



**Yunnan Energy New Material Co., Ltd.**

**2022 Annual Report**

**March 2022**

# 2022 Annual Report

## Section 1 Important Notes, Contents and Definitions

The Board of Directors and its members, the Supervisory Committee and its members and the senior management warrant that the contents of the Annual Report are truthful, accurate and complete, without any false statement, misrepresentation or major omission, and that they are jointly and severally liable for them.

Paul Xiaoming Lee (the Company's person in charge), Li Jian (the person in charge of finance) and Deng Jinhuan (the person in charge of the accounting department) hereby declare and warrant that the contents of the financial statements in this Annual Report are truthful, accurate and complete.

All Directors were present at the Board meeting to review this Annual Report.

The future plans, development strategies and other forward-looking descriptions in this report do not constitute material commitments of the Company to investors. Investors and related persons should be fully aware of the risks in connection therewith and should understand the difference between plan, forecast and commitment. Investors are advised to pay attention to investment risks.

For details, please refer to the "3. Risks the Company May Face" under the "XI. Outlook for the Company's Future Prospects" in the Section 3 "Management Discussion and Analysis" of this report.

### 1. Risks of China's policies on the regulating lithium battery separator

In recent years, various countries have intensively introduced industry policies to support the development of new energy vehicle industry. Benefiting from policy support, the production value of new energy vehicle industry rapidly increased, driving the rapid development of the upstream lithium battery industry. If there are significant adverse changes in carbon emissions, renewable energy application and other relevant industry policies in the future, the relevant policies may have a negative impact on the development of the whole industry chain of new energy vehicle, thus having an adverse impact on the upstream lithium battery separator industry and the Company's operation results.

### 2. Risks of fierce market competition

The rapid growth of the new energy vehicle industry has driven the fast development of lithium-ion battery separator in the upstream part. With the high gross profit margin of lithium-ion battery separator, many domestic enterprises are attracted to invest in this segment. Massive investment funds are driving the rapid increase in production capacity, and this segment is currently becoming increasingly competitive. The increasingly fierce competition will have an adverse impact on the results of the Company if it can't deeply understand the law of industrial development and make constant efforts for technological innovation and operational management improvement to improve product quality and reduce production costs.

### 3. Risks of price fluctuation in key raw materials

The key raw materials used by the Company are subjected to price fluctuation to some extent, especially polypropylene and polyethylene, whose prices are affected by the strong fluctuations in the international crude oil price. The results of the Company may be adversely affected by the gross profit margin which may be affected to some extent if the prices of key raw materials fluctuate sharply due to the macroeconomic developments, the demand and supply relation for enterprises in the upstream and downstream parts and other factors.

### 4. Risks relating to construction in progress

The Company needs a great amount of investment funds for the under-construction projects in the production bases, such as Jiangxi Enpo, Chongqing Energy, Jiangsu Energy, Hubei Energy, Jiangsu Ruijie and Hungary Energy. If the Company fails to raise sufficient funds in time, or complete the projects and put into operation on schedule, the production, operation and profitability will be adversely affected.

### 5. Risks of technology leakage and talent outflow

An enterprise engaging in lithium battery separator requires advanced technology and process, rich management experience and deep understanding of the industry. To ensure the ability of constant innovation and the steady growth of business, the Company should have teams consisting of steady high-quality employees in scientific research, management and sales. The Company constantly improves the mechanisms for talent cultivation, incentive, promotion and restriction, but there is still the possibility of the outflow of core employees from the Company. In case of leakage of the core technology or the departure of core employees, the production and operation of the Company may be adversely affected.

### 6. Risks of technological progress and alternatives

Lithium-ion battery is mainly used for mobile phones, computers, new energy vehicles and energy storage power stations. After development for many years, lithium-ion batteries have been superior to traditional secondary batteries, such as nickel-cadmium batteries, nickel-hydrogen batteries and lead-acid batteries with respect to volumetric specific energy, gravimetric specific energy, gravimetric specific power, cycle life, charge/discharge efficiency, becoming a new energy industry with priority support and key development from the governments. Although the lithium-ion battery is currently the first choice for electronics and pure electric vehicles, and other emerging batteries like all-solid-state batteries and other technologies are not yet mature and still need a long time before commercialization, the market demand for lithium-ion battery will be affected when emerging batteries such as all-solid-state batteries break the technical

bottlenecks, achieve mass production and are fully commercialized, and the lithium-ion battery separator in the industry chain will also be affected adversely.

#### **7. Risks of exchange rate fluctuation**

The export sales volume of the Company increases constantly as it expands its business scale and gradually strengthens the development in the international market. If the RMB exchange rate and the foreign exchange rate in the countries where our products were sold fluctuate sharply in the future, the results of the Company may be affected to some extent.

#### **8. Risks of China-US trade frictions**

Since 2018, China-US trade disputes have occurred frequently. The U.S. has restricted the import of Chinese products by means of tariff increases to reduce the trade deficit with China. Lithium-ion batteries are also among the products subject to the tariff increase. From the perspective of industry chain, the total revenue of the Company has been affected by the China-US trade disputes only to a slight extent because the exports to US account for an extremely small proportion in the total revenue of the Company. However, if the demands of the downstream customers change due to the China-US trade frictions, the results of the Company may be affected adversely. In addition, some of the Company's raw materials and mechanical equipment are imported from overseas. If the trade frictions between the U.S. and China intensifies and results in changes in the global trade environment, but the Company fails to make timely adjustments, the stability of the Company's supply chain may be adversely affected.

#### **9. Management risks arising from the expansion of business scale**

With the development of the Company's business, the scale of the Company's assets and business will be further expanded, which raises higher requirements for the management level of the Company than ever before. The management risk arises if the capabilities of the Company to manage the production, sales, quality control and risks can't meet the requirements for scale expansion, and the systems for talent cultivation, organization pattern and management are not further improved.

The Company plans not to make profit distribution for the time being. After the completion of the non-public issuance of A-shares, the Company will consider the profit distribution plan for 2022 in accordance with the requirements of relevant laws and regulations and the provisions of the Articles of Association as soon as possible.

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## **Documents Available for Inspection**

I. Financial statements signed and sealed by the legal representative, the person in charge of finance and the person in charge of the accounting department of the Company.

II. The original copies of all documents and announcements of the Company which have been publicly disclosed in newspapers designated by the China Securities Regulatory Commission during the Reporting Period.

III. The original text of the 2022 annual report signed by the chairman of the Board of Directors.

IV. The place where the above documents are maintained: the Company's Securities Department.

## Definitions

Terms	Definitions
Energy Technology, this Company, the Company	Yunnan Energy New Material Co., Ltd.
Actual controller, Paul Xiaoming Lee family	Paul Xiaoming Lee, Li Xiaohua, Yan Ma, YanYang Hui, Sherry Lee, Jerry Yang Li
Hongta Plastic	Yunnan Hongta Plastic Co., Ltd., a wholly-owned subsidiary of the Company
Dexin Paper	Yunnan Dexin Paper Co., Ltd., a wholly-owned subsidiary of the Company
Hongchuang Packaging	Yunnan Hongchuang Packaging Co., Ltd., a controlled subsidiary of the Company
Shanghai Energy	Shanghai Energy New Material Technology Co., Ltd., a controlled subsidiary of the Company
Zhuhai Energy	Zhuhai Energy New Material Technology Co., Ltd., a subsidiary of the Company
Wuxi Energy	Wuxi Energy New Material Technology Co., Ltd., a subsidiary of the Company
Jiangsu Energy	Jiangsu Energy New Materials Technology Co., Ltd., a subsidiary of the Company
Chongqing Energy	Chongqing Energy New Material Technology Co., Ltd., a subsidiary of the Company
Newmi Tech	Chongqing Energy Newmi Technological Co., Ltd., a subsidiary of the Company
Jiangxi Tonry	Jiangxi Tonry New Energy Technology Development Co., Ltd., a subsidiary of the Company
Jiangsu Ruijie	Jiangsu Ruijie New Materials Technology Co., Ltd., a subsidiary of the Company
Suzhou GreenPower	Suzhou GreenPower New Energy Materials Co., Ltd., a subsidiary of the Company
SEMCORP Hungary KFT	SEMCORP Hungary Korlátolt Felelősségű Társaság (Hungary), a subsidiary of the Company
Heyi Investment	Yuxi Heyi Investment Co., Ltd., a shareholder holding more than 5% of the Company's shares
Heli Investment	Yuxi Heli Investment Co., Ltd., a shareholder of the Company
General Meeting of Shareholders	The general meeting of shareholders of Yunnan Energy New Material Co., Ltd.
Board of Directors	The Board of Directors of Yunnan Energy New Material Co., Ltd.
Board of Supervisors	The Board of Supervisors of Yunnan Energy New Material Co., Ltd.
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Yunnan Energy New Material Co., Ltd.
Designated information disclosure media	China Securities Journal, Shanghai Securities Journal, Securities Times, SecuritiesDaily, Cninfo (www.cninfo.com.cn)
RMB, RMB10 thousand, RMB100 million	RMB, RMB10 thousand, RMB100 million
Reporting Period, this Reporting Period	January 1, 2022 to December 31, 2022
Same period last year	January 1, 2021 to December 31, 2021
Lithium-ion battery, lithium battery	Rechargeable battery, which mainly depends on the lithium ion moving between the positive and negative electrodes. It generally uses materials containing lithium as the electrodes, and is the representative of modern high-performancebatteries
Lithium battery separator, the separator	In the structure of lithium battery, the separator is one of the key inner components. Its main function is to separate the positive and negative electrodes of the battery, preventing the short circuit arising from the contact between the two electrodes, current conduction and overheating
Base film, base separator	The separator immersed in the electrolyte of lithium battery is widely distributed with nano-scale micropores on its surface for lithium ions to move freely between the positive and negative electrodes
Coating film, coated separator	The separator with coating treatment
Wet-process, Wet-processing	A process technique of lithium battery separator, also known as phase separation process or thermally induced phase separation process, is to add small molecules with high boiling point as porogen to polyolefin, heat and melt them into a uniform state, extrude the casting sheet by screw, extract the porogen with organic solvent after simultaneous or sequential biaxial stretching, and then obtain microporous separator material through post-processing such as stretching heat setting process

Dry-process, Dry-processing	Also known as melt-stretching process, including unidirectional stretching process, biaxial stretching process and blow molding process. It refers to a preparation process of melting and extruding polyolefin resin into crystalline thin polymer film, which is crystallized and annealed to obtain a high crystallinity structure, and then further stretching at high temperature to peel off the crystalline interface to form porous structure
Cigarette label	Cigarette packaging, commonly known as “cigarette pack”
Aseptic packaging	Composite packaging materials for aseptic filling of dairy products or non-carbonated soft drinks
Specialty paper	Specialty paper refers to the paper with special functions, a general term for all kinds of special purpose paper or art paper. The term “specialty paper” in this report mainly refers to special packaging paper
BOPP film	The separator made by stretching and processing (such as corona, coating, etc.) the thick film made of polymer polypropylene melt at a certain temperature and speed in a special stretcher
Cigarette film	BOPP film used for the packaging of cigarette, also known as “BOPP cigarette film”
Flat film	BOPP film for general packaging, also known as “BOPP flat film”
Aluminum laminated film	Aluminum laminated composite film for lithium-ion pouch cell, a packaging material for lithium-ion batteries, which protects the internal materials of lithium-ion batteries
Convertible Bonds, Energy Convertible Bonds	The convertible corporate bonds of RMB1.6 billion issued on February 11, 2020 with a code of 128095

## Section 2 Company Profile & Key Financial Indicators

### I. Corporate Information

Stock Name	Energy Technology	Stock Code	002812
The stock exchange where the shares are listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	云南恩捷新材料股份有限公司		
Short Name of the Company in Chinese	恩捷股份		
Name of the Company in English (If any)	YUNNAN ENERGY NEW MATERIAL CO., LTD.		
Short Name of the Company in English (If any)	ENERGY TECHNOLOGY		
Legal Representative of the Company	Paul Xiaoming Lee		
Registered Address	No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province		
Postal Code for Registered Address	653100		
Historical Changes of the Registered Address of the Company	No		
Office Address	No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province		
Postal Code for Office Address	653100		
Official Website	www.semcorp.com		
Email	groupheadquarter@cxxcl.cn		

### II. Contact Information

	Board Secretary	Securities Affairs Representative
Name	Yu Xue	
Correspondence Address	No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province	
Telephone	0877-8888661	
Fax	0877-8888677	
Email	groupheadquarter@cxxcl.cn	

### III. Information Disclosure and the Place Where the Annual Report is Kept

The website of the stock exchange where the Company discloses its annual report	Shenzhen Stock Exchange (www.szse.cn)
The names and websites of the media where the Company discloses the annual report	Securities Times, China Securities Journal, Shanghai Securities Journal, Securities Daily and Cninfo (www.cninfo.com.cn)
The place where the annual report is kept	Securities Department of the Company



#### IV. Changes of Registration

Organization Code	91530000727317703K
Changes of main businesses since the Company's listing (if any)	When the Company was listed, its main businesses were divided into two categories: (1) packaging materials: BOPP films (cigarette film and flat film) and specialty paper products (laser transfer anti-counterfeiting paper, direct plating paper and cellophane); (2) packaging printing products: mainly including cigarette label products and aseptic packaging products. Upon the completion of major asset restructuring in 2018, the Company's main businesses were divided into three categories: (1) film products (lithium battery separator, cigarette film and flat film); (2) packaging printing products (cigarette label and aseptic packaging); and (3) packaging products (specialty papers, holographic anti-counterfeiting electrochemical aluminum and other products).
Changes of controlling shareholders (if any)	Mr. Paul Xiaoming Lee and Ms. Sherry Lee, who are shareholders and de facto controllers of the Company and members of Xiaoming Lee's family, signed the Power of Attorney for Shareholding on January 14, 2020. Pursuant to the Power of Attorney, Ms. Sherry Lee fully delegated the shareholders' rights, such as rights to address inquiries, propose and vote, in connection with all the shares she held in the Company, to her father Mr. Paul Xiaoming Lee, for a period of three years from the date of the Power of Attorney. After the signing of the above-mentioned Power of Attorney for Shareholding, Mr. Paul Xiaoming Lee has become the single shareholder of the Company with the largest number of shares with voting right, and the controlling shareholder of the Company changed from Heyi Investment to Mr. Paul Xiaoming Lee. The above-mentioned Power of Attorney for Shareholding expired. At present, Mr. Paul Xiaoming Lee is still the controlling shareholder of the Company.

