



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

## AUDITOR'S REPORT

XYZH/2022SZAA50099

To the shareholders of Sunwoda Electronic Co., Ltd.:

### I. OPINION

We have audited the financial statements of Sunwoda Electronic Co., Ltd. (“Sunwoda”), which comprise the consolidated and the Company’s balance sheets as at 31 December 2021, the consolidated and the Company’s income statements, the consolidated and the Company’s statements of cash flows the consolidated and the Company’s statements of changes in owners’ equity for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements of Sunwoda present fairly, in all material respects, the consolidated and the Company’s financial position as at 31 December 2021, the consolidated and the Company’s financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

### II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing (“CSAs”) Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of Sunwoda in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

### III. OTHER INFORMATION

The management of Sunwoda (hereinafter referred to as the “Management”) is responsible for the other information. The other information comprises the information included in the Sunwoda 2021 annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

#### **IV. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

The Management is responsible for the preparation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible to overseeing Sunwoda's financial reporting process.

#### **V. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sunwoda's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements in accordance with the auditing standards or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Sunwoda to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosure), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Sunwoda to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with those relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and related safeguards, where applicable.

ShineWing Certified Public Accountants LLP

Certified Public Accountant of China:  
(Project Partner)

Certified Public Accountant of China:

Beijing, China

11 April 2022

**Sunwoda Electronic Co., Ltd.**

**CONSOLIDATED BALANCE SHEET**

**As at 31 December 2021**

**(All amounts expressed in RMB unless otherwise stated)**

Assets	Note 6	Ending balance	Beginning balance
Current assets:			
Cash and cash equivalents . . . . .	6.1	8,367,662,296.66	4,595,371,501.69
Financial assets held for trading . . . . .	6.2		10,237,990.02
Derivative financial assets . . . . .			
Notes receivable . . . . .			
Accounts receivable . . . . .	6.3	8,551,739,821.22	7,508,406,084.48
Receivables financing . . . . .	6.4	214,371,645.95	321,122,653.88
Advances to suppliers . . . . .	6.5	388,571,701.52	66,593,946.37
Other receivables . . . . .	6.6	241,177,975.56	322,771,924.26
Inventories . . . . .	6.7	7,635,337,445.87	5,120,848,302.50
Contract assets . . . . .			
Assets held for sale . . . . .			
Non-current assets due within			
one year . . . . .	6.8	124,558,611.19	34,439,277.46
Other current assets . . . . .	6.9	959,843,597.85	696,891,065.73
<b>Total current assets . . . . .</b>		<b>26,483,263,095.82</b>	<b>18,676,682,746.39</b>
Non-current assets:			
Creditor's rights investment . . . . .			
Other creditor's rights investment . . . . .			
Long-term receivables . . . . .	6.10	331,931,851.41	
Long-term equity investments . . . . .	6.11	216,363,626.87	316,358,923.53
Other equity instrument investment . . . . .			
Other non-current financial assets . . . . .	6.12	815,605,738.60	764,694,115.94
Investment property . . . . .			
Fixed assets . . . . .	6.13	8,428,367,873.76	5,935,854,403.87
Construction in progress . . . . .	6.14	2,015,739,313.97	1,915,029,869.57
Right of use assets . . . . .	6.15	648,842,691.24	
Intangible assets . . . . .	6.16	648,196,203.51	749,623,286.69
Development expenditures . . . . .			
Goodwill . . . . .	6.17	70,728,600.15	70,728,600.15
Long-term deferred expenses . . . . .	6.18	1,417,033,023.87	1,301,318,815.75
Deferred tax assets . . . . .	6.19	273,540,701.17	222,340,057.44
Other non-current assets . . . . .	6.20	1,278,818,713.13	719,571,313.74
<b>Total non-current assets . . . . .</b>		<b>16,145,168,337.68</b>	<b>11,995,519,386.68</b>
<b>Total assets . . . . .</b>		<b>42,628,431,433.50</b>	<b>30,672,202,133.07</b>

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

<u>Liabilities and Owners' Equity</u>	<u>Note 6</u>	<u>Ending balance</u>	<u>Beginning balance</u>
Current liabilities: . . . . .			
Short-term borrowings . . . . .	6.21	6,296,494,585.04	6,150,952,106.32
Financial liabilities held for trading . . . . .	6.22	25,674.94	
Derivative financial liabilities . . . . .			
Notes payable . . . . .	6.23	3,680,833,300.96	2,726,862,444.18
Accounts payable . . . . .	6.24	9,684,699,872.84	7,066,202,374.64
Advances from customers . . . . .			
Contract liabilities . . . . .	6.25	408,878,458.94	321,286,279.55
Employees' benefits payable . . . . .	6.26	672,124,282.12	545,578,876.57
Taxes and surcharges payable . . . . .	6.27	95,563,787.70	108,410,824.19
Other payables . . . . .	6.28	533,265,218.34	928,621,522.55
Liabilities held for sale . . . . .			
Non-current liabilities due within			
one year . . . . .	6.29	1,579,756,235.56	701,741,236.92
Other current liabilities . . . . .	6.30	1,105,613,295.10	237,274,931.90
<b>Total current liabilities . . . . .</b>		<b>24,057,254,711.54</b>	<b>18,786,930,596.82</b>
Non-current liabilities:			
Long-term borrowings . . . . .	6.31	2,204,968,691.24	1,650,632,290.25
Bonds payable . . . . .	6.32	994,393,616.16	2,008,188,216.88
Including: Preferred stocks . . . . .			
Perpetual debts . . . . .			
Lease liabilities . . . . .	6.33	572,228,765.81	
Long-term payables . . . . .	6.34	213,192,010.39	302,848,665.63
Long-term employees' benefits payable . . . . .			
Provisions . . . . .	6.35	127,493,020.40	44,497,619.66
Deferred income . . . . .	6.36	523,167,839.50	555,240,548.21
Deferred tax liabilities . . . . .	6.19	82,909,399.95	62,759,979.33
Other non-current liabilities . . . . .	6.37	104,716,455.57	113,708,288.50
<b>Total non-current liabilities . . . . .</b>		<b>4,823,069,799.02</b>	<b>4,737,875,608.46</b>
<b>Total liabilities . . . . .</b>		<b>28,880,324,510.56</b>	<b>23,524,806,205.28</b>
Owners' equity:			
Share capital . . . . .	6.38	1,718,957,276.00	1,574,979,031.00
Other equity instrument . . . . .	6.39		72,174,079.25
Including: Preferred stocks . . . . .			
Perpetual debts . . . . .			
Capital reserves . . . . .	6.40	7,453,485,081.14	2,228,172,564.86
Less: Treasury stocks . . . . .	6.41	226,359,606.70	368,614,935.00
Other comprehensive income . . . . .	6.42	-158,017.64	2,138,548.46
Special reserves . . . . .			
Surplus reserves . . . . .	6.43	638,362,496.61	507,131,632.53
General risk reserves . . . . .			
Undistributed profits . . . . .	6.44	3,445,778,924.09	2,803,039,775.29
Total equity attributable to owners of the			
Company . . . . .		13,030,066,153.50	6,819,020,696.39
Non-controlling interests . . . . .		718,040,769.44	328,375,231.40
<b>Total owners' equity . . . . .</b>		<b>13,748,106,922.94</b>	<b>7,147,395,927.79</b>
<b>Total liabilities and owners' equity . . . . .</b>		<b>42,628,431,433.50</b>	<b>30,672,202,133.07</b>

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

**Sunwoda Electronic Co., Ltd.**

**THE COMPANY'S BALANCE SHEET**

**As at 31 December 2021**

**(All amounts expressed in RMB unless otherwise stated)**

Assets	Note 16	December 31, 2021	December 31, 2020
Current assets:			
Cash and cash equivalents . . . . .		3,587,066,790.04	2,884,402,353.36
Financial assets held for trading . . . . .			10,037,990.02
Derivative financial assets . . . . .			
Notes receivable . . . . .			
Accounts receivable . . . . .	16.1	8,229,407,771.51	7,201,826,041.58
Receivables financing . . . . .	16.2	32,152,050.21	216,959,449.50
Advances to suppliers . . . . .		59,067,303.93	17,246,572.49
Other receivables . . . . .	16.3	5,312,253,217.88	5,899,018,285.56
Inventories . . . . .		2,528,724,013.04	1,954,405,464.68
Contract assets . . . . .			
Assets held for sale . . . . .			
Non-current assets due within one year . . . . .		45,394,873.83	32,068,885.01
Other current assets . . . . .		92,459,510.47	68,650,633.22
<b>Total current assets . . . . .</b>		<b>19,886,525,530.91</b>	<b>18,284,615,675.42</b>
Non-current assets:			
Creditor's right investment . . . . .			
Other creditor's right investment . . . . .			
Long-term receivables . . . . .		29,232,081.25	
Long-term equity investments . . . . .	16.4	8,523,809,746.18	4,911,849,635.94
Other equity instrument investment . . . . .			
Other non-current financial assets . . . . .		408,132,297.50	637,787,142.94
Investment property . . . . .			
Fixed assets . . . . .		2,758,099,608.28	2,090,685,126.41
Construction in progress . . . . .		277,134,814.46	213,920,016.02
Right of use assets . . . . .		182,825,074.02	
Intangible assets . . . . .		138,369,362.61	143,880,642.74
Development expenditures . . . . .			
Goodwill . . . . .			
Long-term deferred expenses . . . . .		175,797,624.21	145,842,208.26
Deferred tax assets . . . . .		13,306,220.38	
Other non-current assets . . . . .		145,530,921.92	153,189,293.11
<b>Total non-current assets . . . . .</b>		<b>12,652,237,750.81</b>	<b>8,297,154,065.42</b>
<b>Total assets . . . . .</b>		<b>32,538,763,281.72</b>	<b>26,581,769,740.84</b>

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



<u>Liabilities and Owners' Equity</u>	<u>Note 16</u>	<u>Ending balance</u>	<u>Beginning balance</u>
Current liabilities:			
Short-term borrowings . . . . .		4,911,820,262.63	4,986,406,008.95
Financial liabilities held for trading . . . . .		25,674.94	
Derivative financial liabilities . . . . .			
Notes payable . . . . .		2,886,367,450.86	2,367,212,786.32
Accounts payable . . . . .		6,086,270,841.44	5,180,650,479.90
Advances from customers . . . . .			
Contract liabilities . . . . .		291,055,443.25	213,574,788.25
Employees' benefits payable . . . . .		134,169,846.22	129,051,980.58
Taxes and surcharges payable . . . . .		27,413,112.69	16,663,127.20
Other payables . . . . .		737,815,776.53	1,497,716,353.82
Liabilities held for sale . . . . .			
Non-current liabilities due within			
one year . . . . .		980,848,851.77	399,238,623.37
Other current liabilities . . . . .		128,544,255.18	111,734,225.88
<b>Total current liabilities . . . . .</b>		<b>16,184,331,515.51</b>	<b>14,902,248,374.27</b>
Non-current liabilities:			
Long-term borrowings . . . . .		365,908,883.49	1,137,060,000.00
Bonds payable . . . . .		994,393,616.16	2,008,188,216.88
Including: Preferred stocks . . . . .			
Perpetual debts . . . . .			
Lease liabilities . . . . .		113,222,534.90	
Long-term payables . . . . .			86,885,175.51
Long-term employees' benefits payable . . . . .			
Provisions . . . . .			
Deferred income . . . . .		125,857,954.06	119,527,043.37
Deferred tax liabilities . . . . .			9,969,679.73
Other non-current liabilities . . . . .			
<b>Total non-current liabilities . . . . .</b>		<b>1,599,382,988.61</b>	<b>3,361,630,115.49</b>
<b>Total liabilities . . . . .</b>		<b>17,783,714,504.12</b>	<b>18,263,878,489.76</b>
Owners' equity:			
Share capital . . . . .		1,718,957,276.00	1,574,979,031.00
Other equity instrument . . . . .			72,174,079.25
Including: Preferred stocks . . . . .			
Perpetual debts . . . . .			
Capital reserves . . . . .		7,790,421,632.43	2,769,359,281.46
Less: Treasury stocks . . . . .		226,359,606.70	368,614,935.00
Other comprehensive income . . . . .			
Special reserves . . . . .			
Surplus reserves . . . . .		638,362,496.61	507,131,632.53
Undistributed profits . . . . .		4,833,666,979.26	3,762,862,161.84
<b>Total owners' equity . . . . .</b>		<b>14,755,048,777.60</b>	<b>8,317,891,251.08</b>
<b>Total liabilities and owners' equity . . . . .</b>		<b>32,538,763,281.72</b>	<b>26,581,769,740.84</b>

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



**Sunwoda Electronic Co., Ltd.**

**CONSOLIDATED INCOME STATEMENT**

**For the Year Ended 31 December 2021**

**(All amounts expressed in RMB unless otherwise stated)**

Item	Note 6	Year 2021	Year 2020
I. Total revenue . . . . .		37,358,723,512.07	29,692,307,885.29
Including: Operating revenue . . . . .	6.45	37,358,723,512.07	29,692,307,885.29
II. Total cost . . . . .		36,612,070,911.42	29,081,318,838.28
Including: Cost of sales . . . . .	6.45	31,871,755,704.21	25,354,043,779.18
Taxes and surcharges . . . . .	6.46	117,529,553.20	104,113,384.00
Selling expenses . . . . .	6.47	280,389,676.14	179,019,943.59
Administrative expenses . . . . .	6.48	1,493,521,414.51	1,137,363,114.44
Research and development expenses . . . . .	6.49	2,326,672,631.71	1,806,287,309.25
Finance expenses. . . . .	6.50	522,201,931.65	500,491,307.82
Including: Interest expenses. . . . .		525,998,966.21	418,243,919.26
Interest incomes . . . . .		92,317,193.02	93,693,920.19
Add: Other incomes. . . . .	6.51	249,229,942.45	171,121,754.79
Investment income (“-” for losses) . . . . .	6.52	36,981,005.91	46,366,010.69
Including: Income from investment in associates and joint ventures . . . . .		-13,561,456.64	66,664,176.20
Incomes from derecognized financial assets measured at amortized cost . . . . .			
Incomes from change in fair value (“-” for loss) . . . . .	6.53	-23,678,962.06	435,719,990.08
Losses on credit impairment (“-” for losses) . . . . .	6.54	-16,142,694.16	-62,911,933.19
Losses on assets impairment (“-” for losses) . . . . .	6.55	-164,566,719.16	-212,250,532.97
Incomes from assets disposal (“-” for losses) . . . . .	6.56	158,890,193.02	-11,703,813.91
III. Operating profits (“-” for losses). . . . .		987,365,366.65	977,330,522.50
Add: Non-operating income. . . . .	6.57	56,634,294.20	47,387,568.86
Less: Non-operating expense . . . . .	6.58	25,918,476.97	57,462,702.15
IV. Total profits (“-” for total losses). . . . .		1,018,081,183.88	967,255,389.21
Less: Income tax expenses . . . . .	6.59	163,088,227.05	166,994,064.29
V. Net profits (“-” for net losses) . . . . .		854,992,956.83	800,261,324.92
(I) Classified by continued operation. . . . .			
1. Net profits from continued operation (“-” for net losses) . . . . .		854,992,956.83	800,261,324.92
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) . . . . .		915,654,084.18	801,955,406.21
2. Profits or losses attributable to non-controlling shareholders (“-” for net losses) . . . . .		-60,661,127.35	-1,694,081.29
VI. Net amount of other comprehensive income after tax . . . . .		-2,296,591.69	2,747,179.23
Net amount of other comprehensive income after tax attributable to owners of the Company . . . . .		-2,296,566.10	2,747,070.86

Item	Note 6	Year 2021	Year 2020
(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 . . . . .		-2,296,566.10	2,747,070.86
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 . . . . .		-2,296,566.10	2,747,070.86
7. Others . . . . .			
Net amount of other comprehensive income after tax attributable to non-controlling shareholders . . . . .		-25.59	108.37
VII. Total comprehensive income . . . . .		852,696,365.14	803,008,504.15
Total comprehensive income attributable to owners of the Company. . . . .		913,357,518.08	804,702,477.07
Total comprehensive income attributable to non-controlling shareholders . . . . .		-60,661,152.94	-1,693,972.92
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share) . . . . .	6.60	0.58	0.52
(II) Diluted earnings per share (RMB/share) . . . . .	6.60	0.57	0.52

In case of business combinations under common control in 2021, the net profit realized by the investee before combination is RMB\_\_\_\_, and the net profit realized by the investee in 2020 is RMB\_\_\_\_\_.

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 Year Ended 31 December 2021

(All amounts expressed in RMB unless otherwise stated)

Item	Note 16	Year 2021	Year 2020
I. Operating revenue . . . . .	16.5	23,319,267,704.97	26,563,065,744.48
Less: Cost of sales . . . . .	16.5	21,171,656,691.32	23,982,853,919.94
Taxes and surcharges . . . . .		37,697,753.56	55,841,751.85
Selling expenses . . . . .		46,589,454.07	63,401,753.40
Administrative expenses . . . . .		510,439,528.43	519,681,339.30
Research and development expenses . . . . .		705,461,267.88	872,185,221.80
Finance expenses . . . . .		-232,109,331.66	325,780,019.19
Including: Interest expenses . . . . .		372,304,107.27	319,238,254.19
Interest incomes . . . . .		622,091,175.09	88,919,112.46
Add: Other incomes . . . . .		102,629,624.07	113,943,603.57
Investment income ("-" for losses) . . . . .	16.6	382,708,800.27	-20,306,596.26
Including: Income from investment in associates and joint ventures . . . . .			
Income from derecognition of financial assets measured at amortized cost . . . . .			
Income from changes in fair value ("-" for losses) . . . . .		-178,342,155.84	500,009,982.73
Loss on credit impairment ("-" for losses) . . . . .		-7,896,913.09	-52,506,811.53
Loss on assets impairment ("-" for losses) . . . . .		-11,466,524.82	-15,470,338.22
Income from assets disposal ("-" for losses) . . . . .		-5,270,247.67	-9,794,285.80
II. Operating profits ("-" for losses) . . . . .		1,361,894,924.29	1,259,197,293.49
Add: Non-operating income . . . . .		27,265,461.74	28,042,032.39
Less: Non-operating expense . . . . .		8,999,403.94	28,763,500.26
III. Total profits ("-" for total loss) . . . . .		1,380,160,982.09	1,258,475,825.62
Less: Income tax expenses . . . . .		56,008,757.24	99,506,528.85
IV. Net profits ("-" for net losses) . . . . .		1,324,152,224.85	1,158,969,296.77
Net profits from continued operation ("-" for losses) . . . . .		1,324,152,224.85	1,158,969,296.77
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	Year 2021	Year 2020
(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 . . . . .		1,324,152,224.85	1,158,969,296.77
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 Year Ended 31 December 2021

(All amounts expressed in RMB unless otherwise stated)

Item	Note 6	Year 2021	Year 2020
<b>I. Cash flows from operating activities</b> . . . . .			
Cash received from sale of goods and rendering of services . . . . .		40,671,757,043.99	31,610,303,954.19
Refunds of taxes and surcharges . . . . .		563,874,089.60	484,023,880.01
Cash received from other operating activities . . . . .	6.61	426,142,761.10	460,771,861.90
Sub-total of cash inflows from operating activities . . . . .		41,661,773,894.69	32,555,099,696.10
Cash paid for goods purchased and services received . . . . .		33,146,216,707.25	27,732,815,731.56
Cash paid to and on behalf of employees . . . . .		4,714,150,547.91	3,217,482,657.14
Cash paid for taxes and surcharges . . . . .		846,492,239.64	441,685,759.12
Cash paid for other operating activities . . . . .	6.61	1,320,746,191.71	919,028,122.63
Sub-total of cash outflows from operating activities . . . . .		40,027,605,686.51	32,311,012,270.45
<b>Net cash flows from operating activities</b> . . . . .		1,634,168,208.18	244,087,425.65
<b>II. Cash flows from investment activities</b> . . . . .			
Cash received from investment recovery . . . . .		76,413,757.97	4,989,799.66
Cash received from returns on investments . . . . .		174,169,752.07	57,319,015.66
Net cash received from disposal of fixed assets, intangible assets and other long-term assets . . . . .		204,446,964.09	13,294,623.33
Net cash received from disposal of subsidiaries and other business units . . . . .			1.00
Cash received from other investment activities . . . . .	6.61		11,801,673.51
Sub-total of cash inflows from investment activities . . . . .		455,030,474.13	87,405,113.16
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets . . . . .		3,860,213,155.35	3,360,072,435.72
Cash paid for investments . . . . .		340,270,633.71	88,966,309.46
Net cash paid for acquiring subsidiaries and other business units . . . . .			
Cash paid for other investment activities . . . . .	6.61	80,533.00	
Sub-total of cash outflows from investment activities . . . . .		4,200,564,322.06	3,449,038,745.18
<b>Net cash flows from investment activities</b> . . . . .		-3,745,533,847.93	-3,361,633,632.02
<b>III. Cash flows from financing activities</b> . . . . .			
Cash received from investment absorption . . . . .		4,565,392,809.72	278,170,000.00
Including: Cash received by subsidiaries from investments of non-controlling shareholders . . . . .		684,222,600.00	191,500,000.00
Cash received from borrowings . . . . .		10,563,074,895.98	11,858,797,002.79
Cash received from other financing activities . . . . .	6.61	1,178,881,055.50	2,491,668,773.46
Sub-total of cash inflows from financing activities . . . . .		16,307,348,761.20	14,628,635,776.25
Cash paid for debt repayments . . . . .		8,993,991,236.21	9,011,754,489.79
Cash paid for distribution of dividends and profits or interest payment . . . . .		559,106,595.39	413,963,048.75

Item	Note 6	Year 2021	Year 2020
Including: Dividends and profits paid to non-controlling shareholders by subsidiaries . . . . .		3,566,350.96	
Cash paid for other financing activities . . . . .	6.61	1,560,275,924.86	1,459,880,858.47
Sub-total of cash outflows from financing activities . . . . .		11,113,373,756.46	10,885,598,397.01
<b>Net cash flows from financing activities . . . . .</b>		<b>5,193,975,004.74</b>	<b>3,743,037,379.24</b>
<b>IV. Implication of exchange rate changes on cash and cash equivalents . . . . .</b>		<b>-3,707,664.92</b>	<b>-50,101,582.03</b>
<b>V. Net increase in cash and cash equivalents . . . . .</b>	<b>6.62</b>	<b>3,078,901,700.07</b>	<b>575,389,590.84</b>
Add: Beginning balance of cash and cash equivalents . . . . .	6.62	2,362,810,717.86	1,787,421,127.02
<b>VI. Ending balance of cash and cash equivalents . . . . .</b>		<b>5,441,712,417.93</b>	<b>2,362,810,717.86</b>

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

Sunwoda Electronic Co., Ltd.

THE COMPANY'S STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2021

(All amounts expressed in RMB unless otherwise stated)

Item	Note	Year 2021	Year 2020
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods and rendering of services		23,960,334,964.66	29,219,991,186.94
Refunds of taxes and surcharges		521,555,497.42	458,715,903.76
Cash received from other operating activities		2,929,579,285.83	1,511,989,220.96
Sub-total of cash inflows from operating activities		27,411,469,747.91	31,190,696,311.66
Cash paid for goods purchased and services received		20,711,849,366.39	27,570,220,216.42
Cash paid to and on behalf of employees		1,079,099,249.23	903,934,391.59
Cash paid for taxes and surcharges		77,387,151.11	103,899,077.65
Cash paid for other operating activities		2,363,165,108.37	3,575,483,768.10
Sub-total of cash outflows from operating activities		24,231,500,875.10	32,153,537,453.76
<b>Net cash flows from operating activities</b>		3,179,968,872.81	-962,841,142.10
<b>II. Cash flows from investment activities</b>			
Cash received from investment recovery		15,392,654.56	347,761,398.29
Cash received from returns on investments		370,523,921.52	15,953,403.74
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		119,873,538.19	290,896,694.56
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		505,790,114.27	654,611,496.59
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		1,453,393,209.52	965,017,233.83
Cash paid for investments		3,799,992,105.42	866,908,000.00
Net cash paid for acquiring subsidiaries and other business units			
Cash paid for other investment activities			
Sub-total of cash outflows from investment activities		5,253,385,314.94	1,831,925,233.83
<b>Net cash flows from investment activities</b>		-4,747,595,200.67	-1,177,313,737.24
<b>III. Cash flows from financing activities</b>			
Cash received from investment absorption		3,881,170,209.72	86,670,000.00
Cash received from borrowings		5,151,087,065.41	10,102,604,193.45
Cash received from other financing activities			1,734,094,725.03
Sub-total of cash inflows from financing activities		9,032,257,275.13	11,923,368,918.48
Cash paid for debt repayments		5,192,411,618.94	8,027,213,470.14
Cash paid for distribution of dividends and profits or interest payment		443,042,040.70	348,266,479.70
Cash paid for other financing activities		1,124,110,927.63	937,243,538.04



<u>Item</u>	<u>Note</u>	<u>Year 2021</u>	<u>Year 2020</u>
Sub-total of cash outflows from financing activities . . . . .		6,759,564,587.27	9,312,723,487.88
<b>Net cash flows from financing activities . . . . .</b>		<b>2,272,692,687.86</b>	<b>2,610,645,430.60</b>
<b>IV. Implication of exchange rate changes on cash and cash equivalents . . . . .</b>			-24,499,293.44
<b>V. Net increase of cash and cash equivalents . . . . .</b>		<b>705,066,360.00</b>	<b>445,991,257.82</b>
Add: Beginning balance of cash and cash equivalents . . . . .		1,197,909,211.91	751,917,954.09
<b>VI. Ending balance of cash and cash equivalents . . . . .</b>		<b>1,902,975,571.91</b>	<b>1,197,909,211.91</b>

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

Sunwoda Electronic Co., Ltd.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the Year Ended 31 December 2021

(All amounts expressed in RMB unless otherwise stated)

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		-30,226,753.78	-31,411,112.19	-4,920,985.36	-36,332,097.55
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		2,772,813,021.51	6,787,609,584.20	323,454,246.04	7,111,063,830.24
III. Movement ("-" for decrease) . . . . .	143,978,245.00			-72,174,079.25	5,225,312,516.28	-142,255,328.30	-2,296,566.10		132,415,222.49		672,965,902.58	6,242,456,569.30	394,586,523.40	6,637,043,092.70
(I) Total comprehensive income . . . . .							-2,296,566.10				915,654,084.18	913,357,518.08	-60,661,127.35	852,696,390.73
(II) Owners' investment and reduction of capital . . . . .	143,978,245.00			-72,174,079.25	5,225,312,516.28	-142,255,328.30						5,439,372,010.33	455,247,650.75	5,894,619,661.08
1. Ordinary shares invested by owners . . . . .	91,326,263.00				3,771,357,688.92	-142,255,328.30						4,004,939,280.22	684,222,600.00	4,689,161,880.22
2. Capital injected by holders of other equity instruments . . . . .	52,651,982.00			-72,174,079.25	1,069,544,875.66							1,050,022,778.41		1,050,022,778.41
3. Amount of share payment credited into owners' equity . . . . .					180,159,786.39							180,159,786.39		180,159,786.39
4. Others . . . . .					204,250,165.31							204,250,165.31	-228,974,949.25	-24,724,783.94

Item	Current Year													
	Equity attributable to owners of the Company													
	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	Total owners' equity
(III) Profit distribution . . . . .														
1. Drawing of surplus reserves . . . . .									132,415,222.49		-242,688,181.60	-110,272,959.11		-110,272,959.11
2. Drawing of general risk reserves . . . . .									132,415,222.49		-132,415,222.49			
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 year . .														
2. Utilized during the year . .														
(VI) Others . . . . .														
IV. Current 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

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



Item	Prior year											
	Equity attributable to owners of the Company											
	Share capital		Other equity instruments			Less: Treasury stocks					Total owners' equity	
	Preferred stocks	Perpetual debts	Others	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Subtotal	Non-controlling equity	Total 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 . . . . .	1,574,979,031.00			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

Head of the Accounting Department:

Chief Financial Controller:

Legal Representative:

**Sunwoda Electronic Co., Ltd.**  
**THE COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**For the Year Ended 31 December 2021**  
**(All amounts expressed in RMB unless otherwise stated)**

Item	Other equity instruments			Current Year				Total owners' equity			
	Share capital	Preferred stocks	Perpetual debits	Others	Capital reserves	Less: Treasury stocks	Other comprehensive income		Special reserves	Surplus reserves	Undistributed profits
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 . . .											
Others . . . . .											
II. Current year beginning balance . . . . .	1,574,979,031.00			72,174,079.25	2,769,359,281.46	368,614,935.00					
III. Movement ("-" for decrease) . . . . .	143,978,245.00			-72,174,079.25	5,021,062,350.97	-142,255,328.30			132,415,222.49	1,081,464,043.25	6,449,001,110.76
(I) Total comprehensive income . . . . .									505,947,274.12	3,752,202,936.01	8,306,047,666.84
(II) Owners' investment and reduction of capital . . . . .	143,978,245.00			-72,174,079.25	5,021,062,350.97	-142,255,328.30			132,415,222.49	1,081,464,043.25	6,449,001,110.76
1. Ordinary shares invested by owners . . . . .	91,326,263.00										
2. Capital injected by holders of other equity instruments.	52,651,982.00			-72,174,079.25	1,069,544,875.66						
3. Amount of share payment credited into owners' equity . . . . .											
4. Others					180,159,786.39						180,159,786.39

Item	Current Year			Total owners' equity					
	Share capital	Other equity instruments	Other comprehensive income						
	Preferred stocks	Perpetual debts	Others	Capital reserves	Less: Treasury stocks	Special reserves	Surplus reserves	Undistributed profits	
(III) Profit distribution . . . . .									
1. Drawing of surplus reserves . . . . .							132,415,222.49	-242,688,181.60	-110,272,959.11
2. Profit distributed to owners (or shareholders) . . . . .							132,415,222.49	-132,415,222.49	
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 . . . . .				7,790,421,632.43	226,359,606.70		638,362,496.61	4,833,666,979.26	14,755,048,777.60

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



Item	Other equity instruments				Prior year				Total owners' equity	
	Share capital	Preferred stocks	Perpetual debts	Others	Capital reserves	Less: Treasury stocks	Other comprehensive income	Special reserves		Surplus reserves
I. Prior year ending balance . . .	1,569,135,331.00				2,417,914,709.58	291,465,000.00		391,234,702.85	2,829,541,186.92	6,916,360,930.35
Add: Accounting policy changes . . . . .										
Prior year error correction . . .										
Others . . . . .										
II. Current year beginning balance . . . . .	1,569,135,331.00				2,417,914,709.58	291,465,000.00		391,234,702.85	2,829,541,186.92	6,916,360,930.35
III. Movement ("+" for increase) . . . . .	5,843,700.00			72,174,079.25	351,444,571.88	77,149,935.00		115,896,929.68	933,320,974.92	1,401,530,320.73
(I) Total comprehensive income . . . . .										1,158,969,296.77
(II) Owners' investment and reduction of capital . . . . .	5,843,700.00			72,174,079.25	351,444,571.88	77,149,935.00				352,312,416.13
1. Ordinary shares invested by owners . . . . .	5,843,700.00				73,920,294.00	77,149,935.00				2,614,059.00
2. Capital injected by holders of other equity instruments.										
3. Amount of share payment credited into owners' equity . . . . .					277,524,277.88					277,524,277.88
4. Others . . . . .				72,174,079.25						72,174,079.25
(III) Profit distribution . . . . .										
1. Drawing of surplus reserves. . . . .								115,896,929.68	-225,648,321.85	-109,751,392.17
2. Profit distributed to owners (or shareholders) . . . . .								115,896,929.68	-115,896,929.68	
3. Others . . . . .									-109,751,392.17	-109,751,392.17

Item	Share capital			Other equity instruments		Prior year				
	Preferred stocks	Perpetual debts	Others	Capital reserves	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
(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 . . . . .	1,574,979,031.00			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	

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

**SUNWODA ELECTRONIC CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(Monetary units in the Financial Statements are 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 31 December 2021, the Company has issued a total of 1,718,957,300 shares with registered capital of RMB1,718,957,300. 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, Shiyan Subdistrict, Baoan District, Shenzhen; while its headquarter is located at No. 2, Yihe Road, Shilong Community, Shiyan 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 11 April 2022.

## 2. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries included in the scope of consolidation as at 31 December 2021 are as follows:

### Names of subsidiaries

---

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”)  
Shenzhen Sunynn Technology Co., Ltd. (“Shenzhen Sunynn”)  
Shenzhen Xindong Energy Technology Co., Ltd. (“Shenzhen Xindong Energy”)

**Names of subsidiaries**

---

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 31 December 2021 are as follows:

**Names of subsidiaries**

---

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 Huizhou Electric Vehicle Battery Co., Ltd. (“Huizhou 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”)  
Shenzhen Xinwei Intelligence Co., Ltd. (“Xinwei Intelligence”)

**Names of subsidiaries**

---

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”,  
previously called “Dongguan Liwinon Electronics Technology Co., Ltd.”)  
Zhejiang Liwinon Energy Technology Co., Ltd. (“Zhejiang Liwinon”)

#### Names of subsidiaries

---

Zhejiang Liwinon Electronics Technology Co., Ltd. (“Zhejiang Liwinon Electronics”)  
Shenzhen Huaxin Zhilian Software Technology Co., Ltd. (“Huaxin Zhilian”)  
Superstar Automation Hong Kong Limited (“Superstar Hong Kong”)  
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”)

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 31 December 2021, and the consolidated and the Company’s financial performance and cash flows for the year then ended.

#### 4.2 Accounting period

The fiscal year is from January 1 to December 31.

#### 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 included in 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 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 groups . . . . .	Accrue expected credit losses on the basis of aging
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 the grouping 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 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.

## **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	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 drew 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 assets 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 asset lease*

The Company chooses not to recognize the right of use assets and lease liabilities for short-term leases with a lease term 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 systematic 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

(1) Implementation of the Accounting Standards for Business Enterprises No. 21-Lease (revised in 2018)

Content and reason for the changes in accounting policies	Approval procedure
In the <i>Accounting Standards for Business Enterprises No. 21 — Lease</i> issued on 7 December 2018 by the Ministry of Finance, it is required that the enterprises listed at home and abroad and enterprises listed abroad shall prepare their financial statements in line with the international financial reporting standards or <i>Accounting Standards for Business Enterprises</i> since 1 January 2019; other enterprises shall implement the <i>Accounting Standards for Business Enterprises</i> since 1 January 2021. The Company implements the relevant provisions of the Ministry of Finance when preparing the 2021 Financial Statements. . . . .	According to the unified requirements of the Ministry of Finance and the approval of the Board of Directors.

For operating leases before the first execution date, the Company measures their lease liabilities based on the remaining lease payments and present value discounted by the lessee’s incremental loan interest rate on the first execution date, and measures the right of use assets according to the carrying amount of the lease by assuming that they adopt these standards (using the lessee’s incremental loan interest rate on the first execution date as the discount rate) from the beginning of the lease term. Subject to the cumulative impact of the first implementation of the new leasing standards, the amount of retained earnings and other relevant items in the financial statements at the beginning of the year of the first implementation shall be adjusted, and the information of the comparable period is not adjusted.

The specific impact of the implementation of the new lease standards on the consolidated financial statements and the Company’s financial statements is as follows:

##### ① Consolidated Financial Statements

Item	Beginning balance before adjustment	Beginning balance	Adjustment		
			Reclassification	Re-measurement	Total
Right of use assets. . .		490,537,029.61		490,537,029.61	490,537,029.61
Non-current liabilities due within one year . . . . .		96,106,915.57		96,106,915.57	96,106,915.57
Lease liabilities . . . .		430,762,211.59		430,762,211.59	430,762,211.59
Surplus reserves . . . .		-1,184,358.41		-1,184,358.41	-1,184,358.41
Undistributed profit . .		-30,226,753.78		-30,226,753.78	-30,226,753.78
Non-controlling shareholders’ equities . . . . .		-4,920,985.36		-4,920,985.36	-4,920,985.36

② The Company's Financial Statements

Item	Beginning balance before adjustment	Beginning balance	Adjustment		
			Reclassification	Re-measurement	Total
Right of use assets. . .		266,584,826.20		266,584,826.20	266,584,826.20
Non-current liabilities due within					
one year. . . . .		81,091,079.14		81,091,079.14	81,091,079.14
Lease liabilities. . . . .		197,337,331.30		197,337,331.30	197,337,331.30
Surplus reserves . . . . .		-1,184,358.41		-1,184,358.41	-1,184,358.41
Undistributed profit . .		-10,659,225.83		-10,659,225.83	-10,659,225.83

(2) Changes in the presentation of transportation expenses incurred as performance costs in the financial statements

Content and reason for the changes in accounting policies	Approval procedure
The Ministry of Finance issued the fifth batch of <i>Questions and Answers on the Implementation of Accounting Standards for Business Enterprises</i> on 2 November 2021. According to the relevant provisions of <i>Accounting Standards for Business Enterprises No. 14 — Revenue</i> (Cai Kuai [2017] No. 22), the transportation activities for the purpose of performing the customer's contract before the control of the enterprise's goods or services is transferred to the customer do not constitute a single performance obligation, and the relevant transportation costs shall be regarded as the contract performance costs, and amortized on the same basis as the recognition of revenue from goods or services and included in the current profit or loss. The contract performance cost shall be carried forward and included in the subject of "primary business cost" or "other business cost" when recognizing the revenue of goods or services, and shall be listed in the item of "cost of sales" in the Income Statement. . . . .	According to the unified requirements of the Ministry of Finance and the approval of the Board of Directors.

Since 1 January 2021, the Company has listed the transportation costs incurred in the performance of customer's sales contracts in the item "cost of sales" in accordance with the provisions of the said Questions and Answers. Moreover, the relevant cash flow has also been adjusted from "cash paid for other operating activities" to "cash paid for purchasing goods and services". At the same time, the Company retroactively adjusted the amount of the prior year in the financial statements, with the specific impact shown below:

① Consolidated Financial Statements

Item	Year 2020		
	Amount before change	Amount affected	Amount after change
Cost of sales . . . . .	25,280,023,732.23	74,020,046.95	25,354,043,779.18
Selling expense . . . . .	253,039,990.54	-74,020,046.95	179,019,943.59
Cash paid goods purchase or rendering of labor service . . . . .	27,669,187,281.69	63,628,449.87	27,732,815,731.56
Cash paid related to the operating activities . . . . .	982,656,572.50	-63,628,449.87	919,028,122.63

② The Company's Financial Statements

Item	Year 2020		
	Amount before change	Amount affected	Amount after change
Cost of sales . . . . .	23,931,403,699.57	51,450,220.37	23,982,853,919.94
Selling expense . . . . .	114,851,973.77	-51,450,220.37	63,401,753.40
Cash paid for goods purchase or rendering of labor service . . . . .	27,525,787,141.16	44,433,075.26	27,570,220,216.42
Cash paid related to the operating activities . . . . .	3,619,916,843.36	-44,433,075.26	3,575,483,768.10

(3) Other requirements of the Ministry of Finance

**Content and reason for the changes in accounting policies**

**Approval procedure**

The *No. 14 Interpretation of Accounting Standards for Business Enterprises* (Cai Kuai (2021) No. 1, hereinafter referred to as “No. 14 Interpretation”) issued on 2 February 2021 by the Ministry of Finance shall come into force as of the date of issuing. The relevant newly added businesses from 1 January 2021 shall be adjusted according to No. 14 Interpretation. Moreover, No. 14 Interpretation has made simplified accounting treatment provisions for the change of the determination basis of cash flows related to financial instrument contracts and lease contracts due to the reform of benchmark interest rates. The implementation of this provision has not had a significant impact on the financial status and financial performance of the Company. . . . .

According to the unified requirements of the Ministry of Finance and the approval of the Board of Directors.

The *Accounting Regulations on Relevant Rent Reduction during the Epidemic Period of COVID-19* (Cai Kuai (2020) No. 10) issued by the Ministry of Finance on 19 June 2020 stipulated that enterprises, who meet the requirements of rent reduction and rent payment delay directly caused by COVID-19, can adopt simplified methods for accounting treatment. The *Notice on Adjusting the Scope of Application* (Cai Kuai [2021] No. 9) issued by the Ministry of Finance on May 26, 2021 comes into force since 26 May 2021, based on which, we adjust the applicable scope for rent reduction due to COVID-19 in simple accounting method subject to the *Accounting Regulations on Relevant Rent Reduction during the Epidemic Period of COVID-19* from “the reduction of payable lease payment before 30 June 2021” to “the reduction of payable lease before 30 June 2022”, and keep other applicable conditions unchanged. The implementation of this provision has not had a significant impact on the financial status and financial performance of the Company. . . . .

According to the unified requirements of the Ministry of Finance and the approval of the Board of Directors.

The Ministry of Finance issued No. 15 Interpretation of *Accounting Standards for Business Enterprises* (Cai Kuai (2021) No. 35, hereinafter referred to as “No. 15 Interpretation”) on 30 December 2021, in which, the content of “relevant presentation of centralized fund management” shall be implemented from the date of issuing, and the data of financial statements in comparable periods shall be adjusted accordingly. In No. 15 Interpretation, it has been clearly stipulated that how to present or disclose the balance involved in the funds of the Company and member units under the centralized and unified management of enterprises through internal settlement centers and financial companies in the balance sheet. The implementation of this provision has not had a significant impact on the financial status and financial performance of the Company..

According to the unified requirements of the Ministry of Finance and the approval of the Board of Directors.



#### 4.34.2 Change in significant accounting estimate

There is no change in the significant accounting estimate in 2021.

### 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 . . . . .	22%
Dianjin Factoring . . . . .	15%
Integrated Energy . . . . .	15%
Yuke PV . . . . .	12.5%
Sunwoda Intelligent Technology . . . . .	15%
Shenzhen Sunwinon . . . . .	15%
Huizhou Sunwinon . . . . .	15%
Huizhou Liwinon . . . . .	15%
Huizhou Liwinon Electronics . . . . .	15%
Superstar . . . . .	15%
Huaxin Zhilian . . . . .	12.5%
Superstar (Hong Kong) . . . . .	16.5%
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 accordance with the regulations in Article 1 of *Circular of the State Taxation Administration on Implementing the Preferential Policy of Enterprise Income Tax for Public Infrastructure Project Mainly Supported by the State* (Guo Shui Fa [2009] No. 80), PV power project can enjoy the preferential policy of three years of exemption and three years of halved payment of enterprise income tax in the current period after obtaining the first sum of production and operating revenue. Yuke PV, the Company's holding subsidiary, enjoys this preferential policy.

In 2019, the Company's holding subsidiary, Intelligent Technology, obtained the High-tech Enterprise Certificate (No.: GR201944205009), which is valid for three years. Therefore, Intelligent Technology enjoyed the income tax rate at 15% in 2019, 2020 and 2021.

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.

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 2019, 2020 and 2021.

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” refers to 1 January 2021 and “ending” refers to 31 December 2021, “current year” refers to the period from 1 January 2021 to 31 December 2021, and “previous year” refers to the period from 1 January 2020 to 31 December 2020. The monetary unit is RMB Yuan.

### 6.1 Cash and cash equivalents

Item	Ending balance	Beginning balance
Cash on hand. . . . .	758,689.27	608,695.16
Bank deposit . . . . .	5,440,953,728.66	2,362,202,022.70
Other balances. . . . .	2,925,949,878.73	2,232,560,783.83
<b>Total. . . . .</b>	<b>8,367,662,296.66</b>	<b>4,595,371,501.69</b>
Including: total amount of deposit at abroad . . . . .	361,537,292.67	194,501,271.25

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 . . . . .	1,879,613,224.38	1,564,953,815.99
Term deposit or notice deposit used for guarantee . . . . .	999,201,642.42	165,000,000.00
Payment deposit. . . . .	27,800,519.02	6,836,761.11
L/G deposit . . . . .	5,734,101.58	6,127,665.63
L/C deposit . . . . .	13,600,391.33	489,642,541.10
<b>Total. . . . .</b>	<b>2,925,949,878.73</b>	<b>2,232,560,783.83</b>

## 6.2 Financial assets held for trading

Item	Ending balance	Beginning balance
Financial assets measured at fair value through current profit or loss . . . . .		10,237,990.02
Including: Derivative financial assets . . . . .		10,037,990.02
Others . . . . .		200,000.00
<b>Total. . . . .</b>		<b>10,237,990.02</b>

## 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) . . . . .	8,315,536,978.28	7,264,932,784.84
6 months-1 year (including 1 year) . . . . .	77,821,855.25	99,467,985.07
Subtotal within 1 year . . . . .	8,393,358,833.53	7,364,400,769.91
1-2 years . . . . .	89,518,820.02	73,265,232.50
2-3 years . . . . .	44,284,490.78	83,018,348.22
Over 3 years . . . . .	279,094,964.72	241,829,567.08
Subtotal. . . . .	8,806,257,109.05	7,762,513,917.71
Less: Provision for doubtful accounts . . . . .	254,517,287.83	254,107,833.23
<b>Total. . . . .</b>	<b>8,551,739,821.22</b>	<b>7,508,406,084.48</b>

**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 . . .	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
Aging analysis group. . . . .	8,409,898,898.96		22,454,555.11		8,387,444,343.85
<b>Total . . . . .</b>	<b>8,806,257,109.05</b>	<b>100.00</b>	<b>254,517,287.83</b>		<b>8,551,739,821.22</b>

(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 . . .	383,459,600.75	4.94	235,604,039.57	61.44	147,855,561.18
Including:					
Accounts receivable not individually significant but provision for impairment considered on the individual basis . .	383,459,600.75		235,604,039.57		147,855,561.18
Accounts receivable subject to provision for doubtful accounts on the grouping basis. . . . .	7,379,054,316.96	95.06	18,503,793.66	0.25	7,360,550,523.30
Including:					
Aging analysis group. . . . .	7,379,054,316.96		18,503,793.66		7,360,550,523.30
<b>Total . . . . .</b>	<b>7,762,513,917.71</b>	<b>100.00</b>	<b>254,107,833.23</b>		<b>7,508,406,084.48</b>

Accounts receivable subject to individual provision for doubtful accounts:

Name	Ending balance			Reason for provision
	Carrying amount	Provision for doubtful accounts	Percentage of provision (%)	
Accounts receivable not individually significant but subject to individual provision for doubtful accounts . . . . .	396,358,210.09	232,062,732.72	58.55	It is not expected to collect all or the collection will be late
<b>Total . . . . .</b>	<b>396,358,210.09</b>	<b>232,062,732.72</b>		

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) . . . . .	8,299,315,189.42		
6 months-1 year (including 1 year) . . . . .	38,566,999.22	1,928,349.96	5.00
Subtotal within 1 year . . . . .	8,337,882,188.64	1,928,349.96	0.02
1-2 years (including 2 years) . . . . .	51,251,788.80	5,125,178.88	10.00
2-3 years (including 3 years) . . . . .	7,662,707.49	2,298,812.24	30.00
Over 3 years . . . . .	13,102,214.03	13,102,214.03	100.00
<b>Total . . . . .</b>	<b>8,409,898,898.96</b>	<b>22,454,555.11</b>	

**6.3.3 Provision, reversal or recovery of provision for doubtful accounts in 2021:**

Category	Beginning balance	Current change			Ending balance
		Provision	Reversal or recovery	Write off or cancellation	
Individual provision for doubtful accounts . . . . .	235,604,039.57	1,679,499.23		5,220,806.08	232,062,732.72
Provision for doubtful accounts on the grouping basis. . . . .	18,503,793.66	4,734,243.80		783,482.35	22,454,555.11
<b>Total . . . . .</b>	<b>254,107,833.23</b>	<b>6,413,743.03</b>		<b>6,004,288.43</b>	<b>254,517,287.83</b>

**6.3.4 Accounts receivable actually written off in 2021:**

Item	Amount Written Off
Accounts receivable actually written off . . . . .	6,004,288.43

**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 31 December 2021 was RMB4,445,440,636.49, accounting for 50.47% of the balance of accounts receivable as at 31 December 2021, and the corresponding ending balance of provision for doubtful accounts was RMB0.

**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 . . . . .	1,111,784,972.68	Sell the financial assets without any claim right	-10,003,680.67
<b>Total . . . . .</b>	<b>1,111,784,972.68</b>		<b>-10,003,680.67</b>

**6.4 Receivables financing**

**6.4.1 Receivables financing**

Item	Ending balance	Beginning balance
Notes receivable . . . . .	214,371,645.95	321,122,653.88
<b>Total . . . . .</b>	<b>214,371,645.95</b>	<b>321,122,653.88</b>

**6.4.2 Movement in receivables financing**

Item	Beginning balance	Additions during the year	Derecognized amount	Other change	Ending balance	Accumulative loss provision recognized in other comprehensive incomes
Notes receivable . . . . .	321,122,653.88	1,759,255,566.02	1,866,006,573.95		214,371,645.95	
<b>Total . . . . .</b>	<b>321,122,653.88</b>	<b>1,759,255,566.02</b>	<b>1,866,006,573.95</b>		<b>214,371,645.95</b>	

**6.4.3 Notes receivable endorsed or discounted by the Company at the end of the year and not yet due on the balance sheet day**

Item	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Bank acceptance . . . . .	1,402,238,210.80	
<b>Total . . . . .</b>	<b>1,402,238,210.80</b>	

## 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 . . . . .	368,432,534.62	94.82	58,785,110.66	88.27
1-2 years . . . . .	17,476,693.33	4.50	6,030,811.00	9.06
2-3 years . . . . .	1,090,741.93	0.28	349,539.03	0.52
Over 3 years . . . . .	1,571,731.64	0.40	1,428,485.68	2.15
<b>Total . . . . .</b>	<b>388,571,701.52</b>	<b>100.00</b>	<b>66,593,946.37</b>	<b>100.00</b>

### 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 RMB216,670,740.00, accounting for 55.76% of total balance as at 31 December 2021.

## 6.6 Other receivables

Item	Ending balance	Beginning Balance
Interest receivable . . . . .		17,954,391.03
Other receivables . . . . .	241,177,975.56	304,817,533.23
<b>Total . . . . .</b>	<b>241,177,975.56</b>	<b>322,771,924.26</b>

### 6.6.1 Interest receivable

*Classification of interest receivable*

Item	Ending balance	Beginning Balance
Term deposit . . . . .		17,954,391.03
Subtotal . . . . .		17,954,391.03
Less: Provision for doubtful accounts . . . . .		
<b>Total . . . . .</b>		<b>17,954,391.03</b>

### 6.6.2 Other receivables

#### 6.6.2.1 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) . . . . .	161,101,211.82	226,283,342.88
6 months-1 year (including 1 year) . . . . .	9,833,686.33	33,342,559.83
Subtotal within 1 year . . . . .	170,934,898.15	259,625,902.71
1-2 years . . . . .	47,281,030.50	50,570,847.75
2-3 years . . . . .	39,575,644.73	1,912,789.89
Over 3 years . . . . .	34,696,814.14	34,290,363.71
Subtotal . . . . .	292,488,387.52	346,399,904.06
Less: provision for doubtful accounts . . . . .	51,310,411.96	41,582,370.83
<b>Total . . . . .</b>	<b>241,177,975.56</b>	<b>304,817,533.23</b>

6.6.2.2 Provision for doubtful accounts

	Stage 1	Stage 2	Stage 3	
	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)	Total
<b>Provision for doubtful accounts</b>				
Beginning balance . . . . .	11,088,926.39		30,493,444.44	41,582,370.83
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 . . . . .	9,728,951.13			9,728,951.13
Reversal in this period . . . . .				
Write-off in this period . . . . .				
Cancellation in this period . . . . .	910.00			910.00
Other movements . . . . .				
Ending balance . . . . .	20,816,967.52		30,493,444.44	51,310,411.96

6.6.2.3 Provision for doubtful accounts

Type	Beginning balance	Current change			Ending balance
		Provision	Reversal or recovery	Write off or cancellation	
Provision for doubtful accounts on a credit risk group . . . . .	41,582,370.83	9,728,951.13		910.00	51,310,411.96
<b>Total . . . . .</b>	<b>41,582,370.83</b>	<b>9,728,951.13</b>		<b>910.00</b>	<b>51,310,411.96</b>

6.6.2.4 Other receivables classified by nature

Nature	Ending balance	Beginning balance
Financing lease deposits . . . . .	53,287,486.85	44,942,750.00
Other deposits . . . . .	68,037,145.25	47,610,396.08
Petty cash . . . . .	3,707,519.14	493,816.79
Export rebates . . . . .	56,817,187.92	159,721,037.03
Receivables from disposal of subsidiaries . . . . .	30,493,444.44	30,493,444.44
Other . . . . .	80,145,603.92	63,138,459.72
<b>Total . . . . .</b>	<b>292,488,387.52</b>	<b>346,399,904.06</b>

6.6.2.5 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 . .	Export rebate	56,817,187.92	Within 6 months	19.43	
No. 2 . .	Equity transfer fund	30,493,444.44	Over 3 years	10.43	30,493,444.44
No. 3 . .	Financing lease deposit	18,722,750.00	1-2 years	6.40	1,872,275.00
No. 4 . .	Financing lease deposit	14,300,000.00	2-3 years	4.89	4,290,000.00
No. 5 . .	Wastes fund	10,597,831.45	Within 6 months	3.62	
<b>Total . .</b>		<b>130,931,213.81</b>		<b>44.77</b>	<b>36,655,719.44</b>

6.7 Inventories

6.7.1 Classification of inventories

Item	Original amount	Ending balance	
		Provision for decline in 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
<b>Total . . . . .</b>	<b>7,870,133,253.19</b>	<b>234,795,807.32</b>	<b>7,635,337,445.87</b>

(Continued)

Item	Original amount	Beginning balance	
		Provision for decline in value of inventory/provision for impairment of contract fulfillment cost	Carrying amount
Raw material . . . . .	1,467,663,007.97	72,679,229.55	1,394,983,778.42
Working process . . . . .	776,565,733.17	24,940,847.82	751,624,885.35
Finished goods . . . . .	2,040,417,342.19	139,430,416.04	1,900,986,926.15
Goods in transit . . . . .	726,733,771.14	11,334,387.92	715,399,383.22
Low-cost consumables . . . . .	3,727,683.82		3,727,683.82
Materials for consigned processing . . . . .	2,532,198.93	34,601.00	2,497,597.93
Semi-finished products . . . . .	360,006,015.36	8,377,967.75	351,628,047.61
<b>Total . . . . .</b>	<b>5,377,645,752.58</b>	<b>256,797,450.08</b>	<b>5,120,848,302.50</b>



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

Item	Beginning balance	Increase during the year		Decrease during the year		Ending balance
		Provision	Others	Reversal or resale	Others	
Raw material . . . . .	72,679,229.55	31,373,151.58		33,823,086.35		70,229,294.78
Working process . . . . .	24,940,847.82	12,377,007.84		24,940,847.82		12,377,007.84
Finished goods . . . . .	139,430,416.04	106,160,263.21		113,184,487.92		132,406,191.33
Goods in transit. . . . .	11,334,387.92	11,094,736.49		8,469,121.85		13,960,002.56
Low-value consumables . .						
Materials for consigned processing . . . . .	34,601.00			34,601.00		
Semi-finished products. . .	8,377,967.75	3,561,560.04		6,116,216.98		5,823,310.81
<b>Total . . . . .</b>	<b>256,797,450.08</b>	<b>164,566,719.16</b>		<b>186,568,361.92</b>		<b>234,795,807.32</b>

**6.8 Non-current assets due within one year**

Item	Ending balance	Beginning balance
Long-term receivables due within one year . . . . .	105,729,842.41	
Unrealized profit or loss of after-sales leaseback due within one year. . . . .	18,828,768.78	34,439,277.46
<b>Total . . . . .</b>	<b>124,558,611.19</b>	<b>34,439,277.46</b>

**6.9 Other current assets**

Item	Ending balance	Beginning balance
Input tax to be deducted. . . . .	608,520,094.35	319,678,827.61
Import VAT and tariff. . . . .	10,782,165.92	3,106,043.26
Excess VAT paid for future offsetting . . . . .	149,053,014.29	298,134,333.13
Deferred expense . . . . .	62,172,012.84	41,451,939.78
Other prepaid taxes and surcharges . . . . .	129,316,310.45	34,519,921.95
<b>Total . . . . .</b>	<b>959,843,597.85</b>	<b>696,891,065.73</b>

**6.10 Long-term receivables**

*Breakdown of long-term receivables*

Item	Ending balance			Beginning balance before adjustment			
	Book balance	Provision for doubtful accounts	Carrying amount	Book balance	Provision for doubtful accounts	Carrying amount	Cash rate
Land and construction transfer fund collected by stages. . . . .	302,699,770.16		302,699,770.16				
Therein: unrealized financing income. . . . .	25,252,310.19		25,252,310.19				
Equity transfer fund collected by stages. . . . .	29,232,081.25		29,232,081.25				
Therein: unrealized financing income. . . . .	1,477,918.75		1,477,918.75				
<b>Total . . . . .</b>	<b>331,931,851.41</b>		<b>331,931,851.41</b>				

**6.11 Long-term equity investments**

Investee	Movement										
	Beginning balance	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	Ending balance of provision for impairment
I. Associates											
Xingzhiyoudao (Shenzhen) Auto Service Co., Ltd. ("Xingzhiyoudao")											10,014,453.68
Intelligent Cloud Apparel Technology Research Institute (Shenzhen) Co., Ltd.											
Ningbo Meishan Bonded Port Area Fengsheng Liute Investment Management Co., Ltd. ("Fengsheng Liute New Energy")	2,756,139.47			23,120,264.58			23,067,300.00			2,809,104.05	155,645.85
Ningbo Meishan Bonded Port Area Fengsheng Liute New Energy Investment Partnership ("Limited Partnership")	220,102,471.78		11,721,172.29	-41,148,779.84			122,786,204.87			44,446,314.78	
Nanjing JSE Technology Co., Ltd. ("Nanjing JSE")											8,211,175.72
Shenzhen Lufeng Technology Co., Ltd.											317,600.96
Shenzhen Dami Growth New Industry Equity Investment Fund Partnership (Limited Partnership)	31,256,039.73		6,230,172.98	2,911,901.60						27,937,768.35	
Beijing Sheen Power Technology Co., Ltd.	9,395,738.75			993,602.60						10,389,341.35	
Shenzhen Yufeng New Materials Co., Ltd.											9,313,792.77

Investee	Movement										
	Beginning balance	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	Ending balance of provision for impairment
Yichuang Semiconductor (Shenzhen) Co., Ltd. . . . .	13,853,874.76			896,786.53						14,750,661.29	
Paersen Environmental Protection Technology Co., Ltd. ("Paersen") . . . . .	36,989,267.20	23,750,000.00		1,412,470.66						62,151,737.86	
Dongguan Dami Excellent Growth Venture Investment Management Co., Ltd. . . . .	2,005,391.84			243,653.08						2,249,044.92	
Sichuan Xinlianwu Material Technology Co., Ltd. . . . .		16,000,000.00		-89,061.23						15,910,938.77	
Shenzhen Xianbang New Material Technology Co., Ltd. . . . .		30,000,000.00		-299,096.56		1,621,010.11				31,321,913.55	
Shandong Jili Sunwoda Power Battery Co., Ltd. . . . .		6,000,000.00		-1,603,198.05						4,396,801.95	
Sub-total . . . . .	316,358,923.53	75,750,000.00	17,951,345.27	-13,561,456.63		1,621,010.11	145,853,504.87			216,363,626.87	28,012,668.98
<b>Total . . . . .</b>	<b>316,358,923.53</b>	<b>75,750,000.00</b>	<b>17,951,345.27</b>	<b>-13,561,456.63</b>		<b>1,621,010.11</b>	<b>145,853,504.87</b>			<b>216,363,626.87</b>	<b>28,012,668.98</b>

### 6.12 Other non-current financial assets

Item	Ending balance	Beginning balance
Financial assets measured at fair value through current profit or loss . . . . .	815,605,738.60	764,694,115.94
Including: Equity instrument investment . . . . .	815,605,738.60	764,694,115.94
<b>Total</b> . . . . .	<b>815,605,738.60</b>	<b>764,694,115.94</b>

### 6.13 Fixed assets

#### 6.13.1 Fixed assets and disposal thereof

Item	Ending balance	Beginning balance
Fixed assets. . . . .	8,428,265,607.65	5,935,854,403.87
Disposal of fixed assets . . . . .	102,266.11	
<b>Total</b> . . . . .	<b>8,428,367,873.76</b>	<b>5,935,854,403.87</b>

**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	1,827,850,189.39	3,776,463,541.97	839,854,037.59	48,291,662.19	590,289,793.91	7,082,749,225.05
(2) Additions during the year	672,880,194.83	2,403,791,813.04	260,437,798.93	12,305,613.43	606,860,862.44	3,956,276,282.67
— Purchase		854,939,868.30	182,121,077.65	7,958,471.79	79,997,122.26	1,125,016,540.00
— Transfer from construction in progress	672,880,194.83	1,548,851,944.74	78,316,721.28	4,347,141.64	526,863,740.18	2,831,259,742.67
— Acquisition in business combination						
(3) Decrease during the year		636,094,650.78	224,467,119.16	5,225,325.90	14,743,317.46	880,530,413.30
— Disposal or scrapping		124,710,841.76	35,630,115.91	5,225,325.90	9,479,016.01	175,045,299.58
— Transfer to construction in progress		511,383,809.02	188,837,003.25		5,264,301.45	705,485,113.72
(4) Ending balance	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. Accumulated depreciation						
(1) Beginning balance	146,858,789.32	567,601,485.02	220,339,782.55	23,915,066.50	186,995,025.82	1,145,710,149.21
(2) Additions during the year	58,530,394.46	445,398,797.91	168,298,724.38	11,154,294.39	87,360,982.72	770,743,193.86
— Provision	58,530,394.46	445,398,797.91	168,298,724.38	11,154,294.39	87,360,982.72	770,743,193.86
(3) Decrease during the year		116,698,452.41	50,477,931.65	4,480,738.17	14,566,734.07	186,223,856.30
— Disposal or scrapping		78,640,104.32	30,350,495.15	4,480,738.17	12,947,856.54	126,419,194.18
— Transfer to construction in progress		38,058,348.09	20,127,436.50		1,618,877.53	59,804,662.12
(4) Ending balance	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
3. Provision for impairment						
(1) Beginning balance				1,184,671.97		1,184,671.97
(2) Additions during the year						
— Provision						
(3) Decrease during the year				1,184,671.97		1,184,671.97
— Disposal or scrapping				1,184,671.97		1,184,671.97
(4) Ending balance						
4. Carrying amount						
(1) Ending balance	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
(2) Beginning balance	1,680,991,400.07	3,208,862,056.95	619,514,255.04	23,191,923.72	403,294,768.09	5,935,854,403.87

**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 . . . . .	722,900,032.94	Under process
Houses and buildings . . . . .	4,532,039.55	The property is a settlement house

**6.13.4 Disposal of fixed assets**

Item	Ending balance	Beginning balance
Liquidation of fixed asset. . . . .	102,266.11	
<b>Total. . . . .</b>	<b>102,266.11</b>	

**6.14 Construction in progress**

**6.14.1 Construction in progress and project materials**

Item	Ending balance	Beginning balance
Construction in progress. . . . .	2,015,739,313.97	1,915,029,869.57
Project materials . . . . .		
<b>Total. . . . .</b>	<b>2,015,739,313.97</b>	<b>1,915,029,869.57</b>

**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 . . . . .	163,611,301.21		163,611,301.21	313,571,152.22		313,571,152.22
Installation of outsourcing equipment. . . . .	1,350,546,504.79		1,350,546,504.79	674,662,656.66		674,662,656.66
Construction project of Boluo Industrial Park . . . . .	108,262,986.79		108,262,986.79	240,279,200.57		240,279,200.57
Construction engineering of Nanjing Industrial Park . . . . .	11,698,419.59		11,698,419.59	286,876,065.99		286,876,065.99
Construction project of power lithium battery production line . . . . .	1,574,311.93		1,574,311.93	83,203,183.32		83,203,183.32
Construction project of consumer-based lithium battery production line . . . . .	8,001,300.43		8,001,300.43			
Improvement of fixed assets . . . . .	97,832,324.02		97,832,324.02	228,458,909.45		228,458,909.45
Construction project of Shilongzai Industrial Park. . . . .	160,686,096.63		160,686,096.63	14,607,831.91		14,607,831.91
Mine exploration right of East Taigener Lake. . . . .	49,479,339.30		49,479,339.30	49,007,641.19		49,007,641.19
5.9 MW roof distributed photovoltaic power generation project. . . . .	56,184,007.15		56,184,007.15	10,531,535.76		10,531,535.76
Others . . . . .	7,862,722.13		7,862,722.13	13,831,692.50		13,831,692.50
<b>Total. . . . .</b>	<b>2,015,739,313.97</b>		<b>2,015,739,313.97</b>	<b>1,915,029,869.57</b>		<b>1,915,029,869.57</b>

**6.14.3 Changes in significant construction in progress in 2021**

Item	Budget	Beginning balance	Additions during the year	Amount transferred into fixed assets in 2021	Other decrease in 2021	Ending balance	Proportion of accumulated project investment in budget (%)	Percentage of completion	Accumulated capitalization amount of interest	Including: capitalization amount of the interest in 2021	Capitalization rate of interest in 2021 (%)	Capital source
Housing renovation engineering . . . . .		313,571,152.22	359,323,079.86	269,952,503.05	239,330,427.82	163,611,301.21	Complete					Raised, self-raised
Installation of outsourcing equipment . . . . .		674,662,656.66	1,385,026,602.27	687,483,772.96	21,658,981.18	1,350,546,504.79	gradually					Raised, self-raised
Construction project of Bohuo Industrial Park . . . . .		240,279,200.57	111,471,245.84	89,064,791.56	154,422,668.06	108,262,986.79						Self-raised
Construction engineering of Nanjing Industrial Park . . . . .	1,400,000,000.00	286,876,065.99	444,474,400.53	719,652,046.93		11,698,419.59	52.24	Complete				Self-raised
Construction project of power lithium battery production line . . . . .	180,000,000.00	83,203,183.32	96,528,031.51	178,156,902.90		1,574,311.93	99.85	Complete				Self-raised
Construction project of consumer-based lithium battery production line . . . . .	270,000,000.00		45,183,953.31		37,182,652.88	8,001,300.43	16.73	Under construction				Raised
Improvement of fixed assets . . . . .		228,458,909.45	757,601,181.45	883,000,104.88	5,227,662.00	97,832,324.02						Self-raised
Construction project of Shilongzai Industrial Park . . . . .	405,000,000.00	14,607,831.91	146,078,264.72			160,686,096.63	39.68	Under construction				Raised, self-raised
Mine exploration right of East Taigener Lake . . . . .		49,007,641.19	471,698.11			49,479,339.30						Self-raised
5.9 MW roof distributed photovoltaic power generation project . . . . .		10,531,535.76	45,835,922.71		183,451.32	56,184,007.15						Self-raised
Others . . . . .		13,831,692.50	2,318,757.19	3,949,620.39	4,338,107.17	7,862,722.13						Self-raised
<b>Total . . . . .</b>		<b>1,915,029,869.57</b>	<b>3,394,313,137.50</b>	<b>2,831,259,742.67</b>	<b>462,343,950.43</b>	<b>2,015,739,313.97</b>						



### 6.15 Right of use assets

Item	Houses and Buildings	Others	Total
1. Original carrying amount			
(1) Beginning balance . . . . .			
(2) Additions during the year . . . . .	950,287,604.91	1,767,705.09	952,055,310.00
— Newly increased finance . . . . .	310,290,580.90		310,290,580.90
— Connection of the new and old accounting standards . . . . .	639,997,024.01	1,767,705.09	641,764,729.10
— Estimation and adjustment . . . . .			
(3) Decrease during the year . . . . .	19,681,357.81		19,681,357.81
— Transfer out to fixed assets . . . . .			
— Disposal . . . . .	1,125,641.82		1,125,641.82
— Other decreases . . . . .	18,555,715.99		18,555,715.99
(4) Ending balance . . . . .	930,606,247.10	1,767,705.09	932,373,952.19
2. Accumulated amortization			
(1) Beginning balance . . . . .			
(2) Additions during the year . . . . .	300,816,650.97	1,717,790.21	302,534,441.18
— Provision . . . . .	150,864,815.42	441,926.27	151,306,741.69
— Connection of the new and old accounting standards . . . . .	149,951,835.55	1,275,863.94	151,227,699.49
(3) Decrease during the year . . . . .	19,003,180.23		19,003,180.23
— Transfer out to fixed assets . . . . .			
— Disposal . . . . .	661,198.32		661,198.32
— Other decreases . . . . .	18,341,981.91		18,341,981.91
(4) Ending balance . . . . .	281,813,470.74	1,717,790.21	283,531,260.95
3. Provision for impairment			
(1) Beginning balance . . . . .			
(2) Additions during the year . . . . .			
— Provision . . . . .			
(3) Decrease during the year . . . . .			
— Transfer out to fixed assets . . . . .			
— Disposal . . . . .			
(4) Ending balance . . . . .			
4. Carrying amount			
(1) Ending balance . . . . .	648,792,776.36	49,914.88	648,842,691.24
(2) Beginning balance . . . . .			

## 6.16 Intangible assets

### 6.16.1 Intangible assets

Item	Land use right	Software	Patent right	Total
1. Original amount				
(1) Beginning balance . . . . .	727,305,675.45	83,185,332.08	43,215,115.84	853,706,123.37
(2) Additions during the year . .	18,032,461.52	31,578,546.19	1,200,000.00	50,811,007.71
— Purchase . . . . .	18,032,461.52	31,578,546.19	1,200,000.00	50,811,007.71
(3) Decrease during the year . .	114,496,251.52	13,462,201.63		127,958,453.15
— Disposal . . . . .	114,496,251.52	13,462,201.63		127,958,453.15
(4) Ending balance . . . . .	630,841,885.45	101,301,676.64	44,415,115.84	776,558,677.93
2. Accumulated amortization				
(1) Beginning balance . . . . .	42,911,011.17	34,868,406.34	26,303,419.17	104,082,836.68
(2) Additions during the year . .	14,709,107.11	16,825,364.58	4,597,880.00	36,132,351.69
— Provision . . . . .	14,709,107.11	16,825,364.58	4,597,880.00	36,132,351.69
(3) Decrease during the year . .	9,418,431.70	2,434,282.25		11,852,713.95
— Disposal . . . . .	9,418,431.70	2,434,282.25		11,852,713.95
(4) Ending balance . . . . .	48,201,686.58	49,259,488.67	30,901,299.17	128,362,474.42
3. Provision for impairment				
(1) Beginning balance . . . . .				
(2) Additions during the year . .				
— Provision . . . . .				
(3) Decrease during the year . .				
— Disposal . . . . .				
(4) Ending balance . . . . .				
4. Carrying amount				
(1) Ending balance . . . . .	582,640,198.87	52,042,187.97	13,513,816.67	648,196,203.51
(2) Beginning balance . . . . .	684,394,664.28	48,316,925.74	16,911,696.67	749,623,286.69

## 6.17 Goodwill

### 6.17.1 Changes in goodwill

Name of investee or matters relevant to formation of goodwill	Beginning balance	Additions during the year	Decrease during the year		Ending balance
		Formed by business combination	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
<b>Total . . . . .</b>	<b>70,728,600.15</b>				<b>70,728,600.15</b>

### 6.17.2 Provision for goodwill impairment

#### 6.17.2.1 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 31 December 2021, 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 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.

31 December 2021 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 31 December 2021.

#### 6.17.2.2 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 31 December 2021, 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.

31 December 2021 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 31 December 2021.

#### 6.17.2.3 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 31 December 2021, 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

31 December 2021 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 year	Current amortization	Decrease during the year	Ending balance
Huizhou Industrial Park-house renovation engineering . . . . .	510,943,548.11	207,404,293.26	105,340,800.91	2,097,754.57	610,909,285.90
Huizhou Industrial Park-power lithium battery production line construction project . . . . .	176,630,317.14		23,445,332.46		153,184,984.68
Huizhou Industrial Park-consumer-based battery cell production line construction project . . . . .	45,713,559.20	18,243,464.05	7,646,111.27		56,310,911.98
Guangming Industrial Park-house renovation engineering . . . . .	72,038,160.53	599,845.77	11,602,889.27	109,399.83	60,925,717.20
Shilongzai Industrial Park-house renovation engineering . . . . .	37,519,103.89	9,774,601.86	6,231,578.05	179,605.24	40,882,522.46
Jinjia Industrial Park-house renovation engineering . . . . .	31,198,637.78	5,217,258.53	13,847,123.55		22,568,772.76
Yuyongxing Industrial Park-house renovation engineering . . . . .	40,373,044.03	3,629,332.34	5,740,053.23		38,262,323.14
India factory-house renovation engineering . . . . .	20,981,487.00	597,300.90	3,161,167.12	765,929.68	17,651,691.10
Nanjing Industrial Park-power lithium battery production line construction project . . . . .	231,011,856.24	1,296,572.25	27,450,475.59		204,857,952.90
Nanjing Industrial Park-house renovation engineering . . . . .	64,893,569.31	7,342,619.52	7,538,294.45		64,697,894.37
Lanxi Industrial Park-consumption-based construction project of the core production line . . .		23,311,764.21	194,264.68		23,117,499.53
Other leased factory and dormitory renovation engineering . . . . .	65,980,909.07	75,665,767.95	33,340,511.77	501,673.90	107,804,491.35
Other long-term deferred expense . . . . .	4,034,623.45	16,004,570.51	4,171,882.82	8,334.64	15,858,976.50
<b>Total . . . . .</b>	<b>1,301,318,815.75</b>	<b>369,087,391.15</b>	<b>249,710,485.17</b>	<b>3,662,697.86</b>	<b>1,417,033,023.87</b>

## 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 . . . . .	453,048,244.01	77,593,096.34	400,990,726.01	64,817,766.89
Share-based compensation . . .	123,809,633.54	18,571,445.03	146,332,761.94	21,949,914.29
Deductible tax loss . . . . .	156,943,141.90	33,273,674.99	63,236,096.03	11,604,717.55
Unrealized profit from internal transactions . . . . .	940,923,931.30	156,800,087.97	777,209,933.27	136,259,812.56
Deferred income-government subsidy . . . . .	282,080,933.05	67,696,815.99	285,230,724.37	68,522,762.35
Fair value change from financial instrument and derivative financial instruments . . . . .	25,674.94	3,851.24		
Accrued expense . . . . .	4,566,378.13	1,149,266.05		
<b>Total . . . . .</b>	<b>1,961,397,936.87</b>	<b>355,088,237.61</b>	<b>1,673,000,241.62</b>	<b>303,154,973.64</b>

### 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 . . . . .	12,593,816.67	3,148,454.17	16,911,696.67	2,536,754.50
Fair value change financial instruments and derivative financial instruments . . . . .	441,971,998.48	76,496,376.18	565,394,432.92	89,132,701.24
Accelerated depreciation of fixed assets allowed by Taxation Bureau . . . . .	474,406,797.86	78,850,892.15	28,872,872.33	7,218,218.08
Income from equity investment which is not intend to be held for a long time . . . . .	23,844,855.51	5,961,213.89	178,748,886.82	44,687,221.71
<b>Total . . . . .</b>	<b>952,817,468.52</b>	<b>164,456,936.39</b>	<b>789,927,888.74</b>	<b>143,574,895.53</b>

### 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 . . . . .	81,547,536.44	273,540,701.17	80,814,916.20	222,340,057.44
Deferred tax liabilities . . . . .	81,547,536.44	82,909,399.95	80,814,916.20	62,759,979.33

#### 6.19.4 Breakdown of unrecognized deferred tax assets

Item	Ending balance	Beginning balance
Deductible temporary differences . . . . .	115,587,932.08	190,784,978.54
Deductible tax loss. . . . .	4,611,684,704.83	2,249,442,354.99
<b>Total</b> . . . . .	<b>4,727,272,636.91</b>	<b>2,440,227,333.53</b>

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
2021 . . . . .		37,255,219.08	
2022 . . . . .	109,409,810.07	145,447,682.98	
2023 . . . . .	116,986,430.87	136,911,352.72	
2024 . . . . .	143,996,564.72	143,775,351.21	
2025 . . . . .	218,481,376.15	228,137,063.87	
2026 . . . . .	976,735,767.82		
2028 . . . . .	207,886,878.63	207,886,878.63	
2029 . . . . .	548,007,464.81	548,007,464.81	
2030 . . . . .	671,873,960.38	773,714,810.22	
2031 . . . . .	1,603,389,864.61		
No time limit . . . . .	14,916,586.77	28,306,531.47	
<b>Total</b> . . . . .	<b>4,611,684,704.83</b>	<b>2,249,442,354.99</b>	

#### 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 . . . . .	21,500,000.00		21,500,000.00	31,500,000.00		31,500,000.00
Prepayment for equipment . . . . .	1,021,875,230.26		1,021,875,230.26	563,701,898.05		563,701,898.05
Prepayment for projects . . . . .	212,137,462.91		212,137,462.91	88,553,175.45		88,553,175.45
Unrealized profit or loss on the after-sales leaseback . . . . .	5,163,859.35		5,163,859.35	25,689,740.24		25,689,740.24
Prepayment for software . . . . .	8,142,160.61		8,142,160.61	126,500.00		126,500.00
Deposit for migrant workers . . . . .	10,000,000.00		10,000,000.00	10,000,000.00		10,000,000.00
<b>Total</b> . . . . .	<b>1,278,818,713.13</b>		<b>1,278,818,713.13</b>	<b>719,571,313.74</b>		<b>719,571,313.74</b>

#### 6.21 Short-term borrowings

##### Classification of short-term borrowings

Item	Ending balance	Beginning balance
Pledged and guaranteed borrowings. . . . .	2,726,190,637.42	2,670,234,761.92
Guaranteed borrowings. . . . .	2,857,309,393.85	3,480,717,344.40
Credit borrowing . . . . .	712,994,553.77	
<b>Total</b> . . . . .	<b>6,296,494,585.04</b>	<b>6,150,952,106.32</b>

## 6.22 Financial liabilities held for trading

Item	Beginning balance	Additions during the year	Decrease during the year	Ending balance
Financial liabilities held for trading . . . . .		25,674.94		25,674.94
Including: Derivative financial liabilities . . . . .		25,674.94		25,674.94
<b>Total . . . . .</b>		<b>25,674.94</b>		<b>25,674.94</b>

## 6.23 Notes payable

Category	Ending balance	Beginning balance
Bank acceptance . . . . .	3,680,833,300.96	2,726,862,444.18
<b>Total . . . . .</b>	<b>3,680,833,300.96</b>	<b>2,726,862,444.18</b>

## 6.24 Accounts payable

### *Presentation of accounts payable*

Item	Ending balance	Beginning balance
Within 1 year (including 1 year) . . . . .	9,382,834,757.07	6,974,674,737.57
1-2 years (including 2 years) . . . . .	253,267,458.49	62,606,570.01
2-3 years (including 3 years) . . . . .	23,424,273.93	20,950,766.17
Over 3 years . . . . .	25,173,383.35	7,970,300.89
<b>Total . . . . .</b>	<b>9,684,699,872.84</b>	<b>7,066,202,374.64</b>

## 6.25 Contract liabilities

### *Aging analysis of contract liabilities*

Item	Ending balance	Beginning balance
Within 1 year (including 1 year) . . . . .	258,697,041.07	295,949,689.32
1-2 years (including 2 years) . . . . .	145,046,120.57	19,289,318.77
2-3 years (including 3 years) . . . . .	1,270,427.08	4,032,665.18
Over 3 years . . . . .	3,864,870.22	2,014,606.28
<b>Total . . . . .</b>	<b>408,878,458.94</b>	<b>321,286,279.55</b>

## 6.26 Employees' benefits payable

### *6.26.1 Movement of employees' benefits payable*

Item	Beginning balance	Additions during the year	Decrease during the year	Ending balance
Short-term benefits . . . . .	545,578,451.57	4,667,365,303.05	4,541,886,606.65	671,057,147.97
Post-employment benefits — defined contribution plans . . . . .	425.00	172,172,483.51	171,105,774.36	1,067,134.15
<b>Total . . . . .</b>	<b>545,578,876.57</b>	<b>4,839,537,786.56</b>	<b>4,712,992,381.01</b>	<b>672,124,282.12</b>



**6.26.2 Presentation of short-term benefits**

<u>Item</u>	<u>Beginning balance</u>	<u>Additions during the year</u>	<u>Decrease during the year</u>	<u>Ending balance</u>
(1) Salary, bonus, allowance and subsidies . . . . .	541,956,480.58	4,401,307,343.74	4,277,050,396.44	666,213,427.88
(2) Employees' benefits . . . . .	3,221,899.66	159,471,843.50	158,925,272.86	3,768,470.30
(3) Social insurance premium . . . . .	88,474.40	69,338,064.48	68,769,415.74	657,123.14
Including: medical insurance . . . . .	62,694.46	63,891,283.38	63,351,257.31	602,720.53
Work injury insurance . . . . .	1,747.15	2,959,986.64	2,945,094.06	16,639.73
Maternity insurance . . . . .	24,032.79	2,486,794.46	2,473,064.37	37,762.88
(4) Housing provident fund . . . . .	301,596.93	33,785,803.56	33,689,273.84	398,126.65
(5) Labor union expenditures and employees' education expenses . . . . .	10,000.00	3,462,247.77	3,452,247.77	20,000.00
<b>Total . . . . .</b>	<b>545,578,451.57</b>	<b>4,667,365,303.05</b>	<b>4,541,886,606.65</b>	<b>671,057,147.97</b>

**6.26.3 Presentation of defined contribution plan**

<u>Item</u>	<u>Beginning balance</u>	<u>Additions during the year</u>	<u>Decrease during the year</u>	<u>Ending balance</u>
Basic pensions . . . . .	270.92	167,106,646.57	166,076,869.37	1,030,048.12
Unemployment insurance . . . . .	154.08	5,065,836.94	5,028,904.99	37,086.03
<b>Total . . . . .</b>	<b>425.00</b>	<b>172,172,483.51</b>	<b>171,105,774.36</b>	<b>1,067,134.15</b>

**6.27 Taxes and surcharges payable**

<u>Tax Item</u>	<u>Ending balance</u>	<u>Beginning balance</u>
Value added tax (VAT) . . . . .	16,268,537.79	39,597,461.12
Enterprise income tax . . . . .	68,332,772.77	50,827,664.83
Individual income tax . . . . .	3,432,789.20	2,307,719.43
Urban maintenance and construction tax . . . . .	1,123,946.51	7,135,686.10
Education surtax . . . . .	783,510.97	5,555,667.94
Stamp tax . . . . .	5,308,998.98	2,305,529.91
Other taxes and dues . . . . .	313,231.48	681,094.86
<b>Total . . . . .</b>	<b>95,563,787.70</b>	<b>108,410,824.19</b>

**6.28 Others payables**

<u>Item</u>	<u>Ending balance</u>	<u>Beginning balance</u>
Interest payable . . . . .		36,243,724.57
Dividend payable . . . . .		
Other payables . . . . .	533,265,218.34	892,377,797.98
<b>Total . . . . .</b>	<b>533,265,218.34</b>	<b>928,621,522.55</b>

**6.28.1 Interest payable**

<u>Item</u>	<u>Ending balance</u>	<u>Beginning balance</u>
Interest payable on short-term borrowings . . . . .		5,328,287.14
Interest payable on long-term borrowings . . . . .		11,133,412.78
Interest payable on bonds payable. . . . .		19,782,024.65
<b>Total</b> . . . . .		<b>36,243,724.57</b>

**6.28.2 Other payables**

*Other payables presented by nature*

<u>Item</u>	<u>Ending balance</u>	<u>Beginning balance</u>
Deposits . . . . .	27,072,068.58	18,387,961.57
Accrued expenses . . . . .	52,090,215.29	22,322,592.46
Accounts of equity incentive with obligation of repurchase . . . . .	226,384,246.70	368,590,295.00
Increased capital of subsidiary with obligation of repurchase . . . . .	124,131,589.04	325,666,666.66
Equity fund payable . . . . .		82,704,166.30
Guarantee expense payable . . . . .	13,408,301.88	21,132,075.48
Others . . . . .	90,178,796.85	53,574,040.51
<b>Total</b> . . . . .	<b>533,265,218.34</b>	<b>892,377,797.98</b>

**6.29 Non-current liabilities due within one year**

<u>Item</u>	<u>Ending balance</u>	<u>Beginning balance</u>	<u>Prior ending balance</u>
Long-term payables due within one year . . . . .	334,851,141.76	578,503,857.60	578,503,857.60
Unrealized profit or loss on the after-sales leaseback due with one year . . . . .	10,140,226.37	997,794.33	997,794.33
Long-term borrowings due within one year . . . . .	1,012,451,869.66	122,239,584.99	122,239,584.99
Lease liabilities due within one year . . . . .	145,393,721.09	96,106,915.57	
Other long-term liabilities due within one year . . . . .	76,919,276.68		
<b>Total</b> . . . . .	<b>1,579,756,235.56</b>	<b>797,848,152.49</b>	<b>701,741,236.92</b>

**6.30 Other current liabilities**

<u>Item</u>	<u>Ending balance</u>	<u>Beginning balance</u>
Short-term payable bonds . . . . .	813,282,191.76	
Output tax to be written off . . . . .	292,331,103.34	237,274,931.90
<b>Total</b> . . . . .	<b>1,105,613,295.10</b>	<b>237,274,931.90</b>

### 6.31 Long-term borrowings

#### Category of long-term borrowings:

Item	Ending balance	Beginning balance
Guaranteed borrowings . . . . .	671,962,788.66	973,672,290.25
Guaranteed and mortgaged borrowings . . . . .	1,533,005,902.58	676,960,000.00
<b>Total . . . . .</b>	<b>2,204,968,691.24</b>	<b>1,650,632,290.25</b>

### 6.32 Bonds payable

#### 6.32.1 Breakdown of bonds payable

Item	Ending balance	Beginning balance
Bonds payable . . . . .	994,393,616.16	2,008,188,216.88
<b>Total . . . . .</b>	<b>994,393,616.16</b>	<b>2,008,188,216.88</b>

#### 6.32.2 Movement in bonds payable (excluding preferred stocks, perpetual debts and other financial instruments classified as financial liabilities)

Name of bond	Beginning balance	Current issue	Interest accrued at par value	Premium and discount amortization	Current repayment	Other decrease	Ending balance
20 Xin Wang 01 . . . . .	379,839,636.41		23,685,585.03	3,811,837.49	15,522,000.00		391,815,058.93
20 Xin Wang 02 . . . . .	204,514,845.49		11,932,602.74	1,982,726.34	8,925,000.00		209,505,174.57
20 Xin Wang 03 . . . . .	383,331,792.99		25,830,575.34	3,231,014.33	19,320,000.00		393,073,382.66
Xin Wang convertible bonds . . . . .	1,040,501,941.99		2,085,313.09	10,713,263.20	6,474,852.61	1,046,825,665.67	
<b>Total . . . . .</b>	<b>2,008,188,216.88</b>		<b>63,534,076.20</b>	<b>19,738,841.36</b>	<b>50,241,852.61</b>	<b>1,046,825,665.67</b>	<b>994,393,616.16</b>

(Continued)

Name of bond	Par value	Date of issue	Bond term	Amount issued
20 Xin Wang 01 . . . . .	390,000,000.00	2020-6-23	3 years	390,000,000.00
20 Xin Wang 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
Xin Wang convertible bonds . . . . .	1,120,000,000.00	2020-7-14	6 years	1,120,000,000.00
<b>Total . . . . .</b>				<b>2,120,000,000.00</b>

#### 6.32.3 Notes to the transfer conditions and time of the convertible bonds of the Company

The conversion period of the convertible bonds issued starts on the first trading day (six months after the end of this issuing) and ends on the maturity of the convertible bonds. That is to say, the conversion period is from 20 January 2021 to 13 July 2026.

The initial conversion price of the convertible bonds issued is RMB21.24/share. Due to the implementation of the 2020 profit distribution plan, the share transfer price of Sunwoda is adjusted from RMB21.24/share to RMB21.17/share, and the adjusted share transfer price takes effect on 4 June 2021.

As at 31 December 2021, the Company has issued 11,200,000 convertible debts, transferred 11,146,745 shares, left 53,255 shares not transferred, and totally repaid the nonconvertible bonds.

**6.33 Lease liabilities**

Item	Ending balance
Lease liabilities . . . . .	572,228,765.81
Including: unrecognized financing expense . . . . .	149,532,101.66
<b>Total . . . . .</b>	<b>572,228,765.81</b>

**6.34 Long-term payables**

Item	Ending balance	Beginning balance
Long-term payables . . . . .	213,192,010.39	302,848,665.63
Special payables . . . . .		
<b>Total . . . . .</b>	<b>213,192,010.39</b>	<b>302,848,665.63</b>

*6.34.1 Long-term payables*

Item	Ending balance	Beginning balance
Long-term payables . . . . .	213,192,010.39	302,848,665.63
Including: unrecognized financing expenses . . . . .	1,024,366.02	10,239,789.79
<b>Total . . . . .</b>	<b>213,192,010.39</b>	<b>302,848,665.63</b>

**6.35 Provisions**

Item	Beginning balance	Additions during the year	Decrease during the year	Ending balance	Causes
Product quality guarantee . . . . .	44,497,619.66	82,995,400.74		127,493,020.40	After-sale comprehensive service charge of electric vehicle battery
<b>Total . . . . .</b>	<b>44,497,619.66</b>	<b>82,995,400.74</b>		<b>127,493,020.40</b>	

**6.36 Deferred income**

Item	Beginning balance	Additions during the year	Decrease during the year	Ending balance	Notes
Government subsidies . . . . .	554,246,865.62	55,773,183.15	87,050,945.86	522,969,102.91	
Unrealized profit or loss on the after-sales leaseback . . . . .	993,682.59		794,946.00	198,736.59	
<b>Total . . . . .</b>	<b>555,240,548.21</b>	<b>55,773,183.15</b>	<b>87,845,891.86</b>	<b>523,167,839.50</b>	

*Items involving government subsidies*

Liabilities	Beginning balance	Additions of subsidies in 2021	Amount recorded in profit or loss in 2021	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 . . . . .	64,494.77		55,193.76		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 group technology and control system engineering in terms of power and energy-storage battery in Shenzhen . . . . .	1,540,957.11		515,600.28		1,025,356.83	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 . . . . .	3,092,447.85		289,737.84		2,802,710.01	Asset-related
Supporting fund subsidies for import discount of the State . . . . .	2,237,724.21		305,092.80		1,932,631.41	Asset-related
Group technology and control system in terms of power and energy-storage battery . . . . .	39,354.13		10,263.36		29,090.77	Asset-related
Project fund for replacement of variable pump-motor power equipment with all-electric servo-system . . . . .	336,788.27		288,218.04		48,570.23	Asset-related
Subsidies for application and research on key technology of family photovoltaic energy-storage system . . . . .	265,959.78		55,980.36		209,979.42	Asset-related
Energy storage device for lithium battery of smart grid . . . . .	2,400,000.00				2,400,000.00	Asset-related
Research, development and industrialization for group of lithium battery for electro-mobiles and key technology of battery management system . . . . .	6,237,894.07	800,000.00	515,925.23		6,521,968.84	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

Liabilities	Beginning balance	Additions of subsidies in 2021	Amount recorded in profit or loss in 2021	Other changes	Ending balance	Asset-related/ Income-related
Research and development on all solid state lithium battery and key materials based on materials genome . . . . .	813,470.85	335,000.00	64,841.41		1,083,629.44	Asset-related
Flexible materials . . . . .	173,250.00				173,250.00	Asset-related
Research, development and industrial project of VR force/haptic interaction and development of Key technology research and development of Heavy 20170083 300Wh/Kg lithium ion power battery . . . . .	1,574,652.50	180,000.00	233,967.96		1,520,684.54	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” . . . . .	3,822,744.88		106,353.12		3,716,391.76	Asset-related
Subsidies for “lithium ion power battery PACK assembly high flexibility digitalized factory” of 2017 smart manufacturing new form application project . . . . .	15,247,240.00	1,339,900.00		-1,986,226.00	14,600,914.00	Asset-related
Funds for research and development of “high energy density lithium-ion battery of nickel-rich LiNi1-x-yCoxMnyO2 cathode material with micro sodium structure. . . . .	5,500,000.00	10,000,000.00		-4,500,000.00	11,000,000.00	Asset-related
“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”. . . . .	2,617,612.11	1,200,000.00	140,796.48		3,676,815.63	Asset-related
Information construction project-Sunwoda i-Factory information construction project . . . . .	1,000,000.11		999,999.97		0.14	Asset-related
The second batch of technical transformation projects in Baoan District in 2016 . . . . .	200,000.00				200,000.00	Asset-related
	200,000.00				200,000.00	Asset-related

Liabilities	Beginning balance	Additions of subsidies in 2021	Amount recorded in profit or loss in 2021	Other changes	Ending balance	Asset-related/ Income-related
Multi-energy complementary power generation and independent technology for load and independent power supply (special project) . . . .	465,100.00				465,100.00	Asset-related
Integrated special fund for “innovation chain + industrial chain” of independent development and application of Pack intelligent production line of Li-ion battery . . . . .	22,577,502.55		1,952,740.23		20,624,762.32	Asset-related
Promotion project for technology reconstruction of Sunwoda Industrial Park . . . . .	2,158,000.00		996,000.00		1,162,000.00	Asset-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 . . . . .	3,220,000.00		11,629.79		3,208,370.21	Asset-related
Innovation capacity building project of Sunwoda national enterprise technology center of Shenzhen Development and Reform Commission . . . . .	4,800,000.00		194,367.28		4,605,632.72	Asset-related
Construction project of application innovation experience center of the CPS-based industrial Internet platform — point chain industrial collaborative cloud platform . . . . .	440,000.00	60,000.00			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 . . . . .	925,966.97	2,020,000.00	209,652.84		2,736,314.13	Asset-related
Secondary node construction of Sunwoda industrial Internet logo analysis . . . . .	2,400,000.00				2,400,000.00	Asset-related



Liabilities	Beginning balance	Additions of subsidies in 2021	Amount recorded in profit or loss in 2021	Other changes	Ending balance	Asset-related/ Income-related
Projects supported by 2020 industrial Internet development support plan . . . . .	2,650,000.00				2,650,000.00	Asset-related
The second batch of funding plan for major projects — technological transformation and upgrading project of Sunwoda Guangming Industrial Park . . . . .	11,004,323.37		2,358,069.24		8,646,254.13	Asset-related
Technical transformation project of key material production enterprises for epidemic prevention and control. . . . .	232,500.01		103,333.32		129,166.69	Asset-related
Research, development and industrialization project of high energy solid battery of Heavy 2020055. . . . .	900,000.00	1,500,000.00		-600,000.00	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 . . . . .		4,000,000.00		-2,640,000.00	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
Public service platform of lithium battery testing technology . . . . .	73,333.38		73,333.38			Asset-related
Test, research and application of Qi wireless charging technology . . . . .	500,000.04		66,666.62		433,333.42	Asset-related
Closed-loop quality test technology of Pack intelligent manufacturing production line of lithium battery . . . . .	2,794,154.03		380,977.90		2,413,176.13	Asset-related
Research on health status and residual value evaluation technology of retired power battery cells and modules. . . . .	351,300.00		293,118.18		58,181.82	Asset-related
Technical transformation project of precision plastics production line. . . . .	968,200.00	726,200.00	151,662.55		1,542,737.45	Asset-related

Liabilities	Beginning balance	Additions of subsidies in 2021	Amount recorded in profit or loss in 2021	Other changes	Ending balance	Asset-related/ Income-related
Special subsidy for high-flexibility digital factory of Pack assembly of lithium ion power battery...	194,094.88	1,000,000.00	1,136,359.06		57,735.82	Asset-related
Research and development of key technologies for high safety 350Wh/kg power battery of Heavy 20200054.....	4,875,000.00	6,825,000.00	2,729,762.96		8,970,237.04	Asset-related
Special fund and project investment subsidy for the provincial strategic new emerging industries in 2020 .....	1,125,000.00	1,125,000.00			2,250,000.00	Asset-related
Reward for technical device support .....	36,400,000.00				36,400,000.00	Asset-related
Supporting fund of Yuanzhou Town People's Government on technology .....	360,411,994.46	13,405,700.00	61,297,362.45		312,520,332.01	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
Industrialization project of application of lithium battery .....	1,000,000.00				1,000,000.00	Asset-related
Awards of Boluo County Bureau of Technology, Industry and Information Technology for enlarging technical transformation of industrial enterprises in 2019 .....	23,162,200.00		1,125,455.95		22,036,744.05	Asset-related
Support fund of special technology .....		1,750,000.00			1,750,000.00	Asset-related
Special subsidy for investment in the first batch of equipment of 2020 .....		5,476,383.15	662,257.50		4,814,125.65	Asset-related
<b>Total</b> .....	<b>554,246,865.62</b>	<b>55,773,183.15</b>	<b>77,324,719.86</b>	<b>-9,726,226.00</b>	<b>522,969,102.91</b>	

### 6.37 Other non-current liabilities

Item	Ending balance	Beginning balance
Payment for Sunwoda Factory (Phase 2) in Nanjing . . . . .	104,716,455.57	113,708,288.50
<b>Total</b> . . . . .	<b>104,716,455.57</b>	<b>113,708,288.50</b>

### 6.38 Share capital

Item	Beginning balance	New shares issued	Movement (“+” for increase and “-” for decrease)				Sub-total	Ending balance
			Shares granted	Public reserve transferred to shares	Others			
Total shares . . . . .	1,574,979,031.00	146,090,215.00			-2,111,970.00	143,978,245.00	1,718,957,276.00	

Other notes:

- (1) The Company issued 93,438,233 new shares to the specific subjects, increased share capital by RMB93,438,233.00, and increased share capital by RMB52,651,982.00 due to converting the bonds of the Company.
- (2) 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 2,111,970 restricted stocks at the granting price, which have been granted to the employees but not unlocked. The share capital decreased by RMB2,111,970.00 accordingly.

### 6.39 Other equity instruments

#### 6.39.1 Basic information of preferred shares, perpetual bonds and other financial instruments issued at the end of the period

Financial instruments issued externally	Accounting classification	Issuing price	Quantity	Amount
123058-Xinwang Convertible Bonds . . . . .		100.00	11,200,000.00	1,120,000,000.00
<b>Total</b> . . . . .		<b>100.00</b>	<b>11,200,000.00</b>	<b>1,120,000,000.00</b>

(Continued)

Financial instruments issued externally	Date of issuance	Dividend rate or interest rate	Date of maturity or renewal	Conditions for conversion	Share conversion
123058-Xinwang Convertible Bonds . . . . .	2020/7/14	1st year: 0.4% 2nd year: 0.6% 3rd year: 1.0% 4th year: 1.5% 5th year: 1.8% 6th year: 2.0%	July 13, 2026		Transferred 11,146,745 shares, not transferred 53,255 shares, which have been totally repaid.

**6.39.2 Changes in preferred shares, perpetual bonds and other financial instruments issued at the end of the period**

Financial instruments issued externally	Beginning balance		Additions during the year		Decrease during the year		Ending balance	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
	123058-Xinwang Convertible Bonds . . . . .	11,200,000.00	72,174,079.25			11,200,000.00	72,174,079.25	
<b>Total . . . . .</b>	<b>11,200,000.00</b>	<b>72,174,079.25</b>			<b>11,200,000.00</b>	<b>72,174,079.25</b>		

**6.40 Capital reserves**

Item	Beginning balance	Additions during the year	Decrease during the year	Ending balance
Capital premium (stock premium) . . . . .	1,936,620,025.29	5,031,124,950.58	16,374,287.80	6,951,370,688.07
Other capital reserves. . . . .	291,552,539.57	391,764,293.53	181,202,440.03	502,114,393.07
<b>Total . . . . .</b>	<b>2,228,172,564.86</b>	<b>5,422,889,244.11</b>	<b>197,576,727.83</b>	<b>7,453,485,081.14</b>

Other notes to the movement and the reasons of change:

Increase in the stock premium: RMB3,787,731,976.72 was increased due to the implementation of the incentive restricted stocks; the capital stock premium of RMB1,069,4544,875.66 increased due to the conversion of convertible corporate bonds; the capital stock premium of RMB173,848,098.20 increased due to the lifting of the ban on the incentive restricted stocks of Phase 2;

Decrease in the stock premium: RMB16,374,287.80 was decreased caused by repurchase of the incentive restricted stocks of Phase 3;

Increase in other capital reserves: RMB180,159,786.39 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 RMB209,983,497.03. Due to the dilution of long-term equity investment accounted by the equity method, the other capital reserve was increased by RMB1,621,010.11.

Decrease in other capital reserves: RMB173,848,098.20 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 RMB7,138,613.17.

**6.41 Treasury stocks**

Item	Beginning balance	Additions during the year	Decrease during the year	Ending balance
Accounts received for the restricted stocks with the obligation of repurchase . . . . .	368,614,935.00		142,255,328.30	226,359,606.70
<b>Total . . . . .</b>	<b>368,614,935.00</b>		<b>142,255,328.30</b>	<b>226,359,606.70</b>

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 2021 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.

**6.42 Other comprehensive income**

Item	Current						
	Beginning 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	After-tax amount attributable to non-controlling shareholders	Ending balance
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 . . . . .	2,138,548.46	-2,296,591.69			-2,296,566.10	-25.59	-158,017.64
Including: other comprehensive income to be reclassified in profit or loss under equity method. . . . .							
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 . . . . .	2,138,548.46	-2,296,591.69			-2,296,566.10	-25.59	-158,017.64
<b>Total of other comprehensive income . . . . .</b>	<b>2,138,548.46</b>	<b>-2,296,591.69</b>			<b>-2,296,566.10</b>	<b>-25.59</b>	<b>-158,017.64</b>

### 6.43 Surplus reserves

Item	Beginning balance before adjustment	Beginning balance	Additions during the year	Decrease during the year	Ending balance
Statutory surplus reserves . . . . .	507,131,632.53	505,947,274.12	132,415,222.49		638,362,496.61
Others . . . . .					
<b>Total . . . . .</b>	<b>507,131,632.53</b>	<b>505,947,274.12</b>	<b>132,415,222.49</b>		<b>638,362,496.61</b>

### 6.44 Undistributed profit

Item	Current year	Prior year
Undistributed profits by the end of prior year before adjustment . . . . .	2,803,039,775.29	2,226,732,690.93
Adjustment of total undistributed profits at the beginning of period (increase +, decrease -). . . . .	-30,226,753.78	
Undistributed profits at the beginning of period after adjustment . . . . .	2,772,813,021.51	2,226,732,690.93
Add: Current net profits attributable to owners of the Company . . . . .	915,654,084.18	801,955,406.21
Less: Drawing of statutory surplus reserves . . . . .	132,415,222.49	115,896,929.68
Drawing of discretionary surplus reserves . . . . .		
Drawing of general risk reserves . . . . .		
Ordinary share dividends payable . . . . .	110,272,959.11	109,751,392.17
Ordinary share dividends transferred to share capital . . . . .		
Others . . . . .		
Undistributed profits by the end of period . . . . .	3,445,778,924.09	2,803,039,775.29

### 6.45 Operating revenue and cost of sales

#### 6.45.1 Presentation of operating revenue and cost of sales

Item	Current year		Prior year	
	Revenue	Cost	Revenue	Cost
Primary business . . . . .	37,094,903,498.88	31,789,817,195.27	29,485,250,632.96	25,241,145,151.29
Other business . . . . .	263,820,013.19	81,938,508.94	207,057,252.33	112,898,627.89
<b>Total . . . . .</b>	<b>37,358,723,512.07</b>	<b>31,871,755,704.21</b>	<b>29,692,307,885.29</b>	<b>25,354,043,779.18</b>

Breakdown of operating revenue:

Item	Current	Previous
Contractual income . . . . .	37,358,723,512.07	29,692,307,885.29
Rental income . . . . .		
<b>Total . . . . .</b>	<b>37,358,723,512.07</b>	<b>29,692,307,885.29</b>

#### 6.45.2 Contractual income

Income of this period is presented below:

Contract classification	Current year
Classified by commodities:	
3C battery . . . . .	26,213,868,319.24
EV battery . . . . .	2,932,884,940.49
ESS . . . . .	302,562,605.60
Smart hardware . . . . .	5,006,997,989.00
Precision structural parts . . . . .	2,179,900,296.63
Others . . . . .	722,509,361.11
<b>Total . . . . .</b>	<b>37,358,723,512.07</b>
Classified by operating areas:	
North China . . . . .	4,471,580,756.28
East China . . . . .	2,345,186,315.89
South China . . . . .	9,998,253,300.91
Central China . . . . .	1,861,476,847.62
Northeast . . . . .	1,260,534.46
Northwest . . . . .	31,274,362.87
Southwest . . . . .	1,058,206,749.18
Export . . . . .	17,591,484,644.86
<b>Total . . . . .</b>	<b>37,358,723,512.07</b>

#### 6.46 Taxes and surcharges

Item	Current year	Prior year
Urban maintenance and construction tax . . . . .	30,653,665.31	33,821,404.50
Education surtax . . . . .	25,890,643.01	26,329,827.55
Property tax . . . . .	16,385,962.99	15,995,583.86
Land use tax . . . . .	2,933,851.44	1,584,204.09
Stamp tax and others . . . . .	40,500,712.54	26,378,561.00
Vehicle use tax . . . . .	33,252.12	3,803.00
Environment protection tax . . . . .	1,131,465.79	
<b>Total . . . . .</b>	<b>117,529,553.20</b>	<b>104,113,384.00</b>

#### 6.47 Selling expenses

Item	Current	Previous
Employees' benefits . . . . .	95,954,145.43	55,146,505.46
Business entertainment expenses . . . . .	17,105,437.80	12,783,935.92
Travel expenses . . . . .	7,090,530.83	5,075,230.65
Share-based payment . . . . .	12,871,176.44	19,007,021.09
Consulting fee . . . . .	12,891,787.27	5,150,266.33
Material consumption . . . . .	34,780,118.51	52,835,891.37
Product quality guarantee deposit . . . . .	82,195,400.74	10,766,901.81
Others . . . . .	17,501,079.12	18,254,190.96
<b>Total . . . . .</b>	<b>280,389,676.14</b>	<b>179,019,943.59</b>



#### 6.48 Administrative expenses

Item	Current	Previous
Employees' benefits . . . . .	763,288,785.11	545,961,103.68
Depreciation charge . . . . .	83,139,666.30	56,932,034.24
Amortization of intangible assets . . . . .	16,970,194.06	19,571,805.76
Expenses of office affairs . . . . .	31,096,963.97	18,852,902.42
Intermediary consulting service fee . . . . .	53,534,233.65	29,923,194.38
Business entertainment expenses . . . . .	30,243,635.11	20,848,585.83
Fees for water, power and property management . . . . .	84,006,570.69	57,752,650.64
Rental . . . . .	23,728,234.01	72,792,588.89
Amortization of long-term deferred expenses . . . . .	53,777,642.82	31,221,838.36
Share-based payment . . . . .	69,844,629.63	122,172,762.79
Maintenance fee . . . . .	28,593,587.70	15,297,224.39
Material consumption . . . . .	100,218,866.43	50,884,486.55
Depreciation of right of use assets . . . . .	33,246,698.63	
Others . . . . .	121,831,706.40	95,151,936.51
<b>Total . . . . .</b>	<b>1,493,521,414.51</b>	<b>1,137,363,114.44</b>

#### 6.49 Research and development expenses

Item	Current	Previous
Employees' benefits . . . . .	921,676,784.57	652,220,541.18
Depreciation charge . . . . .	193,202,479.22	191,951,176.40
Intermediary consulting service fee . . . . .	9,462,165.45	9,873,053.47
Fees for water, power and property management . . . . .	44,337,006.64	26,128,779.31
Rental . . . . .	5,326,193.07	11,886,947.07
Amortization of long-term deferred expenses . . . . .	27,731,432.48	8,853,931.91
Material consumption . . . . .	925,516,686.88	730,496,562.85
Travel expense . . . . .	11,084,367.23	6,681,711.10
Identification test fee . . . . .	74,953,319.12	55,786,544.98
Share-based payment . . . . .	44,648,091.96	88,241,637.34
Depreciation of right of use assets . . . . .	3,684,213.13	
Others . . . . .	65,049,891.96	24,166,423.64
<b>Total . . . . .</b>	<b>2,326,672,631.71</b>	<b>1,806,287,309.25</b>

### 6.50 Finance expenses

Item	Current	Previous
Interest expenses . . . . .	525,998,966.21	418,243,919.26
Including: interest expense of lease liabilities . . . . .	27,966,122.01	
Less: interest income . . . . .	92,317,193.02	93,693,920.19
Profit or loss from exchange. . . . .	25,864,150.55	119,277,615.80
Bank charges for discounted notes . . . . .	5,495,259.50	2,748,657.61
Others . . . . .	57,160,748.41	53,915,035.34
<b>Total. . . . .</b>	<b>522,201,931.65</b>	<b>500,491,307.82</b>

### 6.51 Other incomes

Item	Current	Previous
Government subsidies. . . . .	228,049,624.94	157,013,476.39
Weighed input tax deduction. . . . .	475,589.08	599,283.19
Exemped social insurance. . . . .		4,730,983.47
VAT immediately collected and refunded. . . . .	20,704,728.43	8,778,011.74
<b>Total. . . . .</b>	<b>249,229,942.45</b>	<b>171,121,754.79</b>

#### Government subsidies included in other incomes:

Subsidy items	Current	Previous	Asset-related/ Income-related
Special fund for power lithium-ion battery . . . .		38,081.57	Asset-related
Funds of the Ministry of Industry and Information Technology for development of electronic information — research, development and industrialization of Sunwoda laptop battery . . . . .	55,193.76	55,193.76	Asset-related
Lab of group technology and control system engineering in terms of power and energy- storage battery in Shenzhen . . . . .	515,600.28	515,600.28	Asset-related
Fund of industrialized projects of distributed lithium battery energy storage system. . . . .	289,737.84	292,943.89	Asset-related
Group technology and control system in terms of power and energy-storage battery. . . . .	10,263.36	12,529.11	Asset-related
Project fund for replacement of variable pump- motor power equipment with all-electric servo-system. . . . .	288,218.04	288,218.04	Asset-related
Subsidies for application and research on key technology of family photovoltaic energy- storage system . . . . .	55,980.36	59,901.72	Asset-related
Research, development and industrialization for new power management system of lithium battery for electric vehicles . . . . .	515,925.23	351,228.86	Asset-related
Research and development of all solid state lithium batteries and key materials based on material genomics technology . . . . .	64,841.41	16,529.15	Asset-related
Research, development and industrial project of VR force/haptic interaction equipment . . . .	233,967.96	256,391.35	Asset-related

<u>Subsidy items</u>	<u>Current</u>	<u>Previous</u>	<u>Asset-related/ Income-related</u>
Key technology research and development of Heavy 20170083 300Wh/Kg lithium ion power battery . . . . .	106,353.12	106,353.07	Asset-related
Funds for research and development of “high energy density lithium ion battery of nickel-rich LiNi <sub>1-x-y</sub> CoxMnyO <sub>2</sub> cathode material with micro sodium structure. . . . .	140,796.48	82,131.27	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”. . . . .	999,999.93	999,999.99	Comprehensive
Integrated special fund for “Innovation chain + industrial chain” of independent development and application of Pack intelligent manufacturing production line for lithium ion batteries . . . . .	1,952,740.26	1,624,434.13	Asset-related
Promotion project for technology reconstruction of Sunwoda Industrial Park . . . . .	996,000.00	996,000.00	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 . . . . .	209,652.84	4,074,033.03	Asset-related
The second batch of funding plan for key project — technological transformation and upgrading project of Sunwoda Guangming Industrial Park . . . . .	2,358,069.24	11,965,676.63	Asset-related
Technological transformation of production enterprises of epidemic control materials . . . . .	103,333.32	77,499.99	Asset-related
Public service platform of gathered innovation capacity construction projects of the National Enterprise Technology Center . . . . .	194,367.28	94,339.62	Asset-related
Research on high energy density electrode and battery technology. . . . .	11,629.80		Asset-related
Public service platform for test technology and research on lithium battery . . . . .	73,333.38	39,999.96	Asset-related
Test, research and application of Qi wireless charging technology . . . . .	66,666.62	99,999.96	Asset-related
Public service platform for test technology and research on lithium battery . . . . .	293,118.18		Asset-related
Closed-loop quality test technology of Pack intelligent manufacturing production line of lithium battery . . . . .	380,977.90	1,358,062.21	Asset-related
Supporting fund of Yuanzhou Town People’s Government on technology . . . . .	61,297,362.45	7,814,400.98	Asset-related
High-flexibility digital factory for Pack assembly of lithium-ion power battery . . . . .	1,136,359.06	717,012.96	Asset-related

Subsidy items	Current	Previous	Asset-related/ Income-related
Digital twin system project of production line based on industrial Internet platform . . . . .	2,729,762.96		Asset-related
Investment subsidy for technical transformation multiplied by special technical transformation of Shenzhen Economic Trade and Informatization Commission . . . . .		201,818.18	Asset-related
Supporting fund subsidies for import discount of the State . . . . .	305,092.80	305,092.80	Comprehensive
Subsidy for technical transformation of Shenzhen Baoan District Bureau of Industry and Information . . . . .	301,060.35		Asset-related
Special subsidy for equipment investment . . . . .	361,197.15		Asset-related
Subsidy for post stabilization and employment . . . . .	14,813,578.53	14,219,645.91	Income-related
Subsidy for water and electricity charges . . . . .	5,571,943.62	18,551,113.67	Income-related
Subsidy for research and development . . . . .	49,395,490.99	21,248,100.00	Income-related
Subsidy for increase of production capacity . . . . .	48,159,109.50	47,290,275.00	Income-related
Subsidy for postdoctoral . . . . .	4,640,000.00	1,150,000.00	Income-related
Rent subsidy . . . . .	3,727,682.83	1,500,000.00	Income-related
Other government grants . . . . .	25,694,218.11	20,610,869.30	Income-related
<b>Total . . . . .</b>	<b>228,049,624.94</b>	<b>157,013,476.39</b>	

**6.52 Investment income**

Item	Current	Previous
Incomes from long-term equity investment calculated under equity method . . . . .	-13,561,456.64	66,664,176.20
Investment incomes from disposal of long-term equity investment . . . . .	-64,155.06	
Investment incomes from disposal of financial assets held for trading . . . . .	36,441,600.05	-24,298,165.51
Investment incomes in the period of holding other non-current financial assets . . . . .	14,165,017.56	4,000,000.00
<b>Total . . . . .</b>	<b>36,981,005.91</b>	<b>46,366,010.69</b>

**6.53 Incomes from change in fair value**

Source of incomes from changes in fair value	Current	Previous
Financial assets held for trading . . . . .	-10,021,010.40	10,808,720.48
Including: income from changes in fair value arising from the derivative financial instruments . . . . .	-10,021,010.40	10,808,720.48
Other non-current financial assets . . . . .	-13,657,951.66	406,911,269.60
Financial liabilities held for trading . . . . .		18,000,000.00
<b>Total . . . . .</b>	<b>-23,678,962.06</b>	<b>435,719,990.08</b>

**6.54 Losses on credit impairment**

Item	Current	Previous
Loss on bad debts of accounts receivable . . . . .	-6,413,743.03	-41,778,572.20
Loss on bad debts of other receivables . . . . .	-9,728,951.13	-21,133,360.99
<b>Total . . . . .</b>	<b>-16,142,694.16</b>	<b>-62,911,933.19</b>

### 6.55 Losses on assets impairment

Item	Current	Previous
Losses on inventory depreciation . . . . .	-164,566,719.16	-193,007,386.46
Losses on impairment of long-term equity investment . . . . .		-17,680,614.34
Losses on impairment of fixed assets . . . . .		-1,562,532.17
<b>Total</b> . . . . .	<b>164,566,719.16</b>	<b>212,250,532.97</b>

### 6.56 Incomes from assets disposal

Item	Current	Previous	Amount included in non-recurring profit or loss in 2021
Profit or loss on disposal of fixed assets . . . . .	-18,013,311.84	-11,703,813.91	-18,013,311.84
Profit or loss on disposal of intangible assets and construction in process . . . . .	176,903,504.86		176,903,504.86
<b>Total</b> . . . . .	<b>158,890,193.02</b>	<b>-11,703,813.91</b>	<b>158,890,193.02</b>

### 6.57 Non-operating income

Item	Current	Previous	Amount included in non-recurring profit or loss in 2021
Incomes from waste . . . . .	24,537,830.38	17,917,093.00	24,537,830.38
Incomes from penalty . . . . .	18,564,628.07	19,010,963.35	18,564,628.07
Others . . . . .	13,531,835.75	10,459,512.51	13,531,835.75
<b>Total</b> . . . . .	<b>56,634,294.20</b>	<b>47,387,568.86</b>	<b>56,634,294.20</b>

### 6.58 Non-operating expenses

Item	Current	Previous	Amount included in non-recurring profit or loss in 2021
Donations . . . . .	7,596,438.76	10,552,560.59	7,596,438.76
Losses on damages and discard of non-current assets .	9,049,722.07	35,141,100.17	9,049,722.07
Penalty expense . . . . .	813,200.00	2,218,245.85	813,200.00
Others . . . . .	8,459,116.14	9,550,795.54	8,459,116.14
<b>Total</b> . . . . .	<b>25,918,476.97</b>	<b>57,462,702.15</b>	<b>25,918,476.97</b>

### 6.59 Income tax expenses

#### 6.59.1 Breakdown of income tax expenses

Item	Current	Previous
Current income tax expenses . . . . .	169,070,532.92	144,600,786.14
Deferred income tax expenses . . . . .	-5,982,305.87	22,393,278.15
<b>Total</b> . . . . .	<b>163,088,227.05</b>	<b>166,994,064.29</b>

**6.59.2 Adjustment process of accounting profits and income tax expenses**

Item	Current year
Total profit . . . . .	1,018,081,183.88
Income tax expenses calculated at the statutory [or applicable] tax rate . . . . .	152,712,177.58
Effect of different tax rates applicable to subsidiaries . . . . .	121,038,661.06
Effect of adjustment on income tax in prior year. . . . .	6,562,160.50
Effect of tax-free income. . . . .	-1,103,697.23
Effect of non-deductible costs, expenses and losses. . . . .	26,476,175.32
Effect of use of the deductible losses of deferred income tax unrecognized in the prior year . . . . .	-50,884,510.46
Effect of deductible temporary differences or deductible losses from deferred income tax assets unrecognized in the current period . . . . .	335,751,752.35
Change in balance of deferred income tax/liabilities at the beginning due to adjustment of tax payment . . . . .	235,079.50
Extra deductible expense regulated by the tax law. . . . .	-419,606,290.51
Others . . . . .	-8,093,281.06
Income tax expenses . . . . .	163,088,227.05

**6.60 Earnings per share**

**6.60.1 Basic earnings per share**

Basic earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of external ordinary shares issued by the Company:

Item	Current	Previous
Consolidated net profit attributable to ordinary shareholders of the Company . . . . .	915,654,084.18	801,955,406.21
Weighted average number of external ordinary shares issued by the Company . . . . .	1,575,953,308.92	1,530,885,331.00
Basic earnings per share. . . . .	0.58	0.52
Including: basic earnings per share from continuous operation . . . . .	0.58	0.52
Basic earnings per share from discontinued operation. . . . .		

**6.60.2 Diluted earnings per share**

Diluted earnings per share is calculated by dividing the consolidated net profit (dilution) attributable to ordinary shareholders of the Company by the weighted average number (dilution) of ordinary shares issued by the Company externally:

Item	Current	Previous
Consolidated net profit (dilution) attributable to ordinary shareholders of the Company . . . . .	915,654,084.18	801,955,406.21
Weighted average number (dilution) of ordinary shares issued by the Company externally . . . . .	1,593,145,012.69	1,569,065,509.20
Diluted earnings per share . . . . .	0.57	0.52
Including: diluted earnings per share from continued operation. . . . .	0.57	0.52
Diluted earnings per share from discontinued operation . . . . .		

## 6.61 Items in the statement of cash flows

### 6.61.1 Cash received from other operating activities

Item	Current	Previous
Interest income . . . . .	106,922,700.56	79,451,038.22
Penalty income and other non-operating income . . . . .	36,141,428.17	55,029,811.25
Government subsidies. . . . .	195,081,075.27	248,147,507.98
Deposits and margins . . . . .	18,605,266.91	11,295,045.71
Proceeds from other operating activities . . . . .	69,392,290.19	66,848,458.74
<b>Total. . . . .</b>	<b>426,142,761.10</b>	<b>460,771,861.90</b>

### 6.61.2 Cash paid for other operating activities

Item	Current	Previous
Selling expenses paid in cash . . . . .	125,821,106.39	63,637,848.33
Administrative expenses paid in cash . . . . .	479,861,530.61	329,719,660.49
Research and development expenses paid in cash. . . . .	436,359,820.71	402,152,985.57
Finance expenses paid in cash . . . . .	23,410,307.06	16,473,147.01
Donation expenditures . . . . .	6,596,108.76	10,549,490.59
Deposits and margins . . . . .	43,795,915.53	23,157,727.90
Current accounts and others . . . . .	204,901,402.65	73,337,262.74
<b>Total. . . . .</b>	<b>1,320,746,191.71</b>	<b>919,028,122.63</b>

### 6.61.3 Cash received from other investment activities

Item	Current	Previous
Cash received for acquisition of subsidiaries . . . . .		11,801,673.51
<b>Total. . . . .</b>		<b>11,801,673.51</b>

### 6.61.4 Cash paid for other investment activities

Item	Current	Previous
Cash from sales of subsidiaries at the end of the period. . . . .	80,533.00	
<b>Total. . . . .</b>	<b>80,533.00</b>	

### 6.61.5 Cash received from other financing activities

Item	Current	Previous
Note and L/C deposit. . . . .		1,491,682,234.67
Financing funds from leaseback . . . . .	322,855,896.18	735,241,896.29
Borrowings from others . . . . .	56,025,159.32	264,744,642.50
Short-term convertible bonds . . . . .	800,000,000.00	
<b>Total. . . . .</b>	<b>1,178,881,055.50</b>	<b>2,491,668,773.46</b>



**6.61.6 Cash paid for other financing activities**

Item	Current	Previous
Deposit for financing notes . . . . .	589,520,000.00	853,374,916.61
Deposits for financing leases and relevant expenses . . . . .	588,133,385.85	414,422,750.36
Expense for bond issuance . . . . .	7,723,773.60	32,964,150.93
Repurchase of stocks . . . . .	218,486,257.80	6,906,006.00
Repayment for principal and interest of lease liabilities . . . . .	156,412,507.61	
Refunds to others . . . . .		152,213,034.57
<b>Total . . . . .</b>	<b>1,560,275,924.86</b>	<b>1,459,880,858.47</b>

**6.62 Supplementary information to the statement of cash flows**

**6.62.1 Supplementary information to the statement of cash flows**

Supplementary information	Current	Previous
<b>1. Net profit adjusted to cash flows from operating activities</b>		
Net profit . . . . .	854,992,956.83	800,261,324.92
Add: Losses on credit impairment . . . . .	16,142,694.16	62,911,933.19
Provision for asset impairment . . . . .	164,566,719.16	212,250,532.97
Depreciation of fixed assets . . . . .	770,743,193.86	479,408,690.29
Depreciation of right of use assets . . . . .	151,306,741.69	
Amortization of intangible assets . . . . .	36,132,351.69	32,064,752.67
Amortization of long-term deferred expenses . . . . .	249,710,485.17	153,141,121.33
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for income) . . . . .	-159,846,865.51	11,703,813.91
Loss on write-off of fixed assets ("-" for income) . . . . .	9,049,722.07	34,682,147.52
Loss from changes in fair value ("-" for income) . . . . .	23,678,962.06	-435,719,990.08
Finance expenses ("-" for income) . . . . .	525,998,966.21	441,705,248.83
Investment loss ("-" for income) . . . . .	-36,981,005.91	-43,243,540.67
Decreases in deferred tax assets ("-" for increase) . . . . .	-51,200,643.73	1,274,671.76
Increases in deferred tax liabilities ("-" for decrease) . . . . .	20,149,420.62	21,810,027.02
Decreases in inventories ("-" for increase) . . . . .	-2,679,055,862.53	-1,179,049,677.33
Decreases in operating receivables ("-" for increase) . . . . .	-1,535,715,344.69	-2,980,760,009.40
Increases in operating payables ("-" for decrease) . . . . .	3,220,951,763.30	2,366,361,065.43
Others . . . . .	53,543,953.73	265,285,313.29
Net cash flows from operating activities . . . . .	1,634,168,208.18	244,087,425.65
<b>2. Significant investment and financing activities not involving cash inflows and outflows</b>		
Conversion of debt into capital . . . . .	1,122,196,857.66	
Convertible corporate bonds due within one year . . . . .		
Fixed assets acquired under financial lease . . . . .		
<b>3. Net change in cash and cash equivalents</b>		
Ending balance of cash . . . . .	5,441,712,417.93	2,362,810,717.86
Less: Beginning balance of cash . . . . .	2,362,810,717.86	1,787,421,127.02
Add: Ending balance of cash equivalents . . . . .		
Less: Beginning balance of cash equivalents . . . . .		
Net increase in cash and cash equivalents . . . . .	3,078,901,700.07	575,389,590.84

**6.6.2 Net cash paid for acquisition of subsidiaries in 2021**

Item	Amount
Cash or cash equivalents received in 2021 from disposal of subsidiaries in 2021 . . .	
Including: Superstar (Hong Kong) . . . . .	
Less: cash and cash equivalents held by subsidiaries on the date of losing control right . . . . .	80,533.00
Including: Superstar (Hong Kong) . . . . .	80,533.00
Add: cash and cash equivalents received in 2021 from disposal of subsidiaries in prior year . . . . .	
Including: Superstar (Hong Kong) . . . . .	
Net cash received from disposal of subsidiaries. . . . .	-80,533.00

**6.6.3 Breakdowns of cash and cash equivalents**

Item	Ending balance	Beginning balance
I. Cash. . . . .	5,441,712,417.93	2,362,810,717.86
Including: Cash on hand . . . . .	758,689.27	608,695.16
Unrestricted bank deposit . . . . .	5,440,953,728.66	2,362,202,022.70
Other unrestricted cash and cash equivalents . . . . .		
II. Cash equivalents . . . . .		
Including: Bond investments due within three months. . . . .		
III. Ending balance of cash and cash equivalents . . . . .	5,441,712,417.93	2,362,810,717.86
Including: cash and cash restricted for use by the Company or subsidiaries within the Company . . . . .		

**6.63 Asset with restriction on its ownership or use right**

Item	Ending balance	Reason for restriction
Cash and cash equivalents . . . . .	2,925,949,878.73	Bank acceptance drafts and L/C deposits
Accounts receivable . . . . .	178,713,054.52	Pledge of right to collect electricity incomes from PV power station
Fixed assets. . . . .	906,399,303.88	Mortgage for borrowing
Intangible assets . . . . .	371,789,668.81	Mortgage for borrowing
<b>Total. . . . .</b>	<b>4,382,851,905.94</b>	

## 6.64 Monetary items in foreign currency

### 6.64.1 Monetary items in foreign currency

Item	Ending balance in foreign currency	Exchange rate	Ending balance translated in RMB
Cash and cash equivalents . . . . .			948,061,458.96
Including: USD . . . . .	109,878,915.29	6.3757	700,555,000.21
TWD . . . . .	1,119,730.00	0.2296	257,112.40
HKD . . . . .	2,135,700.03	0.8176	1,746,148.34
EUR . . . . .	211,760.81	7.2197	1,528,849.52
RUPEE . . . . .	2,829,602,152.63	0.0859	242,977,936.85
JPY . . . . .	17,970,849.00	0.0554	995,854.60
AUD . . . . .	120.52	4.6220	557.04
Accounts receivable . . . . .			4,119,908,401.78
Including: USD . . . . .	585,441,894.68	6.3757	3,732,601,887.91
TWD . . . . .	5.89	0.2296	1.35
RUPEE . . . . .	4,510,382,118.55	0.0859	387,306,512.52
Short-term borrowings . . . . .			1,004,131,455.42
Including: USD . . . . .	157,493,523.13	6.3757	1,004,131,455.42
Accounts payable . . . . .			3,314,365,027.68
Including: USD . . . . .	510,365,707.40	6.3757	3,253,938,640.65
EUR . . . . .	638,602.51	7.2197	4,610,518.54
HKD . . . . .	96,713.25	0.8176	79,072.75
JPY . . . . .	22,076,000.00	0.0554	1,223,341.54
RUPEE . . . . .	634,837,011.78	0.0859	54,513,454.20

### 6.64.2 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

Overseas operating entity	Principal place of business	Reporting currency	Basis for selecting reporting currency
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
Superstar (Hong Kong) . . . . .	Hong Kong	HKD	Common currency in the place of business
Sunwoda (Japan) . . . . .	Japan	JPY	

**6.65 Government subsidy**

*6.65.1 Asset-related government subsidy*

Type	Amount	Item presented in Balance Sheet	Amount included in profit and loss or offset relevant costs and expenses		Items included in profit and loss or offset relevant costs and expenses
			Current year	Prior year	
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	Deferred income	55,193.76	55,193.76	Other income
Technology breakthrough on lithium-ion battery modules of electric vehicles . . . . .	1,200,000.00	Deferred income			Other income
Lab of group technology and control system engineering in terms of power and energy-storage battery in Shenzhen . . . . .	1,025,356.83	Deferred income	515,600.28	515,600.28	Other income
Research and development of optional complete equipment of new power battery . . . . .	689,059.83	Deferred income			Other income
Fund of industrialized projects of distributed lithium battery energy storage system . . . . .	2,802,710.01	Deferred income	289,737.84	292,943.89	Other income
Supporting fund subsidies for import discount of the State. . . . .	1,932,631.41	Deferred income	305,092.80	305,092.80	Other income
Group technology and control system in terms of power and energy-storage battery . . . . .	29,090.77	Deferred income	10,263.36	12,529.11	Other income
Project fund for replacement of variable pump-motor power equipment with all-electric servo-system. . .	48,570.23	Deferred income	288,218.04	288,218.04	Other income
Subsidies for application and research on key technology of family photovoltaic energy-storage system . . . . .	209,979.42	Deferred income	55,980.36	59,901.72	Other income

Type	Amount	Item presented in Balance Sheet	Amount included in profit and loss or offset relevant costs and expenses		Items included in profit and loss or offset relevant costs and expenses
			Current year	Prior year	
Energy storage device for lithium battery of smart grid . . . . .	2,400,000.00	Deferred income			Other income
Research, development and industrialization for groups of lithium battery for electro-mobiles and key technology of battery management system . . .	6,521,968.84	Deferred income	515,925.23	351,228.86	Other income
Research and development team on key technology of MW-level battery energy storage power station . . . . .	700,000.00	Deferred income			Other income
Research and development on all solid state lithium battery and key materials based on materials genome . . . . .	1,083,629.44	Deferred income	64,841.41	16,529.15	Other income
Flexible materials. . . . .	173,250.00	Deferred income			Other income
Research, development and industrial project of VR force/haptic interaction equipment . .	1,520,684.54	Deferred income	233,967.96	256,391.35	Other income
Key technology research and development of Heavy 20170083 300Wh/Kg lithium ion power battery . . . . .	3,716,391.76	Deferred income	106,353.12	106,353.07	Other income
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	Deferred income			Other income
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			Other income

Type	Amount	Item presented in Balance Sheet	Amount included in profit and loss or offset relevant costs and expenses		Items included in profit and loss or offset relevant costs and expenses
			Current year	Prior year	
Funds for research and development of “high energy density lithium ion battery of nickel-rich LiNi <sub>1-x-y</sub> CoxMnyO <sub>2</sub> cathode material with micro sodium structure .	3,676,815.63	Deferred income	140,796.48	82,131.27	Other income
“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	Deferred income	999,999.97	999,999.99	Other income
Information construction project-Sunwoda i-Factory information construction project. . . .	200,000.00	Deferred income			Other income
The second batch of technical transformation projects in Baoan District in 2016 . . . . .	200,000.00	Deferred income			Other income
Multi-energy complementary power generation and independent technology for load and independent power supply (special project) .	465,100.00	Deferred income			Other income
Integrated special fund for “innovation chain + industrial chain” of independent development and application of Pack intelligent production line of Li-ion battery. . .	20,624,762.32	Deferred income	1,952,740.23	1,624,434.13	Other income
Promotion project for technology reconstruction of Sunwoda Industrial Park. . . . .	1,162,000.00	Deferred income	996,000.00	996,000.00	Other income

Type	Amount	Item presented in Balance Sheet	Amount included in profit and loss or offset relevant costs and expenses		Items included in profit and loss or offset relevant costs and expenses
			Current year	Prior year	
Research and development on key technology of Heavy 20180005 Distributed PV-power storage connected operation and dispatch. .	2,600,000.00	Deferred income			Other 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			Other income
Research outlay for high energy density electrode and battery technology .	3,208,370.21	Deferred income	11,629.79		Other income
Innovation capacity building project of Sunwoda national enterprise technology center of Shenzhen Development and Reform Commission . . .	4,605,632.72	Deferred income	194,367.28		Other income
Construction project of application innovation experience center of the CPS-based industrial Internet platform — point chain industrial collaborative cloud platform . . . . .	500,000.00	Deferred income			Other 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 . . . . .	2,736,314.13	Deferred income	209,652.84	4,074,033.03	Other income
Secondary node construction of Sunwoda industrial Internet logo analysis . .	2,400,000.00	Deferred income			Other income
Projects supported by 2020 industrial Internet development support plan . . . . .	2,650,000.00	Deferred income			Other income



Type	Amount	Item presented in Balance Sheet	Amount included in profit and loss or offset relevant costs and expenses		Items included in profit and loss or offset relevant costs and expenses
			Current year	Prior year	
The second batch of funding plan for major projects — technological transformation and upgrading project of Sunwoda Guangming Industrial Park . . . . .	8,646,254.13	Deferred income	2,358,069.24	11,965,676.63	Other income
Technical transformation project of key material production enterprises for epidemic prevention and control. . . . .	129,166.69	Deferred income	103,333.32	77,499.99	Other income
Research, development and industrialization project of high energy solid battery of Heavy 20200055 . . . . .	1,800,000.00	Deferred income			Other income
Subsidy for technical transformation of Shenzhen Baoan District Bureau of Industry and Information . . . . .	15,000,000.00	Deferred income			Other income
Research and application verification of distributed computer system . . . . .	1,360,000.00	Deferred income			Other income
Supporting facility award of technology in Guangdong Province and the State . . . . .	600,000.00	Deferred income			Other income
Technical transformation investment project of enterprise technology support plan . . . . .	3,430,000.00	Deferred income			Other income
Public service platform of lithium battery testing technology . . . . .		Deferred income	73,333.38	39,999.96	Other income
Test, research and application of Qi wireless charging technology . . . . .	433,333.42	Deferred income	66,666.62	99,999.96	Other income
Closed-loop quality test technology of Pack intelligent manufacturing production line of lithium battery . . . . .	2,413,176.13	Deferred income	380,977.90	1,358,062.21	Other income

Type	Amount	Item presented in Balance Sheet	Amount included in profit and loss or offset relevant costs and expenses		Items included in profit and loss or offset relevant costs and expenses
			Current year	Prior year	
Research on health status and residual value evaluation technology of retired power battery cells and modules . . . . .	58,181.82	Deferred income	293,118.18		Other income
Technical transformation project of precision plastics production line .	1,542,737.45	Deferred income	151,662.55		Other income
Special subsidy for high- flexibility digital factory of Pack assembly of lithium ion power battery . . . . .	57,735.82	Deferred income	1,136,359.06	717,012.96	Other income
Research and development of key technologies for high safety 350Wh/kg power battery of Heavy 20200054 . . . . .	8,970,237.04	Deferred income	2,729,762.96		Other income
Special fund and project investment subsidy for the provincial strategic new emerging industries in 2020 . . . . .	2,250,000.00	Deferred income			Other income
Reward for technical device support . . . . .	36,400,000.00	Deferred income			Other income
Supporting fund of Yuanzhou Town People's Government on technology . . . . .	312,520,332.01	Deferred income	61,297,362.45	7,814,400.99	Other income
Technical transformation project of expanding production and increasing efficiency for precision mould workshops . . . . .	2,030,000.00	Deferred income			Other income
Investment subsidy for technical transformation multiplied by special technical transformation of Shenzhen Economic Trade and Informatization Commission . . . . .	134,545.46	Deferred income		201,818.18	Other income
Research and development on key technology of Heavy 20180005 Distributed PV-power storage connected operation and dispatch. .	700,000.00	Deferred income			Other income

Type	Amount	Item presented in Balance Sheet	Amount included in profit and loss or offset relevant costs and expenses		Items included in profit and loss or offset relevant costs and expenses
			Current year	Prior year	
Industrialization project of application of lithium battery . . . . .	1,000,000.00	Deferred income			Other income
Awards of Boluo County Bureau of Technology, Industry and Information Technology for enlarging technical transformation of industrial enterprises in 2019 . . . . .	22,036,744.05	Deferred income	1,125,455.95		Other income
Special fund for technology support . . . .	1,750,000.00				Other income
Special fund and project investment subsidy for the provincial strategic new emerging industries in 2020 . . . . .	4,814,125.65	Deferred income	662,257.50		Other income
Special fund for power lithium ion battery . . . .		Deferred income		38,081.56	Other income
Public service platform of gathered innovation capacity construction projects of the National Enterprise Technology Center . . . . .		Deferred income		94,339.62	Other income

**6.65.2 Income-related government subsidy**

Type	Amount	Amount included in current profit and loss or offset relevant costs and expenses		Items included in current profit and loss or offset relevant costs and expenses
		Current year	Prior year	
Government subsidy for post stabilization and employment. . . . .	29,033,224.44	14,813,578.53	14,219,645.91	Other income
Subsidy for water and electricity charges . . . . .	24,123,057.29	5,571,943.62	18,551,113.67	Other income
Government subsidy for research and development. . .	69,366,472.49	48,118,372.49	21,248,100.00	Other income
Government subsidy for scale expansion . . . . .	95,449,384.50	48,159,109.50	47,290,275.00	Other income
Subsidy for postdoctoral . . . . .	5,790,000.00	4,640,000.00	1,150,000.00	Other income
Rent subsidy . . . . .	5,227,682.83	3,727,682.83	1,500,000.00	Other income
Other government subsidies . . .	46,305,087.41	25,694,218.11	20,610,869.30	Other income

**6.66 Lease**

*6.66.1 As the Lessee*

<u>Item</u>	<u>Current year</u>
Interest expense of lease liabilities . . . . .	27,966,122.01
Simplified short-term lease expenses included in relevant asset costs or current profits and losses . . . . .	
Lease expenses of low value assets with simplified treatment included in relevant asset costs or current profits and losses (excluding short-term lease expenses of low value assets) . . . . .	42,482,914.57
Variable lease payments not included in the measurement of lease liabilities but included in the cost of relevant assets or current profits and losses . . . . .	791,059.45
Including: Part from sale leaseback transaction . . . . .	
Income from subletting the right to use assets . . . . .	
Total cash outflows related to lease . . . . .	199,686,481.63
Relevant profits and losses arising from sale and leaseback transactions . . . . .	
Cash inflow from sale and leaseback transactions . . . . .	322,855,896.18
Cash outflow from sale and leaseback transactions . . . . .	588,133,385.85

The future potential cash outflows of the Company not included in the measurement of lease liabilities mainly come from the leases that the Lessee has promised but has not yet started.

The Company has no leases that have been committed but have not yet started.

**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
Superstar (Hong Kong) . . . . .	100.00	Free transfer	April 2021	-64,138.33								

**7.2 Changes in scope of consolidation for other reasons**

1. This year, the Company increased 8 new combined entities due to the establishment of subsidiaries, including Sunwoda Japan, Nanchang Sunwoda, Xinhuitai, Huizhou Energy Technology, Zhejiang Liwinon Electronics, Nanchang Sunwoda Property, Shandong Sunwoda, Nanjing PTL.
2. The subsidiary canceled in this period: Huizhou Electric Vehicle Battery.

## 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		89.04	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	4.50	77.93	Establishment
Nanchang Sunwoda . . . . .	Nanchang	Nanchang	Manufacturing		100.00	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		60.00	Establishment
Winone HK . . . . .	Hong Kong	Hong Kong	Manufacturing		100.00	Establishment
Winone India . . . . .	India	India	Manufacturing		100.00	Establishment
Dongguan Hongsheng Technology . . . . .	Dongguan	Dongguan	Manufacturing		100.00	Establishment

Names of subsidiaries	Principal place of business	Registered place	Nature of business	Shareholding ratio (%)		Way of acquisition
				Directly	Indirectly	
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
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



Names of subsidiaries	Principal place of business	Registered place	Nature of business	Shareholding ratio (%)		Way of acquisition
				Directly	Indirectly	
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
Superstar (Hong Kong). . . . .	Hong Kong	Hong Kong	Trade		100.00	Business combination not under common control

**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 distribute to non-controlling shareholders in current period	Ending balance of non-controlling shareholders' equity
Electric Vehicle Battery . . . . .	10.96	-36,691,264.36		209,251,840.66
Nanjing New Energy. . . . .	17.57	-71,561,677.29		284,255,436.01
Winone Precision . . . . .	40.00	47,215,410.02		102,337,160.14

**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 . . . . .	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 1)

Names of subsidiaries	Ending 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 2)

Names of subsidiaries	Beginning balance		
	Current assets	Non-current assets	Total assets
Electric Vehicle Battery . . . . .	1,027,230,725.90	3,506,457,189.70	4,533,687,915.60
Nanjing New Energy. . . . .	373,747,736.41	2,004,104,568.20	2,377,852,304.61
Winone Precision . . . . .	860,521,358.47	332,606,708.01	1,193,128,066.48

(Continued 3)

Names of subsidiaries	Beginning balance		
	Current liabilities	Non-current liabilities	Total liabilities
Electric Vehicle Battery . . . . .	2,552,684,037.77	521,760,871.82	3,074,444,909.59
Nanjing New Energy. . . . .	378,834,828.19	323,042,345.25	701,877,173.44
Winone Precision . . . . .	996,362,726.89	64,363,314.12	1,060,726,041.01

(Continued 4)

Names of subsidiaries	Current year			
	Operating revenue	Net profit	Total comprehensive income	Cash flow of operating activity
Electric Vehicle Battery . . . . .	2,949,128,455.25	-1,064,024,258.57	-1,064,024,258.57	-1,124,173,689.38
Nanjing New Energy. . . . .	1,572,536,532.25	-444,141,966.62	-444,141,966.62	-41,580,165.76
Winone Precision. . . . .	2,174,926,099.68	118,038,525.06	118,038,525.06	382,708,995.03

(Continued 5)

Names of subsidiaries	Prior year			
	Operating revenue	Net profit	Total comprehensive income	Cash flow of operating activity
Electric Vehicle Battery . . . . .	429,952,977.29	-617,451,440.99	-617,451,440.99	-85,574,296.23
Nanjing New Energy. . . . .	92,590,565.88	-91,481,294.95	-91,481,294.95	88,144,989.75
Winone Precision. . . . .	1,523,728,951.04	12,553,108.52	12,553,108.52	13,933,459.46

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

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

Item	Electric Vehicle Battery	Nanjing Sunwoda	PLC	Haixi Yueshan Membrane
Purchase cost/disposal cost				
— Cash . . . . .	448,250,000.00	418,000,000.00	10,930,000.00	1,832,600.00
Total of purchase cost/disposal consideration . . . . .	448,250,000.00	418,000,000.00	10,930,000.00	1,832,600.00
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired/disposed. . . . .	245,617,883.64	412,698,941.81	21,768,153.78	2,076,838.82
Difference. . . . .	202,632,116.36	5,301,058.19	-10,838,153.78	-244,238.82

Item	Electric Vehicle Battery	Nanjing Sunwoda	PLC	Haixi Yueshan Membrane
Including: adjustment of capital reserve . . . . .	202,632,116.36	-5,301,058.19	-10,838,153.78	-244,238.82
Adjustment of surplus reserve . . . . .				
Adjustment of undistributed profit. . . . .				

(Continued)

Item	Shenzhen Sunynn	Huizhou Liwione Electronics	Zhejiang Liwione Energy	Winone Precision	Zhejiang Liwione Electronics
Purchase cost/disposal cost . .					
— Cash . . . . .	9,500,000.00	21,640,296.69	1,243,152.00		
Total of purchase cost/ disposal consideration . . .	9,500,000.00	21,640,296.69	1,243,152.00		
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired/disposed. . . . .	-6,220,376.12	29,123,925.13	973,079.90	-386,768.43	-414,130.57
Difference. . . . .	15,720,376.12	-7,483,628.44	270,072.10	386,768.43	414,130.57
Including: adjustment of capital reserve . . . . .	15,720,376.12	7,483,628.44	-270,072.10	386,768.43	414,130.57
Adjustment of surplus reserve . . . . .					
Adjustment of undistributed profit. . . . .					

### 8.3 Equity in joint venture arrangements or associates

#### 8.3.1 Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	Registered place	Nature of business	Shareholding ratio (%)		Accounting treatment method for investments in joint ventures or associates	Whether the Company's activities are strategic
				Directly	Indirectly		
Fengsheng Liuhe New Energy . . . . .	Ningbo	Ningbo	Equity investment		38.02	Equity method	

### 8.3.2 Key financial information of significant associates

Item	Ending balance/ Current year	Beginning balance/ Prior year
	Fengsheng Liuhe New Energy	Fengsheng Liuhe New Energy
Current assets . . . . .	31,230,766.32	8,629,287.77
Non-current assets . . . . .	86,589,827.50	571,839,784.44
Total assets . . . . .	117,820,593.82	580,469,072.21
Current liabilities . . . . .	918,135.16	612,273.18
Non-current liabilities . . . . .		
Total liabilities . . . . .	918,135.16	612,273.18
Equity attributable to non-controlling shareholders . . . . .		
Equity attributable to the shareholders of the Company . . . . .	116,902,458.66	579,856,799.03
Share of net assets calculated at shareholding ratio . . . . .	44,446,314.78	220,102,471.78
Items adjusted		
— Goodwill . . . . .		
— Unrealized profit of internal transactions . . . . .		
— Others . . . . .		
Carrying amount of equity investment to associates . . . . .	44,446,314.78	220,102,471.78
Fair value of equity investment to associates with public quotation . . . . .		
Operating revenue . . . . .		
Net profit . . . . .	-84,476,134.77	181,599,170.83
Net profit from discontinued operations . . . . .		
Other comprehensive income . . . . .		
Total comprehensive income . . . . .	-84,476,134.77	181,599,170.83
Dividends received from associates in 2020 . . . . .	122,786,204.87	41,357,181.17

### 8.3.3 Summarized financial information of the insignificant joint ventures or associates

	Ending balance/ current year	Beginning balance/ Prior year
Joint ventures:		
Total of investment carrying amount . . . . .	171,917,312.09	96,256,451.75
Total amount calculated based on proportion of the shareholders		
— Net profit . . . . .	27,587,323.21	-2,379,829.55
— Other comprehensive income . . . . .		
— Total comprehensive income . . . . .	27,587,323.21	-2,379,829.55

## 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					Total
	Within 6 months	6 months-1 year	1-5 years	Over 5 years		
Short-term borrowings . . . . .	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 borrowings . . . . .	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	
<b>Total . . . . .</b>	<b>18,768,261,414.93</b>	<b>4,093,214,062.90</b>	<b>3,623,153,914.60</b>	<b>885,000,000.00</b>	<b>27,369,629,392.43</b>	

Item	Beginning balance					Total
	Instant payment	Within 6 months	6 months-1 year	1-5 years	Over 5 years	
Short-term borrowings . . . . .		4,558,171,437.54	1,592,780,668.78			6,150,952,106.32
Notes payable . . . . .		2,726,862,444.18				2,726,862,444.18
Accounts payable . . . . .		7,066,202,374.64				7,066,202,374.64
Other payables . . . . .		234,339,946.59	110,577,088.50	583,704,487.46		928,621,522.55
Non-current liabilities due within						
one year . . . . .		392,228,684.72	338,970,006.20			731,198,690.92
Long term borrowings . . . . .		77,560,000.00	77,560,000.00	1,424,752,290.25	70,760,000.00	1,650,632,290.25
Bonds payable . . . . .				2,120,000,000.00		2,120,000,000.00
Long-term payables . . . . .				302,848,665.63		302,848,665.63
<b>Total . . . . .</b>		<b>15,055,364,887.67</b>	<b>2,119,887,763.48</b>	<b>4,431,305,443.34</b>	<b>70,760,000.00</b>	<b>21,677,318,094.49</b>

### 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 31 December 2021, 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
	Year 2021
Increase by 50 base points . . . . .	-675,750.00
Decrease by 50 base points . . . . .	675,750.00

#### 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 current and prior year.

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			Total
	USD	RUPEE	Other foreign currencies	
Foreign currency financial assets . . . . .				
Cash and cash equivalents . . . . .	700,555,000.21	242,977,936.85	4,528,521.90	948,061,458.96
Accounts receivable . . . . .	3,732,601,887.91	387,306,512.52	1.35	4,119,908,401.78
Subtotal . . . . .	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 . . . . .	1,004,131,455.42			1,004,131,455.42
Accounts payable . . . . .	3,253,938,640.65	54,513,454.20	5,912,932.83	3,314,365,027.68
Subtotal . . . . .	4,258,070,096.07	54,513,454.20	5,912,932.83	4,318,496,483.10
<b>Net amount . . . . .</b>	<b>175,086,792.05</b>	<b>575,770,995.17</b>	<b>-1,384,409.58</b>	<b>749,473,377.64</b>

(Continued)

Item	Beginning balance			
	USD	RUPEE	Other foreign currencies	Total
Foreign currency financial assets . . . . .				
Cash and cash equivalents. . . . .	710,097,867.54	178,756,577.95	539,145.45	889,393,590.94
Accounts receivable . . . . .	2,895,709,486.70	429,962,440.00	1.37	3,325,671,928.07
Subtotal . . . . .	3,605,807,354.24	608,719,017.95	539,146.82	4,215,065,519.01
Foreign currency financial liabilities. . .				
Short-term borrowings. . . . .	908,023,457.01			908,023,457.01
Accounts payable. . . . .	2,561,232,092.15	51,631,451.36	50,261,190.94	2,663,124,734.45
Subtotal . . . . .	3,469,255,549.16	51,631,451.36	50,261,190.94	3,571,148,191.46
<b>Net amount. . . . .</b>	<b>136,551,805.08</b>	<b>557,087,566.59</b>	<b>-49,722,044.12</b>	<b>643,917,327.55</b>

As at 31 December 2021, 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 RMB30,369,729.55. 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	
<b>I. Continued fair value measurement</b>				
◆ Receivables financing . . . . .			214,371,645.95	214,371,645.95
◆ Other non-current financial assets . .	408,132,297.50		407,473,441.10	815,605,738.60
1. Financial assets measured at fair value through current profit or loss . .	408,132,297.50		407,473,441.10	815,605,738.60
(1) Equity instrument investment. . . . .	408,132,297.50		407,473,441.10	815,605,738.60
<b>Total assets continuously measured at fair value . . . . .</b>	<b>408,132,297.50</b>		<b>621,845,087.05</b>	<b>1,029,977,384.55</b>
◆ 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
<b>Total liabilities continuously measured at fair value. . . . .</b>	<b>25,674.94</b>			<b>25,674.94</b>

### 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 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 . . . . .	302,262,841.10	Latest financing price method		
Other non-current financial assets . . . . .	105,210,600.00	Comparison with listing company		P/E Ratio, P/B

The items measured at the third-level fair value of the Company are bank acceptance. Because short the 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 actual controller of the Company

Actual controller	Shareholding ratio in the Company	Voting ratio in the Company
	(%)	(%)
Wang Mingwang and Wang Wei (persons acting in concert) . . . . .	29.43	29.43

### 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

See “8: Equity in other entities” for the significant 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 Paersen but he resigned on 1 August 2022.

### 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
Wang Lin . . . . .	A relative of the controlling shareholder of the Company
Lai Xin . . . . .	A relative of the controlling shareholder of the Company
Lai Xing . . . . .	A relative of the controlling shareholder of the Company
Zhao Zhiyin . . . . .	A relative of the controlling shareholder of the Company
Wang Meirong . . . . .	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

Other related parties	Relationship with the Company
Zhang Jianjun . . . . .	Independent director
Zhong Mingxia . . . . .	Resigned from independent director in 2021
Yu Qun. . . . .	Independent director
Liu Zhengbing . . . . .	Independent director
Yuan Huiqiong . . . . .	Chairman of Board of Supervisors
Liu Rongbo. . . . .	Supervisor
Li Weihong. . . . .	Supervisor
Shenzhen Xinmeida Technology Co., Ltd. (“Xinmeida Technology”) . . . .	A company under control of the relative of the Company’s controlling shareholder
Shenzhen Li-ion Safe Technology Co., Ltd. (hereinafter referred to as Shenzhen Li-ion Safe) . . . . .	In this company, the Controlling Shareholder of Sunwoda have significant impact
Shenzhen Xingdao Auto Service Partnership (Limited Partnership) (“Xingdao Auto”). . . . .	A company under control of the Controlling Shareholder of the Company
Guangzhou YONEGY Logistics Automatic Equipment Technology Co., Ltd. (“YONEGY Logistics”) . .	A company that the director works in
Yudo New Energy Vehicle Co., Ltd. (hereinafter referred to as “Yudo New Energy”) . . . . .	A company whose shareholder is the Controlling Shareholder of the Company
Shenzhen Qianhai Hanlong Holdings Co., Ltd. (hereinafter referred to as “Qianhai Hanlong”) . . . . .	A company under control of the Controlling Shareholder of the Company
Shenzhen Xinrui Hongsheng Technology Partnership (Limited Partnership) (hereinafter referred to as “Xinrui Hongsheng”) . . . . .	A company under control of the Controlling Shareholder of the Company
Shenzhen Xinrui Hongrui Technology Partnership (Limited Partnership) (hereinafter referred to as “Xinrui Hongrui”) . . . . .	A company under control of the Controlling Shareholder of the Company
Shenzhen Zhichen Technology Partnership (Limited Partnership) (hereinafter referred to as “Zhichen Technology”) . . . . .	A company under control of the Controlling Shareholder of the Company
Jinhua Jinkai Dehong Lianxin Bifang No. 2 Investment Center (Limited Partnership) (hereinafter referred to as Bifang No. 2) . . . . .	A company under control of the Controlling Shareholder of the Company
Shenzhen Qianhai Haotian Investment Management Partnership (Limited Partnership) (hereinafter referred to as Qianhai Haotian) . . . . .	A company under control of the Controlling Shareholder of the Company
Dongguan Juming Electronic Technology Co., Ltd. (hereinafter referred to as “Juming Electronics”) . . . . .	A subsidiary of the company in which Zhang Jianjun, the Independent Director of the Company acts as the Independent Director

## 11.5 Related party transactions

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

Table of purchase of goods and receipt of labor services

Related parties	Related party transaction	Current	Previous
Juming Electronics . . . . .	PCB semi-finished products, PCB, PCBA semi-finished products	625,446.36	
Paersen . . . . .	Nitromethyl pyrrolidone and its processing	45,084,106.19	

Table of sales of goods and rendering of labor services

Related parties	Related party transactions	Current	Previous
Yudo New Energy. . . . .	Battery package and after-sale service	1,794,867.01	
Paersen . . . . .	recycle of wastes	712,151.77	

### 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. . . . .	30,000,000.00	2021-6-15	2022-6-15	No
Wang Wei and Wang Mingwang. . . . .	100,000,000.00	2021-6-17	2022-6-17	No
Wang Wei and Wang Mingwang. . . . .	97,046,583.38	2021-11-26	2022-4-10	No
Wang Wei and Wang Mingwang. . . . .	50,000,000.00	2021-12-15	2022-6-15	No
Wang Wei and Wang Mingwang. . . . .	66,371,037.00	2021-8-13	2022-2-13	No
Wang Wei and Wang Mingwang. . . . .	30,000,000.00	2021-8-16	2022-2-8	No
Wang Wei and Wang Mingwang. . . . .	13,599,635.72	2021-11-16	2022-4-29	No
Wang Wei and Wang Mingwang. . . . .	16,402,553.65	2021-11-16	2022-5-5	No
Wang Wei and Wang Mingwang. . . . .	4,621,535.65	2021-11-16	2022-5-6	No
Wang Wei and Wang Mingwang. . . . .	23,376,274.98	2021-11-16	2022-5-16	No
Wang Wei and Wang Mingwang. . . . .	104,561,480.00	2021-9-9	2022-1-7	No
Wang Wei and Wang Mingwang. . . . .	91,810,080.00	2021-9-13	2022-3-1	No
Wang Wei and Wang Mingwang. . . . .	95,889,597.02	2021-11-4	2022-5-5	No
Wang Wei and Wang Mingwang. . . . .	127,514,000.00	2021-2-25	2022-2-4	No
Wang Wei and Wang Mingwang. . . . .	5,136,467.94	2021-9-16	2022-1-14	No
Wang Wei and Wang Mingwang. . . . .	27,579,062.52	2021-9-23	2022-1-21	No
Wang Wei and Wang Mingwang. . . . .	18,530,946.55	2021-9-29	2022-1-29	No
Wang Wei and Wang Mingwang. . . . .	37,524,693.55	2021-12-29	2022-4-28	No
Wang Wei and Wang Mingwang. . . . .	70,101,619.42	2021-12-30	2022-4-29	No
Wang Wei and Wang Mingwang. . . . .	100,000,000.00	2021-6-23	2022-6-23	No
Wang Mingwang and Wang Wei. . . . .	66,000,000.00	2021-9-23	2022-3-22	No
Wang Mingwang and Wang Wei. . . . .	165,000,000.00	2021-10-29	2022-10-29	No
Wang Mingwang and Wang Wei. . . . .	190,000,000.00	2021-1-18	2022-1-14	No
Wang Mingwang and Wang Wei. . . . .	100,000,000.00	2021-4-16	2022-4-15	No
Wang Mingwang and Wang Wei. . . . .	95,800,000.00	2021-4-21	2022-4-20	No
Wang Mingwang and Wang Wei. . . . .	110,000,000.00	2021-2-5	2022-2-5	No
Wang Mingwang and Wang Wei. . . . .	70,322,588.68	2021-7-22	2022-1-18	No
Wang Mingwang and Wang Wei. . . . .	89,019,025.64	2021-8-19	2022-2-15	No

<b>Guarantor</b>	<b>Amount guaranteed</b>	<b>Starting date of the guarantee</b>	<b>Maturity date of the guarantee</b>	<b>Fulfilled completely</b>
Wang Mingwang and Wang Wei . . . . .	93,386,423.50	2021-8-27	2022-2-23	No
Wang Mingwang and Wang Wei . . . . .	200,000,000.00	2021-8-30	2022-8-26	No
Wang Wei and Wang Mingwang . . . . .	22,000,000.00	2021-3-15	2022-3-11	No
Wang Wei and Wang Mingwang . . . . .	100,000,000.00	2021-1-20	2022-1-20	No
Wang Wei and Wang Mingwang . . . . .	60,000,000.00	2021-2-4	2022-2-8	No
Wang Wei and Wang Mingwang . . . . .	50,000,000.00	2021-2-25	2022-2-21	No
Wang Wei and Wang Mingwang . . . . .	50,000,000.00	2021-4-12	2022-4-12	No
Wang Wei and Wang Mingwang . . . . .	50,000,000.00	2021-4-22	2022-4-22	No
Wang Wei and Wang Mingwang . . . . .	20,000,000.00	2021-4-26	2022-4-26	No
Wang Wei and Wang Mingwang . . . . .	20,000,000.00	2021-4-26	2022-4-26	No
Wang Wei and Wang Mingwang . . . . .	200,000,000.00	2021-5-12	2022-5-12	No
Wang Wei and Wang Mingwang . . . . .	60,000,000.00	2021-6-8	2022-6-8	No
Wang Wei and Wang Mingwang . . . . .	150,000,000.00	2021-6-25	2022-6-24	No
Wang Wei and Wang Mingwang . . . . .	100,000,000.00	2021-7-14	2022-7-14	No
Wang Wei and Wang Mingwang . . . . .	100,000,000.00	2021-7-15	2022-1-10	No
Wang Wei and Wang Mingwang . . . . .	300,000,000.00	2021-7-28	2022-7-28	No
Wang Wei and Wang Mingwang . . . . .	90,000,000.00	2021-8-12	2022-8-8	No
Wang Wei and Wang Mingwang . . . . .	60,000,000.00	2021-8-12	2022-8-12	No
Wang Wei and Wang Mingwang . . . . .	100,000,000.00	2021-8-25	2022-8-25	No
Wang Wei and Wang Mingwang . . . . .	120,000,000.00	2021-8-27	2022-8-26	No
Wang Wei and Wang Mingwang . . . . .	200,000,000.00	2021-8-27	2022-8-26	No
Wang Wei and Wang Mingwang . . . . .	100,000,000.00	2021-9-15	2022-3-11	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 . . . . .	200,000,000.00	2021-9-27	2022-9-27	No
Wang Wei and Wang Mingwang . . . . .	31,700,000.00	2021-9-26	2022-3-28	No
Wang Wei and Wang Mingwang . . . . .	50,000,000.00	2021-10-19	2022-10-19	No
Wang Wei and Wang Mingwang . . . . .	54,400,000.00	2021-10-22	2022-10-20	No
Wang Wei and Wang Mingwang . . . . .	180,000,000.00	2021-10-28	2022-10-27	No
Wang Wei and Wang Mingwang . . . . .	100,000,000.00	2021-11-17	2022-11-14	No
Wang Wei and Wang Mingwang . . . . .	130,000,000.00	2021-11-29	2022-11-24	No
Wang Wei and Wang Mingwang . . . . .	70,000,000.00	2021-12-21	2022-6-19	No
Wang Wei and Wang Mingwang . . . . .	50,000,000.00	2021-12-21	2022-6-19	No
Wang Wei and Wang Mingwang . . . . .	50,000,000.00	2021-12-28	2022-12-28	No
Wang Wei and Wang Mingwang . . . . .	297,480,000.00	2018-11-13	2023-11-12	No
Wang Wei and Wang Mingwang . . . . .	286,812,522.27	2020-4-3	2022-4-3	No
Wang Wei and Wang Mingwang . . . . .	144,036,738.93	2020-4-9	2022-4-9	No
Wang Wei and Wang Mingwang . . . . .	67,650,738.80	2020-4-21	2022-4-21	No
Wang Wei and Wang Mingwang . . . . .	100,000,000.00	2020-5-30	2022-5-29	No
Wang Wei and Wang Mingwang . . . . .	98,600,000.00	2020-10-22	2022-10-21	No
Wang Wei and Wang Mingwang . . . . .	91,000,000.00	2021-3-29	2022-6-21	No
Wang Wei and Wang Mingwang . . . . .	50,000,000.00	2021-6-2	2023-11-12	No
Wang Wei and Wang Mingwang . . . . .	22,520,000.00	2021-6-9	2023-11-12	No
Wang Wei and Wang Mingwang . . . . .	17,360,000.00	2019-7-23	2027-7-22	No
Wang Wei and Wang Mingwang . . . . .	40,156,655.28	2019-9-27	2022-9-27	No
Wang Wei and Wang Mingwang . . . . .	48,521,942.56	2019-11-19	2022-11-19	No
Wang Wei and Wang Mingwang . . . . .	18,354,988.40	2019-10-12	2022-11-10	No
Wang Wei and Wang Mingwang . . . . .	37,789,681.98	2020-3-20	2023-4-10	No
Wang Wei and Wang Mingwang . . . . .	14,576,020.20	2020-3-20	2023-4-10	No

Guarantor	Amount guaranteed	Starting date of the guarantee	Maturity date of the guarantee	Fulfilled completely
Wang Wei and Wang Mingwang . . . . .	83,880,000.00	2020-4-15	2023-4-15	No
Wang Wei and Wang Mingwang . . . . .	69,804,100.00	2020-12-29	2023-12-29	No
Wang Wei and Wang Mingwang . . . . .	105,985,507.76	2018-8-18	2024-8-18	No
Wang Wei and Wang Mingwang . . . . .	172,224,428.88	2021-10-28	2024-10-28	No
Wang Wei and Wang Mingwang . . . . .	15,000,000.00	2021-9-6	2022-9-5	No
Wang Wei and Wang Mingwang . . . . .	21,613,731.00	2021-7-23	2022-7-6	No
Wang Wei and Wang Mingwang . . . . .	110,000,000.00	2021-9-13	2022-4-18	No
Wang Wei and Wang Mingwang . . . . .	250,000,000.00	2021-8-17	2022-1-17	No
Wang Wei and Wang Mingwang . . . . .	81,800,000.00	2021-8-17	2022-3-15	No
Wang Wei and Wang Mingwang . . . . .	208,600,000.00	2021-10-20	2022-5-16	No
Wang Wei and Wang Mingwang . . . . .	19,400,000.00	2021-10-22	2022-3-22	No
Wang Wei and Wang Mingwang . . . . .	29,843,528.85	2021-10-22	2022-3-22	No
Wang Wei and Wang Mingwang . . . . .	15,000,000.00	2021-10-29	2022-1-29	No
Wang Wei and Wang Mingwang . . . . .	90,000,000.00	2021-8-11	2022-1-17	No
Wang Wei and Wang Mingwang . . . . .	37,163,078.98	2021-8-18	2022-3-15	No
Wang Wei and Wang Mingwang . . . . .	92,336,826.89	2021-12-20	2022-5-20	No
Wang Wei and Wang Mingwang . . . . .	397,542,008.18	2021-9-15	2022-4-18	No
Wang Wei and Wang Mingwang . . . . .	270,000,000.00	2021-8-26	2022-5-15	No
Wang Wei and Wang Mingwang . . . . .	30,589,762.85	2021-7-26	2022-4-28	No
Wang Wei and Wang Mingwang . . . . .	133,576,008.84	2021-11-23	2022-6-16	No
<b>Total . . . . .</b>	<b>8,736,961,875.85</b>			

*11.5.3 Assets transfer and debt reorganization of relevant parties*

Related parties	Associated transactions	Year 2021	Year 2020
Qianhai Hanlong . . . . .	Investment in transfer of equity instrument — Shenzhen Pengding Chuangying Financial Information Service Co., Ltd.	76,770,000.00	

*11.5.4 Remuneration of directors, senior management and supervisors*

Item	Year 2021	Year 2020
Remuneration of directors, senior management and supervisors . . . . .	11,295,680.55	9,064,493.05

**11.5 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>
Huizhou Liwinon, Wang Mingwang, Wang Wei, Xiao Guangyu, Zeng Di . . .	Zhejiang Liwinon Electronics	3,000.00	8,622.87	3,670.25	-8.97
Xinrui Hongsheng, Qianhai Hanlong, Xinrui Hongrui . .	Electronic Vehicle Battery	408,825.00	876,271.44	227,358.36	-106,402.43
Zhichen Technology, Qianhai Hongsheng . . . . .	PTL	2,993.64	10,153.55	6,308.41	270.78
Qianhai Hongsheng, Bifang No. 2 . . . . .	Shenzhen Huike New Materials Co., Ltd.	3,333.33			

**11.6 Receivables from and payables to related parties**

**11.6.1 Receivables**

<u>Item</u>	<u>Related party</u>	<u>Ending balance</u>		<u>Beginning balance</u>	
		<u>Original amount</u>	<u>Provision for doubtful accounts</u>	<u>Original amount</u>	<u>Provision for doubtful accounts</u>
Accounts receivable. . . . .					
	Yudo New Energy Vehicle Co., Ltd.	5,462,783.55	591,297.99		
	Shenzhen Li-ion Safe	554,517.22			
Other non-current assets due within one year . . . . .					
	Qianhai Hanlong	28,936,497.50			
Long-term receivable. . . . .					
	Qianhai Hanlong	29,232,081.25			

**11.6.2 Payables**

<u>Item</u>	<u>Related party</u>	<u>Ending balance</u>	<u>Beginning balance</u>
Accounts payable . . . . .			
	Xinmeida Technology		4,107.55
	YONEGY Logistics		16,000.00
	Juming Electronics	625,446.36	
	Paersen	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 . . . . .	
Total amount of equity instruments exercised by the Company this year . . . . .	14,228,510
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. . . . .	
Cumulative amount of equity-settled share-based payment included in capital reserve. . . . .	153,280,186.54
Total recognized expenses of equity-settled share-based payment in the current year. . . . .	153,280,186.54

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.

### 12.3 Modification or termination of share-based payments

There was no modification or termination of share-based payments in 2021.

## 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 31 December 2021, according to the large-sum project contracts signed or to be performed by the Company, the unpaid amount of the Company is about RMB672,799,900.



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

As of 31 December 2021, according to the large-sum equipment purchase contract signed or to be performed by the Company, the unpaid amount of the Company is about RMB2,682,523,400.

Among them, the commitments related to leasing are detailed in “6.66. Lease” in this Note.

### 13.2 Contingency

The Company has no significant contingencies to be disclosed.

## 14. POST BALANCE SHEET EVENTS

### 14.1 Significant matters not adjusted

Item	Content	Affect on financial conditions and financial performance	Cause of being unable to estimate the affect
Significant external investment . . . . .	The 26th Session of the 5th Board Meeting was held on 23 February 2022, which deliberated and approved the <i>Proposal on Foreign Investment of Subsidiaries</i> , and agreed Shenzhen Sunwinon, a subsidiary of the Company, to cooperate with the Management Committee of Ningxiang Economic and Technological Development Zone to invest in the construction of “Sunwinon Intelligent Hardware Ningxiang Comprehensive Production Base” within the jurisdiction of Ningxiang Economic and Technological Development Committee. The total planned investment of the project is RMB2 billion.	—	Investment has not been made.
Significant external investment . . . . .	The 28th Session of the 5th Board Meeting was held on 17 March 2022, which deliberated and adopted the “Proposal on Signing the Project Investment Agreement between the Subsidiary and Shifang Municipal People’s Government”, and agreed the subsidiary, namely Electric Vehicle Battery, to invest in the construction of “Sunwoda Shifang Power Battery and Energy Storage Industry Production Base Project (tentative)” within the jurisdiction of Shifang Municipal People’s Government. The total planned investment of the project is RMB8 billion.	—	Investment has not been made.

Item	Content	Affect on financial conditions and financial performance	Cause of being unable to estimate the affect
Significant external investment . . . . .	The 27th Session of the 5th Board Meeting was held on 28 February 2022, which deliberated and approved the <i>Proposal on Signing a Project Investment Agreement between the Subsidiary and Zhuhai People’s Government</i> , under which “Sunwinon 30GWh Power Battery Production Base (tentative)” will be invested and constructed within the jurisdiction of Zhuhai People’s Government. The total planned investment of the project is RMB12 billion.	—	Investment has not been made.

## 14.2 Profit distribution

**Profits or dividends to be distributed . . . . . 120,327,009.32**

In combination with the actual operation of the Company, it is proposed to distribute cash to all shareholders based on the total share capital of the Company as of December 31, 2021 (RMB0.7 (including tax) for every 10 shares). A total of RMB120,327,009.32 (including tax) is intended to issue in cash.

## 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 . . . . .	31,694,312,790.25	2,731,525,781.33	2,932,884,940.49		37,358,723,512.07
Inter-segment transaction income . . . . .	1,510,431,680.59	5,257,942.75	16,243,514.76	1,531,933,138.10	
Credit impairment loss . . . . .	-16,643,191.41	-3,238.41	503,735.66		-16,142,694.16
Asset impairment loss . . . . .	-77,484,592.47	83,375.71	-87,165,502.40		-164,566,719.16
Total profit (total loss) . . . . .	1,860,360,272.16	224,487,957.17	-1,064,024,258.57	2,742,786.88	1,018,081,183.88
Income tax expense . . . . .	131,324,309.18	31,763,917.87			163,088,227.05
Net profit (net loss) . . . . .	1,729,035,962.98	192,724,039.30	-1,064,024,258.57	2,742,786.88	854,992,956.83
Total assets . . . . .	35,208,615,156.42	1,516,963,748.39	8,762,714,437.19	2,859,861,908.50	42,628,431,433.50
Total liabilities . . . . .	23,845,799,425.11	1,405,256,116.73	6,489,130,877.22	2,859,861,908.50	28,880,324,510.56

## 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 controlling shareholder 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 45,250,000 pledged shares, accounting for 12.51% of the shares of Sunwoda Company and 2.63% of the Company's total share capital.

As at the date of Auditor's Report, Mr. Wang Wei, the controlling shareholder 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 shares of Sunwoda Company 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 USD329,609,600 against short-term loans.

The Company has signed a contract with the bank, and deposited 100% margin to the bank, so that the bank can issue bank acceptance bill or L/C to the subsidiaries, then the subsidiaries will discount the bank acceptance bill or L/C. 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. However, the Company enjoys the legal right to offset the recognized amount, in which case, it 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 had offset the deposit margin of RMB750 million against the notes payable.

**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) . . . . .	8,171,537,786.60	7,187,473,018.99
6 months-1 year (including 1 year) . . . . .	31,514,444.94	7,977,450.66
Subtotal within 1 year . . . . .	8,203,052,231.54	7,195,450,469.65
1-2 years . . . . .	30,963,384.80	5,664,067.30
2-3 years . . . . .	91,737.00	3,173,878.17
Over 3 years . . . . .	206,126,436.70	210,611,208.01
Subtotal . . . . .	8,440,233,790.04	7,414,899,623.13
Less: Provision for doubtful accounts . . . . .	210,826,018.53	213,073,581.55
<b>Total . . . . .</b>	<b>8,229,407,771.51</b>	<b>7,201,826,041.58</b>

*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 . . . . .	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 the 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 consolidation scope . . . . .	2,099,340,177.74	24.87			2,099,340,177.74
<b>Total . . . . .</b>	<b>8,440,233,790.04</b>	<b>100.00</b>	<b>210,826,018.53</b>		<b>8,229,407,771.51</b>

(continued)

Category	Beginning balance				Carrying amount
	Original amount		Provision for doubtful accounts		
	Amount	Percentage	Amount	Proportion of provision	
		(%)	(%)		
Accounts receivable subject to individual provision for doubtful accounts . . . . .	203,617,412.37	2.75	203,617,412.37	100.00	
Including:					
Accounts receivable with individually insignificant amount and subject to individual provision for doubtful accounts . . . . .	203,617,412.37		203,617,412.37		
Accounts receivable subject to provision for doubtful accounts on the grouping basis . . . . .	7,211,282,210.76	97.25	9,456,169.18	0.13	7,201,826,041.58
Including: . . . . .					
Aging analysis group. . . . .	4,086,745,348.39	55.12	9,456,169.18	0.23	4,077,289,179.21
Related parties within the scope of consolidation. . . . .	3,124,536,862.37	42.14			3,124,536,862.37
<b>Total . . . . .</b>	<b>7,414,899,623.13</b>	<b>100.00</b>	<b>213,073,581.55</b>		<b>7,201,826,041.58</b>

Accounts receivable subject to individual provision for doubtful accounts:

Name	Carrying amount	Ending balance		
		Provision for doubtful accounts	Proportion of provision	Reason for provision
			(%)	
Accounts receivables with individually insignificant amount and subject to individual provision for doubtful accounts . . . . .	198,396,606.29	198,396,606.29	100.00	It is not expected to collect in whole.
<b>Total . . . . .</b>	<b>198,396,606.29</b>	<b>198,396,606.29</b>		

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

Items for provision on a grouping basis:

Item	Accounts receivable	Ending balance	
		Provision for doubtful accounts	Proportion of provision
			(%)
Aging analysis group			
Including:			
Within 6 months (including 6 months) . . . . .	6,072,197,608.86		
6 months-1 year (including 1 year) . . . . .	31,514,444.94	1,575,722.25	5.00
Subtotal within 1 year . . . . .	6,103,712,053.80	1,575,722.25	
1-2 years (including 2 years) . . . . .	30,963,384.80	3,096,338.48	10.00
2-3 years (including 3 years) . . . . .	91,737.00	27,521.10	30.00
Over 3 years . . . . .	7,729,830.41	7,729,830.41	100.00
<b>Total . . . . .</b>	<b>6,142,497,006.01</b>	<b>12,429,412.24</b>	

**16.1.3 Provision, reversal or recovery of provision for doubtful accounts in 2021**

Category	Beginning balance	Current change			Ending balance
		Provision	Reversal or recovery	Write off or cancellation	
Individual provision for doubtful accounts . . . . .	203,617,412.37			5,220,806.08	198,396,606.29
Provision for doubtful accounts on a grouping basis . . . . .	9,456,169.18	3,131,709.61		158,466.55	12,429,412.24
<b>Total . . . . .</b>	<b>213,073,581.55</b>	<b>3,131,709.61</b>		<b>5,379,272.63</b>	<b>210,826,018.53</b>

**16.1.4 Accounts receivable actually written off in 2021**

Item	Amount written off
Accounts receivable actually written off . . . . .	5,379,272.63

**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 RMB5,735,890,230.93, accounting for 67.96% of the total year-end balance of accounts receivable, and the total amount of the year-end balance of doubtful account reserves withdrawn is RMB0.00.

**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 . . . . .	308,298,983.47	Sell the financial assets without any claim right	-2,321,475.24
<b>Total . . . . .</b>	<b>308,298,983.47</b>		<b>-2,321,475.24</b>

**16.2 Receivables financing**

**16.2.1 Receivables financing**

Item	Ending balance	Beginning balance
Notes receivable . . . . .	32,152,050.21	216,959,449.50
<b>Total . . . . .</b>	<b>32,152,050.21</b>	<b>216,959,449.50</b>

**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 . . . . .	216,959,449.50	1,335,543,059.89	1,520,350,459.18		32,152,050.21	
<b>Total . . . . .</b>	<b>216,959,449.50</b>	<b>1,335,543,059.89</b>	<b>1,520,350,459.18</b>		<b>32,152,050.21</b>	

**16.2.3 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 . . . . .	558,172,561.55	
<b>Total</b> . . . . .	<b>558,172,561.55</b>	

**16.3 Other receivables**

Item	Ending balance	Beginning balance
Interest receivable . . . . .		17,884,616.67
Dividend receivable . . . . .		
Other receivables . . . . .	5,312,253,217.88	5,881,133,668.89
<b>Total</b> . . . . .	<b>5,312,253,217.88</b>	<b>5,899,018,285.56</b>

**16.3.1 Interest receivable**

*Category of interest receivable*

Item	Ending balance	Beginning balance
Term deposit . . . . .		17,884,616.67
Subtotal . . . . .		17,884,616.67
Less: Provision for doubtful accounts . . . . .		
<b>Total</b> . . . . .		<b>17,884,616.67</b>

**16.3.2 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) . . . . .	5,283,595,377.76	5,844,194,946.80
6 months-1 year (including 1 year) . . . . .	4,500,303.34	6,197,485.70
Subtotal within 1 year . . . . .	5,288,095,681.10	5,850,392,432.50
1-2 years . . . . .	7,720,551.06	34,388,413.72
2-3 years . . . . .	24,905,794.29	145,054.76
Over 3 years . . . . .	33,212,593.48	33,123,966.48
Subtotal . . . . .	5,353,934,619.93	5,918,049,867.46
Less: Provision for doubtful accounts . . . . .	41,681,402.05	36,916,198.57
<b>Total</b> . . . . .	<b>5,312,253,217.88</b>	<b>5,881,133,668.89</b>



(2) Provision for doubtful accounts

	Stage 1	Stage 2	Stage 3	
<u>Provision for doubtful accounts</u>	<u>Expected credit losses in 12 months in the future</u>	<u>Expected credit losses of the entire duration (no credit impairment occurred)</u>	<u>Expected credit loss of the entire duration (credit impairment occurred)</u>	<u>Total</u>
Beginning balance . . . . .	6,422,754.13		30,493,444.44	36,916,198.57
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 . . . . .	4,765,203.48			4,765,203.48
Reversal in this period . . . . .				
Write-off in this period . . . . .				
Cancellation in this period . . . . .				
Other changes . . . . .				
Ending balance . . . . .	11,187,957.61		30,493,444.44	41,681,402.05

(3) Provision for doubtful accounts

<u>Category</u>	<u>Beginning balance</u>	<u>Current change</u>			<u>Ending balance</u>
		<u>Provision</u>	<u>Reversal or recovery</u>	<u>Write off or cancellation</u>	
Provision for doubtful accounts on credit risk group . . . . .	36,916,198.57	4,765,203.48			41,681,402.05
<b>Total . . . . .</b>	<b>36,916,198.57</b>	<b>4,765,203.48</b>			<b>41,681,402.05</b>

(4) Category of other receivables by nature

<u>Nature</u>	<u>Ending book balance</u>	<u>Beginning book balance</u>
Deposit from financing lease . . . . .	14,300,000.00	17,800,000.00
Other margin and deposits . . . . .	32,976,492.28	23,976,401.19
Export rebates . . . . .	56,817,187.92	159,721,037.03
Other current accounts . . . . .	25,255,081.50	15,217,899.77
Related party transactions . . . . .	5,194,092,413.79	5,670,841,085.03
Equity transfer fund receivable . . . . .	30,493,444.44	30,493,444.44
<b>Total . . . . .</b>	<b>5,353,934,619.93</b>	<b>5,918,049,867.46</b>

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

Company name	Nature	Ending balance	Aging	Proportion in total ending other receivables (%)	Ending balance of provision for doubtful accounts
No. 1 . . . . .	Internal related party transaction	2,468,706,493.59	Within 6 months	46.11	
No. 2 . . . . .	Internal related party transaction	1,252,830,346.82	Within 6 months	23.40	
No. 3 . . . . .	Internal related party transaction	495,628,382.07	Within 6 months	9.26	
No. 4 . . . . .	Internal related party transaction	404,903,811.92	Within 6 months	7.56	
No. 5 . . . . .	Internal related party transaction	307,903,391.56	Within 6 months	5.75	
<b>Total . . . . .</b>		<b>4,929,972,425.96</b>		<b>92.08</b>	

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 . . .	8,523,809,746.18		8,523,809,746.18	4,911,849,635.94		4,911,849,635.94
Investment in associates and joint ventures . . . . .	10,170,099.53	10,170,099.53		10,170,099.53	10,170,099.53	
<b>Total . . . . .</b>	<b>8,533,979,845.71</b>	<b>10,170,099.53</b>	<b>8,523,809,746.18</b>	<b>4,922,019,735.47</b>	<b>10,170,099.53</b>	<b>4,911,849,635.94</b>

16.4.1 Investment in subsidiaries

Investee	Beginning balance	Additions during the year	Decrease during the year	Ending balance	Current provision for impairment	Ending balance of provision for impairment
Xinwei Electronic . . . . .	7,396,646.36	2,002,277.75		9,398,924.11		
Xinwei Hong Kong . . . . .	71,449,392.74			71,449,392.74		
Huizhou New Energy . . . . .	2,112,474,004.07	1,858,138,869.39		3,970,612,873.46		
Sunwoda Electric Vehicle Battery . . . . .	3,078,397.83			3,078,397.83		
Sunwoda Electrical . . . . .	63,037,991.54	2,327,284.78		65,365,276.32		
PTL . . . . .	24,897,515.85	691,202.50		25,588,718.35		
Qianhai Hongsheng . . . . .	155,530,082.95	5,382,339.10		160,912,422.05		
Dongguan Liwinon . . . . .	1,074,630,032.48	6,753,227.23		1,081,383,259.71		
Integrated Energy . . . . .	108,611,562.21	3,426,455.26		112,038,017.47		
Sunwoda Intelligent Technology . . . . .	59,569,412.08	5,019,286.29		64,588,698.37		
Shenzhen Sunwinon . . . . .	64,196,867.63	8,267,281.15		72,464,148.78		
Nanjing Sunwoda . . . . .	300,000,000.00		200,000,000.00	100,000,000.00		
Shenzhen Sunynn . . . . .	18,589,830.56	1,470,723.37		20,060,553.93		
Zhejiang Sunwoda . . . . .	20,000,000.00	513,037,328.24		533,037,328.24		
Zhejiang Xindong Energy . . .	30,580,064.80	5,032,373.82		35,612,438.62		
Huizhou Liwinon . . . . .	787,399,834.84	1,397,750,849.84		2,185,150,684.68		
Superstar . . . . .	10,408,000.00	2,660,611.52		13,068,611.52		
<b>Total . . . . .</b>	<b>4,911,849,635.94</b>	<b>3,811,960,110.24</b>	<b>200,000,000.00</b>	<b>8,523,809,746.18</b>		

*16.4.2 Investment in associates and joint ventures*

Investee	Movement										
	Beginning balance	Additional investment	Decrease in investment	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 distributed	Provision for impairment	Others	Ending balance	Ending balance of provision for impairment
I. Associates .....											
Xingzhiyoudao (Shenzhen) Auto Service Co., Ltd. ...											
Intelligent Cloud Apparel Technology Research Institute (Shenzhen) Co., Ltd. ....											
Subtotal .....											10,014,453.68
<b>Total .....</b>											<b>155,645.85</b>
											<b>10,170,099.53</b>
											<b>10,170,099.53</b>

## 16.5 Operating revenue and cost of sales

### 16.5.1 Presentation of operating revenue and cost of sales

Item	Current year		Prior year	
	Revenue	Cost	Revenue	Cost
Primary business . . .	23,266,941,626.01	21,134,178,597.31	26,529,087,502.23	23,960,817,379.46
Other business . . . .	52,326,078.96	37,478,094.01	33,978,242.25	22,036,540.48
<b>Total . . . . .</b>	<b>23,319,267,704.97</b>	<b>21,171,656,691.32</b>	<b>26,563,065,744.48</b>	<b>23,982,853,919.94</b>

Breakdown of operating revenue:

Item	Current year	Prior year
Revenue generated from customer contract . . . . .	23,319,267,704.97	26,563,065,744.48
<b>Total . . . . .</b>	<b>23,319,267,704.97</b>	<b>26,563,065,744.48</b>

### 16.5.2 Contractual income

Contract classification	Current year
Classified by commodities:	
3C battery . . . . .	19,929,291,252.88
ESS . . . . .	127,660,925.27
Smart hardware . . . . .	2,080,879,735.53
Precision structural parts . . . . .	1,968,413.11
Others . . . . .	1,179,467,378.18
<b>Total . . . . .</b>	<b>23,319,267,704.97</b>
Classified by operating areas:	
North China . . . . .	28,655,475.32
Northeast . . . . .	399,380.53
East China . . . . .	380,803,585.32
South China . . . . .	7,075,514,263.40
Central China . . . . .	215,967,364.18
Southwest . . . . .	624,193,660.90
Northwest . . . . .	271,059.13
Export . . . . .	14,993,462,916.19
<b>Total . . . . .</b>	<b>23,319,267,704.97</b>

## 16.6 Investment income

Item	Current year	Prior year
Investment income from long-term equity measured under equity method . . . . .	350,000,000.00	
Investment income from disposal of financial assets held for trading . . . . .	26,308,800.27	11,953,403.74
Investment income from other non-current financial assets during holding period . . . . .	6,400,000.00	4,000,000.00
Others . . . . .		-36,260,000.00
<b>Total . . . . .</b>	<b>382,708,800.27</b>	<b>-20,306,596.26</b>

## 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 . . . . .	150,732,988.38	
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). . . . .	228,049,624.94	
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. . . . .	12,762,637.99	
Reversal of receivables and contract assets subject to independent impairment test. . . . .	5,002,834.85	
Other non-operating income and expenses except the above items. . . . .	38,808,866.81	
Other profits or losses conforming to non-recurring profits and losses. . . . .	-18,028,515.26	
Subtotal. . . . .	417,328,437.71	
Effect of income tax . . . . .	-30,928,373.43	
Effect of non-controlling interests (after tax). . . . .	1,223,091.11	
<b>Total. . . . .</b>	<b>387,623,155.39</b>	

### 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. . . . .	11.05	0.58	0.57
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profits and losses. . . . .	6.37	0.33	0.33

**Sunwoda Electronic Co., Ltd.**

(Official Seal)

11 April 2022