

BOE Technology Group Co., Ltd.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2022 TO 31 DECEMBER 2022
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE
VERSION AND ITS ENGLISH TRANSLATION,
THE CHINESE VERSION WILL PREVAIL

AUDITOR'S REPORT

毕马威华振审字第 2303647 号

The Shareholders of BOE Technology Group Co., Ltd.:

Opinion

We have audited the accompanying financial statements of BOE Technology Group Co., Ltd. ("BOE"), which comprise the consolidated and company balance sheets as at 31 December 2022, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of BOE as at 31 December 2022, and the consolidated and company financial performance and cash flows of BOE for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("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 BOE in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2303647 号

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Revenue recognition | |
|--|---|
| Refer to the accounting policies set out in the notes to the financial statements “III. Significant accounting policies and accounting estimates” 23 and “V. Notes to the consolidated financial statements” 43. | |
| The Key Audit Matter | How the matter was addressed in our audit |
| <p>The revenue of BOE and its subsidiaries (“BOE Group”) is mainly derived from the sales of products relating to display device across the domestic and overseas market.</p> <p>The sales contracts/orders signed between BOE Group and its customers (mainly electronic equipment manufacturers) contain various trading terms. BOE Group judges the transfer timing of control according to the trading terms, and recognises revenue accordingly. Depending on the trading terms, the income is usually recognized when the goods are delivered and received, or when they are received by the carrier.</p> <p>We identified the recognition of BOE Group’s revenue as a key audit matter because revenue, as one of BOE Group’s key performance indicators, involves various trading terms, and there is an inherent risk that revenue may not be recognised in a correct period.</p> | <p>Our audit procedures to evaluate revenue recognition included the following:</p> <ul style="list-style-type: none"> • Evaluate the design and operation effectiveness of key internal controls related to revenue recognition; • Check key sales contracts/orders on a sampling basis to identify relevant trading terms, and evaluate whether the accounting policies for revenue recognition of BOE Group meet the requirements of the Enterprise Accounting Standards; • On a sampling basis and according to different trading terms, reconcile the revenue recorded in the current year to relevant supporting files such as relevant orders, shipping orders, sales invoices, customs declarations, bills of lading, delivery receipts, etc. to evaluate whether revenue is recognised in accordance with the accounting policy of BOE Group; • On a sampling basis and according to different trading terms, cross check the revenue recorded before and after the balance sheet date against relevant supporting files such as relevant orders, shipping orders, sales invoices, customs declarations, bills of lading, delivery receipts, etc. to evaluate whether revenue is recorded in the appropriate period; |

AUDITOR'S REPORT (continued)

毕马威华振审字第 2303647 号

Key Audit Matters (continued)

| Revenue recognition (continued) | |
|--|--|
| Refer to Note III. 23 of the accounting policy to the financial statements and Note V. 43 to to the consolidated financial statements. | |
| The Key Audit Matter | How the matter was addressed in our audit |
| | <ul style="list-style-type: none">• Select a sample based on the characteristics and nature of customer's transaction, and perform confirmation procedures on the balance of accounts receivable as at the balance sheet date and the sales transaction amount during the current year;• On a sampling basis, check the written-back of revenue after the balance sheet date (including sales discounts and sales returns, etc.) with relevant supporting documents to assess whether revenue is recorded in the appropriate period;• Select revenue accounting entries that meet specific risk criteria and check related supporting documents. |

AUDITOR'S REPORT (continued)

毕马威华振审字第 2303647 号

Key Audit Matters (continued)

| Book value of fixed assets and construction in progress | |
|--|---|
| <p>Refer to the accounting policies set out in the notes to the financial statements “III. Significant accounting policies and accounting estimates” 13, 14 and “V. Notes to the consolidated financial statements” 14, 15.</p> | |
| The Key Audit Matter | How the matter was addressed in our audit |
| <p>BOE Group continued to invest in building production lines of display device to expand its production capacity. As at 31 December 2022, the book value of fixed assets and construction in progress amounted to RMB 249.373 billion.</p> <p>The judgement made by the management on the following aspects will affect the book value of fixed assets and construction in progress, including:</p> <ul style="list-style-type: none"> • Determine which type of expenditures are qualified for capitalisation; • Determine the timing for transferring construction in progress to fixed assets and making depreciation; • Estimate the useful life and residual value of corresponding fixed assets. <p>We identified the book value of fixed assets and construction in progress of BOE Group as a key audit matter because the valuation of the book value of fixed assets and construction in progress involves significant judgement from the management and it is of importance to the consolidated financial statements.</p> | <p>Our audit procedures to assess the book value of fixed assets and construction in progress included the following:</p> <ul style="list-style-type: none"> • Evaluate the design and operation effectiveness of key internal controls (including estimating useful life and residual values, etc.) related to the integrity, existence and accuracy of fixed assets and construction in progress; • Check the physical status of construction in progress and fixed assets on a sampling basis; • Check capital expenditures with relevant supporting documents (including purchase agreements/ orders, acceptance orders, engineering construction contracts, project progress reports, etc.) on a sampling basis; • Assess whether the capitalised commissioning expenses for the current year are in compliance with relevant capitalization conditions; check the commissioning expenses with relevant supporting documents on a sampling basis; • On the basis of sampling, assess the timing for transferring construction in progress to fixed assets, through the inspection of commissioning situation and the documents for transferring construction in progress to fixed assets; • Based on our understanding of industry practices and actual operating conditions of assets, we evaluate the management's estimation of the useful life and residual value of fixed assets. |

AUDITOR'S REPORT (continued)

毕马威华振审字第 2303647 号

Key Audit Matters (continued)

| Impairment of fixed assets and intangible assets | |
|--|---|
| Refer to the accounting policies set out in the notes to the financial statements "III. Significant accounting policies and accounting estimates" 19 and "V. Notes to the consolidated financial statements" 14, 16. | |
| The Key Audit Matter | How the matter was addressed in our audit |
| <p>BOE Group principally generates revenue from the production and sale of display device. Due to the fluctuation of supply-demand relationship of display device and the influence of technology upgrading, the profit level of different production lines suffer dramatic fluctuation. As at 31 December 2022, the book value of fixed assets and intangible assets amounted to RMB 214.935 billion, the judgement on impairment indications and impairment test are material to BOE Group's financial statements.</p> <p>The management classifies asset groups based on the smallest identifiable group of assets that generates cash inflows that are independent, and continuously monitors the trend of market of supply and demand as well as the technology evolution; comprehensively judges impairment indications of each asset group in accordance with market trends, operating conditions of production lines and technological advanced performance, and performs impairment test on asset groups if any impairment indication exists.</p> <p>For asset groups with impairment indications, the management assesses whether the book value of fixed assets and intangible assets as at 31 December 2022 were impaired by calculating the present value of expected future cash flows. Calculating the present value of expected future cash flows requires management to make significant judgements, especially for the estimation of future selling prices, sales volume and applicable discount rate.</p> | <p>Our audit procedures to evaluate impairment of fixed assets and intangible assets included the following:</p> <ul style="list-style-type: none"> • Evaluate management's identification of asset groups, assessment of impairment indications, and assess the design and operation effectiveness of key internal controls for impairment tests; • Based on our understanding of BOE Group's businesses and relevant accounting standards, evaluate management's classification basis of asset groups and judgement basis of impairment indications; • For asset groups with impairment indications, based on our understanding of the industry, compare the key assumptions in the calculation of recoverable amounts used by management with external available data and historical analysis, including future selling prices, sales volume and discount rate used by management, evaluate the key assumptions and estimations used by the management; • For asset groups with significant impairment risk, assess the competence, professional quality and objectivity of experts hired by the management; and adopt our own valuation experts' work, assess if discount rates used for estimating the present value of future cash flows by management are within the range used by other companies in the same industry; |

AUDITOR'S REPORT (continued)

毕马威华振审字第 2303647 号

Key Audit Matters (continued)

| Impairment of fixed assets and intangible assets (continued) | |
|---|---|
| Refer to the accounting policies set out in the notes to the financial statements "III. Significant accounting policies and accounting estimates" 19 and "V. Notes to the consolidated financial statements" 14, 16. | |
| The Key Audit Matter | How the matter was addressed in our audit |
| We identified the impairment of fixed assets and intangible assets as a key audit matter because the book value of fixed assets and intangible assets is significant to the financial statements; management's significant judgements and estimations are involved in assessing the classification basis of asset groups, existence of impairment indications and impairment test of asset groups with impairment indications, which may exist errors or potential management bias. | <p>Our audit procedures to evaluate impairment of fixed assets and intangible assets included the following:</p> <ul style="list-style-type: none">• Compare estimations used for calculating the present value of expected future cash flows in the previous year by the management with the actual situation in this year to consider the historical accuracy of management's forecast results;• Perform sensitivity analysis on key assumptions, including future selling prices, sales volume and discount rates, used in the calculation of recoverable amount by the management; assess how changes in key assumptions (individually or collectively) will lead to different results and assess whether there are indications of management bias in the selection of key assumptions;• Consider whether the disclosure of impairment of fixed assets and intangible assets in the financial statements is consistent with relevant accounting policy. |

AUDITOR'S REPORT (continued)

毕马威华振审字第 2303647 号

Other Information

BOE's management is responsible for the other information. The other information comprises all the information included in 2022 annual report of BOE, other than 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 this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing BOE'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 management either intends to liquidate BOE or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing BOE's financial reporting process.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2303647 号

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 BOE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause BOE to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2303647 号

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within BOE to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group 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, 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 relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Huazhen LLP

Certified Public Accountants
Registered in the People's Republic of China

Su Xing (Engagement Partner)

Beijing, China

Chai Jing

31 March 2023

BOE Technology Group Co., Ltd.
Consolidated balance sheet
as at 31 December 2022
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|------------------------|------------------------|
| Assets | | | |
| Current assets | | | |
| Cash at bank and on hand | V.1 | 68,800,307,369 | 80,986,835,088 |
| Financial assets held for trading | V.2 | 17,187,993,936 | 10,028,172,853 |
| Bills receivable | V.3 | 211,792,061 | 217,734,298 |
| Accounts receivable | V.4 | 28,203,647,569 | 35,503,414,820 |
| Prepayments | V.5 | 589,764,680 | 1,112,880,007 |
| Other receivables | V.6 | 975,809,236 | 1,922,828,378 |
| Inventories | V.7 | 22,787,814,225 | 27,805,161,436 |
| Contract assets | V.8 | 71,636,461 | 75,698,324 |
| Non-current assets due within one year | | 8,561,307 | 7,700,735 |
| Other current assets | V.9 | <u>3,394,036,919</u> | <u>3,578,919,710</u> |
| Total current assets | | <u>142,231,363,763</u> | <u>161,239,345,649</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated balance sheet
as at 31 December 2022 (continued)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|------------------------|------------------------|
| Assets (continued) | | | |
| Non-current assets | | | |
| Long-term receivables | | 28,637,449 | 29,918,542 |
| Long-term equity investments | V.10 | 12,421,878,851 | 6,040,948,317 |
| Investments in other equity instruments | V.11 | 483,060,306 | 519,088,146 |
| Other non-current financial assets | V.12 | 2,022,967,681 | 606,895,447 |
| Investment properties | V.13 | 1,122,025,138 | 1,158,365,401 |
| Fixed assets | V.14 | 205,987,050,430 | 227,141,366,884 |
| Construction in progress | V.15 | 43,386,134,668 | 32,099,711,879 |
| Right-of-use assets | V.60 | 687,120,946 | 753,164,237 |
| Intangible assets | V.16 | 8,948,327,143 | 11,209,498,406 |
| Goodwill | V.17 | 660,823,651 | 1,130,006,987 |
| Long-term deferred expenses | V.18 | 556,941,377 | 636,530,502 |
| Deferred tax assets | V.19 | 70,250,425 | 190,335,524 |
| Other non-current assets | V.20 | <u>1,955,521,384</u> | <u>7,477,427,483</u> |
| Total non-current assets | | <u>278,330,739,449</u> | <u>288,993,257,755</u> |
| Total assets | | <u>420,562,103,212</u> | <u>450,232,603,404</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated balance sheet
as at 31 December 2022 (continued)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|--|-------------|-----------------------|------------------------|
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Short-term loans | V.21 | 2,373,938,871 | 2,072,057,332 |
| Bills payable | V.22 | 870,221,538 | 827,958,031 |
| Accounts payable | V.23 | 29,834,720,464 | 32,455,830,694 |
| Advance payments received | V.24 | 79,848,977 | 146,140,084 |
| Contract liabilities | V.25 | 2,411,717,792 | 3,765,081,554 |
| Employee benefits payable | V.26 | 2,818,532,823 | 5,133,155,237 |
| Taxes payable | V.27 | 1,331,401,188 | 2,200,249,305 |
| Other payables | V.28 | 19,632,223,269 | 23,835,374,942 |
| Non-current liabilities due within one year | V.29 | 22,703,750,744 | 28,874,958,714 |
| Other current liabilities | V.30 | <u>3,613,967,673</u> | <u>4,051,532,509</u> |
| Total current liabilities | | <u>85,670,323,339</u> | <u>103,362,338,402</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated balance sheet
as at 31 December 2022 (continued)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|----------------------------|----------------------------|
| Liabilities and shareholders' equity (continued) | | | |
| Non-current liabilities | | | |
| Long-term loans | V.31 | 123,143,479,690 | 116,078,666,587 |
| Debentures payable | V.32 | - | 359,586,437 |
| Lease liabilities | V.60 | 538,586,010 | 669,130,264 |
| Long-term payables | V.33 | 229,587,077 | 906,592,838 |
| Deferred income | V.34 | 5,156,347,332 | 6,416,089,611 |
| Deferred tax liabilities | V.19 | 1,274,406,833 | 1,525,622,873 |
| Other non-current liabilities | V.35 | <u>2,499,075,805</u> | <u>3,535,809,876</u> |
| Total non-current liabilities | | <u>132,841,482,747</u> | <u>129,491,498,486</u> |
| Total liabilities | | <u>218,511,806,086</u> | <u>232,853,836,888</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated balance sheet
as at 31 December 2022 (continued)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|------------------------|------------------------|
| Liabilities and shareholders' equity (continued) | | | |
| Shareholders' equity | | | |
| Share capital | V.36 | 38,196,363,421 | 38,445,746,482 |
| Other equity instruments | V.37 | 8,176,366,808 | 14,146,997,427 |
| Capital reserve | V.38 | 55,218,504,392 | 53,917,609,094 |
| Less: Treasury shares | V.39 | 3,508,201,911 | 3,415,768,207 |
| Other comprehensive income | V.40 | (1,073,768,030) | 113,551,147 |
| Surplus reserve | V.41 | 3,241,063,934 | 2,889,590,205 |
| Retained earnings | V.42 | <u>35,839,081,781</u> | <u>37,106,514,799</u> |
| Total equity attributable to shareholders of the Company | | <u>136,089,410,395</u> | <u>143,204,240,947</u> |
| Non-controlling interests | | <u>65,960,886,731</u> | <u>74,174,525,569</u> |
| Total shareholders' equity | | <u>202,050,297,126</u> | <u>217,378,766,516</u> |
| Total liabilities and shareholders' equity | | <u>420,562,103,212</u> | <u>450,232,603,404</u> |

These financial statements were approved by the Board of Directors of the Company on 31 March 2023.

| | | | | |
|--|--|---|--|--------------------|
| Chen Yanshun Chairman of the Board | Gao Wenbao Chief Executive Officer | Yang Xiaoping Chief Financial Officer | Teng Jiao The head of the accounting department | (Company stamp) |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company balance sheet
as at 31 December 2022
(Expressed in Renminbi Yuan)

| | Note | 2022 | 2021 |
|---|------|------------------------|------------------------|
| Assets | | | |
| Current assets | | | |
| Cash at bank and on hand | | 7,121,641,234 | 5,609,364,822 |
| Accounts receivable | XV.1 | 4,863,665,269 | 4,828,855,275 |
| Prepayments | | 7,045,311 | 12,669,107 |
| Other receivables | XV.2 | 19,878,145,375 | 15,449,830,610 |
| Inventories | | 15,065,947 | 15,853,238 |
| Other current assets | | <u>57,226,515</u> | <u>167,179,023</u> |
| Total current assets | | <u>31,942,789,651</u> | <u>26,083,752,075</u> |
| Non-current assets | | | |
| Long-term equity investments | XV.3 | 214,308,953,020 | 210,945,821,235 |
| Investments in other equity instruments | | 60,434,464 | 63,458,868 |
| Other non-current financial assets | | 1,416,072,234 | - |
| Investment properties | | 251,870,591 | 261,526,129 |
| Fixed assets | | 921,510,043 | 961,944,766 |
| Construction in progress | | 616,247,335 | 551,352,449 |
| Right-of-use assets | | 126,373,643 | 170,173,793 |
| Intangible assets | | 1,122,230,564 | 1,243,806,868 |
| Long-term deferred expenses | | 384,123,386 | 441,560,097 |
| Other non-current assets | | <u>1,080,322,988</u> | <u>1,744,751,520</u> |
| Total non-current assets | | <u>220,288,138,268</u> | <u>216,384,395,725</u> |
| Total assets | | <u>252,230,927,919</u> | <u>242,468,147,800</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company balance sheet
as at 31 December 2022 (continued)
(Expressed in Renminbi Yuan)

| | Note | 2022 | 2021 |
|---|------|------------------------|------------------------|
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Accounts payable | | 312,100,258 | 61,519,244 |
| Advance payments received | | 14,819,929 | 20,038,334 |
| Contract liabilities | | 19,200 | - |
| Employee benefits payable | | 282,792,422 | 640,728,285 |
| Taxes payable | | 139,166,672 | 244,586,957 |
| Other payables | XV.5 | 4,249,391,146 | 2,880,884,768 |
| Non-current liabilities due within one year | | 2,704,607,119 | 10,909,326,195 |
| Other current liabilities | | <u>20,283,257</u> | <u>29,190,783</u> |
| Total current liabilities | | <u>7,723,180,003</u> | <u>14,786,274,566</u> |
| Non-current liabilities | | | |
| Long-term loans | XV.6 | 39,557,500,000 | 32,208,500,000 |
| Lease liabilities | | 85,830,813 | 129,343,868 |
| Deferred income | | 1,933,587,746 | 2,906,951,707 |
| Deferred tax liabilities | XV.4 | 111,987,272 | 225,816,218 |
| Other non-current liabilities | XV.7 | <u>96,394,661,805</u> | <u>74,506,661,805</u> |
| Total non-current liabilities | | <u>138,083,567,636</u> | <u>109,977,273,598</u> |
| Total liabilities | | <u>145,806,747,639</u> | <u>124,763,548,164</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
 Company balance sheet
 as at 31 December 2022 (continued)
 (Expressed in Renminbi Yuan)

| | Note | 2022 | 2021 |
|---|-------|------------------------|------------------------|
| Liabilities and shareholders' equity (continued) | | | |
| Shareholders' equity | | | |
| Share capital | V.36 | 38,196,363,421 | 38,445,746,482 |
| Other equity instruments | V.37 | 8,176,366,808 | 14,146,997,427 |
| Capital reserve | XV.8 | 53,693,627,213 | 53,598,033,152 |
| Less: Treasury shares | V.39 | 3,508,201,911 | 3,415,768,207 |
| Other comprehensive income | XV.9 | 340,345 | 89,024,650 |
| Surplus reserve | V.41 | 3,241,063,934 | 2,889,590,205 |
| Retained earnings | XV.10 | <u>6,624,620,470</u> | <u>11,950,975,927</u> |
| Total shareholders' equity | | <u>106,424,180,280</u> | <u>117,704,599,636</u> |
| Total liabilities and shareholders' equity | | <u>252,230,927,919</u> | <u>242,468,147,800</u> |

These financial statements were approved by the Board of Directors of the Company on 31 March 2023.

| | | | | |
|--|--|---|--|--------------------|
| Chen Yanshun Chairman of the Board | Gao Wenbao Chief Executive Officer | Yang Xiaoping Chief Financial Officer | Teng Jiao The head of the accounting department | (Company stamp) |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated income statement
for the year ended 31 December 2022
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|--|-------------|-------------------|--------------------|
| I. Operating income | V.43 | 178,413,731,179 | 221,035,718,012 |
| II. Less: Operating costs | V.43 | 157,530,566,152 | 157,298,825,781 |
| Taxes and surcharges | V.44 | 1,275,171,339 | 1,424,205,826 |
| Selling and distribution expenses | V.45 | 4,233,290,297 | 5,484,589,978 |
| General and administrative expenses | V.46 | 6,247,637,006 | 6,693,373,589 |
| Research and development expenses | V.47 | 11,100,768,677 | 10,616,426,327 |
| Financial expenses | V.48 | 2,445,130,575 | 3,682,379,202 |
| Including: Interest expenses | | 3,572,211,438 | 4,866,778,333 |
| Interest income | | 1,483,022,892 | 1,050,431,325 |
| Add: Other income | V.49 | 5,485,529,324 | 2,092,765,728 |
| Investment income | V.50 | 6,094,267,884 | 1,347,489,345 |
| Including: Income from investment in associates and joint ventures | | 528,103,680 | 1,245,036,895 |
| Gains from changes in fair value | V.51 | 159,344,584 | 84,966,963 |
| Credit losses | V.52 | (51,577,226) | (28,409,869) |
| Impairment losses | V.53 | (7,304,471,630) | (4,478,251,852) |
| Gains from asset disposals | V.54 | <u>10,965,556</u> | <u>153,505,791</u> |
| III. Operating (loss) / profit | | (24,774,375) | 35,007,983,415 |
| Add: Non-operating income | V.55 | 163,242,857 | 131,607,946 |
| Less: Non-operating expenses | V.55 | <u>87,249,543</u> | <u>55,215,102</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
 Consolidated income statement
 for the year ended 31 December 2022 (continued)
 (Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|-------------------------------------|-------------|------------------------|-----------------------|
| IV. Profit before income tax | | 51,218,939 | 35,084,376,259 |
| Less: Income tax expenses | V.56 | <u>1,788,394,107</u> | <u>4,187,971,404</u> |
| V. Net (loss) / profit for the year | | <u>(1,737,175,168)</u> | <u>30,896,404,855</u> |
| Shareholders of the Company | | 7,550,877,790 | 25,960,751,646 |
| Non-controlling interests | | (9,288,052,958) | 4,935,653,209 |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated income statement
for the year ended 31 December 2022 (continued)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|--|-------------|------------------------|---------------------|
| VI. Other comprehensive income, net of tax | V.40 | <u>(1,158,016,792)</u> | <u>155,717,231</u> |
| Other comprehensive income (net of tax) attributable to owners of the Company | | (1,164,537,236) | 190,988,004 |
| (1) Items that will not be reclassified to profit or loss | | | |
| 1. Other comprehensive income recognised under equity method | | (53,367,649) | 68,869,497 |
| 2. Changes in fair value of investments in other equity instruments | | (79,547,426) | (40,618,274) |
| (2) Items that may be reclassified to profit or loss | | | |
| 1. Other comprehensive income recognised under equity method | | 127,867 | (296,553) |
| 2. Translation differences arising from translation of foreign currency financial statements | | (1,031,750,028) | 163,033,334 |
| Other comprehensive income (net of tax) attributable to non-controlling interests | | <u>6,520,444</u> | <u>(35,270,773)</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated income statement
for the year ended 31 December 2022 (continued)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|--|-------------|------------------------|-----------------------|
| VII. Total comprehensive income for the year | | <u>(2,895,191,960)</u> | <u>31,052,122,086</u> |
| Attributable to shareholders of the Company | | 6,386,340,554 | 26,151,739,650 |
| Attributable to non-controlling interests | | (9,281,532,514) | 4,900,382,436 |
| VIII. Earnings per share: | | | |
| (1) Basic earnings per share | V.57 | 0.19 | 0.71 |
| (2) Diluted earnings per share | V.57 | Not applicable | 0.71 |

These financial statements were approved by the Board of Directors of the Company on 31 March 2023.

| | | | | |
|---------------------------------------|---------------------------------------|--|--|-----------------|
| Chen Yanshun Chairman of the Board | Gao Wenbao Chief Executive Officer | Yang Xiaoping Chief Financial Officer | Teng Jiao The head of the accounting department | |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Company stamp) |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company income statement
for the year ended 31 December 2022
(Expressed in Renminbi Yuan)

| | Note | 2022 | 2021 |
|--|-------|---------------|---------------|
| I. Operating income | XV.11 | 4,873,328,715 | 5,716,998,034 |
| II. Less: Operating costs | | 10,080,268 | 16,459,454 |
| Taxes and surcharges | XV.11 | 55,342,015 | 36,630,410 |
| General and administrative expenses | | 1,348,187,653 | 1,577,032,602 |
| Research and development expenses | | 2,046,032,751 | 2,330,865,497 |
| Financial expenses | | 574,596,105 | 798,736,264 |
| Including: Interest expenses | | 631,737,202 | 892,768,026 |
| Interest income | | 96,658,931 | 93,003,346 |
| Add: Other income | | 948,637,354 | 948,922,174 |
| Investment income | XV.12 | 1,934,087,931 | 2,755,668,691 |
| Including: Income from investment in associates and joint ventures | | 328,861,860 | 864,640,400 |
| Credit losses | | (18,126,642) | (5,247,340) |
| Losses from asset disposals | | - | (773,327) |
| III. Operating profit | | 3,703,688,566 | 4,655,844,005 |
| Add: Non-operating income | | 6,873,424 | 7,424,220 |
| Less: Non-operating expenses | | 26,617,581 | 5,915,655 |
| IV. Profit before income tax | | 3,683,944,409 | 4,657,352,570 |
| Less: Income tax expenses | XV.13 | 202,080,897 | 260,856,004 |
| V. Net profit for the year | | 3,481,863,512 | 4,396,496,566 |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company income statement
for the year ended 31 December 2022 (continued)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|-----------------------------|-----------------------------|
| VI. Other comprehensive income, net of tax | XV.9 | (55,810,525) | 53,550,302 |
| (1) Items that will not be reclassified to profit or loss | | | |
| 1. Other comprehensive income recognised under equity method | | (53,367,649) | 68,869,497 |
| 2. Changes in fair value of investments in other equity instruments | | (2,570,743) | (15,073,903) |
| (2) Items that may be reclassified to profit or loss | | <u>127,867</u> | <u>(245,292)</u> |
| VII. Total comprehensive income for the year | | <u><u>3,426,052,987</u></u> | <u><u>4,450,046,868</u></u> |

These financial statements were approved by the Board of Directors of the Company on 31 March 2023.

| | | | | |
|---------------------------------------|---------------------------------------|--|--|-----------------|
| Chen Yanshun Chairman of the Board | Gao Wenbao Chief Executive Officer | Yang Xiaoping Chief Financial Officer | Teng Jiao The head of the accounting department | |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Company stamp) |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated cash flow statement
for the year ended 31 December 2022
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|--------------------------|--------------------------|
| I. Cash flows from operating activities: | | | |
| Proceeds from sale of goods and rendering of services | | 193,327,661,415 | 221,840,098,206 |
| Refund of taxes | | 17,259,338,469 | 13,173,129,922 |
| Proceeds from other operating activities | | <u>7,397,264,096</u> | <u>5,925,158,408</u> |
| Sub-total of cash inflows | | <u>217,984,263,980</u> | <u>240,938,386,536</u> |
| Payment for goods and services | | (142,617,274,685) | (146,642,673,111) |
| Payment to and for employees | | (19,821,022,609) | (17,908,235,464) |
| Payment of various taxes | | (5,394,897,972) | (5,149,971,194) |
| Payment for other operating activities | | <u>(7,129,101,409)</u> | <u>(8,538,818,211)</u> |
| Sub-total of cash outflows | | <u>(174,962,296,675)</u> | <u>(178,239,697,980)</u> |
| Net cash flows generated from operating activities | V.58(1) | <u>43,021,967,305</u> | <u>62,698,688,556</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated cash flow statement
for the year ended 31 December 2022 (continued)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|--|-------------|--------------------------|-------------------------|
| II. Cash flows from investing activities: | | | |
| Proceeds from disposal of investments | | 83,038,823,137 | 33,071,343,623 |
| Investment returns received | | 461,543,173 | 180,030,588 |
| Net proceeds from disposal of fixed assets, intangible assets and other long-term assets | | 26,645,620 | 69,111,303 |
| Net proceeds from disposal of subsidiaries | | 936,758,922 | - |
| Proceeds from other investing activities | | <u>1,311,942,470</u> | <u>3,438,995,631</u> |
| Sub-total of cash inflows | | <u>85,775,713,322</u> | <u>36,759,481,145</u> |
| Payment for acquisition of fixed assets, intangible assets and other long-term assets | | (29,398,245,045) | (36,098,078,337) |
| Payment for acquisition of investments | | (92,205,577,385) | (41,638,460,294) |
| Net payment for acquisition of subsidiaries | | - | (2,815,535) |
| Net payment for disposal of subsidiaries | | (144,689,766) | (160,887,997) |
| Sub-total of cash outflows | | <u>(121,748,512,196)</u> | <u>(77,900,242,163)</u> |
| Net cash flows used in investing activities | | <u>(35,972,798,874)</u> | <u>(41,140,761,018)</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
 Consolidated cash flow statement
 for the year ended 31 December 2022 (continued)
 (Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|-----------------------|-----------------------|
| III. Cash flows from financing activities: | | | |
| Proceeds from investors | | 2,301,848,242 | 31,519,607,755 |
| Including: Proceeds from non-controlling shareholders of subsidiaries | | 2,301,848,242 | 11,187,003,325 |
| Proceeds from issuance of debentures | | 2,000,000,000 | - |
| Proceeds from borrowings | | 49,812,750,352 | 31,028,727,811 |
| Proceeds from other financing activities | | <u>771,327,623</u> | <u>1,106,689,881</u> |
| Sub-total of cash inflows | | <u>54,885,926,217</u> | <u>63,655,025,447</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated cash flow statement
for the year ended 31 December 2022 (continued)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|--|-------------|-------------------------|-------------------------|
| III. Cash flows from financing activities (continued): | | | |
| Repayments of borrowings | | (51,681,667,124) | (48,435,579,182) |
| Payment for redeeming bonds | | (8,000,000,000) | - |
| Payment for dividends or interest | | (13,828,515,479) | (10,261,666,002) |
| Including: Profits paid to non- controlling shareholders of subsidiaries | | (39,388,061) | (34,862,550) |
| Payment for other financing activities | | <u>(2,548,995,476)</u> | <u>(17,139,649,816)</u> |
| Sub-total of cash outflows | | <u>(76,059,178,079)</u> | <u>(75,836,895,000)</u> |
| Net cash flow used in financing activities | | <u>(21,173,251,862)</u> | <u>(12,181,869,553)</u> |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | <u>1,882,635,112</u> | <u>(817,308,273)</u> |
| V. Net (decrease) / increase in cash and cash equivalents | V.58(1) | (12,241,448,319) | 8,558,749,712 |
| Add: Cash and cash equivalents at the beginning of the year | | <u>76,623,486,083</u> | <u>68,064,736,371</u> |
| VI. Cash and cash equivalents at the end of the year | V.58(3) | <u>64,382,037,764</u> | <u>76,623,486,083</u> |

These financial statements were approved by the Board of Directors of the Company on 31 March 2023.

| | | | | |
|--|--|---|--|--------------------|
| Chen Yanshun Chairman of the Board | Gao Wenbao Chief Executive Officer | Yang Xiaoping Chief Financial Officer | Teng Jiao The head of the accounting department | (Company stamp) |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company cash flow statement
for the year ended 31 December 2022
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|------------------------|------------------------|
| I. Cash flows from operating activities: | | | |
| Proceeds from sale of goods and rendering of services | | 5,650,186,755 | 5,868,891,208 |
| Proceeds from other operating activities | | <u>2,005,413,901</u> | <u>406,266,493</u> |
| Sub-total of cash inflows | | <u>7,655,600,656</u> | <u>6,275,157,701</u> |
| Payment for goods and services | | (1,161,216,577) | (1,038,043,873) |
| Payment to and for employees | | (1,681,332,214) | (1,532,937,459) |
| Payment of various taxes | | (676,007,600) | (495,289,004) |
| Payment for other operating activities | | <u>(452,287,489)</u> | <u>(2,504,787,813)</u> |
| Sub-total of cash outflows | | <u>(3,970,843,880)</u> | <u>(5,571,058,149)</u> |
| Net cash flows generated from operating activities | XV.14(1) | <u>3,684,756,776</u> | <u>704,099,552</u> |
| II. Cash flows from investing activities: | | | |
| Proceeds from disposal of investments | | 330,944,027 | 890,504,898 |
| Proceeds from disposal of subsidiaries | | - | 230,142,095 |
| Investment returns received | | 1,257,584,843 | 2,129,623,919 |
| Net proceeds from disposal of fixed assets | | 241,034 | 13,445,008 |
| Proceeds from other investing activities | | <u>10,546,180,253</u> | <u>2,075,919,565</u> |
| Sub-total of cash inflows | | <u>12,134,950,157</u> | <u>5,339,635,485</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company cash flow statement
for the year ended 31 December 2022 (continued)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|-------------------------|-------------------------|
| II. Cash flows from investing activities (continued): | | | |
| Payment for acquisition of fixed assets, intangible assets and other long-term assets | | (405,565,299) | (715,641,262) |
| Payment for acquisition of investments | | (3,989,687,433) | (30,498,556,648) |
| Payment for other investing activities | | <u>(14,117,701,133)</u> | <u>(825,000,000)</u> |
| Sub-total of cash outflows | | <u>(18,512,953,865)</u> | <u>(32,039,197,910)</u> |
| Net cash flows used in investing activities | | <u>(6,378,003,708)</u> | <u>(26,699,562,425)</u> |
| III. Cash flows from financing activities: | | | |
| Proceeds from investors | | - | 20,332,604,430 |
| Proceeds from issuance of debentures | | 2,000,000,000 | - |
| Proceeds from borrowings | | 25,000,000,000 | 14,303,000,000 |
| Proceeds from other financing activities | | <u>24,936,039,463</u> | <u>20,888,483,038</u> |
| Sub-total of cash inflows | | <u>51,936,039,463</u> | <u>55,524,087,468</u> |
| Repayments of borrowings | | (25,827,547,455) | (17,355,376,312) |
| Payment for redeeming bonds | | (8,000,000,000) | - |
| Payment for dividends and interest | | (9,842,819,608) | (5,524,312,554) |
| Payment for other financing activities | | <u>(4,136,747,868)</u> | <u>(5,389,705,939)</u> |
| Sub-total of cash outflows | | <u>(47,807,114,931)</u> | <u>(28,269,394,805)</u> |
| Net cash flows generated from financing activities | | <u>4,128,924,532</u> | <u>27,254,692,663</u> |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
 Company cash flow statement
 for the year ended 31 December 2022 (continued)
 (Expressed in Renminbi Yuan)

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|----------------------|----------------------|
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | <u>76,264,084</u> | <u>(19,357,657)</u> |
| V. Net increase in cash and cash equivalents | XV.14(1) | 1,511,941,684 | 1,239,872,133 |
| Add: Cash and cash equivalents at the beginning of the year | | <u>5,599,937,349</u> | <u>4,360,065,216</u> |
| VI. Cash and cash equivalents at the end of the year | XV.14(2) | <u>7,111,879,033</u> | <u>5,599,937,349</u> |

These financial statements were approved by the Board of Directors of the Company on 31 March 2023.

| | | | | |
|--|--|---|--|--------------------|
| Chen Yanshun Chairman of the Board | Gao Wenbao Chief Executive Officer | Yang Xiaoping Chief Financial Officer | Teng Jiao The head of the accounting department | |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Company stamp) |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2022
(Expressed in Renminbi Yuan)

| Note | Attributable to shareholders of the Company | | | | | | | Sub-total | Non-controlling interests | Total |
|--|---|--------------------------|-----------------|-----------------------|----------------------------|-----------------|-------------------|-----------------|---------------------------|-----------------|
| | Share capital | Other equity instruments | Capital reserve | Less: Treasury shares | Other comprehensive income | Surplus reserve | Retained earnings | | | |
| I. Balance at the beginning of the year | 38,445,746,482 | 14,146,997,427 | 53,917,609,094 | 3,415,768,207 | 113,551,147 | 2,889,590,205 | 37,106,514,799 | 143,204,240,947 | 74,174,525,569 | 217,378,766,516 |
| II. Changes in equity during the year | | | | | | | | | | |
| 1. Total comprehensive income | - | - | - | - | (1,164,537,236) | - | 7,550,877,790 | 6,386,340,554 | (9,281,532,514) | (2,895,191,960) |
| 2. Shareholders' contributions of capital | | | | | | | | | | |
| (1) Contribution by non-controlling interests | - | - | - | - | - | - | - | - | 2,301,848,242 | 2,301,848,242 |
| (2) Repurchase of treasury shares V.39 | - | - | - | 1,048,154,539 | - | - | - | (1,048,154,539) | - | (1,048,154,539) |
| (3) Cancellation of treasury shares V.36/38/39 | (249,383,061) | - | (641,811,942) | (891,195,003) | - | - | - | - | - | - |
| (4) Equity-settled share-based payments XI | - | - | 654,336,707 | (64,525,832) | - | - | - | 718,862,539 | 44,728,854 | 763,591,393 |
| (5) Contribution by holders of other equity instruments V.37 | - | 1,989,320,755 | - | - | - | - | - | 1,989,320,755 | - | 1,989,320,755 |
| (6) Payment for capital of holders of other equity instruments V.37 | - | (7,957,047,264) | (42,952,736) | - | - | - | - | (8,000,000,000) | - | (8,000,000,000) |
| 3. Appropriation of profits | | | | | | | | | | |
| (1) Appropriation for surplus reserve V.41 | - | - | - | - | - | 348,186,351 | (348,186,351) | - | - | - |
| (2) Accrued interest on holders of other equity instruments V.37 | - | 530,695,890 | - | - | - | - | (530,695,890) | - | - | - |
| (3) Payment for interest on holders of other equity instruments V.37 | - | (533,600,000) | - | - | - | - | - | (533,600,000) | - | (533,600,000) |
| (4) Distributions to shareholders V.42 | - | - | - | - | - | - | (7,958,923,130) | (7,958,923,130) | (54,411,212) | (8,013,334,342) |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
 Consolidated statement of changes in shareholders' equity
 for the year ended 31 December 2022 (continued)
 (Expressed in Renminbi Yuan)

| | Note | Attributable to shareholders of the Company | | | | | | | Sub-total | Non-controlling interests | Total |
|---|------------|---|--------------------------|-----------------------|-----------------------|----------------------------|----------------------|-----------------------|------------------------|---------------------------|------------------------|
| | | Share capital | Other equity instruments | Capital reserve | Less: Treasury shares | Other comprehensive income | Surplus reserve | Retained earnings | | | |
| 4. Transfers within equity | | | | | | | | | | | |
| (1) Transfer of other comprehensive income to retained earnings | V.40/41/42 | - | - | - | - | (22,781,941) | 3,287,378 | 19,494,563 | - | - | - |
| 5. Others | | | | | | | | | | | |
| (1) Other movements in equity of associates | V.10 | - | - | 274,685,689 | - | - | - | - | 274,685,689 | 845,261 | 275,530,950 |
| (2) Disposal of equities in subsidiaries | V.38 | - | - | - | - | - | - | - | - | (1,154,255,778) | (1,154,255,778) |
| (3) Others | V.38 | - | - | 1,056,637,580 | - | - | - | - | 1,056,637,580 | (70,861,691) | 985,775,889 |
| III. Balance at the end of the year | | <u>38,196,363,421</u> | <u>8,176,366,808</u> | <u>55,218,504,392</u> | <u>3,508,201,911</u> | <u>(1,073,768,030)</u> | <u>3,241,063,934</u> | <u>35,839,081,781</u> | <u>136,089,410,395</u> | <u>65,960,886,731</u> | <u>202,050,297,126</u> |

These financial statements were approved by the Board of Directors of the Company on 31 March 2023.

| | | | | |
|--|--|---|---|-----------------|
| <u>Chen Yanshun</u> Chairman of the Board | <u>Gao Wenbao</u> Chief Executive Officer | <u>Yang Xiaoping</u> Chief Financial Officer | <u>Teng Jiao</u> The head of the accounting department | (Company stamp) |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
 Consolidated statement of changes in shareholders' equity
 for the year ended 31 December 2021 (continued)
 (Expressed in Renminbi Yuan)

| | Note | Attributable to shareholders of the Company | | | | | | | Sub-total | Non-controlling interests | Total |
|---|------------|---|--------------------------|-----------------|-----------------------|----------------------------|-----------------|-------------------|-----------------|---------------------------|-----------------|
| | | Share capital | Other equity instruments | Capital reserve | Less: Treasury shares | Other comprehensive income | Surplus reserve | Retained earnings | | | |
| I. Balance at the beginning of the year | | 34,798,398,763 | 14,146,997,427 | 37,435,655,934 | 1,036,298,508 | (22,198,072) | 2,444,416,669 | 15,509,794,622 | 103,276,766,835 | 70,120,967,879 | 173,397,734,714 |
| Add: Changes in accounting policies | | - | - | - | - | - | - | 35,577,201 | 35,577,201 | 5,309,967 | 40,887,168 |
| Adjusted balance at the beginning of the year | | 34,798,398,763 | 14,146,997,427 | 37,435,655,934 | 1,036,298,508 | (22,198,072) | 2,444,416,669 | 15,545,371,823 | 103,312,344,036 | 70,126,277,846 | 173,438,621,882 |
| II. Changes in equity during the year | | | | | | | | | | | |
| 1. Total comprehensive income | | - | - | - | - | 190,988,004 | - | 25,960,751,646 | 26,151,739,650 | 4,900,382,436 | 31,052,122,086 |
| 2. Shareholders' contributions of capital | | | | | | | | | | | |
| (1) Contribution by ordinary shareholders | V.36 | 3,650,377,019 | - | 16,219,134,815 | - | - | - | - | 19,869,511,834 | - | 19,869,511,834 |
| (2) Contribution by non-controlling interests | | - | - | - | - | - | - | - | - | 11,187,003,325 | 11,187,003,325 |
| (3) Decrease of capital by non-controlling interests | | - | - | 322,947 | - | - | - | - | 322,947 | (8,482,947) | (8,160,000) |
| (4) Repurchase of treasury shares | V.39 | - | - | - | 2,428,003,419 | - | - | - | (2,428,003,419) | - | (2,428,003,419) |
| (5) Cancellation of treasury shares | V.36/38/39 | (3,029,300) | - | (14,270,384) | (17,299,684) | - | - | - | - | - | - |
| (6) Equity-settled share-based payments | XI | - | - | 598,701,862 | (31,234,036) | - | - | - | 629,935,898 | 41,990,775 | 671,926,673 |
| 3. Appropriation of profits | | | | | | | | | | | |
| (1) Appropriation for surplus reserve | V.41 | - | - | - | - | - | 439,649,657 | (439,649,657) | - | - | - |
| (2) Accrued interest on holders of other equity instruments | V.37 | - | 533,600,000 | - | - | - | - | (533,600,000) | - | - | - |
| (3) Payment for interest on holders of other equity instruments | V.37 | - | (533,600,000) | - | - | - | - | - | (533,600,000) | - | (533,600,000) |
| (4) Distributions to shareholders | V.42 | - | - | - | - | - | - | (3,476,073,919) | (3,476,073,919) | (34,862,550) | (3,510,936,469) |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
 Consolidated statement of changes in shareholders' equity
 for the year ended 31 December 2021 (continued)
 (Expressed in Renminbi Yuan)

| | | Attributable to shareholders of the Company | | | | | | | | | |
|---|---------|---|--------------------------|-----------------------|-----------------------|----------------------------|----------------------|-----------------------|------------------------|---------------------------|------------------------|
| | Note | Share capital | Other equity instruments | Capital reserve | Less: Treasury shares | Other comprehensive income | Surplus reserve | Retained earnings | Sub-total | Non-controlling interests | Total |
| 4. Transfers within equity | | | | | | | | | | | |
| (1) Transfer of other comprehensive income to retained earnings | V.40/42 | - | - | - | - | (55,238,785) | 5,523,879 | 49,714,906 | - | - | - |
| 5. Others | | | | | | | | | | | |
| (1) Other movements in equity of associates | V.10 | - | - | 51,030,550 | - | - | - | - | 51,030,550 | - | 51,030,550 |
| (2) Acquisition of non-controlling interests | V.38 | - | - | (658,923,890) | - | - | - | - | (658,923,890) | (12,180,161,432) | (12,839,085,322) |
| (3) Disposal of equities in subsidiaries | V.38 | - | - | 288,039,797 | - | - | - | - | 288,039,797 | 146,828,923 | 434,868,720 |
| (4) Others | V.38 | - | - | (2,082,537) | - | - | - | - | (2,082,537) | (4,450,807) | (6,533,344) |
| III. Balance at the end of the year | | <u>38,445,746,482</u> | <u>14,146,997,427</u> | <u>53,917,609,094</u> | <u>3,415,768,207</u> | <u>113,551,147</u> | <u>2,889,590,205</u> | <u>37,106,514,799</u> | <u>143,204,240,947</u> | <u>74,174,525,569</u> | <u>217,378,766,516</u> |

These financial statements were approved by the Board of Directors of the Company on 31 March 2023.

| | | | | |
|---|---|--|---|--------------------|
| _____ Chen Yanshun Chairman of the Board | _____ Gao Wenbao Chief Executive Officer | _____ Yang Xiaoping Chief Financial Officer | _____ Teng Jiao The head of the accounting department | (Company stamp) |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
 Company statement of changes in shareholders' equity
 for the year ended 31 December 2022
 (Expressed in Renminbi Yuan)

| | Note | Share capital | Other equity instruments | Capital reserve | Less: Treasury shares | Other comprehensive income | Surplus reserve | Retained earnings | Total |
|---|------------|----------------|--------------------------|-----------------|-----------------------|----------------------------|-----------------|-------------------|-----------------|
| I. Balance at the beginning of the year | | 38,445,746,482 | 14,146,997,427 | 53,598,033,152 | 3,415,768,207 | 89,024,650 | 2,889,590,205 | 11,950,975,927 | 117,704,599,636 |
| II. Changes in equity during the year | | | | | | | | | |
| 1. Total comprehensive income | | - | - | - | - | (55,810,525) | - | 3,481,863,512 | 3,426,052,987 |
| 2. Shareholders' contributions of capital | | | | | | | | | |
| (1) Repurchase of treasury shares | V.39 | - | - | - | 1,048,154,539 | - | - | - | (1,048,154,539) |
| (2) Cancellation of treasury shares | V.36/38/39 | (249,383,061) | - | (641,811,942) | (891,195,003) | - | - | - | - |
| (3) Equity-settled share-based payments | XI | - | - | 699,065,561 | (64,525,832) | - | - | - | 763,591,393 |
| (4) Contribution by holders of other equity instruments | V.37 | - | 1,989,320,755 | - | - | - | - | - | 1,989,320,755 |
| (5) Payment for capital of holders of other equity instruments | V.37/38 | - | (7,957,047,264) | (42,952,736) | - | - | - | - | (8,000,000,000) |
| 3. Appropriation of profits | | | | | | | | | |
| (1) Appropriation for surplus reserve | V.41 | - | - | - | - | - | 348,186,351 | (348,186,351) | - |
| (2) Accrued interest on holders of other equity instruments | V.37 | - | 530,695,890 | - | - | - | - | (530,695,890) | - |
| (3) Payment for interest on holders of other equity instruments | V.37 | - | (533,600,000) | - | - | - | - | - | (533,600,000) |
| (4) Distributions to shareholders | V.42 | - | - | - | - | - | - | (7,958,923,130) | (7,958,923,130) |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
 Company statement of changes in shareholders' equity
 for the year ended 31 December 2022 (continued)
 (Expressed in Renminbi Yuan)

| | Note | Share capital | Other equity instruments | Capital reserve | Less: Treasury shares | Other comprehensive income | Surplus reserve | Retained earnings | Total |
|---|---------|-----------------------|--------------------------|-----------------------|-----------------------|----------------------------|----------------------|----------------------|------------------------|
| 4. Transfers within equity | | | | | | | | | |
| (1) Transfer of other comprehensive income to retained earnings | XV.9/10 | - | - | - | - | (32,873,780) | 3,287,378 | 29,586,402 | - |
| 5. Others | | | | | | | | | |
| (1) Other movements in equity of associates | XV.3 | - | - | 141,386,796 | - | - | - | - | 141,386,796 |
| (2) Others | | - | - | (60,093,618) | - | - | - | - | (60,093,618) |
| III. Balance at the end of the year | | <u>38,196,363,421</u> | <u>8,176,366,808</u> | <u>53,693,627,213</u> | <u>3,508,201,911</u> | <u>340,345</u> | <u>3,241,063,934</u> | <u>6,624,620,470</u> | <u>106,424,180,280</u> |

These financial statements were approved by the Board of Directors of the Company on 31 March 2023.

| | | | | |
|---------------------------------------|---------------------------------------|--|--|-----------------|
| Chen Yanshun Chairman of the Board | Gao Wenbao Chief Executive Officer | Yang Xiaoping Chief Financial Officer | Teng Jiao The head of the accounting department | (Company stamp) |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
 Company statement of changes in shareholders' equity
 for the year ended 31 December 2021 (continued)
 (Expressed in Renminbi Yuan)

| | Note | Share capital | Other equity instruments | Capital reserve | Less: Treasury shares | Other comprehensive income | Surplus reserve | Retained earnings | Total |
|---|------------|----------------|--------------------------|-----------------|-----------------------|----------------------------|-----------------|-------------------|-----------------|
| I. Balance at the beginning of the year | | 34,798,398,763 | 14,146,997,427 | 36,696,079,366 | 1,036,298,508 | 90,713,133 | 2,444,416,669 | 11,954,088,031 | 99,094,394,881 |
| II. Changes in equity during the year | | | | | | | | | |
| 1. Total comprehensive income | | - | - | - | - | 53,550,302 | - | 4,396,496,566 | 4,450,046,868 |
| 2. Shareholders' contributions of capital | | | | | | | | | |
| (1) Contribution by ordinary shareholders | V.36 | 3,650,377,019 | - | 16,219,134,815 | - | - | - | - | 19,869,511,834 |
| (2) Repurchase of treasury shares | V.39 | - | - | - | 2,428,003,419 | - | - | - | (2,428,003,419) |
| (3) Cancellation of treasury shares | V.36/38/39 | (3,029,300) | - | (14,270,384) | (17,299,684) | - | - | - | - |
| (4) Equity-settled share-based payments | XI | - | - | 640,692,637 | (31,234,036) | - | - | - | 671,926,673 |
| 3. Appropriation of profits | | | | | | | | | |
| (1) Appropriation for surplus reserve | V.41 | - | - | - | - | - | 439,649,657 | (439,649,657) | - |
| (2) Accrued interest on holders of other equity instruments | V.37 | - | 533,600,000 | - | - | - | - | (533,600,000) | - |
| (3) Payment for interest on holders of other equity instruments | V.37 | - | (533,600,000) | - | - | - | - | - | (533,600,000) |
| (4) Distributions to shareholders | V.42 | - | - | - | - | - | - | (3,476,073,919) | (3,476,073,919) |

The notes on pages 30 to 175 form part of these financial statements.

BOE Technology Group Co., Ltd.
 Company statement of changes in shareholders' equity
 for the year ended 31 December 2021 (continued)
 (Expressed in Renminbi Yuan)

| | Note | Share capital | Other equity instruments | Capital reserve | Less: Treasury shares | Other comprehensive income | Surplus reserve | Retained earnings | Total |
|---|---------|-----------------------|--------------------------|-----------------------|-----------------------|----------------------------|----------------------|-----------------------|------------------------|
| 4. Transfers within equity | | | | | | | | | |
| (1) Transfer of other comprehensive income to retained earnings | XV.9/10 | - | - | - | - | (55,238,785) | 5,523,879 | 49,714,906 | - |
| 5. Others | | | | | | | | | |
| (1) Other movements in equity of associates | XV.3 | - | - | 53,544,976 | - | - | - | - | 53,544,976 |
| (2) Others | | - | - | 2,851,742 | - | - | - | - | 2,851,742 |
| III. Balance at the end of the year | | <u>38,445,746,482</u> | <u>14,146,997,427</u> | <u>53,598,033,152</u> | <u>3,415,768,207</u> | <u>89,024,650</u> | <u>2,889,590,205</u> | <u>11,950,975,927</u> | <u>117,704,599,636</u> |

These financial statements were approved by the Board of Directors of the Company on 31 March 2023.

| | | | | |
|--|--|---|---|-----------------|
| <u>Chen Yanshun</u> Chairman of the Board | <u>Gao Wenbao</u> Chief Executive Officer | <u>Yang Xiaoping</u> Chief Financial Officer | <u>Teng Jiao</u> The head of the accounting department | (Company stamp) |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | |

The notes on pages 30 to 175 form part of these financial statements.

I. Company status

BOE Technology Group Company Limited (the “Company”) is a company limited by shares established on 9 April 1993 in Beijing, with its head office located at Beijing. The parent of the Company and the Company’s ultimate holding company is Beijing Electronics Holdings Co., Ltd. (“Electronics Holdings”).

The Company and its subsidiaries (referred to as the “Group”) comprise five main business segments: display business, Internet of Things (IoT) innovation business, sensor business, MLED business and smart medicine & engineering business. For information about the subsidiaries of the Company, refer to Note VII.

II. Basis of preparation

The financial statements have been prepared on the going concern basis.

III. Significant accounting policies and accounting estimates

1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards (“CAS”) issued by the MOF. These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2022, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

These financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports” as revised by the China Securities Regulatory Commission (“CSRC”) in 2014.

2 Accounting period

The accounting period is from 1 January to 31 December.

3 Operating cycle

The Company takes the period from the acquisition of assets for processing to until the ultimate realisation of cash or cash equivalents as a normal operating cycle. The operating cycle of the Company is usually less than 12 months.

4 Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note III.8.

5 Accounting treatments for business combinations involving entities under common control and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition date fair values. It is not required to apply the accounting of business combination described as below.

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note III.17). If (1) is less than (2), the difference is recognised in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income and other changes in the owners' equity under equity accounting in prior reporting periods relating to the previously-held equity interest that may be reclassified to profit or loss are transferred to investment income at the date of acquisition (see Note III.11(2)(b)); Any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognised in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

6 Consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity interests is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognised as investment income for the current period.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, the following are considered to determine whether the Group should account for the multiple transactions as a bundled transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained (see Note III.6(4)).

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdraw on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8 Foreign currency transactions and translation of foreign currency financial statements

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets (see Note III.15). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of equity investments at fair value through other comprehensive income, which are recognised in other comprehensive income.

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and the translation differences in other comprehensive income, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to Renminbi at the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in shareholders' equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

9 Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note III.11), receivables, payables, loans and borrowings, debentures payable and share capital.

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial or financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts, is initially measured at the transaction price in accordance with Note III.20.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognised amounts ;
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or ;
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- contract assets;
- debt investments at FVOCI; and
- lease receivables

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables, lease receivables and contract assets, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognised in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

(8) Perpetual bonds

At initial recognition, the Group classifies the perpetual bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

10 Inventories

(1) Classification and cost

Inventories include raw materials, work in progress, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition. In addition to the purchase cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

(2) Measurement method of cost of inventories

Cost of inventories recognised is calculated using the weighted average method.

Consumables including low-value consumables and packaging materials are charged to profit or loss upon receipt. The amortisation charge is included in the cost of the related assets or recognised in profit or loss for the current period.

(3) Basis for determining the net realisable value and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

Any excess of the cost over the net realisable value of each category of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss.

(4) Inventory count system

The Group maintains a perpetual inventory system.

11 Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings. For a long-term equity investment in a subsidiary acquired through a business combination achieved in stages which do not form a bundled transaction and involving entities under common control, the Company determines the initial cost of the investment in accordance with the above policies. The difference between this initial cost and the sum of the carrying amount of previously-held investment and the consideration paid for the shares newly acquired is adjusted to capital premium in the capital reserve, with any excess adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

(b) Long-term equity investments acquired other than through a business combination

- A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement unless the investment is classified as held for sale (see Note III.29). Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of the investments in subsidiaries, refer to Note III.19.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note III.6.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.11(3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.11(3)).

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale (see Note III.29).

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.
- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

For the impairment of the investments in joint ventures and associates, refer to Note III.19.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally;
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

12 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses. The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated or amortised using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale (see Note III.29). For the impairment of the investment properties, refer to Note III.19.

The estimated useful lives, residual value rates and depreciation rates of each class of investment properties are as follows:

| | <i>Estimated useful life (years)</i> | <i>Residual value rate (%)</i> | <i>Depreciation rate (%)</i> |
|-----------------|--------------------------------------|--------------------------------|------------------------------|
| Land use rights | 32 - 50 years | 0.0% | 2.0% - 3.1% |
| Buildings | 20 - 40 years | 0% - 10.0% | 2.3% - 5.0% |

13 Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in the production of goods, supply of services, for rental or for administrative purposes with useful lives over one year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.14.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale (see Note III.29).

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

| <i>Class</i> | <i>Estimated useful life (years)</i> | <i>Residual value rate (%)</i> | <i>Depreciation rate (%)</i> |
|--------------|--------------------------------------|--------------------------------|------------------------------|
| Buildings | 10 - 50 years | 3% - 10% | 1.8% - 9.7% |
| Equipment | 2 - 25 years | 0 - 10% | 3.6% - 50% |
| Others | 2 - 10 years | 0 - 10% | 9.0% - 50% |

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

(3) For the impairment of the fixed assets, refer to Note III.19.

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- when the fixed asset is holding for disposal; or
- when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

14 Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note III.15), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.19).

When an enterprise sells products or by-products produced before a fixed asset is available for its intended use, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognised in profit or loss for the current period.

15 Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition and construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense when incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition and construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. When the parts of the qualifying assets acquired or constructed that are eligible for capitalisation are completed separately, and each part is available for use in other parts of the construction process or can be sold externally, and for the purpose of making the parts of the assets ready for use or necessary for the sales status, the acquisition or construction activities have been substantially completed, the Group ceases the capitalisation of the borrowing costs related to the parts of the assets. Capitalisation of borrowing costs is suspended when the acquisition and construction activities are interrupted abnormally for a period of more than three months.

16 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.19). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale (see Note III.29).

The respective amortisation periods for intangible assets are as follows:

| <i>Item</i> | <i>Amortisation period (years)</i> |
|-----------------------------------|------------------------------------|
| Land use rights | 20 - 50 years |
| Patent and proprietary technology | 5 - 20 years |
| Computer software | 3 - 10 years |
| Others | 5 - 20 years |

Useful lives and amortisation methods of intangible asset with finite useful life are reviewed at least at each year-end. An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred. Expenditure during the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note III.19). Other development expenditure is recognised as an expense in the period in which it is incurred.

When an enterprise sells products or by-products produced in the course of research and development, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognised in profit or loss for the current period.

17 Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.19). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

18 Long-term deferred expenses

Long-term deferred expenses are amortised using a straight-line method within the benefit period. The respective amortisation periods for such expenses are as follows:

| <i>Item</i> | <i>Amortisation period (years)</i> |
|--|------------------------------------|
| Payment for public facilities construction and use | 10 - 15 years |
| Leasehold improvements | 2 - 10 years |
| Others | 2 - 10 years |

19 Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- investment properties measured using a cost model
- long-term equity investments
- goodwill
- long-term deferred expenses, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.20) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

20 Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

21 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

22 Share-based payments

(1) Classification of share-based payments

Share-based payment transactions in the Group are equity-settled share-based payments.

(2) Accounting treatment of share-based payments

- Equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to the newly obtained subsequent information of the changes of the number of the employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognises the costs or expenses as the services are received, with a corresponding increase in capital reserve.

23 Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group 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 Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the entity, maximises the use of observable inputs to estimate the stand-alone selling price.

For the contract which the Group grants a customer the option to acquire additional goods or services (such as, loyalty points, discount coupons for future purchase, etc.), the Group assesses whether the option provides a material right to the customer. If the option provides a material right, the Group recognises the option as a performance obligation, and recognises revenue when those future goods or services are transferred or when the option expires. If the stand-alone selling price for a customer's option to acquire additional goods or services is not directly observable, the Group estimates it, taking into account all relevant information, including the difference in the discount that the customer would receive when exercising the option or without exercising the option, and the likelihood that the option will be exercised.

For the contract with a warranty, the Group analyses the nature of the warranty provided, if the warranty provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications, the Group recognises for the promised warranty as a performance obligation. Otherwise, the Group accounts for the warranty in accordance with the requirements of CAS No.13 – Contingencies.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. To determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the Group measures the non-cash consideration at fair value. If the Group cannot reasonably estimate the fair value of the non-cash consideration, the Group measures the consideration indirectly by reference to the stand-alone selling price of the goods or services promised to the customer in exchange for the consideration. Where the contract contains a significant financing component, the Group recognises 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 amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group 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:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance;
- or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises 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 Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises 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 Group recognises 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 Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

The Group determines whether it is a principal or an agent, depending on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration to which it has received (or receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is the established amount or proportion.

For the sale of a product with a right of return, the Group recognises revenue when the Group obtains control of that product, in the amount of consideration to which the Group expects to be entitled in exchange for the product transferred (i.e. excluding the amount of which expected to be returned), and recognises a refund liability for the products expected to be returned. Meanwhile, an asset is recognised in the amount of carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value of returned products), and carry forward to cost in the amount of carrying amount of the transferred products less the above costs. At the end of each reporting period, the Group updates its assessment of future sales return. If there is any change, it is accounted for as a change in accounting estimate.

The Group determines whether the licence transfers to a customer either at a point in time or over time. If all of the following criteria are met, revenue is recognised for performance obligations satisfied over time. Otherwise, revenue is recognised for performance obligations satisfied at a point in time.

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

The Group recognises revenue for a sales-based or usage-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation has been satisfied (or partially satisfied)

For a change in the scope or price of a contract that is approved by the parties to the contract, the Group accounts for the contract modification according to the following situations:

- The addition of promised goods or services are distinct and the price of the contract increases by an amount of consideration reflects stand-alone selling prices of the additional promised goods or services, the Group shall account for a contract modification as a separate contract.
- If the above criteria are not met, and the remaining goods or services are distinct from the goods or services transferred on the date of the contract modification, the Group accounts for the contract modification as if it were a termination of the existing contract and the creation of a new contract.
- If the above criteria are not met, and the remaining goods or services are not distinct from the goods or services transferred on the date of the contract modification, the Group accounts for the contract modification as if it were a part of the existing contract. The effect that the contract modification has on the revenue is recognised as an adjustment to revenue in the reporting period.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets (see Note III.9(6)). Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

(1) Sale of goods

The sales contracts/orders signed between the Group and its customers usually contain various trading terms. Depending on the trading terms, customers obtain control of the goods when the goods are delivered and received, or when they are received by the carrier. Revenue of sale of goods is recognised at that point in time.

For the transfer of goods with a right of return, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for the amount expected to be returned, which are estimated based on the historical data. The Group recognises a refund liability based on the amount expected to be returned. An asset is initially measured by reference to the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the Group of returned products). At each balance sheet date, the Group updates the measurement of the refund liability for changes in expectations about the amount of funds. The above asset and liability are adjusted accordingly.

(2) Rendering of services

The Group recognises the revenue from rendering of services within a certain period of time according to the progress of the performance as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Otherwise, for performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant services.

24 Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised 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 Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

25 Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised 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.

(2) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People’s Republic of China, the Group participated in a defined contribution basic pension insurance plan and unemployment insurance plan in the social insurance system established and managed by government organisations, and annuity plan established by the Group in compliance with the national policy of the corporation annuity. The Group makes contributions to basic pension and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. Annuity is accrued based on the gross salaries of the employees. Basic pension insurance contributions payable are recognised 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.

(3) Post-employment benefits – defined benefit plans

During the reporting period, the Group did not have defined benefit plans.

(4) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

26 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets.

Those related to daily activities of the Company are included in other income or used to write off related cost based on the nature of economic businesses, or included in non-operating income and expense in respect of those not related to daily activities of the Company.

With respect to the government grants related to assets, if the Group first obtains government grants related to assets and then recognizes the long-term assets purchased and constructed, deferred income is included in profit and loss based on a reasonable and systematic approach by stages when related assets are initially depreciated or amortized; or the deferred income is written off against the carrying amount of the asset when the asset becomes ready for its intended status or intended use. If the Group obtains government grants related to the assets after relevant long-term assets are put into use, deferred income is included in profit and loss based on a reasonable and systematic approach by stages within the remaining useful life of relevant assets, or the deferred income is written off against the carrying amount of relevant asset when the grants are obtained; the assets shall be depreciated or amortized based on the carrying amount after being offset and the remaining useful life of relevant assets.

A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in current income or offset against related expenses in the periods in which the expenses or losses are recognised. Or included in current income or offset against the related expenses directly.

In respect of the policy-based preferential loan interest subsidy obtained by the Group, if the interest subsidy is appropriated to the lending bank which shall provide loans to the Group at the policy-based preferential interest rate, the actual loan amount is used as the entry value and relevant borrowing costs are calculated on the basis of the loan principal and the preferential interest rate. If the interest subsidy is directly appropriated to the Group, relevant borrowing costs shall be offset by corresponding interest subsidy. If borrowing costs are capitalized as part of the cost of the asset (see Note III. 15), the interest subsidy shall be used to offset relevant asset costs.

27 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. 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 utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

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 utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either:
 - the same taxable entity; or
 - different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

28 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the accounting policy in Note III.23.

(1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.19.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method or other systematic basis over the lease term.

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note III.9. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method or other systematic basis over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

29 Assets held for sale

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group must be available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets or disposal groups;
- Its sale is highly probable, that is, the Group has made a resolution on a sale plan and has obtained a firm purchase commitment. The sale is to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value (see Note III.20) less costs to sell (except financial assets (see note III.9), deferred tax assets (see note III.27)). Any excess of the carrying amount over the fair value (see Note III.20) less costs to sell is recognised as an impairment loss in profit or loss.

30 Hedge accounting

Hedge accounting is a method which recognises in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in fair value or cash flows and that are designated as being hedged and can be reliably measured. The Group's hedged items include a firm commitment that is settled with a fixed amount of foreign currency and that exposes the Group to foreign currency risk.

A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or non-derivative financial liability may also be designated as a hedging instrument provided that it is not an investment in an equity instrument for which an entity has elected to present changes in the fair value in other comprehensive income.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting.
- The hedging instrument expires or is sold, terminated or exercised.
- There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship.
- The hedging relationship no longer meets other criteria for applying hedge accounting.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument from inception of the hedge;
- the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognised in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognised in other comprehensive income is accounted for as follows:

- If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy.
- If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

31 Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

32 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

33 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

34 Significant accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Except for accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets (see Notes III.13 and 16) and provision for impairment of various types of assets (see Notes V.4, 6, 7, 8, 10, 14, 15, 16 and 17). Other significant accounting estimates are as follows:

- (i) Note V.19: Recognition of deferred tax assets;
- (ii) Note V.30: Warranty provisions;
- (iii) Note IX. – Fair value measurements of financial instruments; and
- (iv) Note XI: Share-based payments.

Significant judgements made by the Group in the application of accounting policies are as follows:

- (i) Note VII. 1(1) –Disclosure of significant judgements and assumptions of control and exercising significant influence over other entities.

35. Changes in significant accounting policies

(1) Description of and reasons for changes in accounting policies

In 2022, the Group has adopted the revised accounting requirements and guidance under CAS newly issued by the Ministry of Finance (“MOF”) as follows:

- “Accounting for selling outputs that are produced before fixed assets are available for intended use or produced in the course of research and development” (“accounting for sales before intended use”) in CAS Bulletin No.15 (Caikuai [2021] No.35);
- “Determining whether a contract is onerous” in CAS Bulletin No.15;
- Notice of Application Issues for Accounting Treatment of COVID-19-Related Rent Concessions (Caikuai [2022] No.13);
- “Accounting for the income tax consequences of dividends on financial instruments classified as equity instruments by the issuer” in CAS Bulletin No.16 (Caikuai [2022] No.31); and
- “Accounting for the modification of a share-based payment transaction that changes the classification of the transaction from cash-settled to equity-settled” in CAS Bulletin No.16

(a) Main effects of adopting the above requirements and guidance

(i) Accounting for sales before intended use

In accordance with CAS Bulletin No.15, the Group accounts for the proceeds and related cost arising from the sale of products or by-products produced before the fixed asset is available for its intended use and in the course of research and development (“sales before intended use”) in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognises them in profit or loss for the current period. The net amount of proceeds from such sales before intended use less related costs is no longer offset against the cost of the fixed asset or research and development expenditure.

These provisions are effective from 1 January 2022. The Group has made retrospective adjustments in accordance with these provisions for sales before intended use occurring between 1 January 2021 and the date of initial implementation.

The adoption of Bulletin No.15 does not have a significant effect on the financial position and financial performance of the Company.

(ii) “Determining whether a contract is onerous”

In accordance with CAS Bulletin No.15, when determining whether a contract is onerous, the Group includes in its estimated cost of fulfilling the contract the amount of the incremental cost of fulfilling the contract and the allocation of other costs directly attributable to fulfilling the contract.

The adoption of Bulletin No.15 does not have a significant effect on the financial position and financial performance of the Group and the Company.

(iii) Caikuai [2022] No.13

The Accounting Treatment of COVID-19-Related Rent Concessions (Caikuai [2020] No.10) provides a practical expedient under certain conditions for rent concessions occurring as a direct consequence of the COVID-19 pandemic. According to the provisions of Caikuai [2022] No.13, the practical expedient of Caikuai [2020] No.10 can continue to apply to eligible reduction in lease payments that are originally due after 30 June 2022.

The adoption of the above regulation does not have a significant effect on the financial position and financial performance of the Group and the Company.

(iv) Accounting for the income tax consequences of dividends on financial instruments classified as equity instruments by the issuer

In accordance with CAS Bulletin No.16, for financial instruments classified as equity instruments (such as perpetual bonds classified as equity instruments, etc.) in accordance with the CAS No. 37 - Presentation and Disclosure of Financial Instruments and other requirements, if the relevant dividend payments are deductible for income tax purposes according to the relevant provisions of tax policies, the Group (as the issuer) shall recognise the income tax consequences of dividends when it recognises a liability to pay a dividend. The Group shall recognise the income tax consequences of dividends in (1) profit or loss, if those payments are distributions of profits generated from transactions or events previously recognised in profits or loss; or (2) the items of owner's equity, if those payments are distributions of profits generated from the transactions or events previously recognised in the items of owner's equity.

The adoption of Bulletin No.16 does not have a significant effect on the financial position and financial performance of the Group and the Company.

- (v) Accounting for the modification of a share-based payment transaction that changes the classification of the transaction from cash-settled to equity-settled

In accordance with CAS Bulletin No.16, if the terms and conditions of a cash-settled share-based payment transaction are modified such that it becomes an equity-settled share-based payment transaction, the Group shall, at the modification date:

- measure the equity-settled share-based payment at its fair value as at the modification date and recognise in equity that fair value to the extent that the services have been rendered up to that date;
- derecognise the liability for the cash-settled share-based payment as at the modification date; and
- immediately recognise in profit or loss the difference between the carrying amount of the liability and the amount recognised in equity.

If the modification extends or shortens the vesting period, the Group applies the modified vesting period to the above accounting treatment.

The adoption of Bulletin No.16 does not have a significant effect on the financial position and financial performance of the Group and the Company.

(b) The effects on the financial statements

The effects on each of the line items in the consolidated balance sheet as at 31 December 2022 are as follows:

| | <i>Increase/(decrease) in the line items for the year as a result of applying new accounting policies</i> |
|---------------------------|---|
| | <i>The Group</i> |
| Assets: | |
| Inventories | 125,164,818 |
| Fixed assets | 370,255,620 |
| Construction in progress | (122,638,939) |
| Shareholders' equity: | |
| Retained earnings | 98,225,752 |
| Capital reserve | 112,771,892 |
| Non-controlling interests | 161,783,855 |

The effects on each of the line items in the consolidated income statement for the year ended 31 December 2022 are as follows:

| | <i>Increase/(decrease) in the line items for the year as a result of applying new accounting policies</i> |
|--|---|
| | <u>The Group</u> |
| Operating income | 1,407,856,936 |
| Operating costs | 1,514,976,278 |
| Research and development expenses | 25,722,208 |
| Losses before income tax | (132,841,550) |
| Net loss for the year | (132,841,550) |
| Attributable to: Shareholders of the Company | (67,167,595) |
| Non-controlling interests | (65,673,955) |

The effects on each of the line items in the consolidated cash flow statement for the year ended 31 December 2022 are as follows:

| | <i>Increase/(decrease) in the line items for the year as a result of applying new accounting policies</i> |
|--|---|
| | <u>The Group</u> |
| Proceeds from sale of goods and rendering of services | 1,558,099,468 |
| Payment for goods and services | 1,615,780,128 |
| Payment to and for employees | 119,971,211 |
| Payment for acquisition of fixed assets, intangible assets and other long-term assets | (177,651,871) |

(c) The effects on the comparative financial statements

The effects of these changes in accounting policies on the Group's net profit for the year ended 31 December 2021, and opening and closing balances of shareholders' equity as at 1 January and 31 December 2021 are summarised as follows:

| | <u>The Group</u> | | |
|---|-------------------|--|--|
| | <i>2021</i> | <i>2021</i> | <i>2021</i> |
| | <i>Net profit</i> | <i>Closing balance of shareholders' equity</i> | <i>Opening balance of shareholders' equity</i> |
| Net profit and shareholders' equity before adjustments | 30,431,668,974 | 216,873,143,467 | 173,397,734,714 |
| The effects of sales before intended use | 464,735,881 | 505,623,049 | 40,887,168 |
| Net profit and shareholders' equity after adjustments | 30,896,404,855 | 217,378,766,516 | 173,438,621,882 |

The effects on each of the line items in the consolidated balance sheet as at 31 December 2021 are as follows:

| | <i>The Group</i> | | |
|---------------------------|---------------------------|-----------------------------------|--------------------------|
| | <i>Before adjustments</i> | <i>The amounts of adjustments</i> | <i>After adjustments</i> |
| Assets: | | | |
| Inventories | 27,724,806,939 | 80,354,497 | 27,805,161,436 |
| Fixed assets | 226,695,489,704 | 445,877,180 | 227,141,366,884 |
| Construction in progress | 32,120,320,507 | (20,608,628) | 32,099,711,879 |
| Shareholders' equity: | | | |
| Retained earnings | 36,941,121,452 | 165,393,347 | 37,106,514,799 |
| Capital reserve | 53,804,309,393 | 113,299,701 | 53,917,609,094 |
| Non-controlling interests | 73,947,595,568 | 226,930,001 | 74,174,525,569 |

The effects on each of the line items in the consolidated income statement for the year ended 31 December 2021 are as follows:

| | <i>The Group</i> | | |
|--|---------------------------|-----------------------------------|--------------------------|
| | <i>Before adjustments</i> | <i>The amounts of adjustments</i> | <i>After adjustments</i> |
| Operating income | 219,309,799,505 | 1,725,918,507 | 221,035,718,012 |
| Operating costs | 155,985,225,295 | 1,313,600,486 | 157,298,825,781 |
| Research and development expenses | 10,668,844,187 | (52,417,860) | 10,616,426,327 |
| Profit before income tax | 34,619,640,378 | 464,735,881 | 35,084,376,259 |
| Net profit for the year | 30,431,668,974 | 464,735,881 | 30,896,404,855 |
| Attributable to: Shareholders of the Company | 25,830,935,500 | 129,816,146 | 25,960,751,646 |
| Non-controlling interests | 4,600,733,474 | 334,919,735 | 4,935,653,209 |

The effects on each of the line items in the consolidated cash flow statement for the year ended 31 December 2021 are as follows:

| | <i>The Group</i> | | |
|---|---------------------------|-----------------------------------|--------------------------|
| | <i>Before adjustments</i> | <i>The amounts of adjustments</i> | <i>After adjustments</i> |
| Proceeds from sale of goods and rendering of services | 219,962,740,822 | 1,877,357,384 | 221,840,098,206 |
| Payment for goods and services | 145,205,421,170 | 1,437,251,941 | 146,642,673,111 |
| Payment to and for employees | 17,896,262,253 | 11,973,211 | 17,908,235,464 |
| Payment for acquisition of fixed assets, intangible assets and other long-term assets | 35,669,946,105 | 428,132,232 | 36,098,078,337 |

- (d) After retrospective adjustments of the above accounting policy changes, the consolidated balance sheet as at 1 January 2021 are as follows:

| | <i>The Group</i> |
|---|-------------------------------|
| Assets | |
| Current assets: | |
| Cash at bank and on hand | 73,694,296,095 |
| Financial assets held for trading | 4,367,201,833 |
| Bills receivable | 215,994,373 |
| Accounts receivable | 22,969,140,355 |
| Prepayments | 1,119,595,984 |
| Other receivables | 658,114,833 |
| Inventories | 17,919,205,338 |
| Contract assets | 49,897,395 |
| Assets held for sale | 186,892,645 |
| Other current assets | <u>7,848,869,252</u> |
| Total current assets | <u>129,029,208,103</u> |
| Non-current assets: | |
| Long-term equity investments | 3,693,170,224 |
| Investments in other equity instruments | 533,645,423 |
| Investment properties | 1,196,168,511 |
| Fixed assets | 224,866,586,069 |
| Construction in progress | 42,572,986,272 |
| Intangible assets | 11,875,926,448 |
| Goodwill | 1,400,357,242 |
| Long-term deferred expenses | 299,634,100 |
| Deferred tax assets | 205,041,088 |
| Other non-current assets | <u>8,624,970,019</u> |
| Total non-current assets | <u>295,268,485,396</u> |
| Total assets | <u><u>424,297,693,499</u></u> |

Liabilities and shareholders' equity

| | |
|--|------------------------|
| Current liabilities: | |
| Short-term loans | 8,599,569,471 |
| Bills payable | 1,231,533,895 |
| Accounts payable | 27,164,171,682 |
| Advance payments received | 124,040,749 |
| Contract liabilities | 3,440,720,535 |
| Employee benefits payable | 3,758,623,797 |
| Taxes payable | 1,077,686,869 |
| Other payables | 32,867,709,024 |
| Non-current liabilities due within one year | 24,500,550,121 |
| Other current liabilities | <u>2,194,716,852</u> |
| Total current liabilities | <u>104,959,322,995</u> |
| Non-current liabilities: | |
| Long-term loans | 132,452,767,135 |
| Debentures payable | 398,971,739 |
| Long-term payables | 2,114,175,683 |
| Deferred income | 4,246,231,468 |
| Deferred tax liabilities | 1,427,601,154 |
| Other non-current liabilities | <u>5,260,001,443</u> |
| Total non-current liabilities | <u>145,899,748,622</u> |
| Total liabilities | <u>250,859,071,617</u> |
| Shareholders' equity: | |
| Share capital | 34,798,398,763 |
| Other equity instruments | 14,146,997,427 |
| Capital reserve | 37,435,655,934 |
| Less: Treasury shares | 1,036,298,508 |
| Other comprehensive income | (22,198,072) |
| Surplus reserve | 2,444,416,669 |
| Retained earnings | <u>15,545,371,823</u> |
| Total equity attributable to shareholders of the Company | <u>103,312,344,036</u> |
| Non-controlling interests | <u>70,126,277,846</u> |
| Total shareholders' equity | <u>173,438,621,882</u> |
| Total liabilities and shareholders' equity | <u>424,297,693,499</u> |

IV. Taxation

1 Main types of taxes and corresponding tax rates

| <i>Tax type</i> | <i>Tax basis</i> | <i>Tax rate</i> |
|--|---|-----------------|
| Value-added tax (VAT) | Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period | 6%, 9%, 13% |
| City maintenance and construction tax Education surcharges and local education surcharges | Based on VAT paid, VAT exemption and offset for the period | 7%, 5% |
| Corporate income tax | Based on taxable profits | 3%, 2% |
| | | 15% - 30% |

2 Corporate income tax

The income tax rate applicable to the Company for the year is 15% (2021: 15%).

Pursuant to the Corporate Income Tax Law of the People's Republic of China treatment No. 28, corporate income tax for key advanced and high-tech enterprises supported by the State is applicable to a preferential tax rate of 15%.

On 2 December 2020, the Company renewed the High-tech Enterprise Certificate No. GR202011004594, which was entitled jointly by Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal Tax Service, State Taxation Administration. The Company is subject to corporate income tax rate of 15% since the date of certification with the valid period of three years.

The income tax rate applicable to other subsidiaries of the Group is 25% other than the following subsidiaries and the overseas subsidiaries which subject to the local income tax rate.

The subsidiaries that are entitled to preferential tax treatments are as follows:

| <i>Company name</i> | <i>Preferential rate</i> | <i>Reason</i> |
|---|--------------------------|--|
| Beijing BOE Optoelectronics Technology Co., Ltd. (BOE OT) | 15% | High-tech Enterprise |
| Chengdu BOE Optoelectronics Technology Co., Ltd. (Chengdu Optoelectronics) | 15% | High-tech Enterprise |
| Hefei BOE Optoelectronics Technology Co., Ltd. (Hefei BOE) | 15% | High-tech Enterprise |
| Beijing BOE Display Technology Co., Ltd. (BOE Display) | 15% | High-tech Enterprise |
| Hefei Xinsheng Optoelectronics Technology Co., Ltd. (Hefei Xinsheng) | 15% | High-tech Enterprise |
| Ordos Yuansheng Optoelectronics Co., Ltd. (Yuansheng Optoelectronics) | 15% | High-tech Enterprise Encouraged enterprise in |
| Chongqing BOE Optoelectronics Co., Ltd. (Chongqing BOE) | 15% | Western Regions |
| BOE (Hebei) Mobile Technology Co., Ltd. (BOE Hebei) | 15% | High-tech Enterprise |
| BOE Optical Science and technology Co., Ltd (Optical Technology) | 15% | High-tech Enterprise |
| Beijing BOE CHATANI Electronics Co., Ltd. (Beijing CHATANI) | 15% | High-tech Enterprise |
| Hefei BOE Display Lighting Co., Ltd. (Hefei Display Lighting) | 15% | High-tech Enterprise |
| Chongqing BOE Display Lighting Co., Ltd. (Chongqing Display Lighting) | 15% | Encouraged enterprise in Western Regions |
| Beijing BOE Vacuum Electronics Co., Ltd. (Vacuum Electronics) | 15% | High-tech Enterprise |
| Beijing BOE Vacuum Technology Co., Ltd. (Vacuum Technology) | 15% | High-tech Enterprise |
| Beijing BOE Energy Technology Co., Ltd. (BOE Energy) | 15% | High-tech Enterprise |
| Fuzhou BOE Optoelectronics Technology Co., Ltd. (Fuzhou BOE) | 15% | High-tech Enterprise |
| Hefei BOE Display Technology Co., Ltd. (Hefei Technology) | 15% | High-tech Enterprise |
| Mianyang BOE Optoelectronics Technology Co., Ltd. (Mianyang BOE) | 15% | High-tech Enterprise |
| BOE Wisdom IOT Technology Co., Ltd. (Wisdom IOT) | 15% | High-tech Enterprise |
| K-Tronics (Suzhou) Technology Co., Ltd. (Suzhou K-Tronics) | 15% | High-tech Enterprise |
| Beijing BOE Sensing Technology Co., Ltd. (Sensing Technology) | 15% | High-tech Enterprise |
| Chongqing BOE Smart Electronic System Co., Ltd. (Chongqing Smart Electronic) | 15% | Encouraged enterprise in Western Regions |
| Beijing BOE Health Technology Co., Ltd. (Health Technology) | 15% | High-tech Enterprise |
| Chongqing BOE Electronic Technology Co., Ltd. (Chongqing Electronic Technology) | 15% | Encouraged enterprise in Western Regions |
| Wuhan BOE Optoelectronics Technology Co., Ltd. (Wuhan BOE) | 15% | High-tech Enterprise |
| Nanjing BOE Display Technology Co., Ltd. (Nanjing Technology) | 15% | High-tech Enterprise |
| Chengdu BOE Display Sci-tech Co., Ltd.. (Chengdu Display Sci-tech) | 15% | High-tech Enterprise |
| BOE Regenerative Medical Technology Co., Ltd. (Regenerative Medical) | 15% | High-tech Enterprise |
| Beijing Zhongxiangying Technology Co., Ltd. (Beijing Zhongxiangying) | 15% | High-tech Enterprise |
| Yunnan Invensight Optoelectronics Technology Co., Ltd. (Yunnan Invensight) | 15% | High-tech Enterprise |
| BOE Mled Technology Co., Ltd. (Mled Technology) | 15% | High-tech Enterprise |
| Hefei BOE Semiconductor Co., Ltd. (Hefei Semiconductor) | 15% | High-tech Enterprise |

V. Notes to the consolidated financial statements

1 Cash at bank and on hand

| | 2022 | | | 2021 | | |
|--------------------------|-----------------------------|---------------|-----------------------|-----------------------------|---------------|-----------------------|
| | Amount in original currency | Exchange rate | RMB/RMB equivalents | Amount in original currency | Exchange rate | RMB/RMB equivalents |
| Cash on hand | | | | | | |
| RMB | | | 796,306 | | | 336,429 |
| USD | 1,773 | 6.9646 | 12,348 | 1,480 | 6.3757 | 9,438 |
| HKD | 35,650 | 0.8933 | 31,846 | 35,673 | 0.8176 | 29,166 |
| JPY | 106,508 | 0.0524 | 5,581 | 528,014 | 0.0554 | 29,252 |
| KRW | 70,909 | 0.0055 | 390 | 70,185 | 0.0054 | 379 |
| Other foreign currencies | | | 49,796 | | | 47,311 |
| Sub-total | | | <u>896,267</u> | | | <u>451,975</u> |
| Bank deposits | | | | | | |
| RMB | | | 43,646,054,088 | | | 51,889,193,811 |
| USD | 2,681,806,253 | 6.9646 | 18,677,707,830 | 3,615,879,387 | 6.3757 | 23,053,762,209 |
| HKD | 364,050,751 | 0.8933 | 325,206,536 | 9,520,528 | 0.8176 | 7,783,984 |
| JPY | 10,556,434,427 | 0.0524 | 553,157,164 | 13,848,652,635 | 0.0554 | 767,215,356 |
| KRW | 578,139,636 | 0.0055 | 3,179,768 | 1,094,268,704 | 0.0054 | 5,909,051 |
| EUR | 200,208,832 | 7.4229 | 1,486,130,139 | 135,902,777 | 7.2197 | 981,177,279 |
| Other foreign currencies | | | 78,007,216 | | | 55,392,165 |
| Sub-total | | | <u>64,769,442,741</u> | | | <u>76,760,433,855</u> |
| Other monetary funds | | | | | | |
| RMB | | | 3,914,979,538 | | | 3,857,498,365 |
| USD | 13,176,444 | 6.9646 | 91,768,662 | 49,772,132 | 6.3757 | 317,332,183 |
| HKD | 438,830 | 0.8933 | 392,007 | 7 | 0.8176 | 6 |
| JPY | 435,651,794 | 0.0524 | 22,828,154 | 922,720,289 | 0.0554 | 51,118,704 |
| Sub-total | | | <u>4,029,968,361</u> | | | <u>4,225,949,258</u> |
| Total | | | <u>68,800,307,369</u> | | | <u>80,986,835,088</u> |

Including: Total overseas deposits were equivalent to RMB 5,780,461,058 (2021: RMB 7,197,634,319).

As at 31 December 2022, other monetary funds included deposits with securities companies by the Group amounting to RMB 2,609,817, used as refundable deposits for stock repurchase and payment for settlement with third party platform, which can be withdrew on demand. The rest was restricted monetary funds, of which, RMB 164,299,257 was pledged for issuance of bills payable, and an equivalent to RMB 3,863,059,287 was mainly deposits in commercial banks as security.

As at 31 December 2021, other monetary funds included deposits with securities companies by the Group amounting to RMB 73,244,093, used as refundable deposits for stock repurchase and payment for settlement with third party platform, which can be withdrew on demand. The rest was restricted monetary funds, of which, RMB 91,976,204 was pledged for issuance of bills payable, and an equivalent to RMB 4,060,728,961 was mainly deposits in commercial banks as security.

2 Financial assets held for trading

| <i>Item</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|---|-----------------------------|-----------------------------|
| Financial assets at fair value through profit or loss | | |
| - Structured deposit and wealth management products | 16,931,468,153 | 10,028,172,853 |
| - Investment in equity instruments | <u>256,525,783</u> | <u>-</u> |
| Total | <u>17,187,993,936</u> | <u>10,028,172,853</u> |

3 Bills receivable

(1) Classification of bills receivable

| <i>Item</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|-----------------------------|-----------------------------|-----------------------------|
| Bank acceptance bills | 211,292,061 | 217,734,298 |
| Commercial acceptance bills | <u>500,000</u> | <u>-</u> |
| Total | <u>211,792,061</u> | <u>217,734,298</u> |

All of the above bills are due within one year.

(2) The pledged bills receivable of the Group at the end of the year

As at 31 December 2022, the Group does not have any pledged bills receivable (2021: RMB 8,441,900).

(3) Outstanding endorsed or discounted bills that have not matured at the end of the year

| <i>Item</i> | <i>Amount derecognised as at 31 December 2022</i> | <i>Amount not derecognised as at 31 December 2022</i> |
|-----------------------|---|---|
| Bank acceptance bills | <u>289,638,315</u> | <u>28,239,380</u> |

For the year ended 31 December 2022, there was no amount transferred to accounts receivable from bills receivable due to non-performance of the issuers of the Group (2021: Nil).

4 Accounts receivable

(1) The Group's accounts receivable by customer type:

| <i>Item</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|--|------------------------------|------------------------------|
| Amounts due from related parties | 1,070,848,317 | 88,954,909 |
| Amounts due from other customers | <u>27,252,679,049</u> | <u>35,496,227,051</u> |
| Sub-total | 28,323,527,366 | 35,585,181,960 |
| Less: Provision for bad and doubtful debts | <u>119,879,797</u> | <u>81,767,140</u> |
| Total | <u><u>28,203,647,569</u></u> | <u><u>35,503,414,820</u></u> |

(2) The Group's accounts receivable by currency type:

| | <u>2022</u> | | | <u>2021</u> | | |
|--|--|----------------------|--------------------------------|--|----------------------|--------------------------------|
| | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> |
| RMB | | | 12,806,183,088 | | | 12,064,153,278 |
| USD | 2,139,614,722 | 6.9646 | 14,901,560,693 | 3,551,733,364 | 6.3757 | 22,644,786,409 |
| JPY | 5,046,551 | 0.0524 | 264,439 | 1,985,544 | 0.0554 | 109,999 |
| Other foreign currencies | | | <u>615,519,146</u> | | | <u>876,132,274</u> |
| Sub-total | | | 28,323,527,366 | | | 35,585,181,960 |
| Less: Provision for bad and doubtful debts | | | <u>119,879,797</u> | | | <u>81,767,140</u> |
| Total | | | <u><u>28,203,647,569</u></u> | | | <u><u>35,503,414,820</u></u> |

(3) The ageing analysis of accounts receivable is as follows:

| | <i>31 December 2022</i> | <i>31 December 2021</i> |
|---|------------------------------|------------------------------|
| Within 1 year (inclusive) | 27,791,874,623 | 35,052,439,412 |
| Over 1 year but within 2 years (inclusive) | 232,130,123 | 190,180,631 |
| Over 2 years but within 3 years (inclusive) | 151,304,998 | 181,687,107 |
| Over 3 years | <u>148,217,622</u> | <u>160,874,810</u> |
| Sub-total | 28,323,527,366 | 35,585,181,960 |
| Less: Provision for bad and doubtful debts | <u>119,879,797</u> | <u>81,767,140</u> |
| Total | <u><u>28,203,647,569</u></u> | <u><u>35,503,414,820</u></u> |

The ageing is counted starting from the date when accounts receivable are recognised.

(4) Accounts receivable by provisioning method

| Category | 31 December 2022 | | | | Carrying amount |
|---------------------------------------|-----------------------|----------------|--------------------------|----------------|-----------------------|
| | Book value | | Provision for impairment | | |
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Individual assessment | | | | | |
| - Customers with high credit risk | 62,016,470 | 0% | 59,921,373 | 97% | 2,095,097 |
| - Customers with low credit risk | 1,359,564,251 | 5% | - | 0% | 1,359,564,251 |
| Collective assessment | | | | | |
| - Customers with moderate credit risk | <u>26,901,946,645</u> | 95% | <u>59,958,424</u> | 0% | <u>26,841,988,221</u> |
| Total | <u>28,323,527,366</u> | 100% | <u>119,879,797</u> | 0% | <u>28,203,647,569</u> |

| Category | 31 December 2021 | | | | Carrying amount |
|---------------------------------------|-----------------------|----------------|--------------------------|----------------|-----------------------|
| | Book value | | Provision for impairment | | |
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Individual assessment | | | | | |
| - Customers with high credit risk | 66,060,901 | 0% | 46,406,137 | 70% | 19,654,764 |
| - Customers with low credit risk | 1,209,167,604 | 4% | - | 0% | 1,209,167,604 |
| Collective assessment | | | | | |
| - Customers with moderate credit risk | <u>34,309,953,455</u> | 96% | <u>35,361,003</u> | 0% | <u>34,274,592,452</u> |
| Total | <u>35,585,181,960</u> | 100% | <u>81,767,140</u> | 0% | <u>35,503,414,820</u> |

(a) Criteria for collective assessment in 2022 and details:

| Customer group | Basis |
|-------------------------------------|--|
| Customers with high credit risk | With special matters, litigations or the deterioration of customers' credit status |
| Customers with low credit risk | Banks, insurance companies, large state-owned enterprises and public institutions |
| Customers with moderate credit risk | Customers not included in Groups above |

(b) Assessment of ECLs on accounts receivable in 2022:

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the expected loss rate. According to the Group's historical experience, different loss models are applicable to different customer groups.

(5) Movements of provisions for bad and doubtful debts:

| | 31 December 2022 | 31 December 2021 |
|--------------------------------------|--------------------|-------------------|
| Balance at the beginning of the year | 81,767,140 | 57,863,022 |
| Charge during the year | 77,823,874 | 48,438,509 |
| Recoveries during the year | (27,926,578) | (20,188,349) |
| Written-off during the year | (14,534,442) | (3,474,488) |
| Translation differences | <u>2,749,803</u> | <u>(871,554)</u> |
| Balance at the end of the year | <u>119,879,797</u> | <u>81,767,140</u> |

(6) Five largest accounts receivable by debtor at the end of the year

The total of five largest accounts receivable of the Group at the end of the year was RMB 12,252,460,319, representing 43% of the total accounts receivable, and no provision was made for bad and doubtful debts after assessment.

5 Prepayments

(1) The Group's prepayments by category:

| | <i>31 December 2022</i> | <i>31 December 2021</i> |
|--|-----------------------------|-----------------------------|
| Prepayment for inventory | 261,349,159 | 648,790,765 |
| Prepayment for electricity, water, gas and power | 234,247,912 | 290,002,465 |
| Others | <u>94,167,609</u> | <u>174,086,777</u> |
| Total | <u><u>589,764,680</u></u> | <u><u>1,112,880,007</u></u> |

(2) The ageing analysis of prepayments is as follows:

| <u>Ageing</u> | <u>31 December 2022</u> | | <u>31 December 2021</u> | |
|---|---------------------------|-----------------------|-----------------------------|-----------------------|
| | <i>Amount</i> | <i>Percentage (%)</i> | <i>Amount</i> | <i>Percentage (%)</i> |
| Within 1 year (inclusive) | 471,778,052 | 80% | 1,088,149,020 | 98% |
| Over 1 year but within 2 years (inclusive) | 112,700,267 | 19% | 9,828,654 | 1% |
| Over 2 years but within 3 years (inclusive) | 2,959,783 | 1% | 2,531,759 | 0% |
| Over 3 years | <u>2,326,578</u> | <u>0%</u> | <u>12,370,574</u> | <u>1%</u> |
| Total | <u><u>589,764,680</u></u> | <u><u>100%</u></u> | <u><u>1,112,880,007</u></u> | <u><u>100%</u></u> |

The ageing is counted starting from the date when prepayments are recognised.

The total of five largest prepayments of the Group at the end of the year is RMB 256,769,053, representing 44% of the total prepayments.

6 Other receivables

| | <i>Note</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|----------------------|-------------|-----------------------------|-----------------------------|
| Dividends receivable | | - | 2,414,503 |
| Others | (1) | <u>975,809,236</u> | <u>1,920,413,875</u> |
| Total | | <u><u>975,809,236</u></u> | <u><u>1,922,828,378</u></u> |

(1) Others

(a) The Group's other receivables by customer type:

| <i>Customer type</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|--|-----------------------------|-----------------------------|
| Amounts due from related parties | 16,588,534 | 1,901,777 |
| Amounts due from other customers | <u>969,833,087</u> | <u>1,927,555,914</u> |
| Sub-total | 986,421,621 | 1,929,457,691 |
| Less: Provision for bad and doubtful debts | <u>10,612,385</u> | <u>9,043,816</u> |
| Total | <u>975,809,236</u> | <u>1,920,413,875</u> |

(b) The Group's other receivables by currency type:

| | <u>31 December 2022</u> | | | <u>31 December 2021</u> | | |
|--|--|----------------------|--------------------------------|--|----------------------|--------------------------------|
| | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> |
| RMB | | | 480,934,242 | | | 808,428,477 |
| USD | 69,194,294 | 6.9646 | 481,910,580 | 170,390,641 | 6.3757 | 1,086,359,610 |
| JPY | 316,069 | 0.0524 | 16,562 | - | - | - |
| Other foreign currencies | | | <u>23,560,237</u> | | | <u>34,669,604</u> |
| Sub-total | | | 986,421,621 | | | 1,929,457,691 |
| Less: Provision for bad and doubtful debts | | | <u>10,612,385</u> | | | <u>9,043,816</u> |
| Total | | | <u>975,809,236</u> | | | <u>1,920,413,875</u> |

(c) The ageing analysis of the Group's other receivables is as follows:

| | <i>31 December 2022</i> | <i>31 December 2021</i> |
|---|-----------------------------|-----------------------------|
| Within 1 year (inclusive) | 367,646,687 | 1,637,506,264 |
| Over 1 year but within 2 years (inclusive) | 362,777,830 | 21,232,566 |
| Over 2 years but within 3 years (inclusive) | 14,948,621 | 24,183,841 |
| Over 3 years | <u>241,048,483</u> | <u>246,535,020</u> |
| Sub-total | 986,421,621 | 1,929,457,691 |
| Less: Provision for bad and doubtful debts | <u>10,612,385</u> | <u>9,043,816</u> |
| Total | <u>975,809,236</u> | <u>1,920,413,875</u> |

The ageing is counted starting from the date when other receivables are recognised.

(d) Other receivables by provisioning method

| <u>Category</u> | 31 December 2022 | | | | <u>Carrying amount</u> |
|-----------------------|--------------------|-----------------------|---------------------------------|-----------------------|------------------------|
| | <u>Book value</u> | | <u>Provision for impairment</u> | | |
| | <u>Amount</u> | <u>Percentage (%)</u> | <u>Amount</u> | <u>Percentage (%)</u> | |
| Individual assessment | 10,612,385 | 1% | 10,612,385 | 100% | - |
| Collective assessment | <u>975,809,236</u> | 99% | <u>-</u> | 0% | <u>975,809,236</u> |
| Total | <u>986,421,621</u> | 100% | <u>10,612,385</u> | 1% | <u>975,809,236</u> |

| <u>Category</u> | 31 December 2021 | | | | <u>Carrying amount</u> |
|-----------------------|----------------------|-----------------------|---------------------------------|-----------------------|------------------------|
| | <u>Book value</u> | | <u>Provision for impairment</u> | | |
| | <u>Amount</u> | <u>Percentage (%)</u> | <u>Amount</u> | <u>Percentage (%)</u> | |
| Individual assessment | 9,043,816 | 0% | 9,043,816 | 100% | - |
| Collective assessment | <u>1,920,413,875</u> | 100% | <u>-</u> | 0% | <u>1,920,413,875</u> |
| Total | <u>1,929,457,691</u> | 100% | <u>9,043,816</u> | 0% | <u>1,920,413,875</u> |

(e) Movements of provisions for bad and doubtful debts

| | 31 December 2022 | 31 December 2021 |
|--------------------------------------|-------------------|------------------|
| Balance at the beginning of the year | 9,043,816 | 9,044,012 |
| Charge during the year | 1,679,930 | 275,661 |
| Recoveries during the year | - | (115,952) |
| Written-off during the year | <u>(111,361)</u> | <u>(159,905)</u> |
| Balance at the end of the year | <u>10,612,385</u> | <u>9,043,816</u> |

(f) The Group's other receivables categorised by nature

| <u>Nature</u> | 31 December 2022 | 31 December 2021 |
|--|--------------------|----------------------|
| VAT refunds and export tax rebate | 512,851 | 253,311 |
| Amounts due from equity transfer | 200,000,000 | 200,000,000 |
| Surety and deposits | Note 598,972,862 | 1,518,208,550 |
| Others | <u>186,935,908</u> | <u>210,995,830</u> |
| Sub-total | 986,421,621 | 1,929,457,691 |
| Less: Provision for bad and doubtful debts | <u>10,612,385</u> | <u>9,043,816</u> |
| Total | <u>975,809,236</u> | <u>1,920,413,875</u> |

Note: As at 31 December 2022, an equivalent to RMB 436,628,186 (2021: RMB 1,056,493,338) of the surety and deposits mainly represented production capacity surety paid by the Group to suppliers.

(g) Five largest other receivables by debtor at the end of the year

The total of five largest other receivables of the Group at the end of the year was RMB 656,304,152, most of which were surety and amounts due from equity transfer. No provision is made for bad and doubtful debts after assessment.

7 Inventories

(1) The Group's inventories by category:

| | 31 December 2022 | | | 31 December 2021 | | |
|--|------------------|--|-----------------|------------------|--|-----------------|
| | Book value | Provision for impairment of inventories/Provision for impairment of costs to fulfil a contract with a customer | Carrying amount | Book value | Provision for impairment of inventories/Provision for impairment of costs to fulfil a contract with a customer | Carrying amount |
| Raw materials | 11,178,326,632 | 2,890,923,826 | 8,287,402,806 | 12,029,879,462 | 2,083,190,076 | 9,946,689,386 |
| Work in progress | 4,879,573,518 | 1,316,529,598 | 3,563,043,920 | 4,080,209,516 | 732,973,017 | 3,347,236,499 |
| Finished goods | 14,699,012,100 | 4,072,862,311 | 10,626,149,789 | 17,108,598,457 | 2,795,564,803 | 14,313,033,654 |
| Consumables | 147,843,921 | - | 147,843,921 | 130,472,966 | - | 130,472,966 |
| Costs to fulfil a contract with a customer | 163,373,789 | - | 163,373,789 | 67,728,931 | - | 67,728,931 |
| Total | 31,068,129,960 | 8,280,315,735 | 22,787,814,225 | 33,416,889,332 | 5,611,727,896 | 27,805,161,436 |

As at 31 December 2022, there was no amount of capitalised borrowing cost in the Group's closing balance of inventories (2021: Nil).

As at 31 December 2022, the Group had no inventory used as collateral (2021: Nil).

(2) An analysis of provision for impairment of inventories of the Group is as follows:

| | Balance at the beginning of the year | Charge during the year | Decrease during the year | Balance at the end of the year |
|------------------|--------------------------------------|------------------------|--------------------------|--------------------------------|
| Raw materials | 2,083,190,076 | 1,535,322,358 | (727,588,608) | 2,890,923,826 |
| Work in progress | 732,973,017 | 1,103,212,064 | (519,655,483) | 1,316,529,598 |
| Finished goods | 2,795,564,803 | 8,482,398,827 | (7,205,101,319) | 4,072,862,311 |
| Total | 5,611,727,896 | 11,120,933,249 | (8,452,345,410) | 8,280,315,735 |

8 Contract assets

(1) The Group's contract assets by customer type:

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time.

(2) Significant changes in the contract assets during the year:

Significant changes in the contract assets of the Group are as follows:

| | 2022 RMB |
|---|--------------------------|
| Balance at the beginning of the year | <u>75,698,324</u> |
| Transfers from contract assets recognised at the beginning of the year to receivables | (65,331,121) |
| Increase in contract assets resulting from no unconditional right obtained | <u>61,269,258</u> |
| Balance at the end of the year | <u><u>71,636,461</u></u> |

(3) Movements of provision for contract assets during the year:

| | 2022 | 2021 |
|--|----------|------------------|
| Balance at the beginning of the year | - | 207,800 |
| Decrease from disposal of subsidiaries | <u>-</u> | <u>(207,800)</u> |
| Balance at the end of the year | <u>-</u> | <u>-</u> |

9 Other current assets

| | 31 December 2022 | 31 December 2021 |
|---|-----------------------------|-----------------------------|
| VAT on tax credits | 2,556,625,457 | 2,643,490,711 |
| Prepaid income taxes | 331,652,233 | 20,739,659 |
| Input tax to be verified or deducted | 329,605,466 | 575,209,816 |
| Costs receivables for recovering products from a customer | 108,097,353 | 126,447,496 |
| Others | <u>68,056,410</u> | <u>213,032,028</u> |
| Total | <u><u>3,394,036,919</u></u> | <u><u>3,578,919,710</u></u> |

10 Long-term equity investments

(1) The Group's long-term equity investments by category:

| | <i>2022</i> | <i>2021</i> |
|--------------------------------|-----------------------|----------------------|
| Investments in joint ventures | 392,291,560 | - |
| Investments in associates | <u>13,086,523,900</u> | <u>7,066,228,472</u> |
| Sub-total | 13,478,815,460 | 7,066,228,472 |
| Less: Provision for impairment | <u>1,056,936,609</u> | <u>1,025,280,155</u> |
| Total | <u>12,421,878,851</u> | <u>6,040,948,317</u> |

(2) Movements of long-term equity investments during the year are as follows:

| Investee | Movements during the year | | | | | | | | Balance at the end of the year |
|---|--------------------------------------|---------------------|---------------------|---|----------------------------|------------------------|--|---|--------------------------------|
| | Balance at the beginning of the year | Increase in capital | Decrease in capital | Investment (loss) / income recognised under equity method | Other comprehensive income | Other equity movements | Declared distribution of cash dividends or profits | Translation differences arising from translation of foreign currency financial statements | |
| Joint venture | | | | | | | | | |
| Chongqing Maite Optoelectronics Co., Ltd. | - | 400,000,000 | - | (7,708,440) | - | - | - | - | 392,291,560 |
| Sub-total | - | 400,000,000 | - | (7,708,440) | - | - | - | - | 392,291,560 |
| Associates | | | | | | | | | |
| Erdos BOE Energy Investment Co., Ltd. | 1,409,666,833 | 405,200,000 | - | (2,983,503) | - | - | - | - | 1,811,883,330 |
| Beijing Xindongneng Investment Fund (Limited Partnership) | 2,088,917,867 | - | (129,798,594) | 241,130,621 | (61,062,079) | - | (104,317,491) | - | 2,034,870,324 |
| Beijing Innovation Industry Investment Co., Ltd. | 207,564,573 | - | - | 15,651,980 | - | - | - | - | 223,216,553 |
| Beijing Electric Control Industry Investment Co., Ltd. | 231,777,557 | 21,234,700 | - | (2,556,780) | 7,694,430 | - | - | - | 258,149,907 |
| BOE Art Cloud Technology Co., Ltd. | 286,976,389 | 129,500,000 | (130,381,715) | 10,026,871 | - | 134,476,619 | - | - | 430,598,164 |
| Cnoga Medical Co., Ltd. | 253,501,065 | - | - | - | - | - | - | 23,414,968 | 276,916,033 |
| Tianjin Xianzhilian Investment Centre (Limited Partnership) | 968,341,880 | 234,000,000 | - | 184,737,344 | - | - | - | - | 1,387,079,224 |
| BioChain (Beijing) Science & Technology, Inc. | 339,845,254 | - | - | (5,751,469) | - | - | - | - | 334,093,785 |
| Beijing YanDong MicroElectronic Co., Ltd. | 1,009,985,276 | - | - | 34,518,797 | - | 126,743,478 | - | - | 1,171,247,551 |
| SES Imagotag SA Co., Ltd. | - | 4,871,837,182 | - | 11,536,838 | - | - | - | - | 4,883,374,020 |
| Others | 269,651,778 | 46,917,149 | (87,070,668) | 49,501,421 | 63,317 | 14,310,853 | (18,731,712) | 452,871 | 275,095,009 |
| Sub-total | 7,066,228,472 | 5,708,689,031 | (347,250,977) | 535,812,120 | (53,304,332) | 275,530,950 | (123,049,203) | 23,867,839 | 13,086,523,900 |
| Total | 7,066,228,472 | 6,108,689,031 | (347,250,977) | 528,103,680 | (53,304,332) | 275,530,950 | (123,049,203) | 23,867,839 | 13,478,815,460 |
| Less: Provision for impairment | 1,025,280,155 | | | | | | | | 1,056,936,609 |
| Total | 6,040,948,317 | | | | | | | | 12,421,878,851 |

As at 31 December 2022, Hefei Xin Jing Yuan Electronic Materials Co., Ltd. still suffered loss and the Group does not have an obligation to assume additional losses. Therefore, the Company discontinues recognising its share of further losses after the carrying amount of long-term equity investment is reduced to zero. As at 31 December 2022, the accumulated unrecognised investment losses were RMB 14,922,087 (2021: RMB 20,352,876).

As at 31 December 2022, Beijing Infi-Hailin Venture Investment Co., Ltd. made a profit and made up for the unrecognised investment losses of RMB 1,152,818 in the prior year, and recognised investment income amounting to RMB 2,073,333 during the year.

11 Investments in other equity instruments

| <i>Items</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|---|-----------------------------|-----------------------------|
| Listed equity instruments investment | | |
| - Beijing Electronic City High Tech Group Co., Ltd. | 53,614,432 | 56,638,836 |
| - Bank of Chongqing Co., Ltd. | 91,600,150 | 91,875,688 |
| - New Century Medical Holding Co., Ltd. | 9,098,008 | 19,810,485 |
| Unlisted equity instruments investment | | |
| - Danhua Capital, L. P. | 34,823,000 | 31,878,500 |
| - Danhua Capital II, L.P. | 69,646,002 | 63,757,002 |
| - Kateeva Inc. | 83,192,147 | 76,157,736 |
| - Nanosys INC | 21,591,641 | 47,817,750 |
| - Baebies INC | 30,600,273 | 28,012,830 |
| - Illumina Fund I,L.P. | 31,079,577 | 25,607,407 |
| - Horizon Robotics, Inc. | 35,616,005 | 31,722,880 |
| - Others | <u>22,199,071</u> | <u>45,809,032</u> |
| Total | <u><u>483,060,306</u></u> | <u><u>519,088,146</u></u> |

(1) Investments in other equity instruments:

| <i>Item</i> | <i>Reason for being designated at fair value through other comprehensive income</i> | <i>Dividend income recognised for the year</i> | <i>Accumulated gains or losses recognised in other comprehensive income ("-" for losses)</i> | <i>Amount transferred from other comprehensive income to retained earnings</i> | <i>Reason for transferring from other comprehensive income to retained earnings</i> |
|---|--|--|--|--|---|
| Listed equity instruments investment | | | | | |
| - Beijing Electronic City High Tech Group Co., Ltd. | With the intention of establishing or maintaining a long-term investment for strategic reasons | 206,209 | (36,545,996) | - | Not applicable |
| - Bank of Chongqing Co., Ltd. | With the intention of establishing or maintaining a long-term investment for strategic reasons | 9,918,634 | (28,484,225) | - | Not applicable |
| - New Century Medical Holding Co., Ltd. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | (131,750,842) | - | Not applicable |
| Unlisted equity instruments investment | | | | | |
| - Danhua Capital, L. P. | With the intention of establishing or maintaining a long-term investment for strategic reasons | 5,045,925 | 296,625 | - | Not applicable |
| - Danhua Capital II, L.P. | With the intention of establishing or maintaining a long-term investment for strategic reasons | 20,183,700 | 1,998,251 | - | Not applicable |
| - Kateeva Inc. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 329,681 | - | Not applicable |
| - Nanosys INC | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | (28,757,359) | - | Not applicable |
| - Baebies INC | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 1,476,718 | - | Not applicable |
| - Illumina Fund I,L.P. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 1,110,906 | - | Not applicable |
| - Horizon Robotics, Inc. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 3,661,505 | - | Not applicable |
| - Others | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | (38,958,805) | (10,091,839) | Transfer out due to bankruptcy liquidation derecognition |
| Total | | <u>35,354,468</u> | <u>(255,623,541)</u> | <u>(10,091,839)</u> | |

12 Other non-current financial assets

| <i>Item</i> | <i>2022</i> | <i>2021</i> |
|---|-----------------------------|---------------------------|
| Financial assets at fair value through profit or loss | 2,022,967,681 | 606,895,447 |
| Including: Investments in equity instruments | <u>2,022,967,681</u> | <u>606,895,447</u> |
| Total | <u>2,022,967,681</u> | <u>606,895,447</u> |

13 Investment properties

| | <i>Land use rights</i> | <i>Buildings</i> | <i>Total</i> |
|---|------------------------|----------------------|----------------------|
| Cost | | | |
| Balance at the beginning of the year | 687,434,677 | 1,022,831,969 | 1,710,266,646 |
| Additions during the year | <u>-</u> | <u>5,461,739</u> | <u>5,461,739</u> |
| Balance at the end of the year | <u>687,434,677</u> | <u>1,028,293,708</u> | <u>1,715,728,385</u> |
| Less: Accumulated depreciation or amortisation | | | |
| Balance at the beginning of the year | 168,017,805 | 383,883,440 | 551,901,245 |
| Additions during the year | <u>13,622,701</u> | <u>28,179,301</u> | <u>41,802,002</u> |
| Balance at the end of the year | <u>181,640,506</u> | <u>412,062,741</u> | <u>593,703,247</u> |
| Carrying amounts | | | |
| At the end of the year | <u>505,794,171</u> | <u>616,230,967</u> | <u>1,122,025,138</u> |
| At the beginning of the year | <u>519,416,872</u> | <u>638,948,529</u> | <u>1,158,365,401</u> |

14 Fixed assets

(1) Analysis of the Group's fixed assets are as follows:

| <i>Item</i> | <i>Plant & buildings</i> | <i>Equipment</i> | <i>Others</i> | <i>Total</i> |
|--|------------------------------|------------------------|-----------------------|------------------------|
| Cost | | | | |
| Balance at the beginning of the year | 65,746,184,870 | 289,073,320,848 | 10,027,118,299 | 364,846,624,017 |
| Additions during the year | | | | |
| - Purchases | 22,873,906 | 576,061,450 | 1,874,710,266 | 2,473,645,622 |
| - Transfers from construction in progress | 195,460,071 | 9,633,715,949 | 732,046,393 | 10,561,222,413 |
| - Written-down against government interest discounts | (16,355,538) | (166,721,924) | (12,987) | (183,090,449) |
| Decrease due to disposal of subsidiaries | (61,688,333) | (185,865,467) | (88,382,014) | (335,935,814) |
| Transfers to construction in progress | - | (1,161,980,085) | (29,857,355) | (1,191,837,440) |
| Disposals or written-offs during the year | (176,295) | (446,815,683) | (169,873,534) | (616,865,512) |
| Translation differences | 4,131,352 | 29,007,311 | 6,239,955 | 39,378,618 |
| | <u>65,890,430,033</u> | <u>297,350,722,399</u> | <u>12,351,989,023</u> | <u>375,593,141,455</u> |
| Balance at the end of the year | | | | |
| Less: Accumulated depreciation | | | | |
| Balance at the beginning of the year | 7,908,069,483 | 122,199,288,667 | 5,704,812,685 | 135,812,170,835 |
| Charge during the year | 2,072,464,102 | 29,207,688,566 | 1,947,737,403 | 33,227,890,071 |
| Decrease due to disposal of subsidiaries | (30,181,955) | (137,710,504) | (23,163,432) | (191,055,891) |
| Transfers to construction in progress | - | (730,517,943) | (21,961,743) | (752,479,686) |
| Disposals or written-offs during the year | (13,666) | (374,611,961) | (69,200,542) | (443,826,169) |
| Translation differences | 391,129 | 15,781,865 | 1,425,638 | 17,598,632 |
| | <u>9,950,729,093</u> | <u>150,179,918,690</u> | <u>7,539,650,009</u> | <u>167,670,297,792</u> |
| Balance at the end of the year | | | | |
| Less: Provision for impairment | | | | |
| Balance at the beginning of the year | 34,480 | 1,704,957,933 | 188,093,885 | 1,893,086,298 |
| Charge during the year | - | 132,578,826 | 10,492,666 | 143,071,492 |
| Transfers to construction in progress | - | (19,908,202) | (165,882) | (20,074,084) |
| Disposals or written-offs during the year | - | (77,467,003) | (2,823,470) | (80,290,473) |
| | <u>34,480</u> | <u>1,740,161,554</u> | <u>195,597,199</u> | <u>1,935,793,233</u> |
| Balance at the end of the year | | | | |
| Carrying amounts | | | | |
| At the end of the year | <u>55,939,666,460</u> | <u>145,430,642,155</u> | <u>4,616,741,815</u> | <u>205,987,050,430</u> |
| At the beginning of the year | <u>57,838,080,907</u> | <u>165,169,074,248</u> | <u>4,134,211,729</u> | <u>227,141,366,884</u> |

In 2022, some of the equipment of the Group is idle and there is no clear use plan. The Group evaluated the recoverable amount of these equipment and made provisions for impairment of RMB 143,071,492 (2021: RMB 675,831,912) based on the evaluation results.

(2) Fixed assets pending certificates of ownership

As at 31 December 2022, fixed assets pending certificates of ownership totalled RMB 7,110,462,456 (31 December 2021: RMB 7,892,064,184) and certificates of ownership is still being processed.

15 Construction in progress

(1) Analysis of the Group's construction in progress is as follows:

| Item | 31 December 2022 | | | 31 December 2021 | | |
|---|------------------|--------------------------|-----------------|------------------|--------------------------|-----------------|
| | Book value | Provision for impairment | Carrying amount | Book value | Provision for impairment | Carrying amount |
| The 6th generation AMOLED project - Chongqing | 31,013,623,277 | - | 31,013,623,277 | 24,774,517,248 | - | 24,774,517,248 |
| Others | 12,446,773,478 | 74,262,087 | 12,372,511,391 | 7,369,688,455 | 44,493,824 | 7,325,194,631 |
| Total | 43,460,396,755 | 74,262,087 | 43,386,134,668 | 32,144,205,703 | 44,493,824 | 32,099,711,879 |

In 2022, some of the engineering projects of the Group is idle and cannot be further used. The Group evaluated the residual values of these engineering projects and made a provision for impairment of RMB 29,768,263 based on the evaluation results.

(2) Movements of major construction projects in progress during the year

| Item | Budget | Balance at the beginning of the year | Additions during the year | Transfers to fixed assets | Balance at the end of the year | Percentage of actual cost to budget (%) | Accumulated capitalised interest at the end of the year | Interest capitalised in 2022 | Interest rate for capitalisation in 2022 (%) | Sources of funding |
|---|----------------|--------------------------------------|---------------------------|---------------------------|--------------------------------|---|---|------------------------------|--|----------------------------------|
| The 6th generation AMOLED project - Chongqing | 46,500,000,000 | 24,774,517,248 | 6,243,115,489 | (4,009,460) | 31,013,623,277 | 70.04% | 624,014,961 | 438,224,219 | 4.24% | Self-raised funds and borrowings |

16 Intangible assets

(1) Intangible assets

| | <i>Land use rights</i> | <i>Patent and proprietary technology</i> | <i>Computer software</i> | <i>Others</i> | <i>Total</i> |
|--|------------------------|--|------------------------------|----------------------|-----------------------|
| Original book value | | | | | |
| Balance at the beginning of the year | 5,539,522,787 | 6,978,992,728 | 1,676,849,060 | 1,549,958,675 | 15,745,323,250 |
| Additions during the year | | | | | |
| - Purchases | 256,914,399 | 8,532,419 | 121,172,137 | - | 386,618,955 |
| - Transfers from construction in progress | - | - | 114,068,215 | 112,297 | 114,180,512 |
| Decrease due to disposal of subsidiaries | - | (1,732,355,021) | (17,486,779) | (846,913,855) | (2,596,755,655) |
| Disposals during the year | - | - | (548,585) | - | (548,585) |
| Translation differences | - | (9,139,455) | 947,362 | 2,450,615 | (5,741,478) |
| Written-down against interest discount | - | (771,120) | (120,528) | (771,120) | (1,662,768) |
| Balance at the end of the year | <u>5,796,437,186</u> | <u>5,245,259,551</u> | <u>1,894,880,882</u> | <u>704,836,612</u> | <u>13,641,414,231</u> |
| Less: Accumulated amortisation | | | | | |
| Balance at the beginning of the year | 524,719,007 | 2,613,841,165 | 999,888,044 | 397,376,628 | 4,535,824,844 |
| Charge during the year | 135,495,338 | 602,728,282 | 198,089,822 | 85,027,074 | 1,021,340,516 |
| Decrease due to disposal of subsidiaries | - | (652,040,647) | (5,447,593) | (204,670,848) | (862,159,088) |
| Disposals during the year | - | - | (490,789) | - | (490,789) |
| Translation differences | - | (2,483,639) | 168,335 | 886,909 | (1,428,395) |
| Balance at the end of the year | <u>660,214,345</u> | <u>2,562,045,161</u> | <u>1,192,207,819</u> | <u>278,619,763</u> | <u>4,693,087,088</u> |
| Carrying amount at the end of the year | <u>5,136,222,841</u> | <u>2,683,214,390</u> | <u>702,673,063</u> | <u>426,216,849</u> | <u>8,948,327,143</u> |
| Carrying amount at the beginning of the year | <u>5,014,803,780</u> | <u>4,365,151,563</u> | <u>676,961,016</u> | <u>1,152,582,047</u> | <u>11,209,498,406</u> |

17 Goodwill

(1) Changes in goodwill

| <i>Name of investee</i> | <i>Balance at the beginning of the year</i> | <i>Additions during the year</i> | <i>Decrease due to disposal of subsidiaries</i> | <i>Balance at the end of the year</i> |
|--|---|----------------------------------|---|---------------------------------------|
| Book value | | | | |
| Beijing Yinghe Century Co., Ltd. | 42,940,434 | - | - | 42,940,434 |
| K-Tronics (Suzhou) technology Co., Ltd. | 8,562,464 | - | - | 8,562,464 |
| Beijing BOE Optoelectronics Technology Co., Ltd. | 4,423,876 | - | - | 4,423,876 |
| BOE Healthcare Investment & Management Co., Ltd. | 146,460,790 | - | - | 146,460,790 |
| SES Imagotag SA Co., Ltd. | 706,406,821 | - | (706,406,821) | - |
| Chengdu BOE Display Sci-tech Co., Ltd.. (Chengdu Display Sci-tech) | 537,038,971 | - | - | 537,038,971 |
| Nanjing BOE Display Technology Co., Ltd. | 155,714,415 | - | - | 155,714,415 |
| Hefei Jiangcheng Technology Co., Ltd. | 9,391,961 | - | (9,391,961) | - |
| Sub-total | 1,610,939,732 | - | (715,798,782) | 895,140,950 |
| Provision for impairment | | | | |
| Beijing BOE Optoelectronics Technology Co., Ltd. | (4,423,876) | - | - | (4,423,876) |
| BOE Healthcare Investment & Management Co., Ltd. | (82,137,669) | - | - | (82,137,669) |
| SES Imagotag SA Co., Ltd. | (394,371,200) | - | 394,371,200 | - |
| Chengdu BOE Display Sci-tech Co., Ltd.. (Chengdu Display Sci-tech) | - | (147,755,754) | - | (147,755,754) |
| Sub-total | (480,932,745) | (147,755,754) | 394,371,200 | (234,317,299) |
| Carrying amount | 1,130,006,987 | (147,755,754) | (321,427,582) | 660,823,651 |

(2) Provision for impairment of goodwill

The recoverable amount of Beijing Yinghe Century Co., Ltd., Suzhou K-Tronics, BOE Healthcare Investment & Management Co., Ltd. (“Health Investment”), Chengdu Display Sci-tech and Nanjing BOE Display Technology Co., Ltd. is determined based on the present value of expected future cash flows. When predicting the present value of cash flow, the cash flow in the next 5 years is determined based on the financial budget approved by the management. The cash flow in the years after the 5-year financial budget will remain stable. The pre-tax discount rate is determined with reference to comparable companies and related capital structures.

As at 31 December 2022, as the present value of future cash flows of the asset group to which Chengdu Display Sci-tech's goodwill belongs was lower than the carrying amount of the asset group, the Group made an impairment provision of RMB 147,755,754 for the relevant goodwill.

18 Long-term deferred expenses

| | <i>Balance at 31December 2021</i> | <i>Additions during the year</i> | <i>Decrease during the year</i> | <i>Balance at 31December 2022</i> |
|--|---------------------------------------|--------------------------------------|-------------------------------------|---------------------------------------|
| Payment for public facilities construction and use | 51,962,118 | - | (10,800,827) | 41,161,291 |
| Leasehold improvements | 10,325,942 | 16,912,468 | (7,807,977) | 19,430,433 |
| Others | 574,242,442 | 61,375,716 | (139,268,505) | 496,349,653 |
| Total | <u>636,530,502</u> | <u>78,288,184</u> | <u>(157,877,309)</u> | <u>556,941,377</u> |

19 Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets and liabilities

| <u>Item</u> | <u>2022</u> | | <u>2021</u> | |
|--|--|--|--|--|
| | <i>Deductible/ (taxable) temporary differences</i> | <i>Deferred tax assets/(liabilities)</i> | <i>Deductible/ (taxable) temporary differences</i> | <i>Deferred tax assets/(liabilities)</i> |
| Deferred tax assets: | | | | |
| Provision for impairment of assets | 151,264,910 | 31,020,460 | 113,867,486 | 24,884,958 |
| Changes in fair value of investments in other equity instruments | 142,547,604 | 21,382,141 | 139,523,200 | 20,928,480 |
| Depreciation of fixed assets | 239,415,255 | 37,326,236 | 201,462,125 | 34,642,083 |
| Assessed value added by investing real estate in subsidiaries | 119,895,400 | 29,973,850 | 125,449,252 | 31,362,313 |
| Accumulated losses | 459,130 | 75,757 | 422,990,806 | 118,064,555 |
| Government grant | 143,385,420 | 21,507,813 | 209,807,147 | 31,471,072 |
| Others | 59,695,684 | 9,274,649 | 306,215,006 | 19,010,893 |
| Sub-total | <u>856,663,403</u> | 150,560,906 | <u>1,519,315,022</u> | 280,364,354 |
| Amount offset | | <u>(80,310,481)</u> | | <u>(90,028,830)</u> |
| Balance after offsetting | | <u>70,250,425</u> | | <u>190,335,524</u> |
| Deferred tax liabilities: | | | | |
| Revaluation due to business combinations involving entities not under common control | (882,129,374) | (217,980,404) | (2,197,597,331) | (584,383,821) |
| Depreciation of fixed assets | (7,266,110,223) | (1,094,970,944) | (6,388,163,232) | (984,779,332) |
| Long-term equity investments | (120,141,687) | (18,021,253) | (120,141,687) | (18,021,253) |
| Others | (151,491,002) | (23,744,713) | (167,106,175) | (28,467,297) |
| Sub-total | <u>(8,419,872,286)</u> | (1,354,717,314) | <u>(8,873,008,425)</u> | (1,615,651,703) |
| Amount offset | | 80,310,481 | | 90,028,830 |
| Balance after offsetting | | <u>(1,274,406,833)</u> | | <u>(1,525,622,873)</u> |

(2) Details of unrecognised deferred tax assets

| | 2022 | 2021 |
|----------------------------------|-----------------------|-----------------------|
| Deductible temporary differences | 22,749,630,064 | 24,215,956,667 |
| Deductible tax losses | <u>44,677,908,573</u> | <u>19,433,679,291</u> |
| Total | <u>67,427,538,637</u> | <u>43,649,635,958</u> |

As at 31 December 2022, the accumulated deductible temporary differences are mainly subsidiaries' impairment provisions of assets and accrual of expenses. Due to the uncertainty that there will be sufficient taxable income to cover these deductible differences in future periods, the deferred income tax assets were not recognised in consideration of prudence.

(3) Expiration of deductible tax losses for unrecognised deferred tax assets

| Year | Note | 2022 | 2021 |
|--------|------|-----------------------|-----------------------|
| 2022 | | - | 316,585,394 |
| 2023 | | 280,957,810 | 290,518,573 |
| 2024 | | 451,137,106 | 458,962,394 |
| 2025 | | 1,253,378,510 | 1,276,919,825 |
| 2026 | | 1,473,908,686 | 1,785,437,184 |
| 2027 | | 3,146,172,377 | 14,979,073 |
| 2028 | | 2,279,355,553 | 2,221,266,958 |
| 2029 | | 5,008,814,339 | 5,296,070,440 |
| 2030 | | 4,196,348,029 | 4,368,141,751 |
| 2031 | | 2,502,424,694 | 2,406,109,565 |
| 2032 | | 23,569,766,818 | - |
| Others | (a) | <u>515,644,651</u> | <u>998,688,134</u> |
| Total | | <u>44,677,908,573</u> | <u>19,433,679,291</u> |

(a) According to the applicable local tax laws, loss of some overseas subsidiaries of the Group has indefinite carry-over period to deduct the future taxable income.

20 Other non-current assets

| | <i>31 December 2022</i> | <i>31 December 2021</i> |
|-------------------------------------|-----------------------------|-----------------------------|
| Surety | 1,338,834,402 | 1,339,517,936 |
| Prepayments for construction | 153,690,890 | 224,400,336 |
| Prepayment for fixed assets | 148,834,349 | 572,510,455 |
| VAT on tax credits | - | 3,424,055,815 |
| Deferred VAT for imported equipment | 2,696,796 | 1,407,330,930 |
| Others | <u>311,464,947</u> | <u>509,612,011</u> |
| Total | <u>1,955,521,384</u> | <u>7,477,427,483</u> |

21 Short-term loans

| <u>31 December 2022</u> | | | | |
|--|----------------------|--------------------------------|----------------------|---|
| <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> | | <i>Credited/ collateralised guaranteed/ pledged</i> |
| Bank loans | | | | |
| - RMB | | 901,622,500 | | Guaranteed |
| - RMB | | <u>30,006,237</u> | | Credited |
| Sub-total | | <u>931,628,737</u> | | |
| Foreign currency bank loans | | | | |
| - USD | 128,585,504 | 6.9646 | 895,546,601 | Credited |
| - JPY | 205,792,620 | 0.0524 | 10,783,533 | Credited |
| - HKD | 600,000,000 | 0.8933 | <u>535,980,000</u> | Credited |
| Sub-total | | | <u>1,442,310,134</u> | |
| Total | | | <u>2,373,938,871</u> | |

| <i>31 December 2021</i> | | | | <i>Credited/ collateralised guaranteed/ pledged</i> |
|-----------------------------|--|----------------------|--------------------------------|---|
| | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> | |
| Bank loans | | | | |
| - RMB | | | 1,352,433,750 | Guaranteed |
| - RMB | | | <u>140,148,195</u> | Credited |
| Sub-total | | | <u>1,492,581,945</u> | |
| Foreign currency bank loans | | | | |
| - USD | 83,382,510 | 6.3757 | 531,621,869 | Credited |
| - JPY | 863,548,156 | 0.0554 | <u>47,853,518</u> | Credited |
| Sub-total | | | <u>579,475,387</u> | |
| Total | | | <u>2,072,057,332</u> | |

As at 31 December 2022, no short-term loan was past due (2021: Nil).

22 Bills payable

| | <i>31 December 2022</i> | <i>31 December 2021</i> |
|-----------------------------|-----------------------------|-----------------------------|
| Bank acceptance bills | 847,418,525 | 663,001,350 |
| Commercial acceptance bills | <u>22,803,013</u> | <u>164,956,681</u> |
| Total | <u>870,221,538</u> | <u>827,958,031</u> |

There is no due but unpaid bill payable at the end of the year. The bills above are all due within one year.

23 Accounts payable

(1) The Group's accounts payable by category are as follows:

| | <i>31 December 2022</i> | <i>31 December 2021</i> |
|-----------------------------|------------------------------|------------------------------|
| Payables to related parties | 179,047,266 | 142,557,107 |
| Payables to third parties | <u>29,655,673,198</u> | <u>32,313,273,587</u> |
| Total | <u>29,834,720,464</u> | <u>32,455,830,694</u> |

(2) The Group's accounts payable by currency are as follows:

| | <i>2022</i> | | | <i>2021</i> | | |
|----------------------------|--|----------------------|--------------------------------|--|----------------------|--------------------------------|
| | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> |
| - RMB | | | 21,162,560,832 | | | 23,743,766,250 |
| - USD | 1,146,041,405 | 6.9646 | 7,981,719,969 | 1,093,846,298 | 6.3757 | 6,974,035,842 |
| - JPY | 9,299,005,433 | 0.0524 | 487,267,885 | 10,050,541,520 | 0.0554 | 556,800,000 |
| - Other foreign currencies | | | <u>203,171,778</u> | | | <u>1,181,228,602</u> |
| Total | | | <u>29,834,720,464</u> | | | <u>32,455,830,694</u> |

As at 31 December 2022, the Group had no significant accounts payable with ageing of more than one year.

24 Advance payments received

| <i>Item</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|-------------------------------|-----------------------------|-----------------------------|
| Advances from related parties | 188,623 | 961,806 |
| Advances from third parties | <u>79,660,354</u> | <u>145,178,278</u> |
| Total | <u>79,848,977</u> | <u>146,140,084</u> |

25 Contract liabilities

| <i>Item</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|---------------|-----------------------------|-----------------------------|
| Sale of goods | <u>2,411,717,792</u> | <u>3,765,081,554</u> |

Contract liabilities primarily relate to the Group's advances from goods purchase and sale contracts. The Group receives a certain proportion of advances as agreed in contract when entering into the contract with customers. The revenue related to the contracts will be recognised until the Group satisfies its performance obligation.

Significant changes in the contract liabilities of the Group are as follows:

| | <i>2022 RMB</i> |
|---|----------------------|
| Balance at the beginning of the year | 3,765,081,554 |
| Revenue recognised that was included in the contract liability balance at the beginning of year | (3,578,825,023) |
| Increase of contract liabilities due to cash received at the end of the year | <u>2,225,461,261</u> |
| Balance at the end of the year | <u>2,411,717,792</u> |

26 Employee benefits payable

(1) Employee benefits payable:

| | Note | Balance at 1 January 2022 | Accrued during the year | Decrease during the year | Balance at 31 December 2022 |
|--|------|------------------------------|----------------------------|-----------------------------|-----------------------------------|
| Short-term employee benefits | (2) | 5,098,605,495 | 16,306,120,923 | (18,748,357,070) | 2,656,369,348 |
| Post-employment benefits - defined contribution plans | (3) | 34,235,855 | 1,643,219,063 | (1,619,403,086) | 58,051,832 |
| Termination benefits | | 313,887 | 125,276,407 | (21,478,651) | 104,111,643 |
| Total | | 5,133,155,237 | 18,074,616,393 | (20,389,238,807) | 2,818,532,823 |

| | Note | Balance at 1 January 2021 | Accrued during the year | Decrease during the year | Balance at 31 December 2021 |
|--|------|------------------------------|----------------------------|-----------------------------|-----------------------------------|
| Short-term employee benefits | (2) | 3,733,572,462 | 18,689,911,958 | (17,324,878,925) | 5,098,605,495 |
| Post-employment benefits - defined contribution plans | (3) | 21,628,033 | 1,142,227,556 | (1,129,619,734) | 34,235,855 |
| Termination benefits | | 3,423,302 | 26,091,251 | (29,200,666) | 313,887 |
| Total | | 3,758,623,797 | 19,858,230,765 | (18,483,699,325) | 5,133,155,237 |

(2) Short-term employee benefits

| | | Balance at 1 January 2022 | Accrued during the year | Decrease during the year | Balance at 31 December 2022 |
|---|--|------------------------------|----------------------------|-----------------------------|-----------------------------------|
| Salaries, bonuses, allowances | | 4,304,276,089 | 12,995,283,767 | (15,610,071,500) | 1,689,488,356 |
| Staff welfare | | - | 1,212,939,702 | (1,212,939,702) | - |
| Social insurance | | 43,095,684 | 780,825,248 | (778,894,329) | 45,026,603 |
| Medical insurance | | 38,317,039 | 720,094,785 | (718,045,022) | 40,366,802 |
| Work-related injury insurance | | 2,583,340 | 44,668,965 | (44,821,987) | 2,430,318 |
| Maternity insurance | | 2,195,305 | 16,061,498 | (16,027,320) | 2,229,483 |
| Housing fund | | 33,089,973 | 946,098,096 | (949,389,930) | 29,798,139 |
| Labour union fee, staff and workers' education fee | | 697,018,542 | 370,534,929 | (196,078,722) | 871,474,749 |
| Staff bonus and welfare fund | | 20,553,209 | - | - | 20,553,209 |
| Other short-term employee benefits | | 571,998 | 439,181 | (982,887) | 28,292 |
| Total | | 5,098,605,495 | 16,306,120,923 | (18,748,357,070) | 2,656,369,348 |

| | <i>Balance at 1 January 2021</i> | <i>Accrued during the year</i> | <i>Decrease during the year</i> | <i>Balance at 31 December 2021</i> |
|---|--------------------------------------|------------------------------------|-------------------------------------|--|
| Salaries, bonuses, allowances | 3,184,794,255 | 15,851,656,348 | (14,732,174,514) | 4,304,276,089 |
| Staff welfare | - | 1,087,174,457 | (1,087,174,457) | - |
| Social insurance | 32,667,412 | 612,771,541 | (602,343,269) | 43,095,684 |
| Medical insurance | 29,551,408 | 563,695,980 | (554,930,349) | 38,317,039 |
| Work-related injury insurance | 1,614,132 | 32,393,361 | (31,424,153) | 2,583,340 |
| Maternity insurance | 1,501,872 | 16,682,200 | (15,988,767) | 2,195,305 |
| Housing fund | 27,141,059 | 679,488,225 | (673,539,311) | 33,089,973 |
| Labour union fee, staff and workers' education fee | 467,724,919 | 445,370,010 | (216,076,387) | 697,018,542 |
| Staff bonus and welfare fund | 20,553,209 | - | - | 20,553,209 |
| Other short-term employee benefits | 691,608 | 13,451,377 | (13,570,987) | 571,998 |
| Total | 3,733,572,462 | 18,689,911,958 | (17,324,878,925) | 5,098,605,495 |

(3) Post-employment benefits - defined contribution plans

| | <i>Balance at 1 January 2022</i> | <i>Accrued during the year</i> | <i>Decrease during the year</i> | <i>Balance at 31 December 2022</i> |
|-------------------------|--------------------------------------|------------------------------------|-------------------------------------|--|
| Basic pension insurance | 30,284,940 | 1,408,163,207 | (1,401,435,524) | 37,012,623 |
| Unemployment insurance | 906,583 | 45,871,870 | (45,457,632) | 1,320,821 |
| Annuity | 3,044,332 | 189,183,986 | (172,509,930) | 19,718,388 |
| Total | 34,235,855 | 1,643,219,063 | (1,619,403,086) | 58,051,832 |

| | <i>Balance at 1 January 2021</i> | <i>Accrued during the year</i> | <i>Decrease during the year</i> | <i>Balance at 31 December 2021</i> |
|-------------------------|--------------------------------------|------------------------------------|-------------------------------------|--|
| Basic pension insurance | 19,052,829 | 1,055,978,182 | (1,044,746,071) | 30,284,940 |
| Unemployment insurance | 1,110,934 | 38,192,020 | (38,396,371) | 906,583 |
| Annuity | 1,464,270 | 48,057,354 | (46,477,292) | 3,044,332 |
| Total | 21,628,033 | 1,142,227,556 | (1,129,619,734) | 34,235,855 |

| | | | | |
|----|---|------|-----------------------|-----------------------|
| 27 | Taxes payable | | 2022 | 2021 |
| | Value-added tax | | 142,337,422 | 101,448,944 |
| | Corporate income tax | | 287,859,236 | 1,266,575,648 |
| | Individual income tax | | 48,228,934 | 58,763,365 |
| | City construction tax | | 428,525,949 | 383,455,432 |
| | Education surcharges and local education surcharges | | 306,515,854 | 274,382,851 |
| | Others | | <u>117,933,793</u> | <u>115,623,065</u> |
| | Total | | <u>1,331,401,188</u> | <u>2,200,249,305</u> |
| 28 | Other payables | | | |
| | | | 31 December | 31 December |
| | | Note | 2022 | 2021 |
| | Interest payable | | 151,200 | 126,701 |
| | Dividends payable | | 6,410,514 | 6,561,972 |
| | Others | (1) | <u>19,625,661,555</u> | <u>23,828,686,269</u> |
| | Total | | <u>19,632,223,269</u> | <u>23,835,374,942</u> |

(1) Others

(a) The Group's other payables by category are as follows:

| | <i>Note</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|--|-------------|-----------------------------|-----------------------------|
| Projects and equipment | | 13,185,841,311 | 16,494,274,603 |
| Fund transaction (Note) | | 3,130,038,067 | 3,077,116,568 |
| Deferred VAT for imported equipment | | 196,440,706 | 927,825,520 |
| Repurchase obligation of restricted shares | V.39 | 753,440,228 | 835,215,390 |
| Accrued water and electricity charges and freight | | 407,770,818 | 348,955,956 |
| Security and deposits | | 505,702,125 | 537,788,828 |
| External agency fee | | 172,851,477 | 193,251,964 |
| Others | | <u>1,273,576,823</u> | <u>1,414,257,440</u> |
| Total | | <u>19,625,661,555</u> | <u>23,828,686,269</u> |

The Group's significant other payables aged over one year are payables of projects and equipment.

Note: The other payables by the Group as at 31 December 2022 are amounts and interests due to original controlling shareholders of Nanjing Display Technology and Chengdu Display Sci-tech acquired in 2020, with interest rates of 2.175% and 0%.

(b) The Group's other payables by currency are as follows:

| | <i>31 December 2022</i> | | | <i>31 December 2021</i> | | |
|--------------------------|--|----------------------|--------------------------------|--|----------------------|--------------------------------|
| | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> |
| RMB | | | 13,336,886,237 | | | 16,157,489,471 |
| USD | 736,000,871 | 6.9646 | 5,125,951,666 | 857,826,112 | 6.3757 | 5,469,241,942 |
| JPY | 18,492,932,844 | 0.0524 | 969,029,681 | 38,321,236,336 | 0.0554 | 2,122,996,493 |
| Other foreign currencies | | | <u>193,793,971</u> | | | <u>78,958,363</u> |
| Total | | | <u>19,625,661,555</u> | | | <u>23,828,686,269</u> |

29 Non-current liabilities due within one year

As at 31 December, the non-current liabilities due within one year for the Group were long-term loans due within one year, lease liabilities, long-term payables and contribution of non-controlling interests with redemption provisions.

| <i>31 December 2022</i> | | | | | |
|--|-------------|------------------------------------|----------------------|----------------------------|--|
| | <i>Note</i> | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> | <i>Credited/ collateralised/ guaranteed/ pledged</i> |
| Bank loans | | | | | |
| - RMB | | | | 117,008,022 | Pledged |
| - RMB | | | | 11,356,508,048 | Collateralised |
| - RMB | | | | 94,144,290 | Guaranteed |
| - RMB | | | | 5,528,984,741 | Credited |
| - USD | | 694,159,756 | 6.9646 | <u>4,834,545,037</u> | Collateralised |
| Sub-total | | | | 21,931,190,138 | |
| Long-term payables | V.33 | | | 143,117,840 | |
| Lease liabilities | V.60 | | | 118,302,766 | |
| Contribution of non-controlling interests with redemption provisions | V.35 | | | <u>511,140,000</u> | |
| Total | | | | <u>22,703,750,744</u> | |

| <i>31 December 2021</i> | | | | | |
|---|-------------|------------------------------------|----------------------|----------------------------|--|
| | <i>Note</i> | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> | <i>Credited/ collateralised/ guaranteed/ pledged</i> |
| Bank loans | | | | | |
| - RMB | | | | 27,993,413 | Pledged |
| - RMB | | | | 7,544,963,177 | Collateralised |
| - RMB | | | | 1,718,446 | Guaranteed |
| - RMB | | | | 11,614,011,025 | Credited |
| - USD | | 1,136,473,175 | 6.3757 | 7,245,812,022 | Collateralised |
| - USD | | 63,796,480 | 6.3757 | 406,747,218 | Guaranteed |
| - EUR | | 141,129,872 | 7.2197 | 1,018,915,337 | Credited |
| - EUR | | 6,605,651 | 7.2197 | <u>47,690,819</u> | Pledged |
| Sub-total | | | | 27,907,851,457 | |
| Long-term payables | V.33 | | | 520,546,343 | |
| Lease liabilities | V.60 | | | 92,788,055 | |
| Contributions of non-controlling interests with redemption provisions | V.35 | | | <u>353,772,859</u> | |
| Total | | | | <u>28,874,958,714</u> | |

30 Other current liabilities

| <i>Item</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|---------------------|-----------------------------|-----------------------------|
| Warranty provisions | 3,368,859,501 | 3,595,808,261 |
| Refund liability | 101,672,253 | 141,997,964 |
| Pending output VAT | 139,462,782 | 216,565,073 |
| Others | <u>3,973,137</u> | <u>97,161,211</u> |
| Total | <u>3,613,967,673</u> | <u>4,051,532,509</u> |

The other current liabilities of the Group were warranty provision. The warranty provision mainly relates to the expected after-sales repair warranty to the customers. The provision is estimated by the Management, based on historical claim experience and current actual sales outcomes.

31 Long-term loans

| <i>31 December 2022</i> | | | | | |
|--|-------------|--|----------------------|--------------------------------|--|
| | <i>Note</i> | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> | <i>Credited/ collateralised/ guaranteed/ pledged</i> |
| Bank loans | | | | | |
| - RMB | | | | 1,058,900,427 | Pledged |
| - RMB | | | | 49,363,519,760 | Collateralised |
| - RMB | | | | 4,326,076,807 | Guaranteed |
| - RMB | | | | 58,386,326,488 | Credited |
| - USD | | 4,586,027,388 | 6.9646 | 31,939,846,346 | Collateralised |
| Less: Long-term loans due within one year | V.29 | | | <u>21,931,190,138</u> | |
| Total | | | | <u>123,143,479,690</u> | |

31 December 2021

| | <i>Note</i> | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> | <i>Credited/ collateralised/ guaranteed/ pledged</i> |
|--|-------------|--|----------------------|--------------------------------|--|
| Bank loans | | | | | |
| - RMB | | | | 537,167,163 | Pledged |
| - RMB | | | | 54,546,276,790 | Collateralised |
| - RMB | | | | 3,703,662,752 | Guaranteed |
| - RMB | | | | 46,573,377,423 | Credited |
| - USD | | 5,747,119,917 | 6.3757 | 36,641,912,455 | Collateralised |
| - USD | | 101,494,400 | 6.3757 | 647,097,846 | Guaranteed |
| - EUR | | 12,407,013 | 7.2197 | 89,574,912 | Pledged |
| - EUR | | 172,784,008 | 7.2197 | 1,247,448,703 | Credited |
| Less: Long-term loans due within one year | V.29 | | | <u>27,907,851,457</u> | |
| Total | | | | <u>116,078,666,587</u> | |

32 Debentures payable

(1) Debentures payable

| <i>Item</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|--|-----------------------------|-----------------------------|
| Debentures payable | - | 359,586,437 |
| Less: Debentures payable due within one year | <u>-</u> | <u>-</u> |
| Total | <u>-</u> | <u>359,586,437</u> |

(2) The movements of debenture payable:

| <i>Debenture</i> | <i>Face value</i> | <i>Issuance date</i> | <i>Maturity period</i> | <i>Issuance amount</i> | <i>Balance at the beginning of the year</i> | <i>Increase during the year</i> | <i>Interest at face value</i> | <i>Amortisation of discounts or premium</i> | <i>Decrease due to disposal of subsidiaries</i> | <i>Translation differences</i> | <i>Balance at the end of the year</i> |
|------------------|-------------------|----------------------|------------------------|------------------------|---|---------------------------------|-------------------------------|---|---|--------------------------------|---------------------------------------|
| Euro PP | EUR 10,000,000 | 2016.12.29 | 7 years | EUR 10,000,000 | 71,955,154 | - | 2,268,020 | 95,736 | (76,355,057) | 2,036,147 | - |
| Euro PP | EUR 30,000,000 | 2017.03.29 | 6 years | EUR 30,000,000 | 216,118,687 | - | 6,804,060 | 353,720 | (229,394,798) | 6,118,331 | - |
| Euro PP | EUR 10,000,000 | 2019.07.22 | 6 years | EUR 10,000,000 | 71,512,596 | - | 2,948,426 | 158,190 | (76,678,281) | 2,059,069 | - |
| Total | | | | | <u>359,586,437</u> | <u>-</u> | <u>12,020,506</u> | <u>607,646</u> | <u>(382,428,136)</u> | <u>10,213,547</u> | <u>-</u> |

SES Imagotag SA Co., Ltd. ("SES") issued two private placement bonds with a total face value of Euro 40 million to institutional investors on 29 December 2016 and 29 March 2017. The coupon rate of the bonds is 3.50% and the maturity date is 29 December 2023. Interest payments are made annually and the principle amount will be paid when the bonds become due.

SES issued a private placement bond with a total face value of Euro 10 million to institutional investors on 22 July 2019. The coupon rate of the bond is 4.55% and the maturity date is 22 July 2025. Interest payments are made annually, and the principle amount will be paid when the bond becomes due.

33 Long-term payables

| <i>Item</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|--|-----------------------------|-----------------------------|
| Obligations under finance leases | 372,704,917 | 1,427,139,181 |
| Less: Obligations under finance leases due within one year | <u>143,117,840</u> | <u>520,546,343</u> |
| Total | <u><u>229,587,077</u></u> | <u><u>906,592,838</u></u> |

As at 31 December 2022, the Group sold and leased back some of its machinery and equipment and construction in progress. Since asset sales and lease transactions are interrelated, and it is almost certain that they will be repurchased after the lease term expires, the Group conducts accounting treatment according to mortgage loans and presents them as long-term payables.

34 Deferred income

| <i>Item</i> | <i>Balance at the beginning of the year</i> | <i>Additions during the year</i> | <i>Amounts recognised in other income</i> | <i>Other changes</i> | <i>Balance at the end of the year</i> |
|-------------------|---|--------------------------------------|---|----------------------------|---|
| Related to assets | 3,865,273,297 | 704,986,506 | (739,587,184) | (32,283,470) | 3,798,389,149 |
| Related to income | <u>2,550,816,314</u> | <u>2,610,333,056</u> | <u>(3,781,917,899)</u> | <u>(21,273,288)</u> | <u>1,357,958,183</u> |
| Total | <u><u>6,416,089,611</u></u> | <u><u>3,315,319,562</u></u> | <u><u>(4,521,505,083)</u></u> | <u><u>(53,556,758)</u></u> | <u><u>5,156,347,332</u></u> |

35 Other non-current liabilities

| <i>Item</i> | <i>Note</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|--|-------------|-----------------------------|-----------------------------|
| Contribution of non-controlling interests with redemption provisions | (1) | 2,499,075,805 | 3,020,160,654 |
| Deferred VAT for imported equipment | | - | 479,505,410 |
| Others | | <u>-</u> | <u>36,143,812</u> |
| Total | | <u><u>2,499,075,805</u></u> | <u><u>3,535,809,876</u></u> |

(1) Contribution of non-controlling interests with redemption provisions

The contribution of non-controlling interests with redemption provisions is mainly due to the redemption obligation of the Company to the non-controlling interests of Fuzhou BOE. The Company recognises the above non-controlling interests contribution as a financial liability which is subsequently measured at the cost of amortisation.

The Company has an obligation to repurchase part of the equity of non-controlling interests of its subsidiary Fuzhou BOE on 29 September 2023, with the repurchase principal of RMB 500,000,000, and the Company recognised the principal and interest of the financial liabilities for the redemption obligation to non-current liabilities due within one year (Note V.29).

36 Share capital

| | <i>Balance at the beginning of the year</i> | <i>Changes during the year</i> | | | <i>Balance at the end of the year</i> |
|--|---|--------------------------------|--|------------------|---------------------------------------|
| | | <i>Issuance of new shares</i> | <i>Cancellation of treasury shares</i> | <i>Sub-total</i> | |
| | | Total shares | <u>38,445,746,482</u> | - | |

On 20 September 2022, the Company repurchased and cancelled 243,229,361 domestically listed foreign shares (B shares) at China Securities Depository and Clearing Corporation Limited Shenzhen Branch. After the repurchase and cancellation, the total share capital of the Company changed from 38,445,746,482 to 38,202,517,121 shares.

On 14 October 2022, the Company repurchased and cancelled 6,153,700 shares of restricted shares at China Securities Depository and Clearing Corporation Limited Shenzhen Branch. After the repurchase and cancellation, the total share capital of the Company changed from 38,202,517,121 to 38,196,363,421 shares.

37 Other equity instruments

(1) Financial instruments (including perpetual bonds) that remain outstanding at the end of the year are set out as follows:

| <i>Outstanding financial instruments</i> | <i>Issuance date</i> | <i>Accounting classification</i> | <i>Interest rate</i> | <i>Issuance price</i> | <i>Quantity</i> | <i>Amount</i> | <i>Maturity date or renewal status</i> | <i>Conditions for conversion</i> | <i>Conversion status</i> |
|--|----------------------|----------------------------------|----------------------|-----------------------|-------------------|----------------------|--|----------------------------------|--------------------------|
| 20BOEY1 | 28 February 2020 | Equity instrument | 3.64% | RMB 100/bond | 20 million | RMB 2 billion | 3+N years | Not applicable | Not applicable |
| 20BOEY2 | 19 March 2020 | Equity instrument | 3.54% | RMB 100/bond | 20 million | RMB 2 billion | 3+N years | Not applicable | Not applicable |
| 20BOEY3 | 27 April 2020 | Equity instrument | 3.50% | RMB 100/bond | 20 million | RMB 2 billion | 3+N years | Not applicable | Not applicable |
| 22BOEY1 | 25 March 2022 | Equity instrument | 3.50% | RMB 100/bond | 20 million | RMB 2 billion | 3+N years | Not applicable | Not applicable |
| Total | | | | | <u>80 million</u> | <u>RMB 8 billion</u> | | | |

(2) Major terms:

On 29 October 2019, with the approval document No. 1801 [2019] of the China Securities Regulatory Commission (“CSRC”), the Company successfully issued a renewable corporate bond to qualified investors. The full name of the bond was Renewable Corporate Bond Publicly Issued by BOE Technology Group Co., Ltd. (to qualified investors) in 2019 (the First Phase), which referred to as 19BOEY1 (“2019 bond”); on 28 February 2020, 19 March 2020 and 27 April 2020, the Company issued renewable corporate bonds to qualified investors. The full name of these bonds was Renewable Corporate Bond Publicly Issued by BOE Technology Group Co., Ltd. (to qualified investors) in 2020, which referred to as 20BOEY1, 20BOEY2, 20BOEY3 respectively (“2020 bond”); On March 25, 2022, the Company issued renewable corporate bonds to qualified investors. The full name of these bonds was Renewable Corporate Bond Publicly Issued by BOE Technology Group Co., Ltd. (digital economy) in 2022 (the First Phase), which referred to as 22BOEY1 (“2022 bond”).

Both 2019 bond, 2020 bond and 2022 bond have a base term of 3 years and take every three interest-bearing years as a period. The Company is entitled to choose to extend the maturity by 1 period at the end of the agreed base term or at the end of each extended period, or choose to fully redeem the 2019 bond, 2020 bond and 2022 bond at the end of the period. The nominal interest rate of the 2019 bond, 2020 bond and 2022 bond is fixed during the first period, and then is reset once every period. The nominal interest rate in the first period is the initial benchmark interest rate plus the initial spread, and the nominal interest rate in the subsequent period is adjusted to the current benchmark interest rate plus the initial spread and 300 basis points. Therefore, when the Company exercises the renewal option, the nominal interest rate will significantly increase, and the corresponding nominal interest will also increase sharply. The 2019 bond, 2020 bond and 2022 bond have an issuer’s right to defer the payment of interest. Unless a mandatory interest payment event occurs (including distributions to ordinary shareholders and decrease of registered capital). At each interest payment date of the bonds, the Company may choose at its discretion whether to defer the payment of the current interest as well as all the deferred interests and the yields under this term until the next interest payment date without being subjected to any limit on the number of interest deferring attempts.

The 2019 bond with a three-year issuance period will expire on 28 October 2022. The Company has decided not to exercise the bond issuer’s option to renew the bond and has paid the principal and interest of the bond in full. As at 31 December 2022, the actual issuance of the 2020 bond and 2022 bond amounted to RMB 8,000,000,000 in total, and the Company considers that the renewable corporate bonds do not meet the definition of financial liabilities, and therefore will charge the total amount of the issuance to other equity instruments after deducting underwriting fees and other transaction costs.

(3) Movement of the financial instruments (including perpetual bonds) that remain outstanding at the end of the year:

| Outstanding financial instruments | At the beginning of the year | | Additions during the year | | Decrease during the year | | Accumulated interest | | At the end of the year | |
|-----------------------------------|------------------------------|-----------------------|---------------------------|----------------------|--------------------------|------------------------|----------------------|----------------------|------------------------|----------------------|
| | Quantity | Carrying amount | Quantity | Carrying amount | Quantity | Carrying amount | Charge for the year | Paid during the year | Quantity | Carrying amount |
| 19BOEY1 | 80,000,000 | 8,014,033,565 | - | - | (80,000,000) | (7,957,047,264) | 263,013,699 | (320,000,000) | - | - |
| 20BOEY1 | 20,000,000 | 2,050,610,478 | - | - | - | - | 72,800,000 | (72,800,000) | 20,000,000 | 2,050,610,478 |
| 20BOEY2 | 20,000,000 | 2,045,184,865 | - | - | - | - | 70,800,000 | (70,800,000) | 20,000,000 | 2,045,184,865 |
| 20BOEY3 | 20,000,000 | 2,037,168,519 | - | - | - | - | 70,000,000 | (70,000,000) | 20,000,000 | 2,037,168,519 |
| 22BOEY1 | - | - | 20,000,000 | 1,989,320,755 | - | - | 54,082,191 | - | 20,000,000 | 2,043,402,946 |
| Total | 140,000,000 | 14,146,997,427 | 20,000,000 | 1,989,320,755 | (80,000,000) | (7,957,047,264) | 530,695,890 | (533,600,000) | 80,000,000 | 8,176,366,808 |

(4) Relevant information of amounts attributable to holders of equity instruments:

| | <i>31 December 2022</i> | <i>31 December 2021</i> |
|---|-----------------------------|-----------------------------|
| Attributable to shareholders of the Company | 136,089,410,395 | 143,204,240,947 |
| - Equity attributable to ordinary shareholders of the Company | 127,913,043,587 | 129,057,243,520 |
| - Equity attributable to holders of the Company's other equity instruments | 8,176,366,808 | 14,146,997,427 |
| Equity attributable to non-controlling shareholders | 65,960,886,731 | 74,174,525,569 |
| - Equity attributable to non-controlling ordinary shareholders | 65,960,886,731 | 74,174,525,569 |
| - Equity attributable to non-controlling shareholders of other equity instruments | - | - |

(5) Accrued interest on holders of other equity instruments

In 2022, as the above-mentioned issued renewable corporate bonds are cumulative other equity instruments, the Company accrued interest of RMB 530,695,890 on renewable corporate bonds from undistributed profits and paid interest of RMB 533,600,000 on renewable corporate bonds.

38 Capital reserve

| <i>Item</i> | <i>Note</i> | <i>Share premium</i> | <i>Other capital reserves</i> | <i>Total</i> |
|--|-------------|-----------------------|-------------------------------|-----------------------|
| Balance at the beginning of the year | | 53,380,787,828 | 536,821,266 | 53,917,609,094 |
| Add: Changes in shareholding ratio of subsidiaries | | 1,135,268,806 | - | 1,135,268,806 |
| Equity-settled share-based payment | XI | - | 654,336,707 | 654,336,707 |
| Other movements in equity of associates | V.10 | - | 274,685,689 | 274,685,689 |
| Cancellation of treasury shares | | (641,811,942) | - | (641,811,942) |
| Others | | <u>(42,952,736)</u> | <u>(78,631,226)</u> | <u>(121,583,962)</u> |
| Balance at the end of the year | | <u>53,831,291,956</u> | <u>1,387,212,436</u> | <u>55,218,504,392</u> |

39 Treasury shares

| <i>Item</i> | <i>Balance at the beginning of the year</i> | <i>Additions during the year</i> | <i>Reductions during the year</i> | <i>Balance at the end of the year</i> |
|-----------------|---|----------------------------------|-----------------------------------|---------------------------------------|
| Treasury shares | <u>3,415,768,207</u> | <u>1,048,154,539</u> | <u>(955,720,835)</u> | <u>3,508,201,911</u> |

According to the *Proposal of Repurchase of Certain Domestically Listed Foreign Shares (B shares) by the Company* deliberated on an item-by-item basis and adopted in the 39th meeting of the ninth session of the Board of Directors held on 30 March 2022 and the 2021 annual general meeting of shareholders held on 28 April 2022, the Company repurchased its shares through centralised price bidding transactions with a designated securities account for repurchase. The Company has repurchased the first batch of shares on 27 June 2022. By the delivery date 2 September 2022, the Company repurchased 243,229,361 B shares in total by paying total consideration of RMB 856,052,540. On 20 September 2022, the Company completed the repurchase and cancellation procedures at China Securities Depository and Clearing Corporation Limited Shenzhen Branch. The shortfall between the cancelled treasury shares and the share capital of RMB 612,823,179 is deducted from Capital reserve - Share premium.

According to the *Proposal of Repurchase of Certain Public Shares by the Company* deliberated and adopted in the thirty-first meeting of the ninth session of the Board of Directors meeting held on 27 August 2021, the Company is allowed to use its own funds to repurchase certain of its shares through centralised price bidding transactions. The Company repurchased the shares for the first time on 2 September 2021. The Company has repurchased its shares by centralised price bidding transactions with a designated securities account for repurchase during 2022. The Company repurchased 39,580,919 A shares in total by paying total consideration of RMB 192,101,999.

According to the *Proposal of Repurchase and Cancellation of Certain Restricted Shares by the Company* deliberated and adopted in the fifth meeting of the tenth session of the Board of Directors meeting held on 26 August 2022, the Company completed repurchase and cancellation of 6,153,700 restricted shares before 14 October 2022 at an average repurchased price of RMB 5.71/share. The corresponding reduction of the treasury shares are RMB 35,142,463, the shortfall between the cancelled treasury shares and the share capital of RMB 28,988,763 is deducted against Capital reserve—Share premium.

In 2022, the Company recognised RMB 64,525,832 of restricted share dividends against Other payables—the Repurchased obligation of restricted shares (Note V. 28) and Treasury shares.

40 Other comprehensive income

| Item | Balance at the end of previous year attributable to shareholders of the Company | Movements during the year | | | | | | Balance at the end of the year attributable to shareholders of the Company |
|---|---|---------------------------|---------------------------|--|---|---|---|--|
| | | Before-tax amount | Less: Income tax expenses | Less: Amount transferred from other comprehensive income to profit or loss | Net-of-tax amount attributable to shareholders of the Company | Net-of-tax amount attributable to non-controlling interests | Less: Transfer of other comprehensive income to retained earnings | |
| Items that will not be reclassified to profit or loss | 34,424,335 | (133,368,736) | (453,661) | - | (132,915,075) | - | 22,781,941 | (121,272,681) |
| Including: Other comprehensive income recognised under equity method | 207,633,206 | (53,367,649) | - | - | (53,367,649) | - | 32,873,780 | 121,391,777 |
| Changes in fair value of investments in other equity instruments | (173,208,871) | (80,001,087) | (453,661) | - | (79,547,426) | - | (10,091,839) | (242,664,458) |
| Items that may be reclassified to profit or loss | 79,126,812 | (1,011,198,322) | - | 13,903,395 | (1,031,622,161) | 6,520,444 | - | (952,495,349) |
| Including: Other comprehensive income recognised under equity method | (284,718) | 63,317 | - | (64,550) | 127,867 | - | - | (156,851) |
| Translation differences arising from translation of foreign currency financial statements | 79,411,530 | (1,011,261,639) | - | 13,967,945 | (1,031,750,028) | 6,520,444 | - | (952,338,498) |
| Total | 113,551,147 | (1,144,567,058) | (453,661) | 13,903,395 | (1,164,537,236) | 6,520,444 | 22,781,941 | (1,073,768,030) |

41 Surplus reserve

| <i>Item</i> | <i>Balance at the beginning of the year</i> | <i>Additions during the year</i> | <i>Others changes during the year</i> | <i>Balance at the end of the year</i> |
|-------------------------------|---|----------------------------------|---------------------------------------|---------------------------------------|
| Statutory surplus reserve | 2,599,918,896 | 348,186,351 | 3,287,378 | 2,951,392,625 |
| Discretionary surplus reserve | 289,671,309 | - | - | 289,671,309 |
| Total | <u>2,889,590,205</u> | <u>348,186,351</u> | <u>3,287,378</u> | <u>3,241,063,934</u> |

42 Retained earnings

| <i>Item</i> | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|--|-------------|-----------------------|-----------------------|
| Retained earnings at the beginning of the year (before adjustment) | | 37,106,514,799 | 15,509,794,622 |
| Total adjustments for opening retained earnings (“+” for increase; “-” for decrease) | | - | 35,577,201 |
| Retained earnings at the beginning of the year (after adjustment) | | 37,106,514,799 | 15,545,371,823 |
| Add: Net profits for the year attributable to shareholders of the Company | | 7,550,877,790 | 25,960,751,646 |
| Less: Appropriation for statutory surplus reserve | | 348,186,351 | 439,649,657 |
| Interest on holders of other equity instruments | V.37 | 530,695,890 | 533,600,000 |
| Dividends to ordinary shares | | 7,958,923,130 | 3,476,073,919 |
| Transfer of other comprehensive income to retained earnings | (a) | (19,494,563) | (49,714,906) |
| Retained earnings at the end of the year | | <u>35,839,081,781</u> | <u>37,106,514,799</u> |

According to the Annual Shareholders’ Meeting for 2021 held on 28 April 2022, the Company distributed cash dividends to shareholders of A shares and B shares on 30 May 2022 (A shares) and 1 June 2022 (B shares), with RMB 2.1 (2021: RMB 1) every 10 shares and a profit distribution amount of RMB 7,961,342,043. Considering the turnover rate, the corresponding dividends of the expected non-exercisable portions of restricted shares are RMB 2,418,913 with a profit distribution of RMB 7,958,923,130 (2021: RMB 3,476,073,919).

As at 31 December 2022, the consolidated retained earnings attributable to the Company included appropriation to surplus reserves made by the Company’s subsidiaries amounting to RMB 6,206,465,315 (2021: RMB 5,488,720,290).

- (a) The amounts both transferred from other comprehensive income to retained earnings which is associates’ gains from disposal of other equity instrument investments included in retained earnings and changes in the fair value of other equity instrument investments are carried out to retained earnings in 2022 are RMB 19,494,563 (2021: RMB 49,714,906).

43 Operating income and operating costs

| Item | 2022 | | 2021 | |
|--|------------------------|------------------------|------------------------|------------------------|
| | Income | Cost | Income | Cost |
| Principal activities | 174,113,214,324 | 154,442,890,090 | 217,251,896,977 | 155,258,379,475 |
| Other operating activities | <u>4,300,516,855</u> | <u>3,087,676,062</u> | <u>3,783,821,035</u> | <u>2,040,446,306</u> |
| Total | <u>178,413,731,179</u> | <u>157,530,566,152</u> | <u>221,035,718,012</u> | <u>157,298,825,781</u> |
| Including: Revenue from contracts with customers | 177,667,655,331 | 157,352,470,042 | 220,166,407,207 | 157,114,068,547 |
| Other income - Leases | 746,075,848 | 178,096,110 | 869,310,805 | 184,757,234 |

Information on income of principal activities has been included in Note XIV.

Revenue and the related costs of the Group's sales before intended use are as follows:

Relating to ordinary activities:

| | 2022 | 2021 |
|------------------|---------------|---------------|
| Operating income | 1,407,856,936 | 1,725,918,507 |
| Operating costs | 1,514,976,278 | 1,313,600,486 |

44 Taxes and surcharges

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Property tax | 561,061,660 | 502,150,698 |
| City maintenance and construction tax | 268,999,607 | 386,889,711 |
| Education surcharges and local education surcharges | 193,572,818 | 278,848,244 |
| Stamp duty | 167,033,833 | 168,092,921 |
| Land use tax | 50,378,527 | 49,797,281 |
| Others | <u>34,124,894</u> | <u>38,426,971</u> |
| Total | <u>1,275,171,339</u> | <u>1,424,205,826</u> |

| | | | |
|----|-------------------------------------|-----------------------|-----------------------|
| 45 | Selling and distribution expenses | | |
| | | <i>2022</i> | <i>2021</i> |
| | Warranty provisions | 2,390,095,031 | 3,417,085,420 |
| | Staff costs | 1,112,021,277 | 1,350,848,641 |
| | Share-based payments | 97,853,078 | 75,191,185 |
| | Others | <u>633,320,911</u> | <u>641,464,732</u> |
| | Total | <u>4,233,290,297</u> | <u>5,484,589,978</u> |
| 46 | General and administrative expenses | | |
| | | <i>2022</i> | <i>2021</i> |
| | Staff costs | 3,251,030,370 | 3,810,075,453 |
| | Repair expense | 68,934,663 | 94,713,646 |
| | Depreciation and amortisation | 971,573,303 | 931,978,993 |
| | Share-based payments | 238,162,832 | 218,406,816 |
| | Others | <u>1,717,935,838</u> | <u>1,638,198,681</u> |
| | Total | <u>6,247,637,006</u> | <u>6,693,373,589</u> |
| 47 | Research and development expenses | | |
| | | <i>2022</i> | <i>2021</i> |
| | Staff costs | 4,601,448,025 | 5,065,671,981 |
| | Material expenses | 1,907,254,468 | 1,678,488,408 |
| | Depreciation and amortisation | 2,000,893,037 | 1,913,242,133 |
| | Share-based payments | 269,690,937 | 241,880,815 |
| | Others | <u>2,321,482,210</u> | <u>1,717,142,990</u> |
| | Total | <u>11,100,768,677</u> | <u>10,616,426,327</u> |

48 Financial expenses

| | 2022 | 2021 |
|------------------------------------|---------------------------------|---------------------------------|
| Interest expenses from loans | 4,033,749,371 | 5,219,339,546 |
| Less: Borrowing costs capitalised | 461,537,933 | 352,561,213 |
| Interest income from bank deposits | (1,483,022,892) | (1,050,431,325) |
| Exchange losses / (gains) | 258,458,498 | (248,019,022) |
| Other financial expenses | <u>97,483,531</u> | <u>114,051,216</u> |
| Total | <u><u>2,445,130,575</u></u> | <u><u>3,682,379,202</u></u> |

The interest rate per annum, at which the borrowing costs were capitalised by the Group, was 3.25% - 4.25% (2021: 0.76% - 3.24%) for the year.

49 Other income

| | 2022 | 2021 |
|-------------------------------------|---------------------------------|---------------------------------|
| Government grants related to assets | 739,587,184 | 507,320,798 |
| Government grants related to income | 4,717,326,643 | 1,567,752,188 |
| Others | <u>28,615,497</u> | <u>17,692,742</u> |
| Total | <u><u>5,485,529,324</u></u> | <u><u>2,092,765,728</u></u> |

The amount of government subsidies related to income received by the Group in 2022 and directly included in other income was RMB 935,408,744.

| | | | | | |
|----|--|------|-------------|-----------------------------|-----------------------------|
| 50 | Investment income | | <i>Note</i> | <i>2022</i> | <i>2021</i> |
| | Income from long-term equity investments accounted for using the equity method | V.10 | | 528,103,680 | 1,245,036,895 |
| | Investment income from disposal of long-term equity investments | VI.1 | | 829,872,568 | 37,327,797 |
| | Dividend income from investments in other equity instruments | V.11 | | 35,354,468 | 24,695,749 |
| | Including: Dividend income from investments in other equity instruments held at the balance sheet date | | | 35,354,468 | 24,695,749 |
| | Investment income from disposal of financial assets held for trading | | | 116,153,975 | 36,689,179 |
| | Investment income from disposal of debt investments | | | - | 3,739,725 |
| | Gains from remeasurement of remaining equity interests to fair value upon loss of control | VI.1 | | 4,266,631,856 | - |
| | Others | | | <u>318,151,337</u> | <u>-</u> |
| | Total | | | <u><u>6,094,267,884</u></u> | <u><u>1,347,489,345</u></u> |
| 51 | Gains from changes in fair value | | | | |
| | <i>Item</i> | | | <i>2022</i> | <i>2021</i> |
| | Financial assets held for trading | | | <u>159,344,584</u> | <u>84,966,963</u> |
| 52 | Credit losses | | | | |
| | <i>Item</i> | | | <i>2022</i> | <i>2021</i> |
| | Accounts receivable | | | 49,897,296 | 28,250,160 |
| | Other receivables | | | <u>1,679,930</u> | <u>159,709</u> |
| | Total | | | <u><u>51,577,226</u></u> | <u><u>28,409,869</u></u> |

53 Impairment losses

| | 2022 | 2021 |
|---|--------------------------|--------------------------|
| Impairment losses of inventories | 6,975,372,718 | 3,437,630,440 |
| Impairment losses of fixed assets | 143,071,492 | 675,831,912 |
| Impairment losses of construction in progress | 29,768,263 | 83,037,514 |
| Impairment losses of long-term equity investments | 8,503,403 | 2,009,770 |
| Impairment losses of goodwill | <u>147,755,754</u> | <u>279,742,216</u> |
| Total | <u>7,304,471,630</u> | <u>4,478,251,852</u> |

54 Gains from asset disposals

| <i>Item</i> | 2022 | 2021 | <i>Amount recognised in extraordinary gain and loss in 2022</i> |
|--|-----------------------|------------------------|---|
| Gains from the disposal of assets held for sale | - | 156,565,635 | - |
| Gains / (losses) from disposal of fixed assets | 7,963,317 | (4,596,757) | 7,963,317 |
| Gains from disposal of intangible assets | - | 29,726 | - |
| Losses from disposal of construction in progress | - | (94,570) | - |
| Gains from disposal of right-of-use assets | <u>3,002,239</u> | <u>1,601,757</u> | <u>3,002,239</u> |
| Total | <u>10,965,556</u> | <u>153,505,791</u> | <u>10,965,556</u> |

55 Non-operating income and non-operating expenses

(1) Non-operating income by item is as follows:

| <i>Item</i> | <i>2022</i> | <i>2021</i> | <i>Amount recognised in extraordinary gain and loss in 2022</i> |
|-------------------|--------------------|--------------------|---|
| Government grants | 1,751,445 | 2,464,320 | 1,751,445 |
| Others | <u>161,491,412</u> | <u>129,143,626</u> | <u>161,491,412</u> |
| Total | <u>163,242,857</u> | <u>131,607,946</u> | <u>163,242,857</u> |

Government grants recognised in profit or loss for the current period

| <i>Item</i> | <i>2022</i> | <i>2021</i> |
|------------------------------|------------------|------------------|
| Policy incentives and others | <u>1,751,445</u> | <u>2,464,320</u> |

(2) Non-operating expenses

| | <i>2022</i> | <i>2021</i> | <i>Amount recognised in extraordinary gain and loss in 2022</i> |
|---|-------------------|-------------------|---|
| Donations provided | 28,491,697 | 4,901,023 | 28,491,697 |
| Losses from scrapping of non-current assets | 17,322,542 | 18,096,305 | 17,322,542 |
| Others | <u>41,435,304</u> | <u>32,217,774</u> | <u>41,435,304</u> |
| Total | <u>87,249,543</u> | <u>55,215,102</u> | <u>87,249,543</u> |

56 Income tax expenses

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|--|-------------|-----------------------------|-----------------------------|
| Current tax expense based on tax law and regulations | | 1,675,605,623 | 4,072,640,975 |
| Changes in deferred tax assets/liabilities | (1) | <u>112,788,484</u> | <u>115,330,429</u> |
| Total | | <u>1,788,394,107</u> | <u>4,187,971,404</u> |
| (1) The analysis of changes in deferred tax assets/liabilities is set out below: | | | |
| | | <i>2022</i> | <i>2021</i> |
| Origination and reversal of temporary differences | | <u>112,788,484</u> | <u>115,330,429</u> |
| (2) Reconciliation between income tax expenses and accounting profit: | | | |
| | | <i>2022</i> | <i>2021</i> |
| Profit before taxation | | 51,218,939 | 35,084,376,259 |
| Expected income tax expenses at tax rate of 15% | | 7,682,841 | 5,262,656,439 |
| Add: Effect of different tax rates applied by subsidiaries | | (14,751,718) | 54,451,529 |
| Effect of non-deductible costs, expenses and losses | | 315,429,605 | 236,708,708 |
| Tax effect of weighted deduction and tax preference | | (2,652,168,644) | (1,428,917,005) |
| Utilisation of prior year tax losses | | (49,695,309) | (1,690,731,054) |
| Tax effect of deductible losses of deferred tax assets not recognised | | 4,456,877,895 | 815,217,892 |
| Tax effect of deductible temporary differences of deferred tax assets not recognised | | (274,980,563) | 1,006,609,982 |
| Effects of tax rate changes on deferred tax | | <u>-</u> | <u>(68,025,087)</u> |
| Income tax expenses | | <u>1,788,394,107</u> | <u>4,187,971,404</u> |

In accordance with the *Announcement of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology on Increasing Efforts for Pre-tax Deduction to Support Scientific and Technological Innovation* (Announcement [2022] No.28 of the Ministry of Finance and the State Taxation Administration), high-tech enterprises are allowed to deduct the full amount of equipment and appliances newly purchased during the period from 1 October 2022 to 31 December 2022 from the taxable income amount on a one-off basis in the current year and allowed to conduct 100% weighted deduction before tax.

57 Basic earnings per share and diluted earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. The Group does not have any potential dilutive ordinary shares for the listed years.

| | 2022 | 2021 |
|--|----------------|----------------|
| Consolidated net profit attributable to shareholders of the Company | 7,550,877,790 | 25,960,751,646 |
| Less: Current interest of other equity instruments | 530,695,890 | 533,600,000 |
| Less: Current dividends of restricted shareholders | 64,525,832 | 31,234,036 |
| Consolidated net profit attributable to ordinary shareholders of the Company | 6,955,656,068 | 25,395,917,610 |
| Weighted average number of ordinary shares outstanding (shares) | 37,502,641,911 | 35,704,986,088 |
| Basic earnings per share (RMB/share) | 0.19 | 0.71 |

Weighted average number of ordinary shares is calculated as follows:

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Issued ordinary shares at the beginning of the year | 37,638,356,849 | 34,448,398,830 |
| Add: Weighted average number of ordinary shares issued in current period | - | 1,330,137,380 |
| Less: Weighted average number of ordinary shares repurchased in current period | <u>135,714,938</u> | <u>73,550,122</u> |
| Weighted average number of ordinary shares at the end of the year | <u>37,502,641,911</u> | <u>35,704,986,088</u> |

58 Supplementary information on cash flow statement

(1) Supplement to cash flow statement

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| (a) Reconciliation of net (loss) / profit to cash flows from operating activities: | | |
| Net (loss) / profit | (1,737,175,168) | 30,896,404,855 |
| Add: Credit losses | 51,577,226 | 28,409,869 |
| Impairment loss | 7,304,471,630 | 4,478,251,852 |
| Depreciation of fixed assets, investment properties and right-of-use assets | 33,422,031,705 | 33,432,161,074 |
| Amortisation of intangible assets | 995,315,014 | 1,185,263,603 |
| Amortisation of long-term deferred expenses | 83,058,206 | 130,732,527 |
| Gains from disposal of fixed assets, intangible assets, and other long-term assets | (10,965,556) | (154,943,108) |
| Losses from scrapping of fixed assets and intangible assets | 15,873,895 | 18,096,305 |
| Financial expenses | 4,070,314,610 | 4,521,336,008 |
| Gains from changes in fair value | (159,344,584) | (84,966,963) |
| Investment income | (6,094,267,884) | (1,347,489,345) |
| Share-based payments | 649,427,866 | 640,692,637 |
| Change in deferred income | (1,259,742,279) | 2,177,609,983 |
| Change in deferred tax assets | 25,329,486 | 14,705,564 |
| Change in deferred tax liabilities | 136,748,088 | 100,681,820 |
| Increase in inventories | (3,360,776,944) | (13,376,494,050) |
| Decrease / (increase) in operating receivables | 7,975,232,270 | (8,905,074,070) |
| Increase in operating payables | 914,859,724 | 8,943,309,995 |
| Net cash flows from operating activities | <u>43,021,967,305</u> | <u>62,698,688,556</u> |

(b) Change in cash and cash equivalents:

| | 2022 | 2021 |
|--|-------------------------|-----------------------|
| Cash and cash equivalents at the end of the year | 64,382,037,764 | 76,623,486,083 |
| Less: Cash and cash equivalents at the beginning of the year | <u>76,623,486,083</u> | <u>68,064,736,371</u> |
| Net (decrease) / increase in cash and cash equivalents | <u>(12,241,448,319)</u> | <u>8,558,749,712</u> |

(2) Information on acquisition or disposal of subsidiaries during the current year:

Information on acquisition of subsidiaries:

| | 2022 | 2021 |
|--|----------|--------------------|
| Cash or cash equivalents paid during the year for acquiring subsidiaries during the year | - | (5,916,812) |
| Less: Cash and cash equivalents held by acquired subsidiaries | <u>-</u> | <u>(3,101,277)</u> |
| Net payment for acquisition of subsidiaries | <u>-</u> | <u>(2,815,535)</u> |

Information on disposal of subsidiaries:

| | 2022 | 2021 |
|---|--------------------|----------|
| Cash or cash equivalents received during the year for disposing of subsidiaries during the year | 1,248,072,000 | - |
| Less: Cash and cash equivalents held by acquired subsidiaries | <u>311,313,078</u> | <u>-</u> |
| Net cash received for disposing of subsidiaries | <u>936,758,922</u> | <u>-</u> |

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Cash or cash equivalents received during the year for disposing of subsidiaries during the year | - | 88,028,400 |
| Less: Cash and cash equivalents held by acquired subsidiaries | <u>144,689,766</u> | <u>248,916,397</u> |
| Net payment for disposal of subsidiaries | <u>(144,689,766)</u> | <u>(160,887,997)</u> |

(3) Details of cash and cash equivalents

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Cash on hand | 896,267 | 451,975 |
| Bank deposits available on demand | 64,378,531,680 | 76,549,790,015 |
| Other monetary funds available on demand | <u>2,609,817</u> | <u>73,244,093</u> |
| Closing balance of cash and cash equivalents | <u>64,382,037,764</u> | <u>76,623,486,083</u> |

Note: The cash and cash equivalents disclosed above do not include the interest accrued on bank deposits at the end of the period and the use of other currency funds subject to restrictions.

59 Assets with restrictive ownership titles or right of use

| <i>Item</i> | <i>Balance at the beginning of the year</i> | <i>Additions during the year</i> | <i>Decreases during the year</i> | <i>Balance at the end of the year</i> | <i>Reason for restriction</i> |
|--------------------------|---|----------------------------------|----------------------------------|---------------------------------------|---|
| Cash at bank and on hand | 4,152,705,165 | 2,382,241,772 | (2,507,588,393) | 4,027,358,544 | Mainly deposits, pledged for drawing bills payable |
| Bills receivable | 23,902,855 | 28,239,380 | (23,902,855) | 28,239,380 | Endorsed with resource and pledged for drawing bill |
| Investment properties | 41,247,205 | - | (1,529,204) | 39,718,001 | Mortgaged as collateral |
| Fixed assets | 171,435,160,686 | 2,484,511,825 | (33,500,815,134) | 140,418,857,377 | Mortgaged as collateral |
| Construction in progress | 316,234,570 | 17,494,722,323 | (15,759,854,976) | 2,051,101,917 | Mortgaged as collateral |
| Intangible assets | <u>1,623,510,499</u> | <u>-</u> | <u>(162,384,713)</u> | <u>1,461,125,786</u> | Mortgaged as collateral |
| Total | <u>177,592,760,980</u> | <u>22,389,715,300</u> | <u>(51,956,075,275)</u> | <u>148,026,401,005</u> | |

60 Leases

(1) As a lessee

Right-of-use assets

| | <i>Plant & buildings</i> | <i>Equipment</i> | <i>Others</i> | <i>Total</i> |
|---|------------------------------|-------------------|--------------------|--------------------|
| Cost | | | | |
| Balance at the beginning of the year | 567,247,967 | 107,357,735 | 192,885,015 | 867,490,717 |
| Additions during the year | 229,346,204 | 15,740,262 | 5,538,270 | 250,624,736 |
| Decrease due to disposal of subsidiaries | (49,677,267) | - | - | (49,677,267) |
| Decreases during the year | (80,820,628) | (107,136,932) | - | (187,957,560) |
| Translation differences | 20,192,444 | - | - | 20,192,444 |
| Balance at the end of the year | <u>686,288,720</u> | <u>15,961,065</u> | <u>198,423,285</u> | <u>900,673,070</u> |
| Accumulated depreciation | | | | |
| Balance at the beginning of the year | 82,687,553 | 22,013,731 | 9,625,196 | 114,326,480 |
| Charge for the year | 146,686,766 | 4,393,747 | 10,482,467 | 161,562,980 |
| Decrease due to disposal of subsidiaries | (15,326,483) | - | - | (15,326,483) |
| Decreases during the year | (24,030,120) | (25,897,396) | - | (49,927,516) |
| Translation differences | 2,916,663 | - | - | 2,916,663 |
| Balance at the end of the year | <u>192,934,379</u> | <u>510,082</u> | <u>20,107,663</u> | <u>213,552,124</u> |
| Provision for impairment | | | | |
| Balance at the beginning of the year and at the end of the year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Carrying amount | | | | |
| Carrying amount at the end of the year | <u>493,354,341</u> | <u>15,450,983</u> | <u>178,315,622</u> | <u>687,120,946</u> |
| Carrying amount at the beginning of the year | <u>484,560,414</u> | <u>85,344,004</u> | <u>183,259,819</u> | <u>753,164,237</u> |

Lease liabilities

| <i>Item</i> | <i>Note</i> | <i>31 December 2022</i> | <i>1 January 2022</i> |
|---|-------------|-------------------------|-----------------------|
| Long-term lease liabilities | | 656,888,776 | 761,918,319 |
| Less: lease liabilities due within one year | V.29 | <u>118,302,766</u> | <u>92,788,055</u> |
| Total | | <u>538,586,010</u> | <u>669,130,264</u> |

In 2022, the Group, as the lessee, chooses the simplified treatment method for short-term lease expenses, low-value asset lease expenses and the amount of income obtained from sublease of right-of-use assets is not significant.

VI. Change of consolidation scope

1 Disposal of subsidiaries

Disposal of investments in subsidiaries through a single transaction resulting in loss of control

| <i>Name of enterprise</i> | <i>Disposal price</i> | <i>Shareholding being disposed (%)</i> | <i>Disposal method</i> | <i>Date of losing control</i> | <i>Basis for determining date of losing control</i> | <i>Difference between consideration received and the related share of net assets in consolidated financial statements</i> | <i>Proportion of remaining shareholding on the date of losing control</i> | <i>Carrying amount of remaining equity interests on the date of losing control</i> | <i>Fair value of remaining equity interests on the date of losing control</i> | <i>Gain or loss from remeasurement of remaining equity interests to fair value</i> | <i>Method and key assumptions for determining the fair value of remaining equity interests</i> | <i>Investment income or loss transferred from other comprehensive income related to previous equity investments in subsidiaries</i> |
|----------------------------------|-----------------------|--|--|-------------------------------|---|---|---|--|---|--|--|---|
| BOE Digital Technology Co., Ltd. | 129,500,000 | 51% | Equity replacement | 31 August 2022 | Equity delivery and completing changes in the Articles of Association | 62,130,573 | 15% | 19,794,533 | 38,081,355 | 18,286,822 | Asset appraisal report | - |
| SES Imagotag SA Co., Ltd. | 1,248,072,000 | 9.51% | Transactions within the secondary market | 28 November 2022 | Completing re-election of members of the Board of Directors | 753,774,050 | 32.56% | 623,492,148 | 4,871,837,182 | 4,248,345,034 | The stock closing price when control is lost | 13,967,945 |

- 1) The Group previously had actual control over BOE Digital Technology Co., Ltd. ("Digital Technology") through its subsidiaries SES and Wisdom IOT. During the year, SES made contributions to BOE Art Cloud Technology Co., Ltd. which is an associate of the Group with its 51% equity interest in Digital Technology. The equity delivery was completed on 31 August 2022. Then the Group has lost control of Digital Technology. In the consolidated financial statements, the long-term equity investment is re-measured at its fair value at the date when control is lost.

- 2) BOE Smart Retail (Hong Kong) Co., Ltd. (hereinafter referred to as "Smart Retail"), a subsidiary of the Group, sold its 9.51% of the shares of SES on November 25, 2022. After the sale was completed, Smart Retail's shareholding percentage in SES dropped from 42.07% to 32.56%. On 28 November 2022, Paris time, SES convened an extraordinary Board meeting to re-electing members of the Board of Directors, therefore, Smart Retail no longer has a majority vote on the Board of Directors of SES, the Group has lost control of SES. In the consolidated financial statements, the long-term equity investment is re-measured at its fair value at the date when control is lost.

2 Other reasons for change of consolidation scope

During the year, the Company newly established three tier-one subsidiaries, namely BOE Environmental Energy Technology Co., Ltd., Chengdu BOE Display Technology Co., Ltd., and Beijing BOE Chuangyuan Technology Co., Ltd. ("Chuangyuan Technology").

VII. Interests in other entities

1 Interests in subsidiaries

(1) Composition of the Group

| Name of the subsidiary | Principal place of business | Registered place | Business nature | Registered capital | Shareholding (or similar equity interest) percentage | | Acquisition method |
|--|-----------------------------|------------------|---|-----------------------|--|----------|---|
| | | | | | Direct | Indirect | |
| Beijing BOE Optoelectronics Technology Co., Ltd. | Beijing, China | Beijing, China | Research and development ("R&D"), design and manufacturing of TFT-LCD | USD 649,110,000 | - | 100% | Founded by investment |
| Chengdu BOE Optoelectronics Technology Co., Ltd. | Chengdu, China | Chengdu, China | R&D, design, manufacturing, and sale of new display devices and components | RMB 25,000,000,000 | 100% | - | Business combinations involving entities not under common control |
| Hefei BOE Optoelectronics Technology Co., Ltd. | Hefei, China | Hefei, China | Investment, construction, R&D, production and sales of the relevant products of thin film transistor LCD and its auxiliary products | RMB 9,000,000,000 | 100% | - | Business combinations involving entities not under common control |
| Beijing BOE Display Technology Co., Ltd. | Beijing, China | Beijing, China | Development of TFT-LCD, manufacturing and sale of LCD | RMB 17,882,913,500 | 97.17% | 2.83% | Founded by investment |
| Hefei Xinsheng Optoelectronics Technology Co., Ltd. | Hefei, China | Hefei, China | Investment, construction, R&D, production and sales of the relevant products of thin film transistor LCD and its auxiliary products | RMB 19,500,000,000 | 99.97% | 0.03% | Business combinations involving entities not under common control |
| Ordos Yuansheng Optoelectronics Co., Ltd. | China | Ordos, China | Manufacture and sales of AM-OLED products and auxiliary products | RMB 11,804,000,000 | 100% | - | Founded by investment |
| Chongqing BOE Optoelectronics Technology Co., Ltd. | Chongqing, China | Chongqing, China | R&D, production and sales of semi-conducting display devices, complete machine and related products; import & export of goods and technology consulting | RMB 19,226,000,000 | 100% | - | Business combinations involving entities not under common control |
| Fuzhou BOE Optoelectronics Technology Co., Ltd. | Fuzhou, China | Fuzhou, China | Investment, construction, R&D, production and sales of the relevant products of thin film transistor LCD and its auxiliary products (separate business site); self-support and agency for the import and export of various goods and technologies, except those goods and technologies that are restricted by the country or prohibited from import and export; business management consulting and services; property leases; machinery and equipment leases; technology development, transfer, consulting and services related to LCD products (For business activities subject to approval in accordance with laws and regulations, operations may be conducted only with the approval of the relevant government authorities). | RMB 17,600,000,000 | 83.24% | - | Business combinations involving entities not under common control |
| Beijing BOE Video Technology Co., Ltd. ("BOE Video") | Beijing, China | Beijing, China | Investment platform, sales of LCD | RMB 4,424,095,800 | 100% | - | Founded by investment |

| Name of the subsidiary | Principal place of business | Registered place | Business nature | Registered capital | Shareholding (or similar equity interest) percentage | | Acquisition method |
|--|-----------------------------|------------------|---|----------------------|--|----------|-----------------------|
| | | | | | Direct | Indirect | |
| Beijing BOE Vacuum Electronics Co., Ltd. | Beijing, China | Beijing, China | Manufacture and sale of vacuum electronic products | RMB 33,250,000 | 57.89% | - | Founded by investment |
| Beijing BOE Vacuum Technology Co., Ltd. | Beijing, China | Beijing, China | Manufacture and sale of electronic tubes | RMB 32,000,000 | 100% | - | Founded by investment |
| Beijing Yinghe Century Co., Ltd. | Beijing, China | Beijing, China | Management of engineering projects; real estate development; public parking lot for motor vehicles service; market survey | RMB 233,105,200 | 100% | - | Founded by investment |
| BOE Optical Science and technology Co., Ltd. | Suzhou, China | Suzhou, China | R&D, production and sales of LCD, back light for display and related components | RMB 826,714,059 | 95.17% | - | Founded by investment |
| BOE Hyundai LCD (Beijing) Display Technology Co., Ltd. | Beijing, China | Beijing, China | Development, manufacture and sale of liquid display for mobile termination | USD 5,000,000 | 75% | - | Founded by investment |
| BOE (Hebei) Mobile Technology Co., Ltd. | Langfang, China | Langfang, China | Manufacture and sale of mobile flat screen display products and related services | RMB 1,358,160,140 | 100% | - | Founded by investment |
| Beijing BOE Energy Technology Co., Ltd. | Beijing, China | Beijing, China | Design, consultancy and service of solar cell, photovoltaic system, wind power system and solar thermal system as well as the assembly units; energy-saving service | RMB 1,242,690,058 | 68.40% | - | Founded by investment |
| Beijing BOE Multimedia Technology Co., Ltd. | Beijing, China | Beijing, China | Technology development, technology transfer, technology consulting and technology services; sales of computer software, hardware and auxiliary equipment, digital video and audio technology products, electronic digital products, video telephone, mobile phones and spare parts, hardware (excluding electric bicycle), household appliances, photographic equipment, sporting goods, Class I medical devices, lamps, stationery, cosmetics, bathroom appliances, knitwear and textile, clothing, daily necessities, timepieces, glasses, toys and food; equipment maintenance; import and export of goods; basic software services; application software service; machinery and equipment leases; design, production, agency and publication of advertisements. (Market participants independently select the business activities and carry out the business activities in accordance with laws and regulations; sales of food and business activities subject to approval in accordance with laws and regulations, operations may be conducted only with the approval of relevant government authorities; business activities prohibited and restricted by the industrial policies of the state and the city.) | RMB 400,000,000 | 100% | - | Founded by investment |
| Beijing BOE Life Technology Co., Ltd. | Beijing, China | Beijing, China | Technology promotion services, property management, sales of electronic products | RMB 24,000,000 | 100% | - | Founded by investment |

| Name of the subsidiary | Principal place of business | Registered place | Business nature | Registered capital | Shareholding (or similar equity interest) percentage | | Acquisition method |
|--|-----------------------------|------------------------|---|-----------------------|--|----------|---|
| | | | | | Direct | Indirect | |
| Ordos City Haosheng Energy Investment Co., Ltd. | Ordos, China | Ordos, China | Energy investment | RMB 30,000,000 | - | 100% | Founded by investment |
| BOE Semi-conductor Co., Ltd. | Beijing, China | Beijing, China | Processing, manufacturing and sales of precision electronic components, semi-conductor devices, micro modules, microelectronic devices and electronic materials; import & export of goods | RMB 11,250,000 | 84% | - | Founded by investment |
| BOE Optoelectronics Holding Co., Ltd. | Hong Kong, China | British Virgin Islands | Investment holding | USD 1,000,000,000 | 100% | - | Founded by investment |
| BOE (Korea) Co., Ltd. | Korea | Korea | Wholesale and retail trade | KRW 95,000,000 | 100% | - | Founded by investment |
| BOE Healthcare Investment & Management Co., Ltd. | Beijing, China | Beijing, China | Investment management and project investment | RMB 7,300,000,000 | 100% | - | Business combinations involving entities not under common control |
| Beijing Matsushita Colour CRT Co., Ltd. | Beijing, China | Beijing, China | Colour TV set, display tube, colour RPTV projection tube and materials of electronic components; property management and parking services, etc. | RMB 325,754,049 | 88.80% | - | Business combinations involving entities not under common control |
| Hefei BOE Display Technology Co., Ltd. | Hefei, China | Hefei, China | Investment, R & D and production of products related to TFT-LCD and the supporting facility | RMB 24,000,000,000 | 8.33% | - | Business combinations involving entities not under common control |
| Beijing BOE Technology Development Co., Ltd. | Beijing, China | Beijing, China | Development, transfer, consulting and service of technology | RMB 1,000,000 | 100% | - | Founded by investment |
| Hefei BOE Zhuoyin Technology Co., Ltd. | Hefei, China | Hefei, China | Investment, construction, R&D, production and sales of products related to OLED display device and auxiliary products | RMB 800,000,000 | 75% | - | Founded by investment |
| Beijing BOE Real Estate Co., Ltd. | Beijing, China | Beijing, China | Development, construction, property management and supporting service of industrial plants and supporting facilities; information consulting of real estate; lease of commercial facilities, commercial attendants and the supporting service facilities; motor vehicles public parking service | RMB 55,420,000 | 70% | - | Founded by investment |
| Beijing BOE Marketing Co., Ltd. | Beijing, China | Beijing, China | Sales of communication equipment, hardware & software of computer and peripheral units, electronic products, equipment maintenance; development, transfer, consulting and service providing of technologies; import & export of goods and technologies, agency of import & export; manufacturing consignment of electronic products and LCD devices | RMB 50,000,000 | 100% | - | Founded by investment |

| Name of the subsidiary | Principal place of business | Registered place | Business nature | Shareholding (or similar equity interest) percentage | | Acquisition method | |
|--|-----------------------------|------------------|--|--|--------|--------------------|--|
| | | | | Registered capital | Direct | | Indirect |
| Beijing Zhongxiangying Technologies Co., Ltd. | Beijing, China | Beijing, China | Technology promotion services, property management, sales of electronic products Development, promotion, transfer, consultation and services of display technology; computer software, hardware and network system services; the construction, operations and management of e-commerce platform; product design; conference services; undertaking exhibitions and presentation activities; computer animation design; production, R&D and sales of OLED microdisplays and AR/VR whole widget; warehousing services; Project investments and management of the invested projects; import and export of goods and technologies; property leases, machinery and equipment leases | RMB 109,767,000 | 91.10% | - | Founded by investment |
| Yunnan Invsight Optoelectronics Technology Co., Ltd. | Kunming, China | Kunming, China | R&D, production and sales of flexible AMOLED, the products are mainly used in smart phones, wearable devices, car display, AR/VR, etc. Formation of X-ray sensors, microfluidic chips, biochemical chips, gene chips, security sensors, microwave antennas, biosensors, logistics network technology and other semiconductor sensors, technology testing, technical consulting, technical services, technology transfer | RMB 3,040,000,000 | 79.10% | - | Founded by investment Business combinations involving entities not under common control |
| Mianyang BOE Optoelectronics Technology Co., Ltd. | Mianyang, China | Mianyang, China | used in smart phones, wearable devices, car display, AR/VR, etc. Formation of X-ray sensors, microfluidic chips, biochemical chips, gene chips, security sensors, microwave antennas, biosensors, logistics network technology and other semiconductor sensors, technology testing, technical consulting, technical services, technology transfer | RMB 26,000,000,000 | 83.46% | - | Business combinations involving entities not under common control |
| Beijing BOE Sensing Technology Co., Ltd. | Beijing, China | Beijing, China | Investing, researching, manufacturing and selling TFT-LCD products and accessory products | RMB 4,651,482,400 | 100% | - | Founded by investment Business combinations involving entities not under common control |
| Wuhan BOE Optoelectronics Technology Co., Ltd. | Wuhan, China | Wuhan, China | R&D, manufacture and sales of semiconductor display devices, whole widget and relevant products, import and export of goods and technical consulting | RMB 21,124,724,750 | 38.46% | - | Business combinations involving entities not under common control |
| Chongqing BOE Display Technology Co., Ltd. ("Chongqing BOE Display") | Chongqing, China | Chongqing, China | R&D, production and sale of TFT-LCD panels, colour filters and LCD whole-widget modules; providing products and business-related services, as well as other business activities related to the above; import and export of proprietary and agent commodities and technologies | RMB 17,500,000,000 | 80.83% | - | Business combinations involving entities not under common control |

| Name of the subsidiary | Principal place of business | Registered place | Business nature | Shareholding (or similar equity interest) percentage | | Acquisition method | |
|--|-----------------------------|------------------|---|--|--------|--------------------|---|
| | | | | Registered capital | Direct | | Indirect |
| Hefei BOE Xingyu Technology Co., Ltd. ("Hefei Xingyu") | Hefei, China | Hefei, China | R&D, production and sales of Mini LED backlight components and Mini LED display module components | USD 115,380,000 | 63.77% | - | Founded by investment |
| Fuzhou BOE Display Technology Co., Ltd. ("Fuzhou BOE Display") | Fuzhou, China | Fuzhou, China | R&D, production and sales of semiconductor display device-related products and related products; import or export of goods or technology; display device and component, other electronic components, and technology development, technology transfer, technical consulting, related fields related to display devices and electronic products, technical services; business management consulting; property management; house rental; machinery and equipment rental | RMB 50,000,000 | 43.46% | - | Business combinations involving entities not under common control |
| BOE Innovation Investment Co., Ltd. | Beijing, China | Beijing, China | Project investment and investment management | RMB 800,000,000 | 100% | - | Founded by investment |
| Chengdu BOE Display Techlogy Co., Ltd. | Chengdu, China | Chengdu, China | General businesses: technical services, technology development, technology consulting, technical exchange, technology transfer, technology promotion; manufacturing of display devices [operations of branches]; sale of display devices; manufacturing of electronic components [operations of branches]; wholesale of electronic components; manufacturing of others electronic devices [operations of branches]; import and export of goods; import and export of technology; business management consulting; property management; non-residential real estate leasing; machinery and equipment leasing. (Except for business activities subject to approval in accordance with laws and regulations, operations are conducted in accordance with the law and business license.) | RMB 10,000,000 | 52.63% | - | Founded by investment |
| BOE Mled Technology Co., Ltd. | Beijing, China | Beijing, China | Technology development, technology consulting, technology transfer, technology services; software development; basic software services; application software services; computer system services; internet data services (data centres in Internet data services, excluding cloud computing data centres with a PUE over 1.4); information processing and storage support services; general construction contracting, professional contracting, labour subcontracting; installation, maintenance and lease of equipment; literary and artistic creation; computer animation design; product design; enterprise management; enterprise management consulting; sales of computer, software and auxiliary equipment, electronic products. | RMB 950,000,000 | 100% | - | Founded by investment |
| BOE Smart Technology Co., Ltd. | Beijing, China | Beijing, China | Provision of hardware and software integrated system solutions for the IoT market segment; intelligent city, intelligent transport, intelligent finance, intelligent park and the display terminal products such as the intelligent all-in-one machines | RMB 6,521,250,000 | 100% | - | Founded by investment |

| Name of the subsidiary | Principal place of business | Registered place | Business nature | Shareholding (or similar equity interest) percentage | | Acquisition method | |
|--|-----------------------------|------------------|---|--|--------|--------------------|-----------------------|
| | | | | Registered capital | Direct | | Indirect |
| BOE Education Technology Co., Ltd. | Beijing, China | Beijing, China | Technology development, technology consulting, technology services, technology transfer and technology promotion; software development; basic software services; application software services; computer system services; sales of stationery items, sporting goods, household appliances and electronic products; business management; market research; economic and trade consulting; business management consulting; education consulting; public relations services; corporate image planning; exhibition and presentation activities; conference services; research and experimental development in the natural sciences; research and experimental development in engineering and technology; agricultural scientific research and experimental development; medical research and experimental development; copyright agency; arts and crafts creation services. (Market participants independently select the business activities and carry out the business activities in accordance with laws and regulations; sales of food and business activities subject to approval in accordance with laws and regulations, operations may be conducted only with the approval of relevant government authorities; business activities prohibited and restricted by the industrial policies of the state and the city.) | RMB 55,000,000 | 100% | - | Founded by investment |
| Dongfang Chengqi (Beijing) Business Technology Co., Ltd. | Beijing, China | Beijing, China | Technology development, technology services; application software services; basic software services; sales of daily necessities, fresh fruit, fresh vegetables, primary edible agricultural products, household appliances, electronic products and sporting goods; trade agency; translation services; conference services; organisation of cultural and artistic interchange activities (excluding shows); exhibition and presentation activities; design, production, agency and publication of advertisements; enterprise management; market research; real estate information consulting; warehousing services; public relations services; health management, health consulting (excluding diagnosis and treatment activities subject to the approval); ticket agency; hotel booking agency; airline ticket sales agency; railway and passenger ticket agency services; tourism consulting; hotel management; automobile leases; property management; public parking services for motor vehicle; landscaping management; cleaning services; import and export of goods, import and export agency, import and export of technologies; car decoration; operation of sporting events (excluding high-risk sports); accommodation (branch operation only); catering services (branch operation only); beauty services, hairdressing services (branch operation only); medical services (branch operation only); family services (branch operation only); inbound tourism business; sales of food; internet information services. (Market participants independently select the business activities and carry out the business activities in accordance with laws and regulations; sales of food and business activities subject to approval in accordance with laws and regulations, operations may be conducted only with the approval of relevant government authorities; business activities prohibited and restricted by the industrial policies of the state and the city.) | RMB 10,000,000 | 100% | - | Founded by investment |

| Name of the subsidiary | Principal place of business | Registered place | Business nature | Registered capital | Shareholding (or similar equity interest) percentage | | Acquisition method |
|---|-----------------------------|------------------|---|-----------------------|--|----------|---|
| | | | | | Direct | Indirect | |
| BOE Environmental Energy Technology Co., Ltd. | Beijing, China | Beijing, China | Technology development, technology consulting, technology transfer, technology promotion, technical services, technical testing of energy-saving technology, environmentally friendly new energy technology, environmental protection equipment, solar electrical energy generation, building integrated PV, electric power, power station operations and maintenance; software development; Internet data services (data centers for Internet data services, excluding cloud computing data centres with a PUE over 1.4); information processing and storage support services (data centers for information processing and storage support services, excluding cloud computing data centres with a PUE over 1.4); contract energy management; water pollution treatment; air pollution control; solid waste treatment; soil pollution treatment and restoration services; environmental protection monitoring; installation, maintenance, leasing of equipment; professional design services; property management; sale of special equipment for environment protection, lighting equipment, electronic products, machinery and equipment, electrical equipment, instruments, hardware products, computers, software and auxiliary equipment, chemical products (excluding licensed chemical products); import and export of goods; import and export of technology; import and export agents; power supply business; construction engineering design; electrical installation services; various engineering and construction activities; EPC of house construction and municipal infrastructure projects; construction labour subcontracting. | RMB 100,000,000 | 100% | - | Founded by investment |
| Chengdu BOE Display Sci-tech Co., Ltd. (formerly known as "Chengdu CEC Panda FPD Technology Co., Ltd.") | Chengdu, China | Chengdu, China | R&D, production and sales of TFT-LCD panels and modules, liquid crystal display monitors, televisions, instruments, machinery equipment and accessories as well as provision of technical services; foreign trade in form of import and export of goods and technology | RMB 21,550,000,000 | 35.03% | - | Business combinations involving entities not under common control |
| Beijing BOE Chuangyuan Technology Co., Ltd. | Beijing, China | Beijing, China | Manufacturing of display devices; sale of display devices; manufacturing of electronic components; wholesale of electronic components; retail of electronic components; technical services, technology development, technology consulting, technical exchange, technology transfer, technology promotion; import and export of goods; import and export of technology; business management consulting; property management; machinery and equipment leasing; manufacturing of other electronic devices. (Except for business activities subject to approval in accordance with laws and regulations, operations are conducted in accordance with the law and business license.) | RMB 10,000,000 | 79.31% | - | Founded by investment |

The Company signed an agreement of acting in concert with Hefei Core Screen Industrial Investment Fund (Limited Partnership) on 23 January 2019. Hefei Core Screen Industrial Investment Fund (Limited Partnership) agreed to act as a person acting in concert according to the wishes of the Company, and exercised the voting rights unconditionally and irrevocably in accordance with the opinions of the Company. Therefore, the Company's voting right ratio to Hefei Display Technology is 100%.

The Company signed an agreement of acting in concert with the shareholder of Wuhan BOE, Wuhan Airport Economic Development Zone Industrial Development Investment Group Co., Ltd. and Hubei Changbai Industrial Investment Fund Partnership (Limited Partnership) on 25 December 2018 and 5 February 2021. Wuhan Airport Economic Development Zone Industrial Development Investment Group Co., Ltd. and Hubei Changbai Industrial Investment Fund Partnership (limited Partnership) agreed to follow the Company's will to act as the persons acting in concert, unconditionally and irrevocably exercising voting rights in accordance with the opinions of the Company, the voting rights of the Company to Wuhan BOE is 100%.

The Company signed an agreement of acting in concert with shareholders of Chongqing BOE Display, Chongqing Strategic Emerging Industry Equity Investment Fund Partnership (Limited Partnership) and Chongqing Yuzi Optoelectronic Industry Investment Co., Ltd. on 25 December 2018. The Company signed an agreement of acting in concert with Chongqing Jingping Equity Investment Fund Partnership (Limited Partnership) on 31 March 2021. The Company signed an agreement of acting in concert with Chongqing Jianxin Junheng Private Equity Fund Partnership (Limited Partnership) on 30 June 2021. Chongqing Strategic Emerging Industry Equity Investment Fund Partnership (Limited Partnership), Chongqing Yuzi Optoelectronic Industry Investment Co., Ltd., Chongqing Jingping Equity Investment Fund Partnership (Limited Partnership) and Chongqing Jianxin Junheng Private Equity Fund Partnership (Limited Partnership) agreed to act as persons acting in concert according to the will of the Company, and exercise the voting rights unconditionally and irrevocably in accordance with the opinions of the Company. Therefore, the proportion of voting rights of the Company to Chongqing BOE is 100%.

The Company signed an agreement of acting in concert with shareholders of Fuzhou BOE Display, Fuqing City Invested-Construction Investment Group Co., Ltd. and Fuzhou Urban Construction Investment Group Co., Ltd. on 21 January 2019. Fuqing City Invested-Construction Investment Group Co., Ltd. and Fuzhou Urban Construction Investment Group Co., Ltd. agreed to act as persons acting in concert according to the will of the Company, and exercise the voting rights unconditionally and irrevocably in accordance with the opinions of the Company. Therefore, the proportion of voting rights of the Company to Fuzhou BOE Display is 100%.

The Company signed a concerted action agreement with Chengdu Advanced Manufacturing Industry Investment Co., Ltd., a shareholder of Chengdu Display Sci-tech, and Chengdu Airport Xingcheng Investment Group Co., Ltd. on December 17, 2020. The Company signed a concerted action agreement with Nanjing Zhongdian Panda Information Industry Group Co., Ltd. on December 31, 2020, and signed a concerted action agreement with Zhongdian Financial Investment Holding Co., Ltd. on June 28, 2022, A concerted action agreement was signed with Ya'an Yashuang Investment Co., Ltd. on November 30, 2022, and Chengdu Advanced Manufacturing Industry Investment Co., Ltd., Chengdu Airport Xingcheng Investment Group Co., Ltd., Ya'an Yashuang Investment Co., Ltd., Nanjing Zhongdian Panda Information Industry Group Co., Ltd., and Zhongdian Financial Investment Holding Co., Ltd. acted in concert with the wishes of the company, We unconditionally and irrevocably exercise our voting rights in accordance with our company's opinions, so our company's voting rights ratio in Chengdu Display Sci-tech is 96.75%.

(2) Material non-wholly owned subsidiaries

| <i>Name of the subsidiary</i> | <i>Proportion of ownership interest held by non-controlling interests</i> | <i>Losses attributable to non-controlling interests for the year</i> | <i>Dividend declared to non-controlling shareholders during the year</i> | <i>Balance of non-controlling interests at the end of the year</i> |
|-------------------------------|---|--|--|--|
| Hefei Display Technology | 91.67% | (3,618,751,980) | - | 18,822,591,037 |
| Mianyang BOE | 16.54% | (380,623,218) | - | 3,556,733,678 |
| Wuhan BOE | 52.86% | (2,002,557,008) | - | 13,146,768,173 |
| Chongqing BOE Display | 61.54% | (201,271,791) | - | 14,444,887,413 |

(3) Key financial information about material non-wholly owned subsidiaries

The following table sets out the key financial information of the above subsidiaries without offsetting internal transactions, but with adjustments made for the fair value adjustment at the acquisition date and any differences in accounting policies:

| | <i>Hefei Display Technology</i> | | <i>Mianyang BOE</i> | | <i>Wuhan BOE</i> | | <i>Chongqing BOE Display</i> | |
|---|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|
| | <i>2022</i> | <i>2021</i> | <i>2022</i> | <i>2021</i> | <i>2022</i> | <i>2021</i> | <i>2022</i> | <i>2021</i> |
| Current assets | 12,595,285,193 | 15,797,281,551 | 12,372,285,496 | 9,255,378,733 | 7,442,285,566 | 12,711,279,779 | 8,590,561,462 | 9,119,260,427 |
| Non-current assets | 20,269,449,516 | 24,332,972,509 | 37,212,140,922 | 43,427,820,893 | 38,934,335,172 | 38,277,507,503 | 32,479,448,086 | 25,994,167,505 |
| Total assets | <u>32,864,734,709</u> | <u>40,130,254,060</u> | <u>49,584,426,418</u> | <u>52,683,199,626</u> | <u>46,376,620,738</u> | <u>50,988,787,282</u> | <u>41,070,009,548</u> | <u>35,113,427,932</u> |
| Current liabilities | 6,306,350,492 | 7,432,659,554 | 11,072,411,471 | 7,343,085,123 | 6,251,107,827 | 7,311,202,489 | 5,410,946,190 | 3,837,467,534 |
| Non-current liabilities | <u>6,025,395,194</u> | <u>8,237,784,012</u> | <u>17,008,183,759</u> | <u>21,547,455,635</u> | <u>15,254,593,174</u> | <u>15,031,465,931</u> | <u>12,186,708,120</u> | <u>8,053,464,462</u> |
| Total liabilities | <u>12,331,745,686</u> | <u>15,670,443,566</u> | <u>28,080,595,230</u> | <u>28,890,540,758</u> | <u>21,505,701,001</u> | <u>22,342,668,420</u> | <u>17,597,654,310</u> | <u>11,890,931,996</u> |
| Operating income | 10,878,478,058 | 19,895,825,588 | 16,357,203,835 | 15,252,416,607 | 12,845,309,881 | 16,825,449,551 | 883,001,124 | 25,345,522 |
| Net (loss) / profit | (3,947,585,884) | 3,314,633,884 | (2,301,228,643) | (998,415,291) | (3,788,416,587) | 2,811,946,928 | (327,058,484) | (243,647,739) |
| Total comprehensive income | (3,947,585,884) | 3,314,633,884 | (2,301,228,643) | (998,415,291) | (3,788,416,587) | 2,811,946,928 | (327,058,484) | (243,647,739) |
| Cash inflows / (outflows) in operating activities | 899,521,665 | 9,132,590,378 | 7,118,785,052 | 3,589,416,228 | 2,816,292,270 | 5,734,190,509 | (185,310,156) | 91,717,067 |

2 Transactions that cause changes in the Group's interests in subsidiaries that do not result in loss of control

(1) Changes in the Group's interests in subsidiaries:

| | <i>Before changes of interests</i> | <i>After changes of interests</i> |
|----------------|------------------------------------|-----------------------------------|
| BOE Energy | 100.00% | 68.40% |
| Zhongxiangying | 100.00% | 91.10% |
| Hefei Xingyu | 53.86% | 63.77% |

- (2) Impact from transactions with non-controlling interests and equity attributable to the shareholders of the Company:

The changes in the shareholding of the Company in the owners of above-mentioned other subsidiaries were caused by the capital increase/decrease of the Company and the capital increase of their non-controlling interests or the failure to increase capital by the Company and the non-controlling interests of the subsidiaries in equal proportion, which results in the increase of capital reserves by RMB 1,135,268,806 . See Note V.38.

3 Interests in associates

Please see Note V.10(2) for details of the summarised financial information of the associates.

No material restrictions on transfers of funds from investees to the Group. The judgement basis of the Company and its subsidiaries to hold lower than 20% of the voting rights of other entities but have significant influence on the entity is due to the fact that the Company and its subsidiaries have seats in the board of directors of the entity, and the Company and subsidiaries of the Company may have significant influence on the entity through the representation of the directors in the process of formulating financial and operating policies.

VIII. Risk related to financial instruments

The Group has exposure to the following main risks from its use of financial instruments in the normal course of the Group's operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risks

The following mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

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 Group's credit risk is primarily attributable to receivables. Exposure to these credit risks is monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the Group 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. These evaluations focus on the customers' financial position, the external ratings of the customers and the record of previous transactions. Receivables are due within 7 to 120 days from the date of billing. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country/region in which the customers operate. Therefore, significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the balance sheet date, 39% (2021: 39%) of the Contract assets total accounts receivable were due from the five largest customers of the Group. In addition, the accounts receivable not overdue or impaired is mainly related to many clients who don't have payment in arrears records recently.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As mentioned in Note XIII, as at 31 December 2022 the Group does not provide any external guarantees which would expose the Group or the Company to credit risk.

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 and its individual subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at 31 December) and the earliest date the Group can be required to pay:

| | <i>2022 Contractual undiscounted cash flow</i> | | | | <i>Total</i> | <i>Carrying amount of balance sheet</i> |
|---|--|---|--|--------------------------|------------------------|---|
| | <i>Within 1 year or on demand (inclusive)</i> | <i>More than 1 year but less than 3 years (inclusive)</i> | <i>More than 3 years but less than 5 years (inclusive)</i> | <i>More than 5 years</i> | | |
| Financial liabilities | | | | | | |
| Short-term loans | 2,472,050,871 | - | - | - | 2,472,050,871 | 2,373,938,871 |
| Bills payable | 870,221,538 | - | - | - | 870,221,538 | 870,221,538 |
| Accounts payable | 29,834,720,464 | - | - | - | 29,834,720,464 | 29,834,720,464 |
| Other payables | 19,632,223,269 | - | - | - | 19,632,223,269 | 19,632,223,269 |
| Non-current liabilities due within one year | 23,132,749,292 | - | - | - | 23,132,749,292 | 22,703,750,744 |
| Long-term loans | 4,872,695,550 | 17,357,391,426 | 26,251,319,950 | 99,561,622,533 | 148,043,029,459 | 123,143,479,690 |
| Lease liabilities | - | 246,663,217 | 123,905,787 | 323,315,125 | 693,884,129 | 538,586,010 |
| Long-term payables | - | 70,973,955 | 160,835,968 | - | 231,809,923 | 229,587,077 |
| Total | 80,814,660,984 | 17,675,028,598 | 26,536,061,705 | 99,884,937,658 | 224,910,688,945 | 199,326,507,663 |

| | <i>2021 Contractual undiscounted cash flow</i> | | | | <i>Total</i> | <i>Carrying amount of balance sheet</i> |
|---|--|---|--|--------------------------|------------------------|---|
| | <i>Within 1 year or on demand (inclusive)</i> | <i>More than 1 year but less than 3 years (inclusive)</i> | <i>More than 3 years but less than 5 years (inclusive)</i> | <i>More than 5 years</i> | | |
| Financial liabilities | | | | | | |
| Short-term loans | 2,156,682,843 | - | - | - | 2,156,682,843 | 2,072,057,332 |
| Bills payable | 827,958,031 | - | - | - | 827,958,031 | 827,958,031 |
| Accounts payable | 32,455,830,694 | - | - | - | 32,455,830,694 | 32,455,830,694 |
| Other payables | 23,835,374,942 | - | - | - | 23,835,374,942 | 23,835,374,942 |
| Non-current liabilities due within one year | 29,209,146,646 | - | - | - | 29,209,146,646 | 28,874,958,714 |
| Long-term loans | 4,195,689,815 | 19,625,783,023 | 10,743,655,014 | 102,812,410,156 | 137,377,538,008 | 116,078,666,587 |
| Debentures payable | 13,392,544 | 305,465,507 | 74,023,980 | - | 392,882,031 | 359,586,437 |
| Lease liabilities | - | 284,759,263 | 138,423,079 | 333,385,847 | 756,568,189 | 669,130,264 |
| Long-term payables | - | 373,905,903 | 211,205,405 | 457,906,633 | 1,043,017,941 | 906,592,838 |
| Total | 92,694,075,515 | 20,589,913,696 | 11,167,307,478 | 103,603,702,636 | 228,054,999,325 | 206,080,155,839 |

3 Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings for fixed and floating rate interest-bearing instruments based on current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

(a) As at 31 December, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

| <u>Item</u> | <u>2022</u> | | <u>2021</u> | |
|---|--------------------------------|------------------------|--------------------------------|------------------------|
| | <i>Effective interest rate</i> | <i>Amounts</i> | <i>Effective interest rate</i> | <i>Amounts</i> |
| Financial assets | | | | |
| - Cash at bank | 0.70%~5.45% | 36,597,334,927 | 0.30%~3.99% | 36,894,761,961 |
| Financial liabilities | | | | |
| - Short-term loans | 0.25%~5.90% | (1,149,712,480) | 0.50%~5.90% | (2,068,800,511) |
| - Other payables | 0%~2.18% | (3,000,000,000) | 0%~2.18% | (3,000,000,000) |
| - Non-current liabilities due within one year | 0%~6.86% | (7,841,491,191) | 0%~6.86% | (9,407,794,957) |
| - Long-term loans | 0%~5.90% | (25,324,584,996) | 0%~5.90% | (28,644,395,246) |
| - Debentures payable | - | - | 3.50%~4.55% | (359,586,437) |
| - Lease liabilities | 3.65%~4.75% | (538,586,010) | 3.85%~4.75% | (669,130,264) |
| - Long-term payables | 4.30%~6.86% | (229,587,077) | 4.65%~6.86% | (906,592,838) |
| Total | | <u>(1,486,626,827)</u> | | <u>(8,161,538,292)</u> |

Floating rate instruments:

| <u>Item</u> | <u>2022</u> | | <u>2021</u> | |
|---|--------------------------------|-------------------------|--------------------------------|-------------------------|
| | <i>Effective interest rate</i> | <i>Amounts</i> | <i>Effective interest rate</i> | <i>Amounts</i> |
| Financial assets | | | | |
| - Cash at bank | 0.0001%~5.30% | 31,723,267,975 | 0.0001%~2.70% | 41,471,269,422 |
| Financial liabilities | | | | |
| - Short-term loans | 5.65%~5.84% | (1,218,525,680) | - | - |
| - Non-current liabilities due within one year | 1.00%~7.44% | (14,215,671,815) | 1.66%~5.88% | (18,827,495,477) |
| - Long-term loans | 1.00%~7.44% | (97,816,667,917) | 2.30%~5.88% | (87,317,668,185) |
| Total | | <u>(81,527,597,437)</u> | | <u>(64,673,894,240)</u> |

(b) Sensitivity analysis

As at 31 December 2022, it is estimated that a general increase / decrease of 100 basis points in interest rates of variable rate instrument, with all other variables held constant, would decrease / increase the Group's net profit and equity by RMB 679,150,000 (2021: RMB 549,530,000).

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and owner's equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the previous year.

4 Foreign currency risk

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and other assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (a) The Group's exposure as at 31 December to currency risk arising from recognized foreign currency assets or liabilities is mainly denominated in US dollar. The amount of the USD exposure is net liabilities exposure USD 1,523,210,633 (2021 net liabilities exposure: USD 177,293,137), translated into RMB 10,608,552,775 (2021: RMB 1,130,367,854), using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.
- (b) Assuming all other risk variables remained constant, a 5% strengthening / weakening of the Renminbi against the US dollar at 31 December would have increased / decreased both the Group's equity and net profit by the amount RMB 136,665,926 (2021: decreased / increased RMB 164,148,318).

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

5 Other price risks

Other price risks include stock price risk and commodity price risk.

IX. Fair value disclosure

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels 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;

1 Fair value of assets measured at fair value at the end of the year

| Assets | Note | 31 December 2022 | | | Total |
|--|------|--------------------------------|--------------------------------|--------------------------------|-----------------------|
| | | Level 1 Fair value measurement | Level 2 Fair value measurement | Level 3 Fair value measurement | |
| Recurring fair value measurements | | | | | |
| - Financial assets held for trading | V.2 | 256,525,783 | - | 16,931,468,153 | 17,187,993,936 |
| Including: Structured deposit and wealth-management products | | - | - | 16,931,468,153 | 16,931,468,153 |
| Investments in equity instruments | | 256,525,783 | - | - | 256,525,783 |
| - Investments in other equity instruments | V.11 | 154,312,590 | - | 328,747,716 | 483,060,306 |
| - Other non-current financial assets | V.12 | - | - | 2,022,967,681 | 2,022,967,681 |
| Including: Investments in equity instruments | | - | - | 2,022,967,681 | 2,022,967,681 |
| Total assets measured at fair value on a recurring basis | | <u>410,838,373</u> | <u>-</u> | <u>19,283,183,550</u> | <u>19,694,021,923</u> |

| Assets | Note | 31 December 2021 | | | Total |
|--|------|--------------------------------|--------------------------------|--------------------------------|-----------------------|
| | | Level 1 Fair value measurement | Level 2 Fair value measurement | Level 3 Fair value measurement | |
| Recurring fair value measurements | | | | | |
| - Financial assets held for trading | V.2 | - | - | 10,028,172,853 | 10,028,172,853 |
| Including: Structured deposit and wealth-management products | | - | - | 10,028,172,853 | 10,028,172,853 |
| - Investments in other equity instruments | V.11 | 168,325,009 | - | 350,763,137 | 519,088,146 |
| - Other non-current financial assets | V.12 | - | - | 606,895,447 | 606,895,447 |
| Including: Investments in equity instruments | | - | - | 606,895,447 | 606,895,447 |
| Total assets measured at fair value on a recurring basis | | <u>168,325,009</u> | <u>-</u> | <u>10,985,831,437</u> | <u>11,154,156,446</u> |

2 Basis of determining the market price for recurring and non-recurring fair value measurements categorised within Level 1

The Group uses the active market quote as the fair value of financial assets within Level 1.

3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 3

Financial assets held for trading at recurring fair value within Level 3 are bank wealth management products. For wealth management products measured at fair value, the fair value is determined based on the discounted cash flow method.

Investments in other equity instruments and other non-current financial assets at recurring fair value within Level 3 are unlisted equity investments held by the Group, including:

- (i) For those who raised a new round of financing in 2022, the Group used the financing price as the best estimates of their fair value;
- (ii) For other investments in other equity instruments, since the operating environment, operating conditions and financial status of the investee have not changed significantly during the year, the Group uses the book investment cost as a reasonable estimate of fair value for measurement.

4 During 2022, there were no changes in valuation technique of fair value. As at 31 December, the Group held no assets and liabilities measured at fair value. All financial assets and financial liabilities of the Group are carried at amounts not materially different from their fair value.

X. Related parties and related party transactions

1 Information about the parent of the Company

| <i>Company name</i> | <i>Registered place</i> | <i>Business nature</i> | <i>Registered capital</i> | <i>Shareholding percentage (%)</i> | <i>Percentage of voting rights (%)</i> | <i>Ultimate controlling party of the Company</i> |
|---------------------------------------|--|---|---------------------------|------------------------------------|--|--|
| Beijing Electronics Holding Co., Ltd. | No. 12, Jiuxianqiao Road, Chaoyang District, Beijing | Operation and management of state-owned assets within authorisation, etc. | RMB 3,139,210,000 | 0.72% | 12.20% | Yes |

2 Information about the subsidiaries of the Company

For information about the subsidiaries of the Group, refer to Note VII.1.

3 Information about joint ventures and associates of the Company

Associates and joint ventures that have related party transactions with the Group during this year or the previous year are as follows:

| <i>Name of entity</i> | <i>Relationship with the Company</i> |
|--|--|
| Beijing Nittan Electronic Co., Ltd. | Associate of the Group and the Company |
| Beijing BOE Art Cloud Technology Co., Ltd. | Associate of the Group and the Company |
| Beijing Xindongneng Investment Management Co., Ltd. | Associate of the Group and the Company |
| TPV Display Technology (China) Limited | Associate of the Group and the Company |
| BOE Digital Technology Co., Ltd. | Associate of the Group and the Company |
| Beijing BOE Art Cloud (Suzhou)Technology Co., Ltd. | Associate of the Group and the Company |
| Beijing BOE Art Cloud (Hangzhou)Technology Co., Ltd. | Associate of the Group and the Company |
| Hefei Xin Jing Yuan Electronic Materials Co., Ltd. | Associate of the Group |
| Beijing BOE Microbial Technology Co., Ltd. | Associate of the Group |
| Biochain (Beijing) Science-Technology.Inc. | Associate of the Group |
| BOE Houji Technology (Beijing) Co., Ltd. | Associate of the Group |
| SES Imagotag SA Co., Ltd. | Subsidiary of associate of the Group |
| SES-Imagotag GmbH Co., Ltd. | Subsidiary of associate of the Group |
| Pervasive Displays Inc | Subsidiary of associate of the Group |
| Beijing Borcheng Medical Laboratory Co. Ltd. | Subsidiary of associate of the Group |

4 Information on other related parties

| <i>Name of other related parties</i> | <i>Related-party relationship</i> |
|---|--|
| Beijing BOE Investment Development Co., Ltd. | Under the same control of the ultimate holding company |
| NAURA Technology Group Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Zhengdong Electronic Power Group Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Dongdian Industrial Development Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Naura Microelectronics Equipment Co., Ltd. | Under the same control of the ultimate holding company |
| Sevenstar Semiconductor Technologies Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Zhaowei Technology Development Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing C&W Intelligent Equipment Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Ether Electronics Group Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Yansong Economic and Trade Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Ripeness Sanyuan Instrumentation Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Electronics Holding & SK Technology Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Electrical Control Jiuyi Industrial Development Company | Under the same control of the ultimate holding company |
| 761 Workshop (Beijing) Technology Development Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Smart-Aero Display Technology Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Electrical Energy Technology (Jiangsu) Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Peony Electronic Group Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing Electric Control Industry Investment Co., Ltd. | Under the same control of the ultimate holding company |
| Baic Electronics Holding SK (Jiangsu) Technology Co., Ltd. | Under the same control of the ultimate holding company |
| Beijing 797 Audio Co., Ltd. | Under the same control of the ultimate holding company |
| Bei Jing Yan Dong Microelectronic Technology Co., Ltd. | Under the same control of the ultimate holding company |
| New Vision Microelectronics (Hong Kong) Limited | Associate of enterprise that is under the same control of the ultimate holding company |
| Beijing Senju Electronic Materials Co., Ltd. | Associate of enterprise that is under the same control of the ultimate holding company |
| Beijing Yizhuang Environmental Technology Group Co., Ltd. | Other related parties |
| China Minsheng Banking Corp., Ltd. | Other related parties |
| Hefei Construction Investment and Holding Co., Ltd. | Other related parties |
| Beijing Jingcheng Machinery Electric Holding Co., Ltd. | Other related parties |
| Nexchip Semiconductor Corporation | Other related parties |
| Hefei Visionox Technology Co., Ltd. | Other related parties |

5 Transactions with related parties

The transactions below with related parties were conducted under normal commercial terms or agreements.

- (1) Purchase of goods and equipment, and receiving of services (excluding remuneration of key management personnel).

The Group

| <i>Nature of transaction</i> | <i>2022</i> | <i>2021</i> |
|------------------------------|--------------------|----------------------|
| Purchase of goods | 658,905,000 | 965,818,931 |
| Procurement of equipment | 155,286,378 | 255,199,826 |
| Receiving services | 12,843,982 | 24,377,762 |
| Payment of interest expenses | <u>43,423,377</u> | <u>20,715,586</u> |
| Total | <u>870,458,737</u> | <u>1,266,112,105</u> |

The Company

| <i>Nature of transaction</i> | <i>2022</i> | <i>2021</i> |
|------------------------------|--------------------|--------------------|
| Purchase of goods | 32,203,231 | 9,164,606 |
| Receiving services | 63,840,655 | 249,160,057 |
| Payment of interest expenses | <u>42,314,510</u> | <u>19,860,031</u> |
| Total | <u>138,358,396</u> | <u>278,184,694</u> |

- (2) Sale of goods/rendering of services

The Group

| <i>Nature of transaction</i> | <i>2022</i> | <i>2021</i> |
|-------------------------------|----------------------|--------------------|
| Sale of goods | 1,168,302,006 | 416,546,796 |
| Rendering of services | 12,004,788 | 10,267,108 |
| Income from interest received | <u>23,183,395</u> | <u>21,292,904</u> |
| Total | <u>1,203,490,189</u> | <u>448,106,808</u> |

The Company

| <i>Nature of transaction</i> | 2022 | 2021 |
|-------------------------------|----------------------|----------------------|
| Sale of goods | 101,930 | 23,488,144 |
| Rendering of services | 4,742,920,134 | 5,561,607,938 |
| Income from interest received | <u>15,398,605</u> | <u>17,015,526</u> |
| Total | <u>4,758,420,669</u> | <u>5,602,111,608</u> |

(3) Leases

(a) As the lessor

The Group

| <i>Type of assets leased</i> | <i>Lease income recognised in 2022</i> | <i>Lease income recognised in 2021</i> |
|------------------------------|--|--|
| Investment properties | <u>7,925,143</u> | <u>5,114,048</u> |

The Company

| <i>Type of assets leased</i> | <i>Lease income recognised in 2022</i> | <i>Lease income recognised in 2021</i> |
|------------------------------|--|--|
| <u>Investment properties</u> | <u>65,287,838</u> | <u>70,534,069</u> |

(b) As the lessee

The Group

| <i>Type of assets leased</i> | <i>Lease expense recognised in 2022</i> | <i>Lease expense recognised in 2021</i> |
|------------------------------|---|---|
| Fixed assets | <u>2,886,041</u> | <u>2,804,351</u> |

The Company

| <i>Type of assets leased</i> | <i>Lease expense recognised in 2022</i> | <i>Lease expense recognised in 2021</i> |
|------------------------------|---|---|
| Fixed assets | <u>48,562,349</u> | <u>-</u> |

(4) Funding from related parties

The Company

| <i>Name of related party</i> | <i>Amount of funding</i> | <i>Inception date</i> | <i>Maturity date</i> |
|----------------------------------|--------------------------|-----------------------|----------------------|
| Funds received | | | |
| Subsidiary of the parent company | 2,000,000,000 | 09/06/2017 | Long-term |
| Subsidiary of the parent company | 4,000,000,000 | 09/06/2017 | Long-term |
| Subsidiary of the parent company | 1,000,000,000 | 23/12/2016 | Long-term |
| Subsidiary of the parent company | 200,000,000 | 28/07/2017 | Long-term |
| Subsidiary of the parent company | 1,600,000,000 | 04/12/2017 | Long-term |
| Subsidiary of the parent company | 700,000,000 | 13/04/2018 | Long-term |
| Subsidiary of the parent company | 650,000,000 | 25/04/2018 | Long-term |
| Subsidiary of the parent company | 3,000,000,000 | 27/04/2018 | Long-term |
| Subsidiary of the parent company | 3,000,000,000 | 28/05/2018 | Long-term |
| Subsidiary of the parent company | 2,500,000,000 | 31/08/2018 | Long-term |
| Subsidiary of the parent company | 3,800,000,000 | 19/07/2018 | Long-term |
| Subsidiary of the parent company | 3,500,000,000 | 01/08/2018 | Long-term |
| Subsidiary of the parent company | 1,500,000,000 | 24/05/2019 | Long-term |
| Subsidiary of the parent company | 2,000,000,000 | 27/05/2019 | Long-term |
| Subsidiary of the parent company | 360,000,000 | 24/04/2020 | Long-term |
| Subsidiary of the parent company | 1,300,000,000 | 21/05/2019 | Long-term |
| Subsidiary of the parent company | 500,000,000 | 28/05/2019 | Long-term |
| Subsidiary of the parent company | 500,000,000 | 21/05/2019 | Long-term |
| Subsidiary of the parent company | 1,000,000,000 | 26/07/2019 | Long-term |
| Subsidiary of the parent company | 300,000,000 | 08/07/2020 | Long-term |
| Subsidiary of the parent company | 2,500,000,000 | 06/07/2020 | Long-term |
| Subsidiary of the parent company | 2,000,000,000 | 03/07/2020 | Long-term |
| Subsidiary of the parent company | 1,200,000,000 | 06/07/2020 | Long-term |
| Subsidiary of the parent company | 1,000,000,000 | 20/08/2020 | Long-term |
| Subsidiary of the parent company | 1,700,000,000 | 12/10/2020 | Long-term |
| Subsidiary of the parent company | 3,000,000,000 | 05/11/2020 | Long-term |
| Subsidiary of the parent company | 2,358,000,000 | 07/12/2020 | Long-term |
| Subsidiary of the parent company | 900,000,000 | 11/12/2020 | Long-term |

| <i>Name of related party</i> | <i>Amount of funding</i> | <i>Inception date</i> | <i>Maturity date</i> |
|----------------------------------|--------------------------|-----------------------|----------------------|
| Funds received | | | |
| Subsidiary of the parent company | 1,700,000,000 | 28/12/2020 | Long-term |
| Subsidiary of the parent company | 2,300,000,000 | 28/12/2020 | Long-term |
| Subsidiary of the parent company | 1,200,000,000 | 30/09/2015 | Long-term |
| Subsidiary of the parent company | 1,000,000,000 | 09/03/2021 | Long-term |
| Subsidiary of the parent company | 1,000,000,000 | 18/03/2021 | Long-term |
| Subsidiary of the parent company | 4,000,000,000 | 25/03/2021 | Long-term |
| Subsidiary of the parent company | 2,500,000,000 | 30/03/2021 | Long-term |
| Subsidiary of the parent company | 4,500,000,000 | 23/06/2021 | Long-term |
| Subsidiary of the parent company | 500,000,000 | 30/06/2021 | Long-term |
| Subsidiary of the parent company | 1,000,000,000 | 30/06/2021 | Long-term |
| Subsidiary of the parent company | 1,000,000,000 | 06/07/2021 | Long-term |
| Subsidiary of the parent company | 2,000,000,000 | 29/12/2021 | Long-term |
| Subsidiary of the parent company | 2,800,000,000 | 30/12/2021 | Long-term |
| Subsidiary of the parent company | 6,000,000,000 | 30/12/2021 | Long-term |
| Subsidiary of the parent company | 1,500,000,000 | 31/12/2021 | Long-term |
| Subsidiary of the parent company | 1,000,000,000 | 27/01/2022 | Long-term |
| Subsidiary of the parent company | 200,000,000 | 31/12/2021 | Long-term |
| Subsidiary of the parent company | 800,000,000 | 15/06/2022 | Long-term |
| Subsidiary of the parent company | 400,000,000 | 31/12/2021 | Long-term |
| Subsidiary of the parent company | 1,000,000,000 | 31/12/2021 | Long-term |
| Subsidiary of the parent company | 6,500,000,000 | 23/08/2022 | Long-term |
| Subsidiary of the parent company | 1,100,000,000 | 08/10/2022 | Long-term |
| Subsidiary of the parent company | 800,000,000 | 20/10/2022 | Long-term |
| Subsidiary of the parent company | 1,000,000,000 | 25/10/2022 | Long-term |
| Subsidiary of the parent company | 1,000,000,000 | 25/10/2022 | Long-term |
| Subsidiary of the parent company | 200,000,000 | 10/11/2022 | Long-term |
| Subsidiary of the parent company | <u>650,000,000</u> | 16/03/2021 | 16/03/2026 |
| Total | <u>95,718,000,000</u> | | |

(5) Remuneration of key management personnel

The Group and the Company

| <i>Item</i> | <i>2022</i> | <i>2021</i> |
|--|-----------------------|------------------------|
| Remuneration of key management personnel | <u>RMB 86,665,000</u> | <u>RMB 110,629,000</u> |

The remuneration of key management personnel above does not include the one with respect to share-based payments scheme.

6 Receivables from and payables to related parties

Receivables from related parties

The Group

| <i>Item</i> | <i>Note</i> | <u><i>2022</i></u> | | <u><i>2021</i></u> | |
|--------------------------|-------------|--------------------|---------------------------------|--------------------|---------------------------------|
| | | <i>Book value</i> | <i>Provision for impairment</i> | <i>Book value</i> | <i>Provision for impairment</i> |
| Cash at bank and on hand | (1) | 965,569,850 | - | 1,060,805,464 | - |
| Accounts receivable | | 1,070,848,317 | 4,986,221 | 88,954,909 | 4,883,531 |
| Prepayments | | 6,615,367 | - | 1,118,145 | - |
| Other receivables | | 16,588,534 | - | 1,901,777 | - |
| Contract assets | | 2,402,974 | - | 122,743 | - |

The Company

| <i>Item</i> | <i>Note</i> | <u><i>2022</i></u> | | <u><i>2021</i></u> | |
|--------------------------|-------------|--------------------|---------------------------------|--------------------|---------------------------------|
| | | <i>Book value</i> | <i>Provision for impairment</i> | <i>Book value</i> | <i>Provision for impairment</i> |
| Cash at bank and on hand | (1) | 8,850 | - | 6,830 | - |
| Accounts receivable | | 4,867,860,690 | 4,315,658 | 4,827,924,553 | - |
| Prepayments | | 146,368 | - | 165,134 | - |
| Other receivables | | 19,686,877,080 | 16,868,539 | 15,287,017,182 | 2,964,404 |
| Other non-current assets | | 1,080,000,000 | - | 1,740,000,000 | - |

Payables to related parties

The Group

| <i>Item</i> | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|---------------|---------------|
| Accounts payable | | 179,047,266 | 142,557,107 |
| Advance payments received | | 188,623 | 961,806 |
| Contract liabilities | | 34,164,291 | 3,717,500 |
| Other payables | | 182,554,398 | 178,187,139 |
| Non-current liabilities due within one year | (2) | 6,000,000 | - |
| Long-term loans | (2) | 1,257,250,000 | 1,435,000,000 |

The Company

| <i>Item</i> | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|-------------------------------|-------------|----------------|----------------|
| Accounts payable | | 27,646,402 | 18,924,459 |
| Advance payments received | | 169,459 | 3,212,352 |
| Other payables | | 2,921,972,111 | 1,364,404,865 |
| Long-term loans | (2) | 1,186,250,000 | 1,435,000,000 |
| Other non-current liabilities | | 96,394,661,805 | 74,506,661,805 |

(1) The Group's and the Company's cash at bank and on hand were deposit in China Minsheng Bank Co.

(2) The Group's and the Company's non-current liabilities and long-term borrowings due within one year are borrowings from China Minsheng Bank Co.

7 Commitments of the related parties

As at balance sheet date, the commitments of the related parties, which are signed but not listed in financial statement are as following:

| | <i>2022</i> | <i>2021</i> |
|--------------------------|-------------------|-------------------|
| Procurement of equipment | <u>69,753,978</u> | <u>72,274,623</u> |

XI. Share-based payments

On 17 December 2020, the Board of Directors of the Company approved the implementation of share options and restricted share incentive plans from 2020. The shares for the share options and restricted share incentive plans are from the Company's Renminbi A-share ordinary shares repurchased from secondary market. The plans are presented as follows:

(a) Share option incentive plan

The initial grant date was 21 December 2020, and the implementation was completed on 25 December 2020. The actual number of grantees was 1,988, with a number of grants of 596,229,700 shares. The reserved grant date was 27 August 2021, the actual number of grantees was 110, and the number of grants is 33,000,000 shares, this grant was completed on 22 October 2021.

The share options are exercised in three phases after 24 months from the grant date. The exercise ratios for each phase are 34%, 33%, and 33%, respectively. The corresponding exercise dates are 2 years, 3 years, and 4 years from the grant date.

When the Company's performance meets the corresponding criteria, the proportion of exercisable rights of the above-mentioned share options is determined based on the business performance of the incentive object's operation and the contribution value of the incentive object. In accordance with the plan, the Company will deregister the current exercisable shares of the options obtained by the incentive objects if the exercise criteria stipulated in this plan are not met.

(b) Restricted share incentive plan

The grant date of restricted share incentive plan was 21 December 2020, and the implementation was completed on 29 December 2020. The actual number of grantees was 793, with a number of grants of 321,813,800 share.

The lock-up periods of the restricted share incentive plan are the 24, 36 and 48 months from the grant date, respectively. During the lock-up period, restricted shares granted to the incentive object under this plan shall not be transferred, used for guarantee or debt repayment before the lock-up release. Lock-up restricted shares are released in three phases after 24 months from the grant date. The release ratios for each phase are 34%, 33%, and 33%, respectively. The corresponding release dates are 2 years, 3 years, and 4 years from the grant date. The actual number released shall be based on performance assessment result for the previous year.

When the Company's performance meets the corresponding criteria, the release proportion of the above-mentioned restricted shares is determined based on the business performance of the incentive object's operation and the contribution value of the incentive object. The Company will repurchase the locked restricted shares at the granted price of the incentive objects if the release criteria stipulated in this plan are not met, and the incentive object shall not release the restricted shares for the current period.

As at 31 December 2022, the total costs recognised by the Group's equity-settled share-based payments in the consolidated financial statement was RMB 699,065,561, and the accumulated amount of capital reserve paid by equity-settled share-based payments amounted to RMB 1,364,808,372 (2021: 645,945,833). In the Company's financial statements, the Company recognised its long-term equity investment of RMB 534,225,046 in its subsidiary at the fair value of the equity instruments at the grant date, and recognised expenses arising from share-based payments of RMB 164,840,515, as well as a capital reserve of RMB 699,065,561.

Based on relevant provisions of the restricted share incentive plan for the service period, if the granted object resigns before the release date, the Company will repurchase the restricted shares that have not been released at the subscription price of the granted object. Please refer to Note V. 28 (1) for the repurchased obligation set out in other payables.

- (1) Method for determining the fair value of equity instruments at the grant date is as follows:

Share options:

The fair value of equity instruments at the grant date is determined based on the difference between the assessed fair value of the exercisable share options at each grant date and the subscription price in RMB (RMB 1.68/share, RMB 1.93/share and RMB 2.09/share, respectively); the fair value of equity instruments at the reserved grant date is determined based on the difference between the assessed fair value of the exercisable share options at each reserved grant date and the subscription price in RMB (RMB 1.70/share, RMB 2.02/share and RMB 2.17/share, respectively).

Restricted shares:

The fair value of equity instruments at the grant date is determined based on the difference between the fair value of shares at the grant date and the subscription price at RMB 2.68/share.

- (2) Basis of determining the number of equity instruments expected to vest

At each balance sheet date during the vesting period, the best estimation is made according to the latest information, such as the number of employees who are granted options and the completion of performance indicators, and the number of equity instruments expected to vest is revised accordingly. On the vesting date, the estimated number is equal to the number of equity instruments that are ultimately vested.

XII. Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as including all components of equity, less unaccrued proposed dividends. The balances of related party transactions are not regarded by the Group as capital.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, and expected capital expenditure. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group.

The Group's capital structure is monitored on the basis of an adjusted net debt-to-capital ratio (total liabilities divided by total assets). The capital management strategies exerted by the Group remained unchanged from 2021. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, request new loans, issue new shares, or sell assets to reduce debt.

As at 31 December 2022 and 31 December 2021, the Group's asset-liability ratios are as follows:

| | 2022 | 2021 |
|-----------------------|--------|--------|
| Asset-liability ratio | 51.96% | 51.72% |

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

XIII. Commitments and contingencies

1 Significant commitments

(1) Capital commitments

| <i>The Group</i> | 2022 | 2021 |
|---|------------------------|------------------------|
| Contracts entered into but not performed or partially performed | 31,109,629,604 | 36,353,906,810 |
| Contracts authorized but not entered into | <u>100,442,930,917</u> | <u>84,007,549,386</u> |
| Total | <u>131,552,560,521</u> | <u>120,361,456,196</u> |

The Group's contracts authorised but not entered into mainly included the fixed assets that Fuzhou BOE Display Technology Co., Ltd. , Beijing BOE Chuangyuan Technology Co., Ltd. , Chongqing BOE Display Technology Co., Ltd. , BOE Healthcare Investment & Management Co., Ltd. , Qingdao BOE Optoelectronics Technology Co., Ltd., BOE Wisdom IOT Technology Co., Ltd., Chongqing BOE Smart Technology Co., Ltd. , BOE Varitronix Limited and BOE Mled Technology Co., Ltd. planned to purchase in subsequent years and project equipment that the Group planned to purchase in subsequent years.

| <i>The Company</i> | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Contracts entered into but not performed or partially performed | <u>28,350,937,574</u> | <u>25,226,123,138</u> |

The Company's contracts entered into but not performed or partially performed mainly included guaranteed investments in Beijing BOE Chuangyuan Technology Co., Ltd. , BOE Healthcare Investment & Management Co., Ltd. , BOE Smart Technology Co., Ltd. and Yunnan Invensight Optoelectronics Technology Co., Ltd.

2 Guarantee

(1) The Group as the guarantor

As at 31 December 2022, the Group did not have guarantees provided for external enterprises.

(2) The Company as the guarantor

At 31 December 2022, Chengdu Optoelectronics pledged its land use right with carrying amount of RMB 39,337,190, machinery and equipment with carrying amount of RMB 21,397,326,923 and plants and buildings with carrying amount of RMB 2,324,144,465 as collaterals to obtain long-term loans of USD 578,700,000 and RMB 12,209,380,000. The Company provides joint-liability guarantee for the above loans.

At 31 December 2022, Yuansheng Optoelectronics pledged its land use rights with carrying amount of RMB 43,484,881, machinery and equipment with carrying amount of RMB 5,459,351,367 and plant and buildings with carrying amount of RMB 2,018,273,173 as collaterals to obtain long-term loans of RMB 1,186,370,000. The Company provides joint-liability guarantee for the above loans.

At 31 December 2022, Chongqing BOE Display pledged its land use right with carrying amount of RMB 159,786,737 as collaterals to obtain long-term loans of USD 1,034,000,000 and RMB 5,226,000,000. The Company provides joint-liability guarantee for the above loans. In addition, the Company provides joint-liability guarantee for the letters of credit issued but not accepted of USD 4,174,159 and JPY 5,451,000.

At 31 December 2022, Fuzhou BOE pledged its land use rights with carrying amount of RMB 198,149,305, machinery and equipment with carrying amount of RMB 6,282,771,779 and plant and buildings with carrying amount of RMB 2,911,886,447 as collaterals to obtain long-term loans of USD 219,000,000 and RMB 815,740,000. The Company provides joint-liability guarantee for the above loans.

At 31 December 2022, Hefei Display Technology pledged its land use right with carrying amount of RMB 273,876,498, with machinery and equipment carrying amount of RMB 12,507,752,146 and plants and buildings with carrying amount of RMB 3,489,590,026 as collaterals to obtain long-term loans of USD 585,090,000 and RMB 3,374,494,080. The Company provides joint-liability guarantee for the above loans.

At 31 December 2022, Mianyang BOE pledged its land use rights with carrying amount of RMB 372,381,841, machinery and equipment with carrying amount of RMB 24,533,264,774 and plant and buildings with carrying amount of RMB 4,761,337,214 as collaterals to obtain long-term loans of USD 694,730,000 and RMB 13,579,379,340. The Company provides joint-liability guarantee for the above loans.

At 31 December 2022, Wuhan BOE pledged its land use right with carrying amount of RMB 244,216,967, machinery and equipment with carrying amount of RMB 22,797,889,738 and plants and buildings with carrying amount of RMB 4,741,134,307 as collaterals to obtain long-term loans of USD 1,181,500,000 and RMB 6,956,330,000. The Company provides joint-liability guarantee for the above loans. In addition, the Company provides joint-liability guarantee for the letters of credit issued but not accepted of JPY 965,950,000.

At 31 December 2022, Chengdu BOE Hospital Co., Ltd. obtain long-term loans of RMB 1,403,092,146. The Company provides joint-liability guarantee for the above loans.

At 31 December 2022, Nanjing BOE Display pledged its plant and buildings with carrying amount of RMB 4,052,329,316 as collaterals to obtain long-term loans of USD 65,440,000. The Company guarantees 60% of the above loan (i.e., USD 39,264,000) by means of a counter guarantee with joint-liability guarantee. Nanjing BOE Display pledged its machinery and equipment with carrying amount of RMB 319,824,268 as collaterals to obtain finance lease loans of RMB 107,500,000. The Company provides joint-liability guarantee for the above loans. In addition, the Company provided joint-liability guarantee by means of counter guarantee for its short-term borrowings of RMB 900,000,000 and long-term borrowings of RMB 1,200,000,000.

XIV . Segment reporting

1 Segment reporting considerations

The Group management reviews the operation performance and allocates resources according to the business segments below.

- (a) Display business — The display business integrates design and manufacturing of display devices and strives to offer TFT-LCD, AMOLED, Microdisplay and other intelligent interface devices. This business focuses on providing high-quality smartphones, tablet PCs, laptops, monitors, TVs, vehicles, electronic shelf label (ESL), industrial control, domiciliary medical applications, wearable devices, interactive whiteboards , splice displays, business devices, VR/AR devices and other display devices for customers.
- (b) Internet of Things (IoT) innovation business — The IoT innovation business integrates manufacturing models for system solution design, providing customers with competitive smart terminal products in the fields of TVs, monitors, laptops, tablet PCs, low power consumption products, IoT, 3D displays, etc. With artificial intelligence and big data as technical support, it focuses on products and services that integrate software and hardware, providing integrated solutions in IoT segments such as smart finance, smart industrial parks, visual arts, smart administration, smart transportation etc.

- (c) Sensor business — The sensor and application solutions integrate manufacturing models for system solution design. It focuses on various fields such as medical bio-detection, transportation and construction intelligence visions, consumer electronics, microwave communication and industrial sensing, providing customers with integrated design and manufacturing of sensor devices and system solution services. Specific products and solutions include flat panel X-ray detectors (FPXD), digital microfluidic chips, PDLC glass, fingerprint identification systems, industrial sensors, etc.
- (d) MLED business — The MLED integrates design and manufacturing of devices and provides Mini-LED backlight products with strong reliability and high dynamic range that allow precisely brightness adjustment for smartphones, tablet PCs, laptops, monitors, TVs, car displays, wearables and other products; besides, it provides Mini/Micro-LED display products with high brightness, strong reliability and high contrast for the usage of outdoor display, commercial display, transparent display, special display and other scenarios.
- (e) Smart medicine and engineering business — The smart medicine and engineering provides professional healthcare services and features the innovative integration of medical and engineering by integrating engineering technology and medical science. Adhering to people-centred thought, this business focuses on family, community and hospital, connecting testing equipment, medical personnel and costumers by health IoT platform, constructing intelligent health administrative ecosystem, providing customers with a "previson-treatment-nursing" full-chained health services.
- (f) Others — Other service mainly includes technical development service and patent maintenance service.

The main reason to separate the segments is that the Group independently manages the display business, IoT innovation business, sensor and application solutions, MLED and smart medicine and engineering and other businesses. As these business segments manufacture and sale different products, apply different manufacturing processes and specifies in gross profit, the business segments are managed independently. The management evaluates the performance and allocates resources according to the profit of each business segment and does not take financing cost and investment income into account.

2 Accounting policies for the measurements of reporting segments

For the purposes of assessing segment performance, the Group's management regularly reviews the revenue and costs attributable to each reportable segment. Inter-segment sales are determined with reference to prices charged to external parties for similar orders.

| | 2022 | | | | | | | Total |
|------------------|------------------|-------------------------|-----------------|---------------|---------------------------------------|----------------|------------------|-----------------|
| | Display business | IoT innovation business | Sensor business | MLED business | Smart medicine & engineering business | Others | Offsetting | |
| Operating income | 157,949,486,684 | 27,245,456,382 | 306,552,648 | 846,820,654 | 2,203,142,669 | 11,232,889,896 | (21,370,617,754) | 178,413,731,179 |
| Operating costs | 145,362,979,605 | 24,666,540,176 | 241,869,035 | 864,618,690 | 1,809,802,648 | 4,446,526,834 | (19,861,770,836) | 157,530,566,152 |

| | 2021 | | | | | | | Total |
|------------------|------------------|-------------------------|-----------------|---------------|---------------------------------------|----------------|------------------|-----------------|
| | Display business | IoT innovation business | Sensor business | MLED business | Smart medicine & engineering business | Others | Offsetting | |
| Operating income | 203,938,462,632 | 28,379,332,761 | 216,187,403 | 458,249,184 | 1,846,551,592 | 11,308,029,354 | (25,111,094,914) | 221,035,718,012 |
| Operating costs | 150,165,560,834 | 25,169,654,631 | 166,800,549 | 444,702,497 | 1,370,997,955 | 3,100,671,887 | (23,119,562,572) | 157,298,825,781 |

The Group develops various businesses by using common assets and liabilities and therefore, it could not analyse assets and liabilities of each reportable segment respectively by business.

3 Secondary segment reporting (regional segments)

- (a) The geographical information is based on the location of customers receiving services or goods

The following table sets out information about the geographical location of the Group's operating income from external customers:

| | <i>Operating income from external customers</i> | |
|-----------------------------------|---|------------------------|
| | <i>2022</i> | <i>2021</i> |
| Mainland China | 74,124,463,690 | 95,015,382,254 |
| Other Asian countries and regions | 63,351,896,814 | 96,677,882,907 |
| Europe | 5,745,261,109 | 5,478,685,804 |
| America | 35,121,526,346 | 23,770,495,392 |
| Other regions | 70,583,220 | 93,271,655 |
| Total | <u>178,413,731,179</u> | <u>221,035,718,012</u> |

- (b) Divided based on asset locations

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets; the location of the operation to which they are allocated, in the case of intangible assets and goodwill; and the location of operations, in the case of interests in associates and joint ventures. Most of the non-current assets in the Group are located in the Chinese mainland.

4 Major customers

The Group has one customer (2021: None), the operating income from which is over 10% of the Group's total operating income (2021: Nil) in display business. The operating income from the customer, which represents approximately 16% of the Group's total operating income, is summarised in the table below:

| <i>Customer</i> | <i>2022</i> <i>RMB</i> | <i>2021</i> <i>RMB</i> |
|-----------------|---------------------------|---------------------------|
| Customer 1 | 28,511,004,302 | * |

Note: * means that annual income from the customer accounted for less than 10%.

XV. Notes to the Company's financial statements

1 Accounts receivable

(1) The Company's accounts receivable by customer type:

| | <i>31 December 2022</i> | <i>31 December 2021</i> |
|--|-----------------------------|-----------------------------|
| Amounts due from related parties | 4,867,860,690 | 4,827,924,553 |
| Amounts due from other customers | <u>4,289,987</u> | <u>5,195,374</u> |
| Sub-total | 4,872,150,677 | 4,833,119,927 |
| Less: Provision for bad and doubtful debts | <u>8,485,408</u> | <u>4,264,652</u> |
| Total | <u>4,863,665,269</u> | <u>4,828,855,275</u> |

(2) The ageing analysis of accounts receivable is as follows:

| <i>Ageing</i> | <i>2022</i> | <i>2021</i> |
|---|----------------------|----------------------|
| Within 1 year (inclusive) | 3,813,706,724 | 4,506,053,150 |
| Over 1 year but within 2 years (inclusive) | 742,074,869 | 184,286,182 |
| Over 2 years but within 3 years (inclusive) | 182,932,357 | 141,556,611 |
| Over 3 years | <u>133,436,727</u> | <u>1,223,984</u> |
| Sub-total | 4,872,150,677 | 4,833,119,927 |
| Less: Provision for bad and doubtful debts | <u>8,485,408</u> | <u>4,264,652</u> |
| Total | <u>4,863,665,269</u> | <u>4,828,855,275</u> |

The ageing is counted starting from the date when accounts receivable are recognised.

(3) Accounts receivable by provisioning method

| Category | 2022 | | | | Carrying amount |
|---------------------------------------|----------------------|----------------|--------------------------|----------------|----------------------|
| | Book value | | Provision for impairment | | |
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Individual assessment | | | | | |
| - Customers with high credit risk | 8,406,011 | 0% | 8,406,011 | 100% | - |
| - Customers with low credit risk | 4,863,603,112 | 100% | - | 0% | 4,863,603,112 |
| Collective assessment | | | | | |
| - Customers with moderate credit risk | <u>141,554</u> | 0% | <u>79,397</u> | 56% | <u>62,157</u> |
| Total | <u>4,872,150,677</u> | 100% | <u>8,485,408</u> | 0% | <u>4,863,665,269</u> |

| Category | 2021 | | | | Carrying amount |
|---------------------------------------|----------------------|----------------|--------------------------|----------------|----------------------|
| | Book value | | Provision for impairment | | |
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Individual assessment | | | | | |
| - Customers with high credit risk | 4,090,353 | 0% | 4,090,353 | 100% | - |
| - Customers with low credit risk | 4,828,194,553 | 100% | - | 0% | 4,828,194,553 |
| Collective assessment | | | | | |
| - Customers with moderate credit risk | <u>835,021</u> | 0% | <u>174,299</u> | 21% | <u>660,722</u> |
| Total | <u>4,833,119,927</u> | 100% | <u>4,264,652</u> | 0% | <u>4,828,855,275</u> |

(4) Additions and recoveries of provision for bad and doubtful debts during the year:

| | 2022 | 2021 |
|--------------------------------------|------------------|---------------------|
| Balance at the beginning of the year | 4,264,652 | 20,301,553 |
| Charge during the year | 4,315,658 | 135,218 |
| Recoveries during the year | (94,902) | (136) |
| Written-off during the year | <u>-</u> | <u>(16,171,983)</u> |
| Balance at the end of the year | <u>8,485,408</u> | <u>4,264,652</u> |

(5) Five largest accounts receivable by debtor at the end of the year

The five largest accounts receivable of the Company amounted to RMB 4,466,867,289, amounting to 92% of the total accounts receivable at the end of the year, and no provisions for bad and doubtful debts were made at the end of the year.

2 Other receivables

| | <i>Note</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|----------------------|-------------|------------------------------|------------------------------|
| Dividends receivable | (1) | 333,352,986 | 219,715,564 |
| Others | (2) | <u>19,544,792,389</u> | <u>15,230,115,046</u> |
| Total | | <u><u>19,878,145,375</u></u> | <u><u>15,449,830,610</u></u> |

(1) Dividends receivable

| | | <i>31 December 2022</i> | <i>31 December 2021</i> |
|---|--|-----------------------------|-----------------------------|
| Beijing Matsushita Colour CRT Co., Ltd. | | 333,352,986 | 214,240,861 |
| BOE (Korea) Co.,Ltd. | | <u>-</u> | <u>5,474,703</u> |
| Total | | <u><u>333,352,986</u></u> | <u><u>219,715,564</u></u> |

(2) Others

(a) The Company's other receivables by customer type:

| <i>Customer type</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|--|------------------------------|------------------------------|
| Amounts due from subsidiaries | 19,338,630,021 | 15,065,482,829 |
| Amounts due from other related parties | 14,894,073 | 1,818,789 |
| Amounts due from other customers | <u>211,976,091</u> | <u>169,615,338</u> |
| Sub-total | 19,565,500,185 | 15,236,916,956 |
| Less: Provision for bad and doubtful debts | <u>20,707,796</u> | <u>6,801,910</u> |
| Total | <u><u>19,544,792,389</u></u> | <u><u>15,230,115,046</u></u> |

(b) The Company's other receivables by currency:

As at 31 December 2022 and 31 December 2021, there is no other receivables in foreign currency.

(c) The ageing analysis of other receivables of the Company is as follows:

| | <i>2022</i> | <i>2021</i> |
|---|------------------------------|------------------------------|
| Within 1 year (inclusive) | 15,304,792,246 | 5,896,130,713 |
| Over 1 year but within 2 years (inclusive) | 2,669,590,657 | 6,954,523,850 |
| Over 2 years but within 3 years (inclusive) | 1,515,874,424 | 2,348,713,430 |
| Over 3 years | <u>75,242,858</u> | <u>37,548,963</u> |
| Sub-total | 19,565,500,185 | 15,236,916,956 |
| Less: Provision for bad and doubtful debts | <u>20,707,796</u> | <u>6,801,910</u> |
| Total | <u><u>19,544,792,389</u></u> | <u><u>15,230,115,046</u></u> |

The ageing is counted starting from the date when other receivables are recognised.

(d) Other receivables by provisioning method

| Category | 2022 | | | | |
|-----------------------|-----------------------|----------------|--------------------------|----------------|-----------------------|
| | Book value | | Provision for impairment | | Carrying amount |
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Individual assessment | 20,707,796 | 0% | 20,707,796 | 100% | |
| Collective assessment | <u>19,544,792,389</u> | 100% | <u>-</u> | 0% | <u>19,544,792,389</u> |
| Total | <u>19,565,500,185</u> | 100% | <u>20,707,796</u> | 0% | <u>19,544,792,389</u> |

| Category | 2021 | | | | |
|-----------------------|-----------------------|----------------|--------------------------|----------------|-----------------------|
| | Book value | | Provision for impairment | | Carrying amount |
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Individual assessment | 6,801,910 | 0% | 6,801,910 | 100% | |
| Collective assessment | <u>15,230,115,046</u> | 100% | <u>-</u> | 0% | <u>15,230,115,046</u> |
| Total | <u>15,236,916,956</u> | 100% | <u>6,801,910</u> | 0% | <u>15,230,115,046</u> |

(e) Movements of provisions for bad and doubtful debts

| | 2022 | 2021 |
|--------------------------------------|-------------------|---------------------|
| Balance at the beginning of the year | 6,801,910 | 49,939,652 |
| Charge for the year | 13,905,886 | 5,112,258 |
| Written-off during the year | <u>-</u> | <u>(48,250,000)</u> |
| Balance at the end of the year | <u>20,707,796</u> | <u>6,801,910</u> |

(f) Other receivables categorised by nature

| <i>Nature of other receivables</i> | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|--|-------------|-----------------------|-----------------------|
| Transaction amount | (i) | 19,338,630,021 | 15,065,482,829 |
| Others | | <u>226,870,164</u> | <u>171,434,127</u> |
| Sub-total | | 19,565,500,185 | 15,236,916,956 |
| Less: Provision for bad and doubtful debts | | <u>20,707,796</u> | <u>6,801,910</u> |
| Total | | <u>19,544,792,389</u> | <u>15,230,115,046</u> |

(i) As of December 31, 2022 and December 31, 2021, the Company's current accounts mainly consisted of loans receivable from subsidiaries.

(g) Five largest other receivables by debtor at the end of the year

Other receivables at the end of the year due from the top five debtors of the Company amounted to RMB 14,977,867,884 in total, most of which are amounts due to/from related parties within the Group. No provision is made for bad and doubtful debts after assessment.

3 Long-term equity investments

(1) The Company's long-term equity investments by category:

| | <i>2022</i> | <i>2021</i> |
|--|------------------------|------------------------|
| Investments in subsidiaries | 211,178,767,516 | 207,777,846,290 |
| Investments in associates and joint ventures | <u>3,162,185,504</u> | <u>3,199,974,945</u> |
| Sub-total | 214,340,953,020 | 210,977,821,235 |
| Less: Provision for impairment | <u>32,000,000</u> | <u>32,000,000</u> |
| Total | <u>214,308,953,020</u> | <u>210,945,821,235</u> |

The closing balance of long-term equity investments represents the Company's impairment provision for its subsidiary Beijing BOE Vacuum Technology Co., Ltd. in the prior year of RMB 32,000,000.

(2) Investments in subsidiaries:

| Subsidiary | Balance at the beginning of the year | Increase during the year Increase in investments | Increase during the year Share-based payments | Decrease during the year | Balance at the end of the year | Balance of provision for impairment at the beginning of the year | Balance of provision for impairment at the end of the year |
|---|--------------------------------------|---|--|--------------------------|--------------------------------|--|--|
| Beijing BOE Optoelectronics Technology Co., Ltd. | 4,198,742,954 | - | 14,526,251 | (4,172,288,084) | 40,981,121 | - | - |
| Chengdu BOE Optoelectronics Technology Co., Ltd. | 25,055,603,860 | - | 53,356,143 | - | 25,108,960,003 | - | - |
| Hefei BOE Optoelectronics Technology Co., Ltd. | 9,032,079,808 | - | 31,042,976 | - | 9,063,122,784 | - | - |
| Beijing BOE Display Technology Co., Ltd. | 17,520,168,739 | - | 127,142,375 | - | 17,647,311,114 | - | - |
| Hefei Xinsheng Optoelectronics Technology Co., Ltd. | 20,122,733,179 | - | 33,217,425 | - | 20,155,950,604 | - | - |
| Ordos Yuansheng Optoelectronics Co., Ltd. | 11,808,874,625 | - | 5,433,063 | - | 11,814,307,688 | - | - |
| Chongqing BOE Optoelectronics Technology Co., Ltd. | 19,584,823,404 | - | 14,834,363 | - | 19,599,657,767 | - | - |
| Fuzhou BOE Optoelectronics Technology Co., Ltd. | 14,687,793,781 | - | 13,578,397 | - | 14,701,372,178 | - | - |
| Beijing BOE Video Technology Co., Ltd. ("BOE Video") | 4,094,913,328 | 330,595,800 | 1,848,592 | - | 4,427,357,720 | - | - |
| Beijing BOE Vacuum Electronics Co., Ltd. | 19,577,537 | - | 355,992 | - | 19,933,529 | - | - |
| Beijing BOE Vacuum Technology Co., Ltd. | 32,000,000 | - | - | - | 32,000,000 | 32,000,000 | 32,000,000 |
| Beijing Yinghe Century Co., Ltd. | 342,184,564 | - | 10,213,512 | - | 352,398,076 | - | - |
| BOE Optical Science and technology Co., Ltd. | 662,168,271 | - | 5,309,002 | - | 667,477,273 | - | - |
| BOE Hyundai LCD (Beijing) Display Technology Co., Ltd. | 36,624,841 | - | 5,361,914 | - | 41,986,755 | - | - |
| BOE (Hebei) Mobile Technology Co., Ltd. | 1,354,940,194 | - | 1,343,361 | - | 1,356,283,555 | - | - |
| Beijing BOE Multimedia Technology Co., Ltd. | 400,000,000 | - | - | - | 400,000,000 | - | - |
| Beijing BOE Energy Technology Co., Ltd. | 854,286,893 | - | 3,294,489 | - | 857,581,382 | - | - |
| Beijing BOE Life Technology Co., Ltd. | 10,000,000 | - | - | - | 10,000,000 | - | - |
| Beijing Zhongxiangying Technologies Co., Ltd. | 100,578,919 | - | 1,688,249 | - | 102,267,168 | - | - |
| BOE Semi-conductor Co., Ltd. | 9,450,000 | - | - | - | 9,450,000 | - | - |
| BOE Optoelectronics Holding Co., Ltd. | 3,211,961,538 | 275,723,224 | - | - | 3,487,684,762 | - | - |
| BOE Healthcare Investment & Management Co., Ltd. | 7,283,180,411 | 540,000,000 | 893,030 | - | 7,824,073,441 | - | - |
| Hefei BOE Display Technology Co., Ltd. | 2,020,815,508 | - | 20,764,412 | - | 2,041,579,920 | - | - |
| Beijing BOE Technology Development Co., Ltd. | 1,724,087 | - | 788,267 | - | 2,512,354 | - | - |
| BOE Wisdom IOT Technology Co., Ltd. | 13,441,936 | - | 14,954,155 | - | 28,396,091 | - | - |
| Hefei BOE Zhuoyin Technology Co., Ltd. | 602,251,996 | - | 2,452,167 | - | 604,704,163 | - | - |
| Beijing BOE Real Estate Co., Ltd. | 8,568,773 | - | 911,991 | - | 9,480,764 | - | - |
| Beijing BOE Marketing Co., Ltd. | 31,014,071 | - | 559,425 | - | 31,573,496 | - | - |
| BOE (Korea) Co., Ltd. | 3,900,987 | - | 3,194,914 | - | 7,095,901 | - | - |
| Yunnan Invsight Optoelectronics Technology Co., Ltd. (formerly known as Kunming BOE Display Technology Co., Ltd.) | 1,514,944,989 | - | 3,652,290 | - | 1,518,597,279 | - | - |
| Mianyang BOE Optoelectronics Technology Co., Ltd. | 22,329,872,372 | - | 12,400,963 | - | 22,342,273,335 | - | - |
| Beijing BOE Sensing Technology Co., Ltd. | 221,944,202 | 4,263,288,084 | 10,873,303 | - | 4,496,105,589 | - | - |
| Wuhan BOE Optoelectronics Technology Co., Ltd. | 12,511,267,959 | - | 13,217,462 | - | 12,524,485,421 | - | - |
| Chongqing BOE Display Technology Co., Ltd. | 9,085,662,024 | 218,750,000 | 8,167,786 | - | 9,312,579,810 | - | - |
| Fuzhou BOE Display Technology Co., Ltd. | 22,454,088 | - | 382,638 | - | 22,836,726 | - | - |
| Beijing Matsushita Colour CRT Co., Ltd. | 2,527,690 | - | 2,623,935 | - | 5,151,625 | - | - |
| BOE Innovation Investment Co., Ltd. | 2,964,000,000 | 234,000,000 | 191,319 | - | 3,198,191,319 | - | - |
| Hefei BOE Xingyu Technology Co., Ltd. | 335,731,430 | 169,364,156 | 1,271,650 | - | 506,367,236 | - | - |
| BOE Education Technology Co., Ltd. | 27,881,265 | - | 1,378,009 | - | 29,259,274 | - | - |
| Dongfang Chengqi (Beijing) Business Technology Co., Ltd. | 8,000,000 | 2,000,000 | 3,786,416 | - | 13,786,416 | - | - |
| BOE Smart Technology Co., Ltd. | 1,822,000,000 | 250,000,000 | - | - | 2,072,000,000 | - | - |
| Nanjing BOE Display Technology Co., Ltd. | 5,591,893,772 | - | 6,736,025 | - | 5,598,629,797 | - | - |
| Chengdu BOE Display Sci-tech Co., Ltd. (Chengdu Display Sci-tech) | 7,550,673,783 | - | 6,697,855 | - | 7,557,371,638 | - | - |
| BOE Mled Technology Co., Ltd. | 600,366,251 | 700,000,000 | 12,427,674 | - | 1,312,793,925 | - | - |
| BOE Environmental Energy Technology Co., Ltd. | - | 50,000,000 | - | - | 50,000,000 | - | - |
| Chengdu BOE Display Technology Co., Ltd. | - | 5,263,000 | - | - | 5,263,000 | - | - |
| Others* | 84,222,261 | - | 83,353,256 | - | 167,575,517 | - | - |
| Total | 207,777,846,290 | 7,038,984,264 | 534,225,046 | (4,172,288,084) | 211,178,767,516 | 32,000,000 | 32,000,000 |

* Others are the equity incentive funds paid for subsidiaries of the subsidiaries of the Group to be accrued.

For information about the major subsidiaries of the Company, refer to Note VII. 1.

(3) Investments in associates:

| <i>Investee</i> | <i>Balance at the beginning of the year</i> | <i>Movements during the year</i> | | | | | <i>Declared distribution of cash dividends or profits</i> | <i>Balance at the end of the year</i> | <i>Balance of provision for impairment at the end of the year</i> |
|---|---|----------------------------------|--------------------------------|---|-----------------------------------|-------------------------------|---|---------------------------------------|---|
| | | <i>Increase in investments</i> | <i>Decrease in investments</i> | <i>Investment (loss) / income under equity method</i> | <i>Other comprehensive income</i> | <i>Other equity movements</i> | | | |
| Erdos BOE Energy Investment Co., Ltd. | 76,107,007 | 60,800,000 | - | (447,397) | - | - | - | 136,459,610 | - |
| Beijing Xindongneng Investment Fund (Limited Partnership) | 2,088,917,867 | - | (129,798,594) | 241,130,621 | (61,062,079) | - | (104,317,491) | 2,034,870,324 | - |
| Beijing Innovation Industry Investment Co., Ltd. | 207,564,573 | - | - | 15,651,980 | - | - | - | 223,216,553 | - |
| Beijing Electric Control Industry Investment Co., Ltd. | 231,777,557 | 21,234,700 | - | (2,556,780) | 7,694,430 | - | - | 258,149,907 | - |
| Beijing BOE Art Cloud Technology Co., Ltd. | 215,529,981 | - | - | 9,145,156 | - | 134,476,619 | - | 359,151,756 | - |
| Chengdu BOE Automotive Electronics Co., Ltd. (formerly known as Chengdu BOE Motor Electronics Co., Ltd) | 200,000,000 | - | (200,000,000) | - | - | - | - | - | - |
| Others | 180,077,960 | - | (87,070,668) | 65,938,280 | 63,317 | 6,910,177 | (15,581,712) | 150,337,354 | - |
| | <u>3,199,974,945</u> | <u>82,034,700</u> | <u>(416,869,262)</u> | <u>328,861,860</u> | <u>(53,304,332)</u> | <u>141,386,796</u> | <u>(119,899,203)</u> | <u>3,162,185,504</u> | <u>-</u> |

4 Deferred tax assets/deferred tax liabilities

| <i>Items</i> | <u>31 December 2022</u> | | <u>31 December 2021</u> | |
|--|--|---|--|--|
| | <i>Deductible/ (taxable) temporary differences</i> | <i>Deferred tax assets/ (liabilities)</i> | <i>Deductible/ (taxable) temporary differences</i> | <i>Deferred tax assets/(liabilities)</i> |
| Deferred tax assets: | | | | |
| Provision for impairment of assets | 84,310,502 | 12,646,575 | 66,183,860 | 9,927,579 |
| Changes in fair value of investments in other equity instruments | 142,547,604 | 21,382,141 | 139,523,200 | 20,928,480 |
| Depreciation of fixed assets | 181,992,613 | 27,298,892 | 156,677,700 | 23,501,655 |
| Government grant | 143,385,420 | 21,507,813 | 209,807,147 | 31,471,072 |
| Others | 38,342,471 | 5,751,371 | 59,527,066 | 8,929,060 |
| Sub-total | <u>590,578,610</u> | <u>88,586,792</u> | <u>631,718,973</u> | <u>94,757,846</u> |
| Amount offset | | <u>(88,586,792)</u> | | <u>(94,757,846)</u> |
| Balance after offsetting | | <u>-</u> | | <u>-</u> |
| Deferred tax liabilities: | | | | |
| Technology royalty receivable from subsidiaries | (1,250,000,000) | (187,500,000) | (2,050,000,000) | (307,500,000) |
| Others | (87,160,432) | (13,074,064) | (87,160,432) | (13,074,064) |
| Sub-total | <u>(1,337,160,432)</u> | <u>(200,574,064)</u> | <u>(2,137,160,432)</u> | <u>(320,574,064)</u> |
| Amount offset | | <u>88,586,792</u> | | <u>94,757,846</u> |
| Balance after offsetting | | <u>(111,987,272)</u> | | <u>(225,816,218)</u> |

5 Other payables

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|-------------------|-------------|----------------------|----------------------|
| Dividends payable | | 6,410,514 | 6,561,972 |
| Others | (1) | <u>4,242,980,632</u> | <u>2,874,322,796</u> |
| Total | | <u>4,249,391,146</u> | <u>2,880,884,768</u> |

(1) Others

(a) The Company's other payables by category are as follows:

| | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|---|-------------|----------------------|----------------------|
| Amounts due to/from subsidiaries | | 2,912,284,353 | 1,364,404,865 |
| Repurchase obligation of restricted shares | V.39 | 753,440,228 | 835,215,390 |
| Purchase of projects, equipment and intangible assets | | 405,997,313 | 462,535,293 |
| Others | | 171,258,738 | 212,167,248 |
| Total | | <u>4,242,980,632</u> | <u>2,874,322,796</u> |

(b) The Company's other payables by currency:

| | <i>2022</i> | | | <i>2021</i> | | |
|-------|------------------------------------|----------------------|----------------------------|------------------------------------|----------------------|----------------------------|
| | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> | <i>Amount in original currency</i> | <i>Exchange rate</i> | <i>RMB/RMB equivalents</i> |
| RMB | | | 2,182,655,332 | | | 2,536,057,636 |
| USD | 295,816,014 | 6.9646 | 2,060,240,211 | 52,998,757 | 6.3757 | 337,904,175 |
| EUR | 11,463 | 7.4229 | <u>85,089</u> | 50,000 | 7.2197 | <u>360,985</u> |
| Total | | | <u>4,242,980,632</u> | | | <u>2,874,322,796</u> |

6 Long-term loans

| | 2022 | | 2021 | |
|---|-----------------------|--|-----------------------|--|
| | RMB | Credited/ collateralised/ guaranteed/ pledged | RMB | Credited/ collateralised/ guaranteed/ pledged |
| Bank loans | | | | |
| - RMB | 42,222,030,392 | Credited | 43,079,530,231 | Credited |
| Less: Long-term loans due within one year | <u>2,664,530,392</u> | Credited | <u>10,871,030,231</u> | Credited |
| Total | <u>39,557,500,000</u> | | <u>32,208,500,000</u> | |

The interest rate of RMB long-term loans for the Company ranged from 0% to 3.53% in 2022 (2021: 0% to 3.77%).

7 Other non-current liabilities

| <i>Item</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|-----------------------------|-----------------------------|-----------------------------|
| Payables to related parties | <u>96,394,661,805</u> | <u>74,506,661,805</u> |

As of December 31, 2022 and December 31, 2021, the Company's payables to related parties mainly consisted of loans payable from subsidiaries.

8 Capital reserve

| <i>Items</i> | <i>Share premium</i> | <i>Other capital reserves</i> | <i>Total</i> |
|--|-----------------------|-------------------------------|-----------------------|
| Balance at the beginning of the year | 53,751,381,484 | (153,348,332) | 53,598,033,152 |
| Add: Equity-settled share-based payments | - | 699,065,561 | 699,065,561 |
| Other movements in equity of associates | - | 141,386,796 | 141,386,796 |
| Cancellation of treasury shares | (641,811,942) | - | (641,811,942) |
| Others | <u>(42,952,736)</u> | <u>(60,093,618)</u> | <u>(103,046,354)</u> |
| Balance at the end of the year | <u>53,066,616,806</u> | <u>627,010,407</u> | <u>53,693,627,213</u> |

9 Other comprehensive income

| Item | Balance at the beginning of the year | Movements during the year | | | | Balance at the end of the year |
|--|--------------------------------------|---------------------------|--------------------------|--|---|--------------------------------|
| | | Before-tax amount | Less: Income tax expense | Less: Transfer of other comprehensive income to profit or loss | Less: Transfer of other comprehensive income to retained earnings | |
| Items that will not be reclassified to profit or loss | 89,258,107 | (56,392,053) | (453,661) | - | 32,873,780 | 445,935 |
| Including: Other comprehensive income recognised under equity method | 207,852,822 | (53,367,649) | - | - | 32,873,780 | 121,611,393 |
| Changes in fair value of investments in other equity instruments | (118,594,715) | (3,024,404) | (453,661) | - | - | (121,165,458) |
| Items that may be reclassified to profit or loss | (233,457) | 63,317 | - | (64,550) | - | (105,590) |
| Total | <u>89,024,650</u> | <u>(56,328,736)</u> | <u>(453,661)</u> | <u>(64,550)</u> | <u>32,873,780</u> | <u>340,345</u> |

10 Retained earnings

| Item | 2022 | 2021 |
|---|----------------------|-----------------------|
| Retained earnings at the beginning of the year | 11,950,975,927 | 11,954,088,031 |
| Add: Net profits for the year | 3,481,863,512 | 4,396,496,566 |
| Less: Appropriation for statutory surplus reserve | 348,186,351 | 439,649,657 |
| Interest on holders of other equity instruments | 530,695,890 | 533,600,000 |
| Dividends to ordinary shares | 7,958,923,130 | 3,476,073,919 |
| Transfer of other comprehensive income to retained earnings | <u>(29,586,402)</u> | <u>(49,714,906)</u> |
| Retained earnings at the end of the year | <u>6,624,620,470</u> | <u>11,950,975,927</u> |

11 Operating income and operating costs

| Item | 2022 | | 2021 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | Income | Cost | Income | Cost |
| Principal activities | 4,826,443,711 | 9,746,176 | 5,664,683,841 | 8,880,161 |
| Other operating activities | <u>46,885,004</u> | <u>334,092</u> | <u>52,314,193</u> | <u>7,579,293</u> |
| Total | <u>4,873,328,715</u> | <u>10,080,268</u> | <u>5,716,998,034</u> | <u>16,459,454</u> |
| Including: Revenue from contracts with customers | 4,758,053,462 | 417,034 | 5,594,507,267 | 6,773,342 |
| Other income | 115,275,253 | 9,663,234 | 122,490,767 | 9,686,112 |

12 Investment income

| | 2022 | 2021 |
|--|-----------------------------|-----------------------------|
| Income from long-term equity investments accounted for using the cost method | 1,221,116,853 | 1,841,946,602 |
| Income from long-term equity investments accounted for using the equity method | 328,861,860 | 864,640,400 |
| Investment income from disposal of long-term equity investments | 30,000,000 | 45,527,110 |
| Dividend income from investments in other equity instruments | 206,209 | 3,554,579 |
| Including: Dividend income from investments in other equity instruments held at the balance sheet date | 206,209 | 3,554,579 |
| Others | <u>353,903,009</u> | <u>-</u> |
| Total | <u><u>1,934,087,931</u></u> | <u><u>2,755,668,691</u></u> |

| | | | | |
|-----|--|-------------|----------------------|----------------------|
| 13 | Income tax expenses | | <i>2022</i> | <i>2021</i> |
| | | <i>Note</i> | | |
| | Current tax expense for the period based on tax law and regulations | | 315,456,182 | 418,134,244 |
| | Changes in deferred tax assets/liabilities | (1) | <u>(113,375,285)</u> | <u>(157,278,240)</u> |
| | Total | | <u>202,080,897</u> | <u>260,856,004</u> |
| (1) | The analysis of changes in deferred tax assets/liabilities is set out below: | | | |
| | | | <i>2022</i> | <i>2021</i> |
| | Origination and reversal of temporary differences | | <u>(113,375,285)</u> | <u>(157,278,240)</u> |
| (2) | Reconciliation between income tax expenses and accounting profit: | | | |
| | <i>Item</i> | | <i>2022</i> | <i>2021</i> |
| | Profit before taxation | | 3,683,944,409 | 4,657,352,570 |
| | Expected income tax expense at tax rate of 15% | | 552,591,661 | 698,602,886 |
| | Add: Non-deductible expenses | | 32,425,844 | 22,551,281 |
| | Non-taxable income | | (253,782,990) | (362,122,686) |
| | Tax deduction for R&D activities | | (129,158,755) | (107,936,270) |
| | Others | | <u>5,137</u> | <u>9,760,793</u> |
| | Income tax expenses | | <u>202,080,897</u> | <u>260,856,004</u> |

- 14 Supplementary information on cash flow statement
 (1) Supplement to the cash flow statement

| | 2022 | 2021 |
|--|----------------------|--------------------|
| (a) Reconciliation of net profit to cash flows from operating activities: | | |
| Net profit | 3,481,863,512 | 4,396,496,566 |
| Add: Credit losses | 18,126,642 | 5,247,340 |
| Depreciation of fixed assets, investment properties and right-of-use assets | 198,186,954 | 186,180,161 |
| Amortisation of intangible assets | 205,316,168 | 175,887,643 |
| Amortisation of long-term deferred expenses | 53,563,810 | 74,101,005 |
| Loss on disposal of fixed assets, intangible assets and other long-term assets | - | 773,327 |
| Losses from scrapping of fixed assets | 11,563 | - |
| Financial expenses | 572,555,726 | 796,624,497 |
| Investment income | (1,934,087,931) | (2,755,668,691) |
| Share-based payments | 164,840,515 | 139,972,018 |
| Change in deferred income | (916,302,566) | (910,723,593) |
| Changes in deferred tax assets and liabilities | (113,828,946) | (159,881,386) |
| Decrease in gross inventories | 787,291 | 2,769,045 |
| Decrease / (increase) in operating receivables | 780,128,458 | (83,241,004) |
| Increase / (decrease) in operating payables | 1,173,595,580 | (1,164,437,376) |
| | <u>3,684,756,776</u> | <u>704,099,552</u> |
| Net cash inflow from operating activities | <u>3,684,756,776</u> | <u>704,099,552</u> |

| | | |
|--|----------------------|----------------------|
| (b) Net changes in cash and cash equivalents: | | |
| | <i>2022</i> | <i>2021</i> |
| Cash and cash equivalents at the end of the year | 7,111,879,033 | 5,599,937,349 |
| Less: Cash and cash equivalents at the beginning of the year | <u>5,599,937,349</u> | <u>4,360,065,216</u> |
| Net increase in cash and cash equivalents | <u>1,511,941,684</u> | <u>1,239,872,133</u> |

| | | |
|--|----------------------|----------------------|
| (2) Details of cash and cash equivalents | | |
| | <i>2022</i> | <i>2021</i> |
| Cash on hand | 13,361 | 12,554 |
| Bank deposits available on demand | 7,111,658,528 | 5,527,470,074 |
| Other monetary funds available on demand | <u>207,144</u> | <u>72,454,721</u> |
| Closing balance of cash and cash equivalents | <u>7,111,879,033</u> | <u>5,599,937,349</u> |

Note: Cash and cash equivalents disclosed above exclude other monetary fund with restricted usage.

XVI. Extraordinary gains and losses in 2022

| | 2022 | 2021 |
|---|-----------------------|----------------------|
| Investment income from disposal of long-term equity investments | 829,872,568 | 37,327,797 |
| Other income from long-term equity investments | 4,620,534,865 | - |
| Losses from disposal of non-current assets | (4,908,339) | 136,846,803 |
| Government grants recognised through profit or loss (excluding those having close relationships with the Company's normal operation and enjoyed in fixed amount or quantity according to uniform national standard) | 5,458,665,272 | 2,077,537,306 |
| Changes in fair value of financial assets held for trading and investment income from disposal of financial assets held for trading | 275,498,559 | 121,656,142 |
| Reversal of provision for bad and doubtful debts of receivables assessed on an individual basis | 18,395,999 | 20,304,301 |
| Other non-operating income and expenses besides items above | 90,115,764 | 90,587,512 |
| Less: Tax effect | <u>133,580,776</u> | <u>191,362,477</u> |
| Total | <u>11,154,593,912</u> | <u>2,292,897,384</u> |
| Including: Extraordinary gains affecting net profit of equity shareholders of the Company | 9,779,529,951 | 1,893,395,748 |
| Extraordinary gains affecting net profit of equity shareholders of the non-controlling shareholders | 1,375,063,961 | 399,501,636 |

Note: Extraordinary gain and loss item listed above are presented in the amount before taxation.

XVII. Return on net assets and earnings per share

In accordance with “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share” (2010 revised) issued by the CSRC and relevant accounting standards, the Group’s return on net assets and earnings per share are calculated as follows:

| <i>Profit for the reporting period</i> | <i>Weighted average return on net assets (%)</i> | <i>Basic earnings per share</i> | <i>Diluted earnings per share</i> |
|---|--|-------------------------------------|---------------------------------------|
| Net profit attributable to the Company’s ordinary equity shareholders | 5.45% | 0.19 | Not applicable |
| Net profit excluding extraordinary gain and loss attributable to the Company’s ordinary equity shareholders | (2.21%) | (0.08) | Not applicable |

1 Calculation of earnings per share

(1) Basic earnings per share

For calculation of the basic earnings per share, refer to Note V.57.

(2) Basic earnings per share excluding extraordinary gain and loss

Basic earnings per share excluding extraordinary gain and loss is calculated as dividing consolidated net profit excluding extraordinary gain and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

| | <i>2022</i> | <i>2021</i> |
|---|-----------------|----------------|
| Consolidated net profit attributable to ordinary shareholders of the Company | 6,955,656,068 | 25,395,917,610 |
| Extraordinary gains and losses attributable to ordinary shareholders of the Company | 9,779,529,951 | 1,893,395,748 |
| Consolidated net (loss) / profit excluding extraordinary gain and loss attributable to the Company’s ordinary equity shareholders | (2,823,873,883) | 23,502,521,862 |
| Weighted average number of ordinary shares outstanding | 37,502,641,911 | 35,704,986,088 |
| Basic earnings per share excluding extraordinary gain and loss (RMB/share) | (0.08) | 0.66 |

2 Calculation of weighted average return on net assets

(1) Weighted average return on net assets

Weighted average return on net assets is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average amount of consolidated net assets:

| | 2022 | 2021 |
|--|-----------------|-----------------|
| Consolidated net profit attributable to ordinary shareholders of the Company | 6,955,656,068 | 25,395,917,610 |
| Weighted average amount of consolidated net assets | 127,513,376,950 | 106,139,286,422 |
| Weighted average return on net assets | 5.45% | 23.93% |

Calculation of weighted average amount of consolidated net assets is as follows:

| | 2022 | 2021 |
|--|------------------------|------------------------|
| Consolidated net assets at the beginning of the year | 129,057,243,520 | 89,165,346,609 |
| Effect of consolidated net profit attributable to ordinary shareholders of the Company | 3,477,828,034 | 12,697,958,805 |
| Effect of non-public issuance of shares | - | 6,623,170,611 |
| Effect of repurchase of treasury shares | (495,230,613) | (594,867,425) |
| Distribution of profits to ordinary shareholders | (4,626,435,310) | (1,738,036,960) |
| Effect of change in shareholding ratio of subsidiaries | 374,012,026 | (426,455,629) |
| Effect of movements in amounts attributable to ordinary shareholders of the Company | <u>(274,040,707)</u> | <u>412,170,411</u> |
| Weighted average amount of consolidated net assets | <u>127,513,376,950</u> | <u>106,139,286,422</u> |

(2) Weighted average return on net assets excluding extraordinary gains and losses

Weighted average return on net assets excluding extraordinary gain and loss is calculated as dividing consolidated net profit excluding extraordinary gain and loss attributable to ordinary shareholders of the Company by the weighted average amount of consolidated net assets:

| | 2022 | 2021 |
|---|-----------------|-----------------|
| Consolidated net (loss) / profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders | (2,823,873,883) | 23,502,521,862 |
| Weighted average amount of consolidated net assets | 127,513,376,950 | 106,139,286,422 |
| Weighted average return on net assets excluding extraordinary gain and loss | (2.21%) | 22.14% |