#### V. Other Relevant Information

The accounting firm engaged by the Company

The name of the accounting firm	Dahua CPAs (SGP)
The office address of the accounting firm	12/F, Building 7, 16 Xi Si Huan Zhong Road, Haidian District, Beijing
The names of the accountants	Kang Wenjun and Yao Rui

The sponsor engaged by the Company to perform continuous supervision duties during the Reporting Period

Applicable N/A

The financial adviser engaged by the Company to perform continuous supervision duties during the Reporting Period

Applicable N/A

#### VI. Key Accounting Data and Financial Indicators

Whether the Company is required to retroactively adjust or restate prior years' accounting data

Yes No

	2022	2021	YoY increase or decrease	2020
Operating revenue (RMB)	12,590,925,529.68	7,982,426,810.59	57.73%	4,283,007,589.11
Net profits attributable to shareholders of the listed company (RMB)	4,000,461,964.37	2,717,628,798.01	47.20%	1,115,604,020.47
Net profits attributable to shareholders of the listed company(excluding non-recurring profit and loss) (RMB)	3,839,792,123.08	2,567,054,537.19	49.58%	990,507,177.08
Net cash flows from operating activities (RMB)	503,587,598.66	1,418,645,377.82	-64.50%	1,055,180,013.19
Basic earnings per share (RMB/share)	4.48	3.06	46.41%	1.34
Diluted earnings per share (RMB/share)	4.46	3.05	46.23%	1.34
Weighted average return on net assets	25.39%	21.85%	3.54%	17.15%

	End of 2022	End of 2021	YoY increase or decrease	End of 2020
Total assets (RMB)	38,622,731,492.57	26,122,184,844.54	47.85%	20,572,234,846.40
Net assets attributable to shareholders of the listed company (RMB)	17,726,202,872.37	13,831,866,927.31	28.15%	11,102,880,648.67

The lower of the Company's net profits before and after the deduction of non-recurring gains or losses for the last three fiscal years are negative, and the audit report for the latest year shows that Company's ability to continue as a going concern is uncertain

Yes  No

The lower of the net profit before and after the deduction of non-recurring gains or losses is negative

Yes  No

## VII. Accounting Data Differences Under Domestic and Foreign Accounting Standards

### 1. Difference between the net profit and net assets of the financial report disclosed in accordance with the international accounting standards and in accordance with the Chinese accounting standards

Applicable  N/A

### 2. Difference between the net profit and net assets of the financial report disclosed in accordance with the overseas accounting standards and in accordance with the Chinese accounting standards

Applicable  N/A

## VIII. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	2,592,318,997.05	3,164,115,457.27	3,523,208,079.14	3,311,282,996.22
Net profits attributable to shareholders of the listed company	915,710,134.51	1,103,989,794.51	1,206,300,664.98	774,461,370.37
Net profits attributable to shareholders of the listed company (excluding non-recurring profit and loss)	878,373,867.17	1,062,548,124.73	1,171,005,681.36	727,864,449.82
Net cash flows from operating activities	180,070,569.45	372,808,664.92	315,036,673.46	-364,328,309.17

Whether the above financial indicators or their sums are materially different from those disclosed in the quarterly and interim reports of the Company

Yes  No

## IX. Items and Amounts of Non-Recurring Gains or Losses

Applicable  N/A

Unit: RMB

Item	Amount in 2022	Amount in 2021	Amount in 2020	Description
Gains and losses from the disposal of non-current assets	-4,869,891.53	-1,303,244.16	-144,872.28	
Government subsidies recognized in current gains or losses (except for those closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	171,995,624.29	140,888,128.01	139,305,009.71	
Gains representing the difference between investment costs for			673,727.72	

acquisition of subsidiaries, associates and joint ventures by the Company and its share of fair value of identifiable net assets of the investee on investment				
Gains or losses on entrusted investments or assets management	27,838,099.70	25,422,322.79	7,111,089.67	
Gains or losses from changes in fair value arising from the holding of trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, excluding the effective hedging business related to the Company's normal business operations	21,836,255.17	137,194.34	10,951,914.18	
Reversal of the provisions for impairment of receivables subject to separate impairment test	2,078,410.35	11,749,733.34		
Non-operating income and expenses other than above-mentioned items	818,785.95	4,316,746.86	-4,201,996.76	
Other items within the definition of non-recurring gains or losses	5,824,344.40	5,038,461.95	357,802.66	
Less: effect of the income tax	56,380,407.08	27,937,401.47	23,107,901.22	
Effect of minority equities	8,471,379.96	7,737,680.84	5,847,930.29	
Total	160,669,841.29	150,574,260.82	125,096,843.39	--

Details of other profit or loss items that fall within the meaning of non-recurring gain or loss:

Applicable  N/A

There was no other profit or loss item of the Company that fall within the meaning of non-recurring gain or loss

The reason for the Company to define the non-recurring profit or loss items illustrated in the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 – Non-recurring Profit or Loss as recurring profit or loss items

Applicable  N/A

The Company did not define the non-recurring profit or loss items illustrated in the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 – Non-recurring Profit or Loss as recurring profit or loss items

## Section 3 Management Discussion and Analysis

### I. Industry Overview of the Company during the Reporting Period

The Company is required to comply with the disclosure requirements for “rubber and plastic product manufacturing” in “chemical industry-related business” set forth in the *Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange No. 3 – Industry Information Disclosure*.

#### I. Industry conditions and the industry position of the Company

In 2022, the global NEV market underwent a period of rapid growth. Major countries around the world have been consistently increasing investment in new energy industries focusing on lithium battery technology. Against the backdrop of China’s national strategic objectives of carbon neutrality and carbon peaking, China’s NEV and energy storage industries will also continue to develop rapidly. As one of the four key components of lithium batteries, separators are playing an important role in the development of new energy industries in China and even the world.

The Company is a world leader in the lithium battery separator industry, capable of competing on the global scale in terms of production capacity, product quality, cost efficiency and technological R&D. The Company has been integrated into the supply chain systems of most mainstream lithium battery manufacturers around the world, supplying products covering the key application fields of power lithium batteries, consumer lithium batteries and energy storage lithium batteries. The Company experienced rapid growth in 2022 as production capacity and revenue grew substantially, ranking first in the world in terms of production capacity and shipments of separators. In order to actively seize development opportunities in the industry, the Company will continue to expand production capacity and diligently explore domestic and foreign markets, thereby meeting the demand of global mid-to-high-end lithium battery manufacturing enterprises and vehicle enterprises for the Company’s highly consistent and safe wet-process separator products and services.

#### II. Industry development trends

The high-speed growth of NEVs worldwide and expanding market scale of the lithium battery industry have brought broad market prospects and historic development opportunities to the lithium battery separator industry.

According to the survey of GGII, the shipment volume of lithium battery separators in China was 12.4 billion square meters, representing a year-on-year increase of 59%. The wet-process separators accounted for 75% of the shipment volume. The rapid growth of the energy storage market will further bring about the wet and dry-process separator incremental markets.

(1) Downstream lithium battery manufacturing enterprises continue to increase their production capacity requirements of separator companies.

With the rapid growth of the NEV and energy storage markets, the capacity and output of lithium battery manufacturers expand continuously. According to the analysis and prediction of Soochow Securities Research Institute, the global demand for lithium batteries will exceed 2700GWh by 2025. Lithium battery separators are an indispensable and important raw material for lithium battery manufacturing, and stable and the reliable production capacity is an important prerequisite for separator companies to undertake large-scale orders from downstream customers. Therefore, separator manufacturers with production capacity advantages can deepen the cooperation with important customers continuously, which is conducive to further increasing market share.

(2) The proportion of coating films in lithium-ion battery applications is on the rise. The lithium battery is one of the core components in new energy vehicles. As the new energy vehicle market is switching from being policy-oriented to market-driven, manufacturers have continuously raised their requirements of the key indicators such as battery safety, battery life and service life. The puncture resistance and heat resistance of lithium battery separator can be effectively enhanced by coating inorganic ceramic materials, PVDF, and aramid on the base film, thereby increasing electrolyte absorption capacity, improving battery safety, service life and other performances. Therefore, the shipment of coating films occupies an increasing proportion of lithium battery separators. This trend provides greater future development space for separator companies that have mastered the core formulation and processing of high-quality separator coatings. In addition, with safety guaranteed, separators are becoming thinner and lighter. Thin and light lithium-ion battery separators effectively raise the energy density in lithium-ion batteries so that more electrode materials can be accommodated in the battery per volume or weight, thereby improving battery life. Therefore, whether being used in the batteries of portable consumer electronics or electric vehicles, thinner and lighter separators are an important trend in the development of lithium battery separator industry under the premise of ensuring safety, service life and high-rate and high-power charging/discharging. In addition, polypropylene, polyethylene and other polyolefin materials are the main base materials of separator materials, which are also further expanded. It is a key direction in the R&D of the base material to improve the temperature resistance of the base material through chemical modification or by adding inorganic filler and other composite materials based on the existing base material system. In addition, because the polarity of polyolefin material is greatly different from that of electrolyte, it is also an important direction in the R&D of base material for power lithium battery separator to improve the electrolyte affinity of polyolefin separator by chemical and physical approaches.

(3) The importance of product quality, production efficiency and cost control is highlighted. Against the backdrop of the rapid growth in downstream demand, lithium battery manufacturers have put forward higher requirements for the product quality of upstream separator manufacturers than ever before in order to ensure the competitiveness of their products in terms of quality and stability. With the rapid increase in overall production capacity of the lithium battery separator industry, competition industry-wide has become increasingly fierce. In this context, the importance of product quality, production efficiency and cost control to separator companies has become increasingly prominent.

In addition, the Company has extensive product offerings in other segments such as BOPP film, aseptic packaging, cigarette packs, specialty papers and aluminum laminated film. Over the last three decades, the BOPP film industry in China has undergone technological advancements and intensified market competition. The future development of the industry is trending towards producing differentiated products that meet customer demand, such as cigarette pack wrapping film and laser film, which are used in cigarettes, food and other packaging segments with broad development prospects. The continuous development of these end markets

will drive growth in the BOPP film industry. With the advancement in recent years, China's aseptic packaging market has established a product system with mature technologies, complete product mixes, and adaptability for the aseptic filling of various liquids. The downstream industries of aseptic packaging are primarily food and consumer goods such as liquid dairy products and non-carbonated beverages. With China's sustained and rapid economic growth and the rise in the disposable income of urban residents, together with the increasingly sophisticated consumption and health concepts, dairy products and non-carbonated beverages have been enjoying a booming market. As the government and consumers pay increasing attention to food safety, the food and beverage industries have raised their requirements and demand for packaging materials, particularly aseptic packaging. Although international packaging giants still occupy a leading position by leveraging the first-mover advantage in the market, in recent years, with the continuous progress of material technology and production technology of domestic manufacturers, China's aseptic packaging market began to grow rapidly. Based on the existing trend, domestic manufacturers will gradually enter high-end aseptic packaging market from the medium and low-end market in the future thanks to the cost-effective advantages, and the market share of domestic aseptic packaging manufacturers will gradually increase. The cigarette label printing industry is a sub-segment of the packaging and printing industry, and is characterized by advanced technologies, complex printing processes and high added value. Its development is highly aligned with the development and changes of the larger cigarette industry, i.e., the stable development of the cigarette industry ensures stable demand for cigarette labels. The cigarette label printing industry is constantly innovating in terms of printing materials, ink materials and technical processes to remain relevant in the ever-developing cigarette industry. With the increased scrutiny of environmental protection and energy conservation in modern society, the scope of specialty packaging paper used in downstream industries such as tobacco, alcohol, cosmetics and food are becoming more and more extensive, and market application will develop towards differentiation to meet the unique demands of different customers. China's specialty paper industry is developing in the direction of improving and enhancing the special functions of products, enriching product varieties, reducing consumption, vigorously advocating comprehensive development and utilization of resources, and high-quality, high-value-added and serialized production and processing.

As the packaging material used in pouch cells, aluminum laminated film is one of the most technically difficult links in the pouch cell industry chain, and has a crucial impact on the quality of the pouch cell. Compared with cylindrical cell and prismatic cell, pouch cell has certain advantages in energy density, cycle life, safety, flexibility, etc. Pouch cell has become the mainstream in the field of consumer electronics with high capacity and thin development trend. Pouch cell has accounted for more than 80% of mobile phone and laptop batteries, and its penetration rate in tablet batteries has basically reached 100%. In the field of traction batteries, the European and American new energy vehicle markets prefer pouch cell traction batteries; According to the statistics of Topsperry Securities and other third parties, the shipment of pouch cells in 2022 is 171.4GWh, with a year-on-year growth of more than 20%, and the shipment is expected to exceed 400GWh in 2025, with a CAGR of up to 32% in 2021-2025. IHS shows that among the top 20 mainstream electric vehicle models in overseas sales in 2022, 11 models including Volkswagen, Audi, Polestar and Ford have adopted the pouch cell solution. With the steady growth of the consumer electronics market represented by 5G communications and emerging consumer electronics products and the rapid increase in sales of NEVs from European and American manufacturers, the market demand for pouch cells and aluminum laminated film will continue to expand. The Lithium Battery Aluminum Laminated Film Industrialization Project of the Company has expanded its footprint in the pouch cell field, diversified its product line, strengthened its cooperation with downstream manufacturers, and enhanced its overall competitiveness, which were important steps for deepening its industrial penetration in the field of new energy materials.

### III. Industry policies

The Company's main product, lithium battery separators, is one of the key components of lithium batteries, and stands as one of the national key support industries. Relevant industrial policies promulgated by the State in recent years include:

Date	Issuing Authority	Name of Policy or Regulation	Main Content
February 2017	MIIT, NDRC, MOST and MOF	Plan of Action for Promoting the Development of Automotive Battery Industry	"By 2020, key materials and components such as positive and negative electrodes, separators and electrolytes will reach world-class status. The upstream industrial chain will achieve balanced and coordinated development, and innovative backbone enterprises with core competitiveness will be formed."
June 2017	MIIT	Catalogue of the First Batch of Application Demonstration Guidance for Key New Materials (2017 Edition)	Includes high-performance lithium battery separators to the first batch of application demonstration guidelines for key new materials
December 2017	NDRC	Implementation Plan for the Industrialization of Key Technologies for New Materials	Focuses on the development of functional film materials such as flexible packaging films for lithium batteries
June 2018	SAMR, Standardization Administration of China	National Standards for Polyolefin Separators for Lithium-ion Separators	Specifies the terms and definitions, classifications, requirements, test methods, inspection rules, packaging, marking, transportation and storage of polyolefin separators for lithium-ion batteries.
September 2018	MIIT	Catalogue of the First Batch of Application Demonstration Guidance for Key New Materials (2018 Edition)	Includes nonwoven ceramic separators for high-performance lithium-ion batteries in the first batch of application demonstration guidelines for key new materials
January 2019	MIIT	Specifications for Lithium-ion Battery Industry (2018 Edition)	Further improves the criteria that relevant enterprises need to meet, and adds relevant requirements for R&D expenditure and actual output; in addition, encourages enterprises to engage in intelligent manufacturing and green manufacturing, proposes to reduce operating costs and improve production efficiency through intelligent manufacturing, and establishes resource-saving and eco-friendly purchase, production, marketing, recycling and logistics systems through green manufacturing to produce green products.

Date	Issuing Authority	Name of Policy or Regulation	Main Content
August 2019	NDRC	Catalogue for Guiding Industry Restructuring (2019 Edition)	Continues to include "functional separator materials" in the encouraged category
December 2019	MIIT	Catalogue of the First Batch of Application Demonstration Guidance for Key New Materials (2019 Edition)	Includes ultrafine alumina material for lithium battery separator coating in the first batch of application demonstration guidelines for key new materials
November 2020	State Council	New Energy Vehicle Industrial Development Plan (2021-2035)	The plan proposes to implement battery technology breakthrough initiatives in core technology research projects on new energy vehicles. Research should be carried out on critical technologies such as positive and negative electrodes, electrolytes separators and membrane electrodes. Technical research on technologies for high-strength, lightweight, high-safety, low-cost, and long-lasting traction batteries and fuel cell systems should be strengthened, and R&D and industrialization of solid-state traction battery technology should be accelerated.
December 2020	NDRC, MOST, MIIT and MNR	Catalogue of Promoted Green Technologies (2020)	Accelerates the promotion and application of advanced green technologies; the promotional catalogue includes single large-capacity and solid-state polymer lithium-ion battery technologies packaged with aluminum laminated film
June 2021	MIIT	China Electric Vehicle Standardization Roadmap (2021)	Focuses on key areas and accelerates the development of automotive standards in strategic emerging areas. In the field of new energy vehicles, the roadmap mainly includes strengthening the safety guarantee of electric vehicles, focusing on improving the overall performance of electric vehicles, focusing on the use of fuel cell electric vehicles, supporting the innovative development of battery swapping models and supporting the green development of electric vehicles
July 2021	China Plastics Processing Industry Association	Guiding Opinions on Scientific and Technological Innovation for the Plastics Processing Industry in the 14th Five-Year Plan	Incorporates "anti-hydrolysis, anti-aging flame retardant film for traction batteries, ultra-thin high-temperature resistant separators, BOPA film for lithium battery packaging, and multi-purpose coating separator material" into the development direction of battery film during the 14th Five-Year Plan
July 2021	NDRC and NEA	Guiding Opinions on Accelerating the Development of New Energy Storage	Proposes to "promote research on energy storage theories and key materials, units, modules and weak technologies in the system, accelerate the realization of autonomy of core technologies, and strengthen research on electrochemical energy storage safety technology, while adhering to the diversification of energy storage technologies, and promoting continuous cost reduction and commercialization of mature new energy storage technologies such as lithium-ion batteries."
July, 2021	MIIT	Three-year Action Plan for the Development of New Data Centers (2021-2023)	It proposes to "support the exploration and utilization of lithium batteries, hydrogen storage and flywheel energy storage as diversified energy storage and backup power in the data center and strengthen the promotion and application of cascade utilization of traction batteries."
February, 2022	NDRC and the National Energy Administration	Implementation Plan for the Development of New Energy Storage in the "14th Five-Year Plan"	It proposes to "promote the development of diversified technologies, carry out research on key core technologies, equipment and integrated optimization design, such as sodium-ion batteries, new lithium-ion batteries, lead carbon batteries, flow batteries, compressed air, hydrogen energy storage in ammonia, thermal (cryogenic) energy storage, focus on tackling key problems in energy storage technologies such as superconductivity and super capacitors and research and develop new generation high energy density energy storage technologies such as liquid metal batteries, solid-state lithium-ion batteries and metal air batteries."
April, 2022	The National Energy Administration and the Ministry of Science and Technology	The "14th Five-Year Plan" for Scientific and Technological Innovation in the Energy Field	Lead the construction of a new power system with a gradually increasing share of new energy
June, 2022	Nine departments including NDRC and the National Energy Administration	Renewable Energy Development Plan for the 14th Five-Year Plan	Define the market position of new energy storage and innovate the business model of energy storage development

## II. Main Businesses of the Company during the Reporting Period

### (I) Main businesses and products of the Company

During the Reporting Period, the Company's main products are divided into three categories: (1) film products, mainly including lithium-ion battery separator (base film and coated film), BOPP film (cigarette film and flat film); (2) packaging printing products, mainly including cigarette label and aseptic packaging; (3) paper packaging, mainly including specialty paper products (laser transfer anti-counterfeiting paper, direct plating paper and coated paper), holographic anti-counterfeiting electrochemical aluminum, transfer film and other products.

The wet-process lithium-ion battery separator produced by the Company is mainly used for manufacturing lithium-ion battery for the new energy vehicle, 3C products and energy storage. Cigarette film is mainly used for cigarette manufacturing. Flat film is mainly used for printing, food,

cosmetics and other industries. Cigarette label is applied to cigarette packing materials. Aseptic packaging is mainly applied to milk boxes, beverage boxes, etc.. Among specialty paper products, laser transfer anti-counterfeiting paper is mainly applied to cigarette labels, cosmetic boxes, toothpaste boxes, pharmaceutical boxes, etc.. Direct plating paper is mainly used for lining of cigarette label, and packing chocolate and other food. Coated paper is mainly applied to tobacco, food, pharmaceutical, cosmetic and food industries.

The Company's main customers are domestic and foreign large-scale lithium battery manufacturers, tobacco companies, food and beverage companies, plastic packaging enterprises, printing enterprises, etc. The main customers of the Company's wet-process lithium-ion battery separator products include Panasonic, LGES, Samsung, CATL, CALB, Gotion High-tech, EVE, BYD, Farasis Energy, LISHEN and other domestic mainstream lithium battery enterprises. The Company is a non-exclusive A-level supplier of cigarette materials in Yunnan Province. The main customers of cigarette label products are large domestic tobacco companies, including Yunnan China Tobacco Materials (Group) Co., Ltd., Sichuan China Tobacco, Chongqing China Tobacco, etc. The products are widely used in domestic well-known cigarette brands such as "YUXI", "Hongtashan", "Yunyan", "HONGHE", "Snow World", "Greatwall (Chunya Milk)", "LONGFENG CHENGXIANG", etc. The main customers of the Company's smoke film products include Yunnan China Tobacco Materials (Group) Co., Ltd., Sichuan China Tobacco, Chongqing China Tobacco, Anhui China Tobacco, Hubei China Tobacco, Guizhou China Tobacco, Heilongjiang River Tobacco, Jiangxi China Tobacco, Gansu Tobacco, Henan China Tobacco, Shanghai China Tobacco, HONG TA Liaoning Tobacco and many other well-known tobacco companies of the Group. The main customers of the Company's aseptic packaging products include Yili, Mengniu, New Hope Dairy, Bright Dairy&Food, Royal Group, Guizhou Haoyiduo Dairy, Dali Group, Eastroc, Yunnan Ouya Dairy Products, Yunnan Huangshi Lesson Dairy Industry, Nanjing Weigang Dairy Industry, Shenzhen Chenguang Dairy and other dairy and beverage enterprises. During the Reporting Period, Shanxi Jiuniu Animal Husbandry, Vitasoy, Henan Baole Dairy Industry, Sichuan Xuebao Dairy, Jinhua Jiayuan Milk Industry and other customers.

## (II) Business models

The Company adopts different business models for different products. Customization applies to wet-process lithium-ion battery separators, aluminum laminated film products, cigarette labels, aseptic packaging, specialty papers and cigarette films, subject to the customer requirements, while flat films are produced based on sales prospects, with appropriate number of inventory stocked up.

1. Purchase mode: the Supply Department of the Company makes a List of Qualified Suppliers (or a List of Qualified Suppliers/Materials) after evaluating and selecting suppliers. The materials listed on the purchase list can only be purchased from suppliers included on the List of Qualified Suppliers. For each type of materials, at least 2 suppliers should be selected. The Company conducts a comprehensive supplier evaluation every year and updates the List of Qualified Suppliers (or the List of Qualified Suppliers/Materials) in time.

2. Production mode: the Company carries out production based on orders and centralized scheduling so as to reasonably control the costs and improve the efficiency. The Production Scheduling Department makes the production schedule based on orders and sales plan, and manages the production and quality in a unified manner so as to ensure the completion of production tasks within the standards in terms of quality, quantity and time frame.

3. Sales mode: direct selling is adopted for wet-process lithium-ion battery separator, and the salespersons of the Marketing Department are responsible for the sale, promotion and order solicitation; customization is adopted for cigarette label and cigarette film whose production and sale are organized based on the orders the Company obtains through the participation in the nationwide bids called for by the downstream cigarette enterprises in the cigarette label printing industry according to Administrative Measures for Cigarette Materials Purchase; flat films are produced based on sales prospects, with appropriate number of inventory stocked up; aseptic packaging and specialty paper products are customized pursuant to the customer requirements.

## (III) Market position of the Company's products

### 1. Film products

The Company's film products are divided into two major categories: lithium battery separators and BOPP films. In terms of the global lithium battery separator market, the Company has successfully entered the supply chain of global mainstream battery manufacturers by virtue of technology accumulation and expansion of industrial scale. The Company and leading foreign lithium battery manufacturers (e.g. Panasonic, Samsung, LGES and ACC of France), some overseas large automobile enterprises and China's mainstream lithium battery enterprises (e.g. CATL, CALB, BYD, Gotion, EVE, Farasis Energy, LISHEN and SVOLT) have established good cooperative relations. With the improvement of technology and capacity scale of domestic lithium battery manufacturers, domestic separators basically have been localized. With the fierce competition in the lithium-ion battery separator industry, the development space of lithium-ion battery separator manufacturers that do not have the ability to independently research, develop and design will gradually shrink. The competition in the domestic separator industry will mainly focus on raw materials formulation process, micropore preparation technology, complete equipment design capability, product quality and other aspects. The market share of lithium-ion battery separator manufacturers with independent core technology and stable product quality will steadily increase. Relying on the accurate judgment of the management team on the market and the technical advantages of its own R&D team, the Company is currently in the leading position of the industry in the field of wet-process lithium battery separator, and has global competitiveness in terms of capacity scale, product quality, cost efficiency and technological R&D. The Company has set up separator production bases in Shanghai, Wuxi, Jiangxi, Zhuhai, Suzhou, Chongqing, Changzhou, Yuxi, Jingmen, Xiamen and other places, and built the first overseas lithium battery separator production base in Hungary. The Company expanded overseas markets to meet the global demand of high-end lithium battery customers for the Company's highly consistent and safe wet-process separator products and services. The Company's wet-process separator products have stable quality, and we have established a good brand image in the global high-end separator market. In addition, as an excellent backup power supply, energy storage power stations are gradually becoming one of the key technologies to build modern power systems. Lithium-ion battery are the most widely used energy storage batteries at present. With the growth of new energy vehicles worldwide and the rapid rise of the energy storage market, the demand for dry-process lithium battery separator in the subdivisions of traction battery and energy storage fields that do not require high energy density will rapidly expand. The dry-process separator production base jointly invested in by the Company and Celgard was completed during the Report Period, and the first production line has been installed and put through a preliminary test.

Shanghai Energy is a "National Individual Manufacturing Champion" and a "National Enterprise Technology Center". It has undertaken the "National Key R&D Program of China", the "National Industrial Revitalization and High-Quality Development Projects in Manufacturing Industry" and the "National Industrial Revitalization and Technological Transformation Projects". As the president of "separator branch of China Industrial Association of Power Sources", it actively organizes and participates in various experience exchange meetings and technical seminars, shapes the industry model image and leads the healthy development of China's separator industry.

BOPP films are produced by Hongta Plastic and its subsidiary Chengdu Hongta Plastic, which are among the few Chinese enterprises with ability to produce BOPP cigarette films and anti-counterfeit printing cigarette films. The production scale of BOPP films ranked among the best of its kind in the Southwest China.

### 2. Packaging printing products

The Company is one of the important cigarette label suppliers in China and Class-A suppliers of the non-exclusive cigarette materials in Yunnan, and its major customers are large domestic well-known cigarette manufacturers. Its products have been widely used by domestic famous cigarette brands.

The Company independently develops roll-form aseptic brick package, pre-made aseptic brick package, A-type gable top package (mainly used for fresh milk) and B-type gable top package (mainly used for tea drinks, fruit juice and non-carbonated beverages), making it become one of the few enterprises able to produce roll-form aseptic brick package, pre-made aseptic brick package and gable top package. The Company's aseptic packaging product quality and service have been recognized by many customers. Domestic famous large dairy and beverage producers are the key customers of HongChuang Packaging, such as Yili, Mengniu, Bright Dairy, New Hope Dairy, Dali, Dongpeng and Royal Group.

### 3. Specialty papers and other products

Dexin Paper mainly produces specialty paper products, holographic anti-counterfeiting electrochemical aluminum products and transfer films. They are widely used for the cigarette labels for domestic famous cigarette brands, such as "Yunyan (purple)", "Yunyan Special Titbit", "Hongtashan", "Yuxi", "Jiaozhi", "Chunghwa", etc. Thanks to the Company's strong capability in product development, excellent product quality and good adaptability, the specialty paper products have developed rapidly and fill the gap of no specialty paper deep processing enterprise in Southwest China where a large number of packaging printing enterprises operate. As a national high-tech enterprise, Dexin Paper has won recognition of downstream customers by virtue of the seam avoidance technology of laser transfer paper, the positioning and transfer technology of pre-printed cursor, and the transfer technology of water-based films.

### (IV) Main performance drivers

The Company focuses its development on lithium battery separator products and actively exploits in the fields of aluminum laminated film, BOPP films, cigarette labels, aseptic packaging, specialty paper products, etc. Making in-depth cooperation with customers in the lithium-ion battery separator business, the Company's revenue from lithium battery separator products increased substantially in the wake of growth of market demands and continuous development of new products. The Company has carried out in-depth cooperation with customers in the lithium battery separator product business. With the increase of market demand, the continuous development of new products and the expansion of capacity scale, the Company's lithium battery separator product revenue has increased significantly. The Company gathers extensive experience in the industry, puts forth efforts to introduce and cultivate advanced technical talents and invest more in the technological R&D, while giving quick responses to provide customized products and service solutions for customers. The Company has a strict quality control system and rigorous quality control measures, ensuring its products meet the higher industrial requirements and be recognized by customers from various business areas, so as to keep long-term and stable relationships with customers.

## III. Core Competitiveness Analysis

### 1. Scale advantage

As of the end of the Reporting Period, the Company has the world's first production scale of wet-process lithium battery separator, with the world's largest supply capacity. The Company is the world's largest supplier of lithium battery separator, and its market share is also the first in the world. The scale advantage of the Company is mainly reflected in cost control and sales expansion. The Company is able to meet the demand of large-scale orders from key customers such as LGES, CATL, CALB and Gotion High-tech. Furthermore, the Company's scale advantage also improves the production efficiency and purchase advantages, and effectively reduces the cost. In terms of cost control, the Company's scale advantage firstly creates the cost advantage for raw materials purchase. Large-scale centralized purchase makes the cost of raw materials lower than that of the competitors in this industry. Secondly, the Company's huge sales scale brings a large number of orders to the Company, so that the Company can effectively reduce the frequency of downtime during production and effectively reduce the cost caused by downtime through reasonable production scheduling. As a result, the Company has the largest operating rate and capacity utilization rate. In terms of sales development, the industry concentration of the lithium battery is increasing day by day. The existing and under-construction production lines of domestic first-class lithium battery manufacturers boast huge production scale. Therefore, whether they have a supply capacity to meet the current and future demands of international first-class lithium battery manufacturers is the first consideration in their selection of suppliers. As the world's largest lithium battery separator supplier, the Company has a competitive advantage thanks to its sufficient supply capacity.

### 2. Cost advantage

The Company has long been committed to the development and improvement of production technology for advanced wet-process lithium-ion battery separator. Thanks to the continuous improvement of production equipment and process technique by the Company's production management and technical teams, the Company's output from a single production equipment line of lithium battery separator ranks the best in the industry to further reduce the cost in unit depreciation, energy consumption and labor. Moreover, thanks to the Company's continuous improvement of production technology and production management, the Company's yield coefficient and first pass yield of lithium battery separator rank the best in the industry. Besides, the Company improves the recovery efficiency of auxiliary materials continuously, so that the consumption of auxiliary materials is far lower than that of the competitors in the industry. On the whole, the Company's cost advantage is brought forth by the integration of continuous improvement of production equipment, continuous improvement of production technology, continuous investment in R&D, constant improvement of production management, strong market development ability and huge production scale, giving the Company a long-term competitive edge.

### 3. Product advantage

The Company has long been committed to the R&D of lithium battery separator and creating value for customers with high-quality products and excellent service. Mainstream lithium battery manufacturers, especially international first-class lithium battery manufacturers, have strict requirements for material quality. As one of the core materials for lithium batteries, the separator has high technical barrier and its performance directly affects the discharge capacity, cycle life and safety of lithium battery. Lithium battery manufacturing requires strong properties of separators, such as the size, distribution uniformity and consistency of separator micropores. Mainstream lithium battery manufacturers apply a long system verification process covering product, technology and production flow to bring in material suppliers. The Company has successfully cooperated with most domestic mainstream lithium battery manufacturers, and we have a hand in the most demanding overseas traction battery supply chain system. The product quality has been recognized by many lithium battery manufacturers. In addition, the Company invests in the development of new products and carries out product research and forward-looking technical reserve in a sustained way while meeting customized needs. The Company has become a supplier with the most diversified lithium battery separator products to meet various demands of different customers.

### 4. R&D advantage

The Company has established a R&D team with sound system through years of accumulation. The R&D scope covers the separator and coating production equipment, separator preparation process, raw & auxiliary materials improvement, coating technique, slurry formula, recovery and energy



saving technologies and the R&D for forward-looking technical reserve projects. The Company's R&D team of lithium battery separator has made a series of achievements in improving production efficiency, enhancing the quality of lithium battery separator and developing new products. The Company now has 343 effective patents (including 18 international patents) and 281 ongoing patent applications (including 95 international patent applications). The Company's first online coating technology further improves the quality and production efficiency of coating film products. The Company's R&D team of lithium battery separator can not only customize a variety of new products for downstream customers, but also jointly develop products with downstream customers to meet their diversified demands.

#### 5. Talent advantage

The lithium battery separator is currently an emerging industry in China with a history of only over a decade. With the rapid global growth of energy industry in recent years, there are insufficient talents and no qualified professionals in the whole industry of lithium battery separator. The Company relies on the talents accumulated in more than 20 years in BOPP film industry that is similar to the lithium battery separator industry. The Company has established a good talent incentive mechanism and also recruited talents worldwide. As of the end of the Reporting Period, the Company has more than 140 professionals with master's degree or above who are responsible for the business of lithium battery separator, and we have established a core technological R&D team composed of professional R&D staff from the United States, Japan, South Korea and other countries. Furthermore, through long-term efforts, the Company has established a complete professional team in production management, system construction, quality control, market expansion and equipment design, installation and maintenance, etc. All teams of the Company have achieved fruitful results in their respective professional fields to jointly take the Company to the level of an internationally competitive leader in the lithium battery separator.

#### 6. Advantage of market and customer resources

In 2022, the Company still maintained the leading position in the market of wet-process lithium battery separator. So far, the Company has entered the supply chain system of most mainstream lithium-ion battery manufacturers in the world, including overseas lithium battery production giants (e.g. Panasonic, Samsung, LGES and a large overseas automobile manufacturer) and domestic mainstream lithium battery enterprises (e.g. CATL, CALB Co., Ltd., BYD, Gotion High-tech, Farasis Energy and Lishen). The Company has established stable and good cooperation relations with downstream customers, and we had an in-depth technical exchange with them during cooperation. Therefore, the Company has a profound understanding of customer needs, and we are able to quickly respond to customer needs and provide corresponding services. With the rapid development of the industry and continuous release of the capacity, the Company will grow along with the rapid growth of downstream customers.

## IV. Analysis on Main Businesses

### 1. Overview

In 2022, the global new energy electric vehicle market and energy storage market showed a sustained vigorous development trend, and the industry market scale and market demand expanded, driving the rapid growth of demand in the separator industry. During the Reporting Period, under the leadership of the Board and the joint efforts of all employees, the Company worked hard to overcome the impact of the pandemic, seized the opportunity of the new energy industry, focused on the lithium battery separator business in a sustained way, promoted the capacity construction as planned, continuously improved the internal management level and operating efficiency, ensured that the stable supply of high-quality lithium battery separator products to downstream customers and ensured that downstream customers' demand for high-quality lithium battery separator products be met in a timely way. Cost reduction and efficiency increase were realized through the improvement and upgrading of technology, process and equipment. During the Reporting Period, the Company's business scale, profitability and market position improve continuously. In 2022, we achieved consolidated operating revenue of RMB12.591 billion, representing a year-on-year increase of 57.73%. The net profit attributable to shareholders of the listed company was RMB4 billion, representing a year-on-year increase of 47.20%.

#### (1) Separator products

The Company focuses on separator business, increases capacity investment continuously, actively expands domestic and overseas markets, strengthens our market position and core competitiveness.

Benefiting from the rapid growth of the market in the field of new energy vehicles and energy storage in recent years, the revenue scale and profitability of the Company's lithium battery separator business increased significantly, and the Company's market share remained at the leading level in the industry. In 2022, the operating revenue of Shanghai Energy was RMB10.996 billion, and the net profit attributable to the listed company was RMB3.688 billion. With the accelerated development of the industry, the capacity and output of domestic and foreign lithium battery manufacturers have been continuously expanded. Having stable and reliable capacity has become an important prerequisite for the Company to ensure large-scale order supply for downstream customers. The Company's production capacity is the largest in the world. We have set up separator production bases in Shanghai, Zhuhai, Wuxi, Jiangxi, Suzhou, Chongqing and other places with a production capacity of 7 billion square meters.

During the Reporting Period, the Company promoted the construction of domestic and foreign production lines continuously. Wuxi Energy Lithium Battery Project (Phase II), Jiangxi Tonry Lithium Battery Expansion Project (Phase I), Chongqing Energy High-performance Lithium-ion Battery Microporous Separator Project (Phase I) and Suzhou GreenPower Lithium Battery Coating Separator Project with an annual output of 200 million square meters have been completed and put into operation. Other production line construction projects are progressing as planned: the equipment of Chongqing Energy High Performance Lithium-ion Battery Microporous Separator Project (Phase II) was being installed and tested. Part of the infrastructure of Jiangsu Energy Lithium Traction Battery Separator Industrialization Project was completed. The infrastructure of the lithium battery separator project in Hungary was completed, and the equipment was being installed. The infrastructure of Yuxi Energy Lithium Battery Separator Project was underway. With the implementation of the Company's new projects, the Company's capacity will be gradually released, and the Company's share in the global market is expected to be further improved.

The Company's lithium battery separator product quality has excellent stability and consistency, and there are 180 product categories, which can meet the customized and diversified needs of customers. We have entered the supply chain systems of most mainstream lithium battery manufacturers in the world. Based on the strong demand of the separator market brought by the rapid growth of the new energy industry, the Company, by virtue of its competitive advantages in products, technology, cost and other aspects, actively explores domestic and overseas markets, and strengthens the cooperation with downstream strategic customers in a deep-going way. During the Reporting Period, the Company cooperated with CATL (the leader in the global lithium battery industry), and our Xiamen Energy Lithium Battery Separator Project was undergoing preliminary preparations. The infrastructure of Hubei Jingmen Lithium Battery Separator Project, a joint venture project with EVE (a leading enterprise in the lithium battery industry) was being constructed, and some plants and supporting facilities were basically completed. The Company signed the 2023 separator supply guarantee agreements with a number of high-end customers such as CALB, SVOLT and Gotion High-tech to continuously strengthen the long-term cooperation with key customers and enhance the Company's market competitiveness.

The Company has been deeply rooted in the separator industry for many years, and we have established leading competitive advantages in terms of capacity scale, product quality, technological R&D and market expansion. Against the background of increasingly fierce competition in the industry,

the importance of production efficiency and cost control has become increasingly prominent. We have advanced equipment and sufficient orders from high-quality customers, maximizing the continuous output efficiency of single line. We take measures in terms of auxiliary material recovery efficiency and other aspects to reduce production costs. We rely on technical advantages to continuously improve equipment and optimize processes, aiming to improve production efficiency, further reduce costs and enhance the comprehensive competitiveness of products.

During the Reporting Period, the Company strengthened its R&D investment and consolidated its technical advantages in a sustained way. In terms of production and manufacturing, the Company has continuously reduced costs and increased efficiency by equipment transformation, process optimization, technological upgradation and other ways. With the continuous promotion and application of the Company's first inline coating technology, the production efficiency and product quality of the Company's coated film products have been further improved. In order to improve production efficiency, the Company has established the MES intelligent factory cloud platform, realized production line networking, system interoperability and data exchange, established the lithium battery coating film industry internet platform and realized BI big data analysis. Suzhou GreenPower won the award of Suzhou Intelligent Factory in 2022, Chongqing Energy "Lithium-ion Battery Microporous Separator Production Digital Workshop" was honored with the title of Chongqing Digital Workshop in 2022. In addition, in order to further improve the production management level, the Company promoted the QMS in each factory during the Reporting Period to optimize the quality management operation, effectively avoid the quality risk and improve the quality standardization and the accuracy and timeliness of data. In terms of forward-looking technology, the production line of the all solid state electrolyte coating separator project was being installed and tested. Such all solid state electrolyte coating separator is developed by the Company, Beijing WeLion New Energy Technology Co., Ltd. and Liyang Tianmu Pilot Battery Material Technology Co., Ltd., and it can be applied to semi-solid state batteries.

With the release of the Implementation Plan for the Development of New Energy Storage in the "14th Five-Year Plan" issued by the NDRC and the National Energy Administration, the market prosperity of the energy storage field has improved continuously. In response to the future demand from the energy storage market, the Company promoted the construction of a dry-process lithium battery separator project with Celgard continuously during the Reporting Period. The equipment of Company's first dry-process separator production line was being installed and tested, and it is expected to gradually form production capacity in 2023, bringing lots of cost-effective products to the market.

During the Reporting Period, the Company's BOPP film business developed steadily. As of the end of the Reporting Period, the production plant of Hongta Plastic's 70,000 tons/year BOPP film reconstruction and expansion project was completed, and the new production line equipment was being tested.

## (2) Packaging and printing products and specialty paper products

The aseptic packaging business of the Company is operating well. The Company mainly serves large dairy enterprises and regional well-known dairy enterprises. Through continuous development of new products, it provides customized services for customers to achieve rapid growth in sales of aseptic packaging products. In 2022, the Company's aseptic packaging business increased steadily, achieving an operating revenue of RMB0.620 billion, representing a year-on-year increase of 7.22%. The sales volume of the Company was 3.222 billion units, representing a year-on-year increase of 11.19%. The Company's aseptic packaging products have excellent heat sealability, strong adaptability to different machines, low filling loss and other characteristics, and the product quality and performance indicators have reached the industry-leading level. The Company will strengthen market development, seize market growth opportunities with large dairy enterprises and achieve rapid development of aseptic packaging business. During the Reporting Period, while strengthening the development of the existing aseptic packaging market, the Company actively carried out the research, development and promotion of new products such as Al-PE-Pa complex packaging materials engineered to protect edible oil against moisture, light and air and scratch and sniff gable top packaging. By launching eco-friendly, innovative, interesting products with unprecedentedly great performance and quality, the Company improved the market competitiveness of its aseptic packaging products and developed a diversified market covering dairy products, beverages, oil products, soy sauce and other condiments. The Company will develop packaging and printing products in a deep-going way and expand its market share with good product design, material optimization, customized response ability and timely after-sales service ability.

During the Reporting Period, our cigarette label business increased steadily and its operating revenue was RMB0.129 billion, representing a year-on-year increase of 11.86%. During the Reporting Period, the specialty papers products recorded a slight decrease with an operating revenue of RMB0.193 billion, representing a year-on-year decrease of 5.3%. The Company actively developed the market, rapidly responded to customer needs, strengthened internal refined management and reduced costs while increasing efficiency continuously.

## (3) Review of other aspects

Raising not more than RMB12.8 billion by the Company through non-public issuance of A shares in 2021 was approved by the Reply on Approving the Non-public Issuance of A shares by Yunnan Energy New Material Co., Ltd. (No.1343 [2022] of the CSRC) issued by the China Securities Regulatory Commission on June 28, 2022, which was effective within 12 months from the date on which the issuance was approved.

In order to further attract and retain outstanding talents, stimulate team vitality and effectively combine the interests of the Company with the personal interests of the core team, the Company implemented the 2022 Stock Option and Restricted Stock Incentive Plan during the Reporting Period, covering more than 800 incentive objects such as the Company's middle and senior management and core staff.

Multiple breakthroughs in technological innovation were achieved during the Reporting Period. As at the end of the Reporting Period, the Company and its subsidiaries obtained 520 patents in total, including 365 utility model patents, 143 invention patents (including 18 international patents) and 12 design patents. In addition, the Company emphasizes the development of overseas patents. The applications for the registration of 95 international patents and 196 domestic patents have been accepted.

## 2. Revenue and cost

### (1) Breakdown of operating revenue

Unit: RMB

	2022		2021		Year-on-year increase or decrease
	Amount	Proportion in the operating revenue	Amount	Proportion in the operating revenue	
Total operating revenue	12,590,925,529.68	100%	7,982,426,810.59	100%	57.73%
By industry					
Manufacturing	12,217,521,522.39	97.03%	7,866,428,440.28	98.55%	55.31%
Other businesses	373,404,007.29	2.97%	115,998,370.31	1.45%	221.90%
By product					
Film products	11,250,255,657.25	89.35%	6,913,272,941.66	86.61%	62.73%
Cigarette label	129,096,161.72	1.03%	115,404,633.29	1.45%	11.86%
Aseptic packaging	619,760,249.96	4.92%	578,035,152.65	7.24%	7.22%
Specialty papers	192,672,092.83	1.53%	203,465,665.68	2.55%	-5.30%
Other Products	25,737,360.63	0.20%	56,250,047.00	0.70%	-54.24%
Other businesses	373,404,007.29	2.97%	115,998,370.31	1.45%	221.90%
By region					
Southwest	1,713,083,683.51	13.61%	1,055,816,267.84	13.23%	62.25%
East	5,797,739,284.92	46.05%	3,940,320,948.30	49.36%	47.14%
North	162,432,864.37	1.29%	220,578,356.55	2.76%	-26.36%
South Central	3,248,090,813.64	25.80%	1,525,714,178.36	19.11%	112.89%
Northwest	290,175,100.70	2.30%	295,656,593.50	3.70%	-1.85%
Northeast	47,590,945.63	0.38%	38,818,315.58	0.49%	22.60%
Abroad	1,331,812,836.91	10.58%	905,522,150.46	11.34%	47.08%
By sales model					
Direct marketing	12,590,925,529.68	100.00%	7,982,426,810.59	100.00%	57.73%

**(2) Industries, products, regions and sales models that account for more than 10% of the Company's operating revenue or operating profit**

√ Applicable □ N/A

Unit: RMB

	Operating revenue	Operating cost	Rate of gross margin	Year-on-year increase or decrease in operating revenue	Year-on-year increase or decrease in operating cost	Year-on-year increase or decrease in the rate of gross margin
By industry						
Manufacturing	12,217,521,522.39	6,360,676,130.43	47.94%	55.31%	59.88%	-1.49%
By product						
Film products	11,250,255,657.25	5,581,677,836.84	50.39%	62.73%	72.56%	-2.83%
By region						
Southwest	1,713,083,683.51	994,579,500.37	41.94%	62.25%	37.35%	10.52%
East	5,797,739,284.92	2,802,761,992.76	51.66%	47.14%	67.13%	-5.78%
South Central	3,248,090,813.64	1,896,375,323.26	41.62%	112.89%	101.90%	3.18%
Abroad	1,331,812,836.91	626,875,994.42	52.93%	47.08%	61.16%	-4.11%
By sales model						
Direct marketing	12,590,925,529.68	6,568,148,382.65	47.83%	57.73%	64.12%	-2.03%

Under the circumstances that the statistic specifications for the Company's main business data adjusted during the Reporting Period, the Company's main business data of this past year is calculated based on the adjusted statistic specifications at the end of the Reporting Period.

□ Applicable ☉ N/A

**(3) Whether the Company's revenue from the sale of physical products is higher than the revenue from service charges**

☉ Yes □ No

By industry	Item	Unit	2022	2021	Year-on-year increase or decrease
Film products	Sales	Ton	102,765.07	78,666.40	30.63%
	Volume of production	Ton	106,761.27	78,928.36	35.26%
	Inventory	Ton	11,056.90	7,060.70	56.60%
Cigarette label	Sales	10,000 boxes	49.27	43.12	14.26%
	Volume of production	10,000 boxes	42.97	49.01	-12.32%
	Inventory	10,000 boxes	3.18	9.48	-66.46%
Aseptic packaging	Sales	10,000	322,228.15	289,803.12	11.19%
	Volume of production	10,000	328,252.96	288,974.57	13.59%
	Inventory	10,000	31,866.74	25,841.93	23.31%
Specialty paper	Sales	Ton	11,791.64	13,821.64	-14.69%
	Volume of production	Ton	10,877.02	15,701.69	-30.73%
	Inventory	Ton	2,448.57	3,363.19	-27.20%

Reasons for the data with a year-on-year change of more than 30%

☉ Applicable □ N/A

During the Reporting Period, the production, sales and inventory of separator products increased significantly, mainly because of the expansion of the scale of the Company's lithium battery separator business. The significant reduction in the inventory of cigarette label products is mainly because of the shortening of the delivery cycle. The decline in the production of special paper products was mainly caused by the decrease in orders.

#### (4) Execution of material contracts of sale and material contracts of purchase signed by the Company as of the Reporting Period

☞Applicable □ N/A

Execution of material contracts of sale signed by the Company as of the Reporting Period

□Applicable☞N/A

Unit: RMB'0,000

Contract subject	Counterparty	Total contract amount	Total amount paid	Amount paid during the Reporting Period	Amount to be paid	Whether it was executed normally	Amount of accumulated sales revenue recognized during the Reporting Period	Recovery of accounts receivable
Lithium battery separator	LGES	Less than US\$617 million	174,525.52	61,774.29	226,524.48	Yes	174,525.52	As of the end of the reporting period, account receivables amounted to RMB225 million. As of the end of February 2023, accumulated collections after the period amounted to RMB[*], representing [*]%, the progress of collection was normal.
Lithium battery separator	Ultium Cells, LLC					Yes		
Lithium battery separator	Contemporary Amperex Technology Co., Limited					Yes		
Lithium battery separator	A large overseas automobile manufacturer					Yes		
Lithium battery separator	China Lithium Battery Technology Co., Ltd.					Yes		
Lithium battery separator	Automotive Cells Company SE					Yes		

Execution of material contracts of purchase signed by the Company as of the Reporting Period

□ Applicable ☞N/A

#### (5) Breakdown of operating cost

Product category

Unit: RMB

By product	Item	2022		2021		Year-on-year increase or decrease
		Amount	Percentage in the total operating cost	Amount	Percentage in the total operating cost	
	Raw material	2,930,223,822.90	52.50%	2,082,659,169.66	64.39%	40.70%
	Labor	397,348,373.24	7.12%	154,825,073.99	4.79%	156.64%

Film products	Manufacturing cost	1,430,735,154.33	25.63%	671,396,304.17	20.76%	113.10%
	Energy and power	823,370,486.37	14.75%	325,666,363.37	10.07%	152.83%
Cigarette label	Raw material	41,880,099.43	71.44%	59,056,240.47	88.33%	-29.08%
	Labor	11,385,802.91	19.42%	1,641,719.57	2.46%	593.53%
	Manufacturing cost	4,178,744.59	7.13%	5,555,699.73	8.31%	-24.78%
	Energy and power	1,175,089.60	2.00%	604,911.23	0.90%	94.26%
Aseptic packaging	Raw material	470,085,737.08	89.62%	442,144,630.94	91.70%	6.32%
	Labor	32,097,913.00	6.12%	22,368,092.22	4.64%	43.50%
	Manufacturing cost	15,219,790.08	2.90%	13,133,577.93	2.72%	15.88%
	Energy and power	7,101,183.51	1.35%	4,492,472.93	0.93%	58.07%
Specialty paper	Raw material	147,911,968.89	91.80%	147,608,537.66	93.00%	0.21%
	Labor	4,623,428.02	2.87%	3,842,056.17	2.42%	20.34%
	Manufacturing cost	5,838,040.00	3.62%	4,932,633.82	3.11%	18.36%
	Energy and power	2,757,448.91	1.71%	2,328,616.99	1.47%	18.42%
Other Products	Raw material	20,402,468.26	58.72%	32,072,764.23	88.88%	-36.39%
	Labor	4,119,488.87	11.86%	1,480,837.59	4.10%	178.19%
	Manufacturing cost	8,371,308.39	24.09%	1,540,063.23	4.27%	443.57%
	Energy and power	1,849,782.05	5.32%	992,484.33	2.75%	86.38%

Notes:

1. "Film products" include BOPP cigarette film, BOPP flat film and lithium battery separator products.
2. "Other products" referred to in the "Breakdown of operating revenue" and "Breakdown of operating cost" in Section IV of this report mainly include holographic hot stamping foils, film products, packaging films for wrapping by hand, aluminum laminated films, other miscellaneous products and clearance products. These products account for a small volume of business, and the percentage of the sales of such products in the total sales is low. Thus, such products belong to the category of other products of main businesses.
3. "Other businesses" referred to in the "Breakdown of operating revenue" in Section IV of this report mainly refers to the Company's revenue from the sale of materials, leased assets and the sale of leftover bits and pieces. Other businesses do not belong to the category of the Company's main businesses.

**(6) Changes of the scope of the combined financial statements during the Reporting Period**

☒ Yes ☐ No

During the Reporting Period, ten new companies were added to the combined financial statements of the Company: Xiamen Energy New Materials Co., Ltd., Yuxi Energy New Materials Co., Ltd.\*(玉溪恩捷新材料有限公司), Shanghai Energy New Material Research Co., Ltd.\*(上海恩捷新材料研究有限公司), Hongchuang Packaging (Jiangsu) Co., Ltd., Energy (Zhuhai Hengqin) New Materials Technology Co., Ltd.\*(恩捷(珠海横琴)新材料科技有限公司), Shanghai Energy Trading Co., Ltd.\*(上海恩尔捷贸易有限公司), Jiangsu Energy Trading Co., Ltd.\*(江苏恩捷贸易有限公司), SEMCORP Properties Kft., SEMCORP America Inc. and SEMCORP Manufacturing USA LLC. All of these companies were newly established during the Reporting Period. The registration of Foshan Donghang Opto-Electric Technology Co., Ltd. was cancelled during the Reporting Period.

**(7) Major changes or adjustments in the business, products or services during the Reporting Period**

☐ Applicable ☒ N/A

**(8) Key customers and suppliers**

The Company's key customers

Total sales of the top five customers (RMB)	7,577,905,075.31
Proportion of total sales of the top five customers over total sales for the year	60.19%
Proportion of sales of connected parties in the top five customers over total sales for the year	0.00%

Information on the top five customers

No.	Customer Name	Sales (RMB)	Percentage in the total sales for the Year
1	Customer 1	3,971,064,695.00	31.54%
2	Customer 2	1,467,854,687.91	11.66%
3	Customer 3	1,187,589,649.36	9.43%
4	Customer 4	502,110,106.70	3.99%
5	Customer 5	449,285,936.33	3.57%
Total	--	7,577,905,075.31	60.19%

Other information on key customers

☒ Applicable ☐ N/A

The Company had no connected relationship with the top five customers. Directors, supervisors, senior management, core technicians, shareholders holding more than 5% of the shares, de facto controllers and other related parties of the Company do not directly or indirectly hold their interests in the top five customers.

The Company's key suppliers

Total sales of the top five suppliers (RMB)	2,909,302,979.98
Proportion of total sales of the top five suppliers over total sales for the year	28.15%
Proportion of sales of connected parties in the top five suppliers over total sales for the year	0.00%

Information on the top five suppliers

No.	Supplier Name	Purchase Amount (RMB)	Percentage in the total purchase amount for the Year
1	Supplier 1	981,905,175.40	9.50%
2	Supplier 2	783,855,928.68	7.58%
3	Supplier 3	594,738,761.59	5.75%
4	Supplier 4	274,895,182.78	2.66%
5	Supplier 5	273,907,931.53	2.65%
Total	--	2,909,302,979.98	28.15%

Other information on key suppliers

☒ Applicable ☐ N/A

The Company had no connected relationship with the top five suppliers. Directors, supervisors, senior management, core technicians, shareholders holding more than 5% of the shares, de facto controllers and other related parties of the Company do not directly or indirectly hold their interests in the top five suppliers.

### 3. Expense

Unit: RMB

	2022	2021	Year-on-year increase or decrease	Explanations of material changes
Selling expenses	74,455,043.47	74,035,002.36	0.57%	
Administrative expenses	323,291,931.01	216,333,939.36	49.44%	mainly attributable to the equity incentives carried out by the Company during the reporting period, and the growth of the Company's business scale, and the corresponding increase in employee compensation and bonus
Financial expenses	211,531,870.97	152,982,055.47	38.27%	Mainly attributable to the increase in bank borrowings as result of the increase in capital demand for daily operating activities due to the growth of business volume of the Company
R&D expenses	724,297,699.66	409,178,730.28	77.01%	Mainly attributable to the increase in the related R&D material and personnel expenses as the increase in the investment in R&D activities by the Company

### 4. Investments in R&D

☞ Applicable □ N/A

Names of key R&D projects	Project purposes	Project progress	Objectives to be achieved	Expected impacts on the Company's future development
Development of low moisture and high heat resistance ceramic coating products	Entering the supply chain of local battery enterprises in Europe and realizing batch supply	Shipment	Homogenization of base film microstructure and development of high heat resistance and low moisture coating	Improving the competitiveness and sales volume of the Company's separator products, entering the supply chain of overseas high-quality customers and increasing the Company's market share
Development of base films with high safety by using simultaneous biaxial stretching process	Batch supply for a Japanese customer	All physical properties have met the needs of the customer, and we are waiting for the signing of specifications.	Mass production and shipment	Improving the sales volume of the Company's separator products, improving the stickiness of overseas high-quality key customers and establishing stable cooperative relations
Aramid coating separators	Batch supply for a Japanese end customer	The physical properties have basically met the needs of the customer, and the separator has been put through a preliminary test successfully	Mass production and shipment	The added value of the product is higher than that of conventional coated film. The product helps us enter the supply chain of overseas high-end customers and improve the Company's market share
Ultra-thin high-strength separators	Developing ultra-thin 5μm separator for high energy density lithium battery	The physical properties have basically met the needs of customers, and the separator has been put through a	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and



		preliminary test successfully		increasing the Company's market share
Mass production of semi-solid state lithium-ion conductivity separators	Developing high energy density and high safety lithium battery separator with an energy density of above 250 wh/kg	The physical properties have basically met the needs of the customer, and the separator has been put through a preliminary test successfully	Mass production and shipment	With the aid of technical innovation, meeting the demand for lithium batteries with high energy density and high safety, enhancing the Company's technical leadership and comprehensive competitiveness
Design and development of the third generation base films with low shutdown temperature and high safety	Reducing the shutdown temperature and improving the safety of separators	The physical properties have basically met the customer's needs, and we are waiting for the customer to further adjust his/her needs	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Basic development of base films with ultra-high meltdown temperature and high safety	Increasing meltdown temperature to enhance the safety of separators	We have the ability to send samples and cooperate with customers to mass produce	Mass production and shipment	With the aid of technical innovation, comprehensively improving the safety of separators and enhancing the competitiveness of the Company's products and technical advantages
Mass production of high porosity/high-strength base films	Mass production and shipment for domestic and foreign end customers	The base film has been put through a preliminary test successfully, and we continuously improve the performance of mass production products	Mass production and shipment	Improving the sales volume of the Company's separator products, improving the stickiness to high-quality customers at home and abroad and establishing stable cooperative relations
Mass production of new generation coated films with low cost, high adherence and high heat-resistance	Mass production and shipment for domestic and foreign end customers	The physical properties have met the customer's requirements, and the product performance has been continuously improved	Mass production and shipment	Reducing costs, improving separator bonding performance and increasing the competitiveness of the Company's products
Research of ultra-small pore size special filtration membranes	Expanding the Company's business and increasing the application scenarios of separators	The physical properties have basically met the needs of customers, and separators have been put through a preliminary test successfully	Mass production and shipment	Expanding the application scenarios of separators, the Company's scope of business and comprehensive competitiveness
Development of membranes for municipal and industrial wastewater treatment	Expanding the Company's business and increasing separator application scenarios	The pilot test is underway, and it has entered the mass production preparation stage	Determining Operation mode and starting mass production and shipment	Expanding separator application scenarios and the Company's scope of business and enhancing the Company's comprehensive competitiveness
Development of aluminum laminated films	Expanding the scope of business of the Company	Three kinds of aluminum-plastic film products with a high degree of formability, a high degree of durability and a high degree of insulation	Realizing mass production and delivery, continuously improving product performance and entering high-end	Comprehensively improving the product performance, reaching the global advanced level, laying a good foundation for entering the high-end market and enhancing the Company's

		have been launched and promoted. They are used by two high-end customers	customer supply chain	comprehensive competitiveness.
R&D of new degradable film materials	Meeting market demand with the aid of technical reserve	Going through a preliminary test	Making film material be degradable	Conforming to the requirements of ecological environment protection, relevant regulations and policies, fulfilling social responsibilities, improving the market competitiveness of the Company's products and improving the Company's economic benefits and corporate image.
R&D of bio-based polyethylene plastic caps	Meeting market demand with the aid of technique reserve	The samples have been sent out, and the project is in the popularization stage	Replacing petroleum-based polymer materials with bio-based polymer materials to achieve 100% natural degradation of packaging materials and achieve sustainable development.	Going with the development concept of "ecological and environmental protection, energy conservation and carbon reduction" and laying the foundation for the Company's aseptic packaging products to develop the market of Gable top packaging (with a lid).
Scratch and sniff gable top packaging	Expanding the market of the packaging materials for liquid	The samples have been sent out, and the project is in the popularization stage	Making the conventional packaging interesting. Customers can smell the fragrance after scratching the designated area, improving the experience of end customers	Making the packaging materials for liquid novel and attractive and enhancing the market competitiveness of the Company's aseptic packaging products.
High barrier oil packing materials with Al-PE-Paper complex structure	Expanding the market of edible oil, soy sauce and other condiments	First order has been placed	Replacing traditional packaging for edible oil with molded pulp packaging to reduce the use of plastics	The material has a good barrier against light, water vapor and oxygen, improving the sealing of the Company's aseptic packaging products and laying a foundation for the Company's aseptic packaging products to develop diversified markets.

## Information on the Company's R&amp;D personnel

	2022	2021	Year-on-year change (%)
Number of R&D personnel	512	409	25.18%
Percentage of R&D personnel in total employees	6.87%	6.87%	0.00%
Educational background structure of R&D personnel			
Bachelor's degree and below	408	334	22.16%
Master's degree and above	104	75	38.67%
Age structure of R&D personnel			
Under 30	183	140	30.71%

Aged 30-40	252	199	26.63%
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## Information on the investment in R&amp;D

	2022	2021	Year-on-year change (%)
Amount of the investment in R&D (RMB)	724,297,699.66	409,178,730.28	77.01%
Percentage of the investment in R&D in operating revenue	5.75%	5.13%	0.62%
Capitalized investment in R&D (RMB)	0.00	0.00	0.00%
Percentage of the capitalized investment in R&D in the investment in R&D	0.00%	0.00%	0.00%

Reasons for and impacts of significant changes of the composition of the Company's R&D personnel

Applicable  N/A

Reasons for significant year-on-year changes of the percentage of the investment in R&D in the operating revenue

Applicable  N/A

Reasons and justification for significant changes of the capitalization rate of the investment in R&D

Applicable  N/A

## 5. Cash flow

Unit: RMB

Item	2022	2021	Year-on-year increase or decrease
Subtotal of cash inflows from operating activities	8,891,273,722.39	6,846,043,812.83	29.87%
Subtotal of cash outflows from operating activities	8,387,686,123.73	5,427,398,435.01	54.54%
Net cash flows from operating activities	503,587,598.66	1,418,645,377.82	-64.50%
Subtotal of cash inflows from investment activities	72,299,752.44	1,814,884,845.70	-96.02%
Subtotal of cash outflows from investment activities	5,757,926,436.30	5,530,360,175.52	4.11%
Net cash flows from investment activities	-5,685,626,683.86	-3,715,475,329.82	--
Subtotal of cash inflows from financing activities	14,379,311,728.60	6,116,519,647.62	135.09%
Subtotal of cash outflows from financing activities	7,600,203,806.51	4,503,459,616.59	68.76%
Net cash flows from financing activities	6,779,107,922.09	1,613,060,031.03	320.26%
Net increase in cash and cash equivalents	1,602,756,557.41	-685,616,215.95	--

Main reasons for significant year-on-year changes of the relevant data

Applicable  N/A

(1) The cash outflow from operating activities increased significantly on a year-on-year basis, and the net cash flow from operating activities decreased significantly on a year-on-year basis, mainly because of the business growth of the Company during the Reporting Period, the corresponding increase in operating payments, taxes and payroll expenses, and the significant increase in cash outflow from operating activities.

(2) The significant year-on-year decrease in the cash inflow from investment activities and the net cash flow from investment activities is mainly because of the expansion of the scale of the Company's lithium battery separator business, the increase in funds used to construct fixed assets, the redemption of due wealth management funds and the reduction of income generated.

(3) The relatively large year-on-year growth of cash flow from financing activities is mainly because of the growth of the Company's business during the Reporting Period, the increased demand for funds from daily operating activities, the increase in bank borrowings, and the increase in repayment of loans and interest.

(4) The net year-on-year increase in cash and cash equivalents is mainly due to the increase in net cash flows from financing activities during the Reporting Period.

Main reasons for the marked difference between net cash flow from operating activities during the Reporting Period and net profit for the Year

Applicable  N/A

Mainly due to expenses on fixed asset such as devices directly paid by bills received by the Company.

## V. Analysis of Non-main Businesses

□ Applicable ☉ N/A

## VI. Analysis of Assets and Liabilities

### 1. Significant changes of the composition of assets

Unit: RMB

	End of 2022		Beginning of 2022		Percentage change	Reasons for significant changes
	Amount	Percentage in the total assets	Amount	Percentage in the total assets		
Monetary capital	3,954,316,829.31	10.24%	1,833,450,205.69	7.02%	3.22%	Mainly attributable to the increase in income collection as the increase in payment and business volume during the reporting period
Accounts receivable	6,559,717,117.36	16.98%	4,405,436,085.52	16.86%	0.12%	
Contract assets		0.00%		0.00%	0.00%	
Inventories	2,463,490,238.80	6.38%	1,681,448,170.29	6.44%	-0.06%	
Investment properties	8,399,300.54	0.02%	8,933,531.66	0.03%	-0.01%	
Long-term equity investments	5,017,642.31	0.01%	3,545,984.21	0.01%	0.00%	
Fixed assets	14,306,873,399.88	37.04%	10,877,888,212.91	41.64%	-4.60%	Mainly due to the increase in payment for construction of fixed assets as a result of the expansion of the Company's lithium battery separator business during the reporting period
Projects under construction	3,584,554,509.73	9.28%	1,752,915,718.82	6.71%	2.57%	Mainly due to the increase in engineering construction as a result of the expansion of production capacity of lithium battery separator by the Company during the reporting period
Right-of-use assets	3,926,781.90	0.01%		0.00%	0.01%	
Short-term borrowings	9,527,853,434.55	24.67%	4,116,148,340.30	15.76%	8.91%	Mainly due to the increase in bank borrowings as a result of the increase in capital demand for daily operating activities due to the growth of business volume of the Company
Contract liabilities	24,596,154.15	0.06%	761,923,312.38	2.92%	-2.86%	
Long-term borrowings	4,179,264,746.86	10.78%	2,803,108,832.30	10.73%	0.05%	
Lease liabilities	1,331,485.16	0.00%		0.00%	0.00%	

High percentage of overseas assets

□ Applicable ☉ N/A

### 2. Assets and liabilities measured at fair value

☉ Applicable □ N/A

Unit: RMB

Item	Amount as at the beginning of the	Profit and loss from the fair value changes	Accumulated fair value changes recognized through	Impairment provided during the Reporting Period	Amount of purchase during the Reporting Period	Amount of sale during the Reporting Period	Other changes	Amount as at the end of the Reporting Period
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	Reportin g Period	during the Reporting Period	equity					
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	5,137,194.34					5,137,194.34		0.00
2. Derivative financial assets		9,850,069.59						9,850,069.59
3. Other investment in debts								
4. Other investment in equity instruments	110,000,000.00							110,000,000.00
Sub-total of financial assets	115,137,194.34	9,850,069.59				5,137,194.34		119,850,069.59
Others	526,473,335.53				692,286,629.08	526,473,335.53		692,286,629.08
Including : Bank acceptance bills	412,477,885.83				692,286,629.08	412,477,885.83		692,286,629.08
Commercial acceptance bills								
Accounts receivable	113,995,449.70					113,995,449.70		
Total	641,610,529.87	9,850,069.59			692,286,629.08	531,610,529.87		812,136,698.67
Financial liabilities	0.00	94,394.79						94,394.79

Other changes

Are there any significant changes of the measurement attributes of the Company's major assets during the Reporting Period

Yes No

### 3. Restriction of asset rights as of the end of the Reporting Period

Item	Balance	Reasons for restriction
Monetary funds	982,223,348.31	Bank draft margin, letter of credit margin, letter of guarantee margin, performance deposit, security deposits for lock exchange, deposit regulated by banks
Receivables financing	4,227,939.20	Bank loans and bank acceptance through pledge
Bills receivables	775,359,141.70	Bank loans through pledge
Other non-current assets	292,390,109.05	Bank loans through pledge

Non-current assets within one year	28,105,438.78	Bank loans through pledge
Bills receivables	311,247,569.39	Comprehensive bank credit and loan through mortgage
Intangible assets	53,697,916.67	Comprehensive bank credit and loan through mortgage
Total	2,447,251,463.10	-

## VII. Analysis of Investments

### 1. Summary

☞Applicable  N/A

Total investment amount during the Reporting Period (RMB)	Total investment amount during the same period of last year (RMB)	Change (%)
7,648,313,351.79	6,676,555,356.59	14.55%

### 2. Substantial equity investments obtained during the Reporting Period

Applicable ☞N/A

### 3. Substantial ongoing non-equity investments during the Reporting Period

☞Applicable  N/A

Project name	Investment mode	Whether it is an investment in fixed assets	Industries related to the investment project	Amount of investments during the Reporting Period	Accumulated actual investment as of the end of the Reporting Period	Source of funds	Project progress	Projected revenue	Accumulated realized revenue as at the end of the Reporting Period	Reasons for failing to make planned progress and generate projected revenue	Disclosure date (if any)	Index to disclosure (if any)
Wuxi Energy New Material Industrial Base	Self-construction	Yes	Lithium battery separator	25,277,048.23	2,060,110,764.32	1. self-owned and self-raised funds; 2. raise funds by convertible bonds	100.00%	--	662,811,743.66	N/A	July 4, 2018	Please refer to the Announcement on Implementation of Wuxi Energy New Material Industrial Base by Wuxi Energy (No.: 2018-062) disclosed on the Cninfo website.
Wuxi Energy New Material Industrial Base Phase II	Self-construction	Yes	Lithium battery separator	800,803,932.15	2,367,902,997.59	1. self-owned and self-raised funds; 2. raise funds by way of non-public offering in 2020	93.28%	--	444,623,814.48	N/A	July 2, 2019	Please refer to the Announcement on Capital Increase by Shanghai Energy to Wuxi Energy and Investment in Wuxi Energy New Material Industrial Base Phase II - Lithium Battery Separator Film (No.: 2019-076) disclosed on the Cninfo website.
Zhuhai Energy Phase II	Self-construction	Yes	Lithium battery separator	42,107,637.76	1,381,005,891.50	Self-owned and self-raised funds	100.00%	--	1,363,610,369.49	N/A	March 15, 2019	Please refer to the Announcement on Investment by Zhuhai Energy in Lithium Battery Separator Project Phase II (No.: 2019-024) disclosed on the Cninfo website.
Jiangxi Tonry Phase I	Self-construction	Yes	Lithium battery separator	2,246,661.94	1,739,610,313.02	1. self-owned and self-raised funds; 2. raise funds by convertible bonds	99.65%	--	969,102,733.79	N/A	November 2, 2018	Please refer to the Announcement on A Controlled Subsidiary's Acquisition of 100% Equity of Jiangxi Tonry New Energy Technology Development Co., Ltd. (No.: 2018-141) disclosed on the Cninfo website.
Jiangxi Tonry Phase I Expansion	Self-construction	Yes	Lithium battery separator	838,429,945.98	2,471,737,219.12	1. self-owned and self-raised funds; 2. raise funds by way of non-public offering in 2020	91.35%	--	483,115,481.94	N/A	March 24, 2020	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2020 (No.: 2020-050) disclosed on the Cninfo website.
Hungary Lithium Battery Separator Film	Self-construction	Yes	Lithium battery separator	898,509,595.22	979,491,095.17	Self-owned and self-raised funds	40.00%	--	0.00	N/A	November 11, 2020	Please refer to the Announcement on Construction of Wet-process Lithium Battery Separator Project in Hungary (No.: 2020-204) disclosed on the Cninfo website.
Chongqing Energy High-performance	Self-construction	Yes	Lithium battery separator	424,019,221.74	662,328,512.36	Self-owned and self-raised funds	100.00%	--	106,190,908.17	N/A	November 23, 2021	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2021 (No.: 2021-188) disclosed on the

Lithium Battery Micropore Separator (Phase I)	tion											Cninfo website.
Chongqing Energy High-performance Lithium Battery Micropore Separator (Phase II)	Self-construction	Yes	Lithium battery separator	667,767,335.47	668,846,162.83	Self-owned and self-raised funds	70.00%	--	23,362,512.17	N/A	November 23, 2021	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2021 (No.: 2021-188) disclosed on the Cninfo website.
Chongqing Energy High-performance Lithium Battery Micropore Separator (Phase III)	Self-construction	Yes	Lithium battery separator	42,154,520.91	42,488,988.83	Self-owned and self-raised funds	90.00%	--	0.00	N/A	December 8, 2021	Please refer to the Announcement on the Progress of Chongqing Energy High-performance Lithium Battery Micropore Separator Project (No.: 2021-203) disclosed on the Cninfo website.
Jiangsu Energy EV Lithium Battery Separator Industrialization Project	Self-construction	Yes	Lithium battery separator	245,661,329.92	245,785,358.61	Self-owned and self-raised funds	15.00%	--	2,616,032.96	N/A	November 23, 2021	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2021 (No.: 2021-188) disclosed on the Cninfo website.
Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project	Self-construction	Yes	Aluminum laminated film	334,080,915.06	334,566,119.25	Self-owned and self-raised funds	36.00%	--	0.00	N/A	November 23, 2021	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2021 (No.: 2021-188) disclosed on the Cninfo website.
Suzhou GreenPower Annual Production of 200 Million Square Meters of Lithium-ion Battery Coating Separators Project	Self-construction	Yes	Lithium battery separator	449,506,414.88	451,556,502.60	Self-owned and self-raised funds	51.06%	--	261,256,493.23	N/A	November 23, 2021	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2021 (No.: 2021-188) disclosed on the Cninfo website.
Yuxi Energy lithium battery separator production line construction project with an annual production capacity of 1.6 billion square meters	Self-construction	Yes	Lithium battery separator	2,410,889.35	2,410,889.35	Self-owned and self-raised funds	3.31%	--	0.00	N/A	March 30, 2022	Announcement on the progress on Yuxi Municipal People's Government Signing the Strategic Cooperation Framework Agreement (Announcement No.: 2022-044) disclosed on the Cninfo website.
Dry-process Lithium-ion	other	Yes	Lithium battery separator (Dry-	276,509,230.59	329,789,637.70	Self-owned and self-raised funds	8.49%	--	0.00	N/A	February 1, 2021	Announcement on Gaoan Municipal People's Government in Jiangxi Province Signing the Contract for the Construction



Battery Separator Films Project			process)									of Dry-process Lithium-ion Battery Separators Project (Announcement No.: 2021-018) disclosed on the Cninfo website.
Hubei Energy EV Lithium Battery Separator Industrialization Project	other	Yes	Lithium battery separator	57,700,414.85	57,700,414.85		1.11%	--	0.00	N/A	August 3, 2021	Announcement on the Plan to Set Up a Joint Venture with EVE to Construct a Wet-Processing Lithium Battery Separator Film Project (Announcement No.: 2021-128) disclosed on the Cninfo website.
Total	--	--	--	5,107,185,094.05	13,795,330,867.10	--	--	0.00	4,316,690,089.89	--	--	--

#### 4. Financial asset investments

##### (1) Investments in securities

Applicable  N/A

No investments in securities during the Reporting Period.

##### (2) Investments in derivatives

Applicable  N/A

##### 1) Investments in derivatives for hedging during the Reporting Period

Applicable  N/A

Unit: RMB'0,000

Type of derivative investment	Initial investment amount	Profit and loss from changes of fair value in the current period	Accumulated changes of fair value included in equity	Amount of purchase during the Reporting Period	Amount of sale during the Reporting Period	Closing amount	Proportion of the amount of investment at the end of the period in the Company's net assets at the end of the Reporting Period
Forward foreign exchange contract	0	975.57	0	133,912.3	108,570.53	27,247.85	0.00%
Total	0	975.57	0	133,912.3	108,570.53	27,247.85	0.00%
Accounting policies and specific principles of accounting for hedging business during the Reporting Period, and details of whether there are significant changes as compared with the previous Reporting Period	Accounting is carried out in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments, Accounting Standards for Business Enterprises No. 39 – Measurement of Fair Value, etc.. There are no significant changes as compared with the previous Reporting Period.						
Actual profit and loss during the Reporting Period	The actual profit and loss of the Company's forward foreign exchange contract is RMB 12.0806 million.						
Hedging Effect	With the increasing transparency of the RMB pricing mechanism and the acceleration of the market-oriented reform of the exchange rate, the volatility of exchange rate and interest rate has been increasing, and the uncertainty of foreign exchange market has become increasingly prominent. With the development						

	<p>of the Company's global business layout, the Company's export business revenue increase continuously, foreign currency business is involved in daily operation, and a certain amount of foreign exchange assets and foreign exchange liabilities are held. In order to lock costs and prevent the risk of exchange rate fluctuations, it is necessary for the Company to carry out the foreign exchange derivatives trading business related to the daily business needs according to the specific situation, in order to reduce the risk of exchange rate or interest rate fluctuations that the Company faces. The foreign exchange derivatives trading business carried out by the Company is closely related to the daily operation needs, which can further improve the Company's ability to deal with the risk of foreign exchange fluctuations, avoid and prevent the risk of foreign exchange rate and interest rate market fluctuations better, and enhance the Company's financial stability. The relevant hedging business carried out by the Company this year achieved the expected results.</p>
Capital source of derivative investment	Own funds
Risk analysis and control measures of derivative during the Reporting Period (including but not limited to market risks, liquidity risks, credit risks, operational risks, legal risks, etc.)	<p>The Company's foreign exchange derivatives trading business shall follow the principles of legality, prudence, safety and effectiveness, and shall not carry out speculative and pure arbitrage trading. However, the foreign exchange derivatives trading operation still has the following risks, including but not limited to:</p> <p>1. Market risks: the difference between the exchange rate and interest rate of the contract and the actual exchange rate and interest rate on the maturity date of foreign exchange derivatives trading will generate trading profits and losses. During the duration of foreign exchange derivatives, revaluation gains and losses will be generated in each accounting period. The cumulative value of revaluation gains and losses till the maturity date is equal to the trading gains and losses.</p> <p>2. Liquidity risks: foreign exchange derivatives are based on the Company's foreign exchange assets and liabilities and match with the actual foreign exchange receipts and payments to ensure that there are sufficient funds for clearing at the time of delivery, so as to reduce the cash flow demand on the maturity date.</p> <p>3. Performance risk: The counterparties of the Company's foreign exchange derivatives transactions are banks with good credit and have established long-term business relations with the Company, so the performance risk is low.</p> <p>4. Operational risks: when conducting transactions, if the operators fail to conduct foreign exchange derivatives trading according to the prescribed procedures or fail to fully understand the derivatives information, it will bring operational risks.</p> <p>5. Legal risks caused by contract terms: if the terms of the transaction contract are not clear, it may bring legal risks.</p> <p>Risk control measures taken by the Company for foreign exchange derivatives transactions:</p> <p>1. The Company has formulated the Foreign Exchange Derivatives Trading Business Management System, which clearly stipulates the operation principles, approval authority, management and internal operation process, information isolation measures, internal risk reporting system, risk handling procedures, information disclosure and other measures of the foreign exchange derivatives trading business to control the transaction risks.</p> <p>2. The foreign exchange derivatives transactions carried out by the Company are aimed at locking costs, avoiding and preventing exchange rate and interest rate risks, and any risk speculation is prohibited.</p> <p>3. The Company will carefully review the contract terms signed with banks to prevent legal risks.</p> <p>4. The Finance Department of the Company will track the changes in the open market price or fair value of foreign exchange derivatives continuously, timely assess the changes of the risk exposure of foreign exchange derivatives transactions, and regularly report to the management of the Company, timely report any abnormalities found, and warn the management of risks and implement emergency measures.</p> <p>5. The internal audit department of the Company shall supervise and inspect the compliance of the decision-making, management and execution of foreign exchange derivatives transactions.</p>
Changes of the market price or fair value of the derivative products invested in during the Reporting Period, the analysis of the fair value of derivatives should disclose the specific methods used and the setting of relevant assumptions and parameters	The Company's foreign exchange hedging transactions are mainly forward foreign exchange contracts, and the fair value of the contract is the price in the valuation notice of each bank
Litigations (if applicable)	N/A
Disclosure date of announcement of the Board of Directors for approval of derivative investments (if any)	April 12, 2022
Special opinions on independent directors on the Company's derivative investments and risk	The Company has issued a feasibility analysis report on the proposed foreign exchange derivative trading business. The main purpose of the foreign exchange

control	<p>derivative trading business is to avoid the foreign exchange risks caused by the fluctuation of the RMB exchange rate, effectively control the cost uncertainty caused by the foreign exchange risks, and meet the needs of the Company's operation and development. The Company has formulated the Foreign Exchange Derivatives Trading Business Management System and relevant risk control measures, which are conducive to strengthening the risk management and control of foreign exchange derivatives trading. This foreign exchange derivative trading business has performed the corresponding decision-making procedures and information disclosure obligations, conforms to the relevant provisions of the Guidelines for the Standardised Operation of Listed Companies on the SME Board of Shenzhen Stock Exchange, and does not harm the interests of the Company and all shareholders, especially the small and medium-sized shareholders. We approve the foreign exchange derivative trading business of the Company.</p>
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## 2) Investments in derivatives for speculation during the Reporting Period

Applicable  N/A

No investments in derivatives for speculation during the Reporting Period.

## 5. Use of funds raised

Applicable  N/A

### (1) Overall use of funds raised

Applicable  N/A

Unit: RMB'0,000

Year of raising funds	Way of raising funds	Total amount of funds raised	Total amount of funds used during the Reporting Period	The accumulated amount of funds used	Total amount of funds raised with changes of use during the Reporting Period	Total accumulated amount of funds raised with changes of use	Percentage of the total accumulated amount of funds raised with changes of use in the total amount of funds raised	Total amount of unused funds	Use and whereabouts of unused funds	Amount of funds raised that have been idle for more than two years
2016	Initial public offering	74,776.70		64,188.02		10,588.68	14.16%	10,588.68	Deposited to a special bank account for raised funds	10,588.68

2020	Public offering of convertible corporate bonds in 2020	158,612.26	0	158,612.26	0	0	0.00%	0	N/A	0
2020	Non-public offering of shares in 2020	498,250.46	14,536.38	503,663.58	0	0	0.00%	0	Deposited to a special bank account for raised funds	0
Total	--	731,639.42	14,536.38	726,463.86	0	10,588.68	1.45%	10,588.68	-	10,588.68

Explanations of the overall use of the funds raised

**I. Initial Public Offering**

With the approval of CSRC ZJXK [2016] No. 1886, the Company made its initial public offering of 33.48 million RMB-denominated ordinary shares. China Merchants Securities Co., Ltd., the main underwriter, issued 33.48 million shares by combining offline enquiry and allotment to investors and online subscription based on market value to public investors. All of the shares issued are new shares, without transfer of old shares. Among them, 3.348 million shares were allotted offline, 30.1320 million shares were issued online at a price of RMB23.41 per share. In addition, after deducting RMB3,599.98 of newly increased external expenses directly related to the issuance of equity securities, such as online issuance fee, prospectus printing fee, accountancy fees relating to filing taxes, counsel fee and valuation fee, the net amount of raised funds was RMB747.767 million. The availability of the above raised funds was verified by Dahua CPAs (SGP) with the capital verification report of "DHYZ [2016] No. 000897". As of September 30, 2016, the self-owned funds invested in the projects by which funds were raised reached RMB236.6591 million, which was audited by Dahua CPAs (SGP). Dahua CPAs (SGP) issued the report of DHHZ No. [2016] 004562. In 2017, the total amount of used funds was RMB26,067,736.89. In 2018, the total amount of used funds was RMB36,288,006.85. In 2019, the total amount of used funds was RMB24,728,775.11. From 2020 to 2021, the total amount of used funds was RMB0.00. During the Reporting Period, the total amount of used funds was RMB0.00. As of December 31, 2022, the balance of funds raised was RMB116,104,516.17 (including the net interest income of the special bank account of RMB10,217,752.22 (after deducting handling charges)).

**II. Public Offering of Convertible Corporate Bonds in 2020**

Upon approval from the CSRC with the Reply on to Approve the Public Offering of Convertible Corporate Bonds of Yunnan Energy New Material Co., Ltd. (ZJXK No. [2019] 2701), the Company publicly issued 16 million convertible corporate bonds on February 11, 2020, with a face value of RMB100 each bond and a total amount of RMB1,600,000,000. After deducting the underwriting and sponsorship fees (pre-tax) of RMB9,433,962.26 and other offering expenses (pre-tax) of RMB4,443,396.23 from the total amount of proceeds from public offering of convertible corporate bonds, the net amount of proceeds from offering by the Company was RMB1,586,122,641.51. The availability of funds raised this time was verified by Dahua CPAs (SGP) with the capital verification report of "DHYZ No. [2020] 000047". As of March 16, 2020, before the availability of funds raised, the self-collected funds invested in the projects by which funds were raised reached RMB1,697,984,425.54, which was fully replaced with the funds raised by issuing convertible corporate bonds with an amount of RMB 1,586,122,641.51. Such financial activities were audited by Dahua CPAs (SGP), and Dahua CPAs (SGP) issued a report of DHHZ No. [2020] 001799. As of December 31, 2020, the funds raised from convertible corporate bonds by the Company were all replaced, and the balance of the special account was RMB0.00. The Company has cancelled the special account.

**III. Non-public Offering of Shares in 2020**

Upon approval from the CSRC with the Reply on Approving the Non-public Offering of Shares of Yunnan Energy New Material Co., Ltd. (ZJXK No. [2020] 1476), the Company non-publicly issued 69,444,444 RMB-denominated ordinary shares to 22 specific investors on August 17, 2020, with a face value of RMB 1.00 each share, at the offering price of RMB72.00 per share, and the total amount of the funds raised from this offering was RMB4,999,999,968.00. After deducting the underwriting and sponsorship fees (pre-tax) of RMB14,150,943.40 and other offering expenses (pre-tax) of RMB3,344,470.11 from the total amount of the funds raised from this offering, the net amount of funds raised from this offering by the Company was RMB4,982,504,554.49. The availability of funds raised by this offering was verified by Dahua CPAs (SGP) with the capital verification report of "DHYZ No. [2020] 000460". Before the funds raised were available, the self-collected funds invested in the projects by which funds were raised reached RMB 254,221,260.11, which was audited by Dahua CPAs (SGP). Dahua CPAs (SGP) issued the report of DHHZ No. [2020] 007436. The amount of used funds was RMB1,999,307,646.21 in 2020. The amount of used funds was RMB2,637,743,136.15 in 2021. As of December 31, 2022, the balance in the account of funds raised was RMB0.00, and the Company has cancelled the special account of raised funds.

**(2) Projects in which the Company undertakes to invest the funds raised**

√ Applicable □ N/A

Unit: RMB'0,000

Projects in which the Company undertakes to invest the funds raised and the whereabouts of the over raised funds	Whether the project has been changed, including changes of some parts of the project	Total amount of funds the Company undertakes to invest	Total investment amount after adjustment (1)	Investment amount during the Reporting Period	Accumulated investment amount as of the end of the Reporting Period (2)	Investment progress as of the end of the Reporting Period (3) = (2)/(1)	Date on which the project was ready	Benefits achieved during the Reporting Period	Whether the estimated benefits have been achieved	Whether the feasibility of the project has changed significantly
Projects in which the Company undertakes to invest										
1. Reconstruction and expansion project of color packaging boxes with annual production output of 3 billion pieces	No	28,414.7	28,414.7	0	28,414.7	100.00%	August 15, 2019	4,209.32	No	No
2. Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons	Yