.

As at 30 June 2022, assuming other variables remain unchanged, if the loan interest rate rises or falls by 50 base points, the impact on the Company's net profit is as follows. From the opinion of the management, 50 base points reflect the reasonable range of the possible fluctuation of interest rates.

Changes in interest rate	Impact on net profit
	January to June 2022
Increase by 50 base points	-739,500.00
Decrease by 50 base points	739,500.00

9.3.2 Exchange rate risk

Exchange rate risk is the risk arising from changes in fair value or future cash flows of financial instruments due to fluctuation in foreign exchange rate.

The Company manages its foreign exchange risks to minimize these exposures. Besides, foreign exchange contracts or currency swap contracts are considered to avoid exchange rate risks. The Company came to agreements for foreign exchange forward transaction during the current and prior periods.

The exchange rate risk faced by the Company mainly derives from the dollar-denominated financial assets and financial liabilities, and the foreign currency financial assets and financial liabilities are translated into RMB with amounts listed below:

Item	Ending balance				Beginning balance			
	USD	RUPEE	Other foreign currencies	Total	USD	RUPEE	Other foreign currencies	Total
Foreign currency financial assets								
Cash and cash equivalents	356,043,200.46	243,060,677.17	12,324,192.92	611,428,070.55	700,555,000.21	242,977,936.85	4,528,521.90	948,061,458.96
Accounts receivable	3,230,137,657.67	806,366,084.28	1.33	4,036,503,743.28	3,732,601,887.91	387,306,512.52	1.35	4,119,908,401.78
Subtotal	3,586,180,858.13	1,049,426,761.45	12,324,194.25	4,647,931,813.83	4,433,156,888.12	630,284,449.37	4,528,523.25	5,067,969,860.74
Foreign currency financial liabilities								
Short-term borrowings	855,152,931.98			855,152,931.98	1,004,131,455.42			1,004,131,455.42
Accounts payable	1,864,870,220.12	23,148,864.68	5,954,771.66	1,893,973,856.46	3,253,938,640.65	54,513,454.20	5,912,932.83	3,314,365,027.68
Subtotal	2,720,023,152.10	23,148,864.68	5,954,771.66	2,749,126,788.44	4,258,070,096.07	54,513,454.20	5,912,932.83	4,318,496,483.10
Net amount	866,157,706.03	1,026,277,896.77	6,369,422.59	1,898,805,025.39	175,086,792.05	575,770,995.17	-1,384,409.58	749,473,377.64

As at 30 June 2022, assuming all other variables remain unchanged, if the exchange rate of RMB to USD appreciates or depreciates by 5%, the net profit will be increased or decreased by RMB80,699,213.58. The management considers that 5% reflects the rational scope of fluctuations of the exchange rate of RMB to USD in the next year.

10. DISCLOSURE OF FAIR VALUE

The level in which fair value measurement is categorized are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

The level of fair value measurement depends on the lowest level of input values that are of great significance to the fair value measurement as a whole.

10.1 Ending fair value of assets and liabilities measured at fair value

Item	Ending fair value			Total
	First-level fair value measurement	Second-level fair value measurement	Third-level fair value measurement	
I. Continued fair value measurement				
◆ Financial assets held for trading		660,000,000.00		660,000,000.00
1. Financial assets measured at fair value through current profit or loss		660,000,000.00		660,000,000.00
(1) Structural deposit		660,000,000.00		660,000,000.00
◆ Receivables financing.			106,254,761.47	106,254,761.47
◆ Other non-current financial assets.	378,950,152.88		538,943,306.04	917,893,458.92
1. Financial assets measured at fair value through current profit or loss	378,950,152.88		538,943,306.04	917,893,458.92
(1) Equity instrument investment	378,950,152.88		538,943,306.04	917,893,458.92
Total assets continuously measured at fair value	378,950,152.88	660,000,000.00	645,198,067.51	1,684,148,220.39
◆ Financial liabilities held for trading	25,674.94			25,674.94
1. Financial liabilities held for trading	25,674.94			25,674.94
(1) Derived financial liabilities	25,674.94			25,674.94
Total liabilities continuously measured at fair value	25,674.94			25,674.94

10.2 Basis for determination of market price of items measured at the first-level fair value on a recurring and non-recurring basis

The items measured at the first-level fair value of the Company are the forward foreign exchange settlement and sale contracts, and stocks of listing companies, which are measured at the first-level fair value based on the forward foreign exchange price or stock price quoted publicly.

10.3 Basis for determination of market price of items measured at the second-level fair value on a recurring and non-recurring basis

The structural deposit at the second-level fair value measurement items of the Company is recognized at the fair value at the investment cost on the measurement date due to its low income which is close to its fair value.

10.4 Valuation techniques and qualitative and quantitative information of the key parameters adopted for the items measured at third-level fair value on a recurring and non-recurring basis

Item	Ending fair value	Valuation technique	Key parameters	
			Qualitative information	Quantitative information
Other non-current financial assets	469,940,032.58	Latest financing price method		
Other non-current financial assets	65,369,073.46	Comparison with listing company		P/E Ratio, P/B
Other non-current financial assets	3,634,200.00	Cost method		Carrying net asset

The items measured at the third-level fair value of the Company are bank acceptance. Because the short remnant term of bank acceptance, relatively low investment income of financial products, and similar carrying amount as the fair value, the fair value is measured using the carrying amount on the measurement date.

11. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

11.1 Ultimate beneficial owners of the Company

Ultimate beneficial owners	Shareholding ratio in the Company	Voting ratio in the Company
	(%)	(%)
Wang Mingwang and Wang Wei (persons acting in concert)	28.76	28.76

11.2 Subsidiaries of the Company

See “8: Equity in other entities” for subsidiaries of the Company.

11.3 Joint ventures and associates of the Company

Other joint ventures or associates that have related-party transactions with the Company in the current period or in the previous period and have formed balance are as follows:

Joint Ventures or Associates	Relationship with the Company
Paersen	The Company holds 22.35% of shares in Paersen, and its Director Mr. Zeng Di also acted as a Director in Paerson but he resigned on 1 August 2022.
Jili Sunwoda	The Company holds 30% of shares in Jili Sunwoda, and its Chairman Mr. Wang Wei acts as a Director in Jilin Sunwoda.
Ruikewei	The Company holds 10% of shares in Ruikewei, and its Director Mr. Zeng Di acted as a Director in Ruikewei.

11.4 Other related parties

Other related parties	Relationship with the Company
Wang Hua	A relative of the controlling shareholder of the Company
Cai Di'e	A relative of the controlling shareholder of the Company
Wang Yu	A relative of the controlling shareholder of the Company
Lai Xin	A relative of the controlling shareholder of the Company

Other related parties	Relationship with the Company
Lai Xing	A relative of the controlling shareholder of the Company
Zhao Zhiyin	A relative of the controlling shareholder of the Company
Xiao Guangyu	Director, Chief Financial Officer, Deputy General Manager
Zeng Di	Director, Board Secretary, Deputy General Manager
Liang Rui	Deputy General Manager
Zhou Xiaoxiong	Director
Zhang Jianjun	Independent director
Zhong Mingxia	Independent director (resigned in 2021)
Yu Qun	Independent director
Liu Zhengbing	Independent director
Yuan Huiqiong	Chairman of Board of Supervisors
Liu Rongbo	Supervisor
Li Weihong	Supervisor
Dongguan Juming Electronic Technology Co., Ltd. ("Juming Electronics")	In this subsidiary, Zhang Jianjun, the Independent Director of Sunwoda acts as the Independent Director
Shandong Li-ion Safe New Energy Co., Ltd.	In this company, the ultimate beneficial owners, Mr. Wang Mingwang and Mr. Wang Wei (the person acting in concert) of Sunwoda have significant impact
Shenzhen Li-ion Safe Technology Co., Ltd. (hereinafter referred to as Shenzhen Li-ion Safe)	In this company, the ultimate beneficial owners, Mr. Wang Mingwang and Mr. Wang Wei (the person acting in concert) of Sunwoda have significant impact
Shenzhen FRD Science & Technology Co., Ltd. ("FRD")	In this company, Zhang Jianjun, the Independent Director of Sunwoda acts as the Independent Director
Jinhua Jinkai Dehong Lianxin Bifang No. 2 Investment Center (Limited Partnership) (hereinafter referred to as Bifang No. 2)	Mr. Wang Mingwang, Sunwoda's ultimate beneficial owner acts as a Partnership of this Limited Partnership. In line with the prudence principle, "Bifang No. 2" is recognized as the Company's related party.
Shenzhen Qianhai Haotian Investment Management Partnership (Limited Partnership) (hereinafter referred to as Qianhai Haotian)	In this Partnership, the ultimate beneficial owners, Mr. Wang Mingwang and Mr. Wang Wei (the person acting in concert) of Sunwoda have 100% control right, of which, Mr. Wang Mingwang acts as the General Partner of this Partnership with 70% shares, and Mr. Wang Wei acts as the Limited Partner of this Partnership with 30% shares.
Shenzhen Xinrui Hongsheng Technology Partnership (Limited Partnership) ("Xinrui Hongsheng")	Shenzhen Jingshi Investment Co., Ltd, controlled by Sunwoda's beneficial owner Mr. Wang Mingwang, is a General Partner of "Xinrui Hongsheng".
Shenzhen Xinrui Hongrui Technology Partnership (Limited Partnership) ("Xinrui Hongrui")	Mr. Wang Wei, the Board Chairman of Sunwoda, is a General Partner of "Xinrui Hongrui", and Mr. Xiao Guangyu, Mr. Zeng Di and Mr. Liang Rui are limited partners (natural persons) of "Xinrui Hongrui"
Shenzhen Qianhai Hanlong Holdings Co., Ltd. ("Qianhai Hanlong")	In this company, the ultimate beneficial owners, Mr. Wang Mingwang and Mr. Wang Wei (the person acting in concert) of Sunwoda have 100% control right, of which, Mr. Wang Mingwang holds 70% shares, and Mr. Wang Wei holds 30% shares.

Other related parties	Relationship with the Company
Huizhou Xinrui Hengtai Technology Partnership (Limited Partnership) (“Xinrui Hengtai”)	Shenzhen Jingshi Investment Co., Ltd, controlled by Sunwoda’s beneficial owner Mr. Wang Mingwang, is a General Partner of “Xinrui Hengtai”.
Huizhou Darui Xinneng Technology Partnership (Limited Partnership) (“Darui Xinneng”)	Shenzhen Jingshi Investment Co., Ltd, controlled by Sunwoda’s beneficial owner Mr. Wang Mingwang, is a Limited Partner of “Darui Xinneng”.
Yudo New Energy Vehicle Co., Ltd. (“Yudo New Energy”)	A company whose shareholder is the Controlling Shareholder of Sunwoda

11.5 Related party transactions

11.5.1 Purchase or sale of goods, and rendering or receipt of labor services

Related parties	Related party transaction	Current period	Prior period
Juming Electronics	PCB semi-finished products, PCB, PCBA semi-finished products	728,609.08	
Paersen	Nitromethyl pyrrolidone and its processing	61,934,174.86	3,217,699.12
FRD	Sealing joint strip	1,467.69	

Table of sales of goods and rendering of labor services

Related parties	Related party transactions	Current period	Prior period
Yudo New Energy	Battery package and after-sale service		1,589,500.90
Jili Sunwoda	Office supplies	240,706.66	

11.5.2 Related-party guarantee

The Company as the warrantee:

Guarantor	Amount guaranteed	Starting date of the guarantee	Maturity date of the guarantee	Fulfilled completely
Wang Wei and Wang Mingwang	150,000,000.00	2021-10-29	2022-10-29	No
Wang Wei and Wang Mingwang	13,837,001.70	2022-1-20	2022-7-20	No
Wang Wei and Wang Mingwang	4,646,209.94	2022-1-20	2022-7-13	No
Wang Wei and Wang Mingwang	60,000,000.00	2022-1-21	2022-7-21	No
Wang Wei and Wang Mingwang	100,000,000.00	2022-2-16	2023-2-16	No
Wang Wei and Wang Mingwang	195,000,000.00	2022-2-24	2023-2-24	No
Wang Wei and Wang Mingwang	16,475,643.66	2022-2-21	2022-8-19	No
Wang Wei and Wang Mingwang	11,134,870.13	2022-2-21	2022-8-19	No

<u>Guarantor</u>	<u>Amount guaranteed</u>	<u>Starting date of the guarantee</u>	<u>Maturity date of the guarantee</u>	<u>Fulfilled completely</u>
Wang Wei and Wang Mingwang	2,389,486.21	2022-2-21	2022-8-19	No
Wang Wei and Wang Mingwang	100,000,000.00	2022-3-24	2023-3-23	No
Wang Wei and Wang Mingwang	60,000,000.00	2022-3-25	2022-9-20	No
Wang Wei and Wang Mingwang	200,000,000.00	2022-4-20	2023-4-19	No
Wang Wei and Wang Mingwang	196,000,000.00	2022-5-13	2023-5-12	No
Wang Wei and Wang Mingwang	39,065,036.54	2022-5-20	2022-9-19	No
Wang Wei and Wang Mingwang	55,148,191.17	2022-5-23	2022-9-20	No
Wang Wei and Wang Mingwang	7,313,748.67	2022-5-24	2022-9-21	No
Wang Wei and Wang Mingwang	30,127,597.71	2022-6-16	2022-10-14	No
Wang Wei and Wang Mingwang	27,872,344.58	2022-6-22	2022-12-19	No
Wang Wei and Wang Mingwang	2,893,488.25	2022-6-21	2022-10-24	No
Wang Wei and Wang Mingwang	5,565,503.55	2022-6-21	2022-11-9	No
Wang Mingwang and Wang Wei	1,387,310.18	2022-6-21	2022-11-9	No
Wang Mingwang and Wang Wei	2,176,632.56	2022-6-21	2022-11-10	No
Wang Mingwang and Wang Wei	2,174,208.46	2022-6-21	2022-12-5	No
Wang Mingwang and Wang Wei	1,261,081.90	2022-6-21	2022-12-21	No
Wang Mingwang and Wang Wei	1,510,533.79	2022-6-21	2022-12-24	No
Wang Mingwang and Wang Wei	200,000,000.00	2022-6-24	2023-6-23	No
Wang Mingwang and Wang Wei	15,800,000.00	2019-7-23	2027-7-22	No
Wang Mingwang and Wang Wei	287,480,000.00	2018-11-13	2023-11-12	No
Wang Mingwang and Wang Wei	50,000,000.00	2021-6-2	2023-11-12	No
Wang Mingwang and Wang Wei	22,520,000.00	2021-6-9	2023-11-12	No
Wang Wei and Wang Mingwang	98,100,000.00	2020-10-22	2022-10-21	No
Wang Wei and Wang Mingwang	500,000,000.00	2022-1-1	2023-12-27	No
Wang Wei and Wang Mingwang	200,000,000.00	2022-3-15	2024-3-15	No
Wang Wei and Wang Mingwang	288,000,000.00	2022-4-7	2024-4-6	No

<u>Guarantor</u>	<u>Amount guaranteed</u>	<u>Starting date of the guarantee</u>	<u>Maturity date of the guarantee</u>	<u>Fulfilled completely</u>
Wang Wei and Wang Mingwang	144,000,000.00	2022-4-15	2024-4-13	No
Wang Wei and Wang Mingwang	18,000,000.00	2022-4-25	2024-4-22	No
Wang Wei and Wang Mingwang	96,286,772.58	2022-2-18	2022-11-13	No
Wang Wei and Wang Mingwang	125,000,000.00	2022-3-21	2022-11-16	No
Wang Wei and Wang Mingwang	130,480,000.00	2022-4-12	2022-10-17	No
Wang Wei and Wang Mingwang	28,782,412.33	2022-1-20	2022-8-23	No
Wang Wei and Wang Mingwang	60,000,000.00	2022-6-15	2022-11-15	No
Wang Wei and Wang Mingwang	250,000,000.00	2022-6-23	2022-11-23	No
Wang Wei and Wang Mingwang	60,340,000.00	2022-4-13	2022-11-10	No
Wang Wei and Wang Mingwang	128,400,000.00	2022-3-18	2022-10-13	No
Wang Wei and Wang Mingwang	148,020,000.00	2022-3-15	2022-8-15	No
Wang Wei and Wang Mingwang	199,698,873.94	2022-4-15	2022-12-13	No
Wang Wei and Wang Mingwang	170,000,000.00	2022-2-17	2022-7-17	No
Wang Wei and Wang Mingwang	189,000,000.00	2022-2-21	2022-10-16	No
Wang Wei and Wang Mingwang	126,394,657.26	2022-2-17	2022-12-20	No
Wang Wei and Wang Mingwang	89,600,000.00	2022-2-17	2022-7-15	No
Wang Wei and Wang Mingwang	70,738,523.49	2022-2-16	2022-9-29	No
Wang Wei and Wang Mingwang	145,546,638.25	2022-2-22	2022-8-21	No
Wang Wei and Wang Mingwang	84,766,103.27	2022-3-31	2022-9-25	No
Wang Wei and Wang Mingwang	150,335,360.00	2022-3-31	2022-9-25	No
Wang Wei and Wang Mingwang	79,731,432.00	2022-4-28	2022-9-10	No
Wang Wei and Wang Mingwang	118,165,674.84	2022-4-27	2022-10-27	No
Wang Wei and Wang Mingwang	59,823,706.72	2022-5-31	2022-10-10	No
Wang Wei and Wang Mingwang	67,114,000.00	2022-5-19	2022-11-19	No
Wang Wei and Wang Mingwang	53,020,060.00	2022-6-29	2022-12-29	No
Wang Wei and Wang Mingwang	93,332,714.17	2022-6-29	2022-10-10	No

<u>Guarantor</u>	<u>Amount guaranteed</u>	<u>Starting date of the guarantee</u>	<u>Maturity date of the guarantee</u>	<u>Fulfilled completely</u>
Wang Wei and Wang Mingwang	13,384,707.26	2019-9-27	2022-9-27	No
Wang Wei and Wang Mingwang	9,177,494.20	2019-10-12	2022-11-10	No
Wang Wei and Wang Mingwang	24,260,971.28	2019-11-19	2022-11-19	No
Wang Wei and Wang Mingwang	25,193,121.32	2020-3-20	2023-4-10	No
Wang Wei and Wang Mingwang	9,717,346.80	2020-3-20	2023-4-10	No
Wang Wei and Wang Mingwang	230,455,000.00	2020-4-15	2023-4-15	No
Wang Wei and Wang Mingwang	120,000,000.00	2020-12-29	2023-12-29	No
Wang Wei and Wang Mingwang	106,000,000.00	2021-8-18	2024-8-18	No
Wang Wei and Wang Mingwang	157,894,736.84	2021-10-28	2024-10-28	No
Wang Wei and Wang Mingwang	65,000,000.00	2021-7-14	2022-7-14	No
Wang Wei and Wang Mingwang	195,000,000.00	2021-7-28	2022-7-28	No
Wang Wei and Wang Mingwang	39,000,000.00	2021-8-12	2022-8-12	No
Wang Wei and Wang Mingwang	65,000,000.00	2021-8-25	2022-8-25	No
Wang Wei and Wang Mingwang	78,000,000.00	2021-8-27	2022-8-26	No
Wang Wei and Wang Mingwang	50,000.00	2021-9-15	2022-9-15	No
Wang Wei and Wang Mingwang	10,000,000.00	2021-9-15	2022-9-15	No
Wang Wei and Wang Mingwang	130,000,000.00	2021-9-27	2022-9-27	No
Wang Wei and Wang Mingwang	68,000,000.00	2021-10-22	2022-10-20	No
Wang Wei and Wang Mingwang	117,000,000.00	2021-10-28	2022-10-27	No
Wang Wei and Wang Mingwang	130,000,000.00	2021-11-29	2022-11-24	No
Wang Wei and Wang Mingwang	100,000,000.00	2022-1-26	2023-1-16	No
Wang Wei and Wang Mingwang	60,000,000.00	2022-2-18	2023-2-16	No
Wang Wei and Wang Mingwang	200,000,000.00	2022-3-22	2023-3-16	No
Wang Wei and Wang Mingwang	20,000,000.00	2022-3-30	2023-3-25	No
Wang Wei and Wang Mingwang	35,600,000.00	2022-4-21	2023-4-17	No
Wang Wei and Wang Mingwang	58,000,000.00	2022-5-27	2023-5-19	No

<u>Guarantor</u>	<u>Amount guaranteed</u>	<u>Starting date of the guarantee</u>	<u>Maturity date of the guarantee</u>	<u>Fulfilled completely</u>
Wang Wei and Wang Mingwang	128,500,000.00	2022-5-18	2023-5-22	No
Wang Wei and Wang Mingwang	100,000,000.00	2022-6-22	2023-6-21	No
Wang Wei and Wang Mingwang	100,000,000.00	2022-6-22	2023-1-10	No
Wang Wei and Wang Mingwang	100,000,000.00	2022-6-28	2022-10-10	No
Wang Wei and Wang Mingwang	90,000,000.00	2021-8-12	2022-8-8	No
Wang Wei and Wang Mingwang	200,000,000.00	2021-8-27	2022-8-26	No
Wang Wei and Wang Mingwang	50,000,000.00	2021-10-20	2022-10-20	No
Wang Wei and Wang Mingwang	50,000,000.00	2021-10-19	2022-10-19	No
Wang Wei and Wang Mingwang	100,000,000.00	2021-11-17	2022-11-14	No
Wang Wei and Wang Mingwang	50,000,000.00	2021-12-28	2022-12-28	No
Wang Wei and Wang Mingwang	200,000,000.00	2022-1-21	2023-1-29	No
Wang Wei and Wang Mingwang	50,000,000.00	2022-4-20	2023-4-20	No
Wang Wei and Wang Mingwang	40,000,000.00	2022-5-25	2023-5-25	No
Wang Wei and Wang Mingwang	10,000,000.00	2022-5-25	2023-5-25	No
Wang Wei and Wang Mingwang	40,000,000.00	2022-6-20	2023-6-21	No
Total	9,209,689,195.55			

11.5.3 Remuneration of directors, senior management and supervisors

<u>Item</u>	<u>Current period</u>	<u>Prior period</u>
Remuneration of directors, senior management and supervisors. . .	4,296,389.78	4,156,635.76

11.5.4 Related party transactions of joint investment

<u>Joint investor</u>	<u>Investee</u>	<u>Registered capital of the investee</u>	<u>Total assets of the investee</u>	<u>Net assets of the investee</u>	<u>Net profit of the investee</u>
		<u>(0'000 RMB)</u>	<u>(0'000 RMB)</u>	<u>(0'000 RMB)</u>	<u>(0'000 RMB)</u>
Xinrui Hongsheng, Qianhai Hanlong, Xinrui Hongrui (Note 1)	Electronic Vehicle Battery	632,521.27	1,093,104.09	614,026.13	13,298.98
Qianhai Haotian	Shandong Li-ion Safe New Energy Co., Ltd.	1,000.00			

Notes 1: On 9 August 2021, the investors signed the Capital Increase Agreement, and paid the capital increased in batches in 2021 and 2022 respectively within the agreed payment period.

11.6 Receivables from and payables to related parties

11.6.1 Receivables

Item	Related party	Ending balance		Beginning balance	
		Original amount	Provision for doubtful accounts	Original amount	Provision for doubtful accounts
Accounts receivable.	Yudo New Energy	4,662,783.55	472,380.76	5,462,783.55	591,297.99
	Jili Sunwoda	271,998.54			
	Shenzhen Li-ion Safe	554,517.22		554,517.22	
Other non-current assets due within one year . . .	Qianhai Hanlong			28,936,497.50	
Long-term receivable.	Qianhai Hanlong	28,699,987.84		29,232,081.25	

11.6.2 Payables

Item	Related party	Ending balance	Beginning balance
Accounts payable.			
	Juming Electronics	27,216.00	625,446.36
	Paersen	37,840,714.57	25,979,192.98

12. SHARE-BASED PAYMENTS

12.1 General situation of share-based payment

Item	Situation
Total amount of equity instruments granted by the Company this year	24,904,000
Total amount of equity instruments exercised by the Company this year.	10,531,080
Total amount of various equity instruments expired this year.	
The scope of exercise price and remaining term of the contract of stock options issued by the Company at the end of the year	
Scope of exercise price and remaining term of contract of other equity instruments issued by the Company at the end of the year	

12.2 General situation of equity-settled share-based payment

Item	Situation
Determination method of fair value of equity instruments on the grant date	Market method
Basis for determining the number of exercisable equity instruments	On each balance sheet date, the number of equity instruments with exercisable rights shall be revised according to the latest information on the change of the number of employees with exercisable rights.
Reasons for significant differences between the current year's estimate and the prior year's estimate.	N/A
Cumulative amount of equity-settled share-based payment included in capital reserve	51,462,916.55
Total recognized expenses of equity-settled share-based payment in the current year.	51,462,916.55

Other notes:

According to the resolution of the 29th Session of the 4th Board Meeting and the resolution of the 6th Extraordinary Shareholders' Meeting in 2019, the Company began to implement the phase 3 restricted stock incentive plan on 27 December 2019. According to the resolution of the 23rd Session of the 5th Board Meeting and the resolution of the Second Extraordinary Shareholders' Meeting in 2022, the Company began to implement the 2022 Incentive Plan of Restricted Stocks and Stock Options on 11 February 2022.

12.3 Modification or termination of share-based payments

There was no modification or termination of share-based payments in this reporting period.

13. COMMITMENTS AND CONTINGENCIES

13.1 Significant commitments

13.1.1 Significant commitments on the balance sheet date

① *The large-sum contracting contract which has been signed or to be performed, and financial impact*

As of 30 June 2022, according to the large-sum project contracts signed or to be performed by the Company, the unpaid amount of the Company is about RMB2,314,303,500.

② *The large-sum equipment purchase contract which has been signed or to be performed, and financial impact*

As of 30 June 2022, according to the large-sum equipment purchase contract signed or to be performed by the Company, the unpaid amount of the Company is about RMB3,616,498,100.

13.2 Contingency

The Company has no significant contingencies to be disclosed.

14. POST BALANCE SHEET EVENTS

Significant matters not adjusted

Item	Content	Affect on financial conditions and financial performance	Cause of being unable to estimate the affect
Issuance of stocks and bonds . .	At the 6th Extraordinary Shareholders' Meeting held on 14 July 2022, the <i>Proposal on the Company's Issuance of GDR, Listing on the Swiss Stock Exchange/London Stock Exchange and Conversion into a Limited Stock Company of Overseas Shares</i> was approved.	—	Has not issued

15. OTHER SIGNIFICANT MATTERS

15.1 Segment information

15.1.1 Basis for recognition of reportable segments and accounting policies

According to the internal organizational structure, management requirements and internal reporting system, the Company establishes 3 reportable segments, including domestic battery business, overseas battery business, and electric vehicle battery business. All reportable segments of the Company respectively provide different products or services or engage in operating activities in different areas. Due to different technologies or market strategies of each segment, the Management of the Company separately manage the operating activities of each reportable segment and regularly evaluate the financial performance of these reportable segments, so as to decide the resource distributed to them and evaluate their performances.

Transfer price among segments shall be determined based on the price of actual transaction, and the expenses indirectly attributable to such segments shall be distributed in Percentage of their income.

15.1.2 Financial information of reportable segments

Item	Domestic battery business	Overseas battery business	Electric vehicle battery business	Inter-segment offset	Total
External transaction					
income	16,125,034,733.17	1,392,809,085.83	4,199,938,833.15		21,717,782,652.15
Inter-segment transaction					
income	645,459,042.48	6,264,762.37	27,240,399.40	678,964,204.25	
Credit impairment loss . . .	-14,894,737.71	-39.03	-2,948,796.47		-17,843,573.21
Asset impairment loss . . .	-63,460,894.05	-3,442,119.31	-104,226,269.65		-171,129,283.01
Total profit (total loss) . . .	827,242,234.39	14,695,107.59	-504,833,965.90		337,103,376.08
Income tax expense	104,813,991.29	778,466.99		105,592,458.28	
Net profit (net loss)	722,428,243.10	13,916,640.60	-504,833,965.90		231,510,917.80
Total assets	34,324,592,653.17	1,577,714,881.21	14,483,230,080.00	288,175,247.97	50,097,362,366.41
Total liabilities	24,868,890,260.56	1,451,759,375.46	9,623,827,240.18	3,257,241,162.79	32,687,235,713.41

15.2 Other significant issues affecting the decision-making of investors

15.2.1 Pledge of equities

As at the date of Auditor's Report, Mr. Wang Mingwang, the beneficial owner of the Company, holds 361,779,557 shares of the Company, accounting for 21.05% of the Company's total share capital. He cumulatively holds 54,850,000 pledged shares, accounting for 15.16% of the Company's total shares and 3.19% of the Company's total share capital.

As at the date of Auditor's Report, Mr. Wang Wei, the beneficial owner of the Company, holds 132,446,600 shares of the Company, accounting for 7.71% of the Company's total share capital. He cumulatively holds 15,400,000 pledged shares, accounting for 11.63% of the Company's total shares and 0.90% of the Company's total share capital.

15.2.2 Offsetting of financial assets and financial liabilities

The Company signed a contract with the bank to carry out the financing business of import trade, and deposited the loan for imported materials in the bank as a pledge to make payment for imported materials. Subject to the relevant agreement, the Company has no right to dispose of the amount deposited in the margin account, and does not have to bear any other debt except the paid margin. But the Company has the legal right to offset the recognized amount, under which case, the Company can make settlement on a net basis to offset the relevant financial assets against financial liabilities. At the end of the reporting period, the Company has offset the deposit margin of USD329,361,900 against short-term loans.

16. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

16.1 Accounts receivable

16.1.1 Aging analysis of accounts receivable

Aging	Ending balance	Beginning balance
Within 1 year		
Including: Within 1 year (0-6 months, 6 months-1 year)		
Within a half year (including a half year)	7,484,693,151.88	8,171,537,786.60
6 months-1 year (including 1 year)	15,951,124.64	31,514,444.94
Subtotal within 1 year	7,500,644,276.52	8,203,052,231.54
1-2 years	97,972,143.78	30,963,384.80
2-3 years	881,729.00	91,737.00
Over 3 years	10,450,476.42	206,126,436.70
Subtotal	7,609,948,625.72	8,440,233,790.04
Less: Provision for doubtful accounts	21,309,765.72	210,826,018.53
Total	7,588,638,860.00	8,229,407,771.51

16.1.2 Disclosure of accounts receivable by provision for doubtful accounts

Category	Ending balance				Carrying amount
	Original amount		Provision for doubtful accounts		
	Amount	Proportion	Amount	Proportion of provision	
		(%)		(%)	
Accounts receivable subject to individual provision for doubtful accounts . . .					
Including:					
Accounts receivable with individually insignificant amount and subject to individual provision for doubtful accounts					
Accounts receivable subject to provision for doubtful accounts on grouping basis	7,609,948,625.72	100.00	21,309,765.72	0.28	7,588,638,860.00
Including:					
Aging analysis group	4,132,264,438.68	54.30	21,309,765.72	0.52	4,110,954,672.96
Related parties within the scope of consolidation	3,477,684,187.04	45.70			3,477,684,187.04
Total	7,609,948,625.72	100.00	21,309,765.72		7,588,638,860.00

(continued)

Category	Beginning balance				Carrying amount
	Original amount		Provision for doubtful accounts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable subject to individual provision for doubtful accounts. . .	198,396,606.29	2.35	198,396,606.29	100.00	
Including:					
Accounts receivable with individually insignificant amount and subject to individual provision for doubtful accounts.	198,396,606.29		198,396,606.29		
Accounts receivable subject to provision for doubtful accounts on grouping basis	8,241,837,183.75	97.65	12,429,412.24	0.15	8,229,407,771.51
Including:					
Aging analysis group	6,142,497,006.01	72.78	12,429,412.24	0.20	6,130,067,593.77
Related parties within the scope of consolidation . .	2,099,340,177.74	24.87			2,099,340,177.74
Total.	8,440,233,790.04	100.00	210,826,018.53		8,229,407,771.51

Accounts receivable subject to provision for doubtful accounts on grouping basis:

Items for provision on grouping basis:

Item	Ending balance		
	Accounts receivable	Provision for doubtful accounts	Proportion of provision (%)
Aging analysis group			
Including:			
Within 6 months (including 6 months)	4,007,008,964.84		
6 months-1 year (including 1 year)	15,951,124.64	797,556.23	5.00
Subtotal within 1 year.	4,022,960,089.48	797,556.23	
1-2 years (including 2 years)	97,972,143.78	9,797,214.37	10.00
2-3 years (including 3 years)	881,729.00	264,518.70	30.00
Over 3 years	10,450,476.42	10,450,476.42	100.00
Total	4,132,264,438.68	21,309,765.72	

16.1.3 Provision, reversal or recovery of provision for doubtful accounts in this period:

Category	Beginning balance before adjustment	Current change			Ending balance
		Provision	Reversal or recovery	Write off or cancellation	
Individual provision for doubtful accounts	198,396,606.29		3,681,823.40	194,714,782.89	
Provision for doubtful accounts on a group basis	12,429,412.24	8,880,353.48			21,309,765.72
Total	210,826,018.53	8,880,353.48	3,681,823.40	194,714,782.89	21,309,765.72

16.1.4 Accounts receivable actually written off in this period

Item	Amount written off
Accounts receivable actually written off	194,714,782.89

Written-off information of the significant accounts receivable:

Company name	Nature of accounts receivable	Amount written-off	Reason	Procedure fulfilled	Whether the amount arises from related transactions
Dongguan Jinming Electronics Co., Ltd.	Goods payment	140,984,497.74	The lawsuit has been closed and the customer is unable to repay	Examined and approved by the Board of Directors	No
Dongguan Goldex Communication Technology Co., Ltd.	Goods payment	31,806,181.76	The lawsuit has been closed and the customer is unable to repay	Examined and approved by the Board of Directors	No
Zerotech (Beijing) Technology Co., Ltd.	Goods payment	9,942,730.27	The lawsuit has been closed and the customer is unable to repay	Examined and approved by the Board of Directors	No
Letv Chuangjing Technology (Beijing) Co., Ltd.	Goods payment	2,615,333.92	The lawsuit has been closed and the customer is unable to repay	Examined and approved by the Board of Directors	No
Lemobile Information Technology (Beijing) Co., Ltd.	Goods payment	9,366,039.20	The lawsuit has been closed and the customer is unable to repay	Examined and approved by the Board of Directors	No
Total		194,714,782.89			

16.1.5 Top five accounts receivable in “ending balance” collected by debtor

The total amount of the top five accounts receivable in the ending balance collected by the debtor is RMB4,867,516,972.89, accounting for 63.96% of the total year-end balance of accounts receivable, and the total amount of the year-end balance of doubtful account reserves withdrawn is RMB124,567.49.

16.1.6 Accounts receivable derecognized for transfer of financial assets

Item	Amount derecognized	Way of transfer of financial assets	Gain or loss related to derecognition
Accounts receivable . . .	185,787,159.52	Sell the financial assets without any claim right	-1,604,989.71
Total	185,787,159.52		-1,604,989.71

16.2 Receivables financing

16.2.1 Receivables financing

Item	Ending balance	Beginning balance
Notes receivable	34,066,255.28	32,152,050.21
Total	34,066,255.28	32,152,050.21

16.2.2 Movement of receivables financing and fair value change

Item	Beginning balance	Additions during the year	Current amount derecognized	Other changes	Ending balance	Accumulative loss provision recognized in other comprehensive incomes
Notes receivable.	32,152,050.21	111,527,395.31	109,613,190.24		34,066,255.28	
Total	32,152,050.21	111,527,395.31	109,613,190.24		34,066,255.28	

16.2.3 Notes receivable pledged at the ending of the reporting period

Item	Amount pledged at the ending of the period
Bank acceptance draft	22,104,081.25
Total	22,104,081.25

16.2.4 Notes receivable endorsed or discounted by the Company at the ending of the reporting period and not yet due on the balance sheet date

Item	Amount derecognized at the ending of the period	Amount non-derecognized at the ending of the period
Bank acceptance draft	799,496,147.39	
Total	799,496,147.39	

16.3 Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividend receivable		
Other receivables	6,064,146,682.88	5,312,253,217.88
Total	6,064,146,682.88	5,312,253,217.88

16.3.1 *Other receivables*

(1) *Disclosure of other receivables by aging*

Aging	Ending balance	Beginning balance
Within 1 year		
Including: within 1 year (0-6 months, 6 months-1 year)		
Within 6 months (including 6 months)	6,031,722,550.21	5,283,595,377.76
6 months-1 year (including 1 year)	10,707,946.53	4,500,303.34
Subtotal within 1 year	6,042,430,496.74	5,288,095,681.10
1-2 years	8,649,967.15	7,720,551.06
2-3 years	20,666,590.04	24,905,794.29
Over 3 years	37,488,925.34	33,212,593.48
Subtotal	6,109,235,979.27	5,353,934,619.93
Less: Provision for doubtful accounts	45,089,296.39	41,681,402.05
Total	6,064,146,682.88	5,312,253,217.88

(2) *Provision for doubtful accounts*

	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in 12 months in the future	Expected credit losses of the entire duration (no credit impairment occurred)	Expected credit loss of the entire duration (credit impairment occurred)	
Provision for doubtful accounts				
Beginning balance before adjustment	11,187,957.61		30,493,444.44	41,681,402.05
Beginning balance in current period				
— Transfer to stage 2				
— Transfer to stage 3				
— Transfer back to stage 2				
— Transfer back to stage 1				
Accrual in this period	3,407,894.34			3,407,894.34
Reversal in this period				
Write-off in this period				
Cancellation in this period				
Other changes				
Ending balance	14,595,851.95		30,493,444.44	45,089,296.39

(3) *Provision for doubtful accounts*

Category	Beginning balance	Current change			Ending balance
		Provision	Reversal or recovery	Write off or cancellation	
Provision for doubtful accounts on credit risk group	41,681,402.05	3,407,894.34			45,089,296.39
Total	41,681,402.05	3,407,894.34			45,089,296.39

(4) *Category of other receivables by nature*

Nature	Ending balance	Beginning balance
Deposit from financing lease	14,300,000.00	14,300,000.00
Other margin and deposits	23,846,924.23	32,976,492.28
Export rebates		56,817,187.92
Other current accounts	25,610,258.21	25,255,081.50
Related party transactions	6,014,985,352.39	5,194,092,413.79
Equity transfer fund receivable	30,493,444.44	30,493,444.44
Total	6,109,235,979.27	5,353,934,619.93

(5) *Top five other receivables by the debtor at the end of the period*

Company name	Nature	Ending balance	Aging	Proportion in total ending balance of other receivables (%)	Ending balance of provision for doubtful accounts
No. 1	Internal related party transaction	1,247,040,969.68	Within 6 months	20.41	
No. 2	Internal related party transaction	947,832,661.29	Within 6 months	15.51	
No. 3	Internal related party transaction	918,924,453.22	Within 6 months	15.04	
No. 4	Internal related party transaction	552,646,031.56	Within 6 months	9.05	
No. 5	Internal related party transaction	534,617,336.03	Within 6 months	8.75	
Total	4,201,061,451.78			68.76	

16.4 Long-term equity investments

Item	Ending balance			Beginning balance		
	Original amount	Provision for impairment	Carrying amount	Original amount	Provision for impairment	Carrying amount
Investment in subsidiaries . . .	8,464,537,301.33		8,464,537,301.33	8,523,809,746.18		8,523,809,746.18
Investment in associates and joint ventures . .	157,095,492.08	10,170,099.53	146,925,392.55	10,170,099.53	10,170,099.53	
Total	8,621,632,793.41	10,170,099.53	8,611,462,693.88	8,533,979,845.71	10,170,099.53	8,523,809,746.18

16.4.1 Investment in subsidiaries

<u>Investee</u>	<u>Beginning balance</u>	<u>Additions during the year</u>	<u>Decrease during the year</u>	<u>Ending balance</u>	<u>Current provision for impairment</u>	<u>Ending balance of provision for impairment</u>
Xinwei Electronic	9,398,924.11	284,702.15		9,683,626.26		
Xinwei Hong Kong	71,449,392.74			71,449,392.74		
Huizhou New Energy	3,970,612,873.46	15,939,169.39		3,986,552,042.85		
Sunwoda Electric Vehicle						
Battery	3,078,397.83			3,078,397.83		
Sunwoda Electrical	65,365,276.32	1,215,981.46		66,581,257.78		
PTL	25,588,718.35	508,393.27		26,097,111.62		
Qianhai Hongsheng	160,912,422.05	1,178,711.03		162,091,133.08		
Dongguan Liwinon	1,081,383,259.71	1,981,203.46		1,083,364,463.17		
Integrated Energy	112,038,017.47	2,088,164.28		114,126,181.75		
Sunwoda Intelligent						
Technology	64,588,698.37	2,419,238.32		67,007,936.69		
Shenzhen Sunwinon	72,464,148.78	4,590,976.46		77,055,125.24		
Nanjing Sunwoda	100,000,000.00		100,000,000.00			
Shenzhen Sunynn	20,060,553.93	146,045.57		20,206,599.50		
Zhejiang Sunwoda	533,037,328.24	1,114,495.55		534,151,823.79		
Zhejiang Xindong Energy	35,612,438.62	2,036,457.11		37,648,895.73		
Huizhou Liwinon	2,185,150,684.68	4,784,977.08		2,189,935,661.76		
Superstar	13,068,611.52	2,416,495.37		15,485,106.89		
Sunwoda Property		22,544.65		22,544.65		
Total	8,523,809,746.18	40,727,555.15	100,000,000.00	8,464,537,301.33		

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(Monetary units in the Financial Statements are expressed in RMB unless otherwise stated)

16.4.2 Investment in associates and joint ventures

Investee	Beginning balance	Additional investment	Decrease in investment	Movement						Ending balance	Ending balance of provision for impairment
				Profit and loss on investments recognized under the equity method	Adjustments to other comprehensive income	Changes in other equities	Cash dividends or profits declared to be	Provision for impairment	Others		
I. Associates . . .											
Xingzhiyoudao (Shenzhen) Auto Service Co., Ltd. . . .											10,014,453.68
Intelligent Cloud Apparel Technology Research Institute (Shenzhen) Co., Ltd. . . .											155,645.85
Guizhou Hengda Mining Holdings Co., Ltd.		147,000,000.00		-74,607.45						146,925,392.55	
Subtotal		147,000,000.00		-74,607.45						146,925,392.55	10,170,099.53
Total		147,000,000.00		-74,607.45						146,925,392.55	10,170,099.53

16.5 Operating revenue and cost of sales

16.5.1 Presentation of operating revenue and cost of sales

Item	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
Primary business . . .	11,222,235,504.53	10,237,559,795.17	9,767,669,796.20	8,959,151,585.47
Other business	197,323,454.73	188,176,454.77	19,320,042.83	16,611,057.43
Total	11,419,558,959.26	10,425,736,249.94	9,786,989,839.03	8,975,762,642.90

Breakdown of operating revenue:

Item	Current period	Prior period
Contract income.	11,419,558,959.26	9,786,989,839.03
Lease income.		
Total.	11,419,558,959.26	9,786,989,839.03

16.5.2 Contractual income

Contract classification	Current period
Classified by commodities:	
3C battery	9,504,062,467.00
ESS	114,444,701.59
Smart hardware	717,487,478.83
Precision structural parts	
Others	1,083,564,311.84
Total	11,419,558,959.26
Classified by operating areas:	
Domestic	4,116,580,776.76
Overseas	7,302,978,182.50
Total	11,419,558,959.26

16.6 Investment income

Item	Current period	Prior period
Investment income from long-term equity measured under equity method	-74,607.45	
Investment income from disposal of financial assets held for trading	-2,402,641.54	11,183,724.46
Investment income from other non-current financial assets during holding period	6,292,653.22	6,400,000.00
Investment income from disposal of other non-current financial assets	1,241,409.09	
Total	5,056,813.32	17,583,724.46

17. SUPPLEMENTARY INFORMATION

17.1 Breakdown of current non-recurring profits and losses

Item	Amount	Note
Profit and loss on disposal of non-current assets	-11,372,724.98	
Government subsidies included in profit or loss (except the government subsidies which are closely related to the enterprise business, obtained by quota or quantity at unified state standards)	185,892,400.29	
Profit and loss from changes in fair value of the financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities; and the investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities and other creditor's rights investment, except the effective hedge business related to the normal business of the Company.	-29,557,252.66	
Reversal of receivables and contract assets subject to independent impairment test	3,145,729.73	
Other non-operating income and expenses except the above items	12,891,620.55	
Other profits or losses conforming to non-recurring profits and losses		
Subtotal	160,999,772.93	
Effect of income tax	-30,870,895.72	
Effect of non-controlling interests (after tax)	-5,066,190.38	
Total	125,062,686.83	

17.2 Return on equity and earnings per share

Profit for the reporting period	Weighted average return on equity	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
	(%)		
Net profit attributable to ordinary shareholders of the Company	2.65	0.22	0.22
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profits and losses	1.76	0.15	0.14

Sunwoda Electronic Co., Ltd.
(Official Seal)
24 August 2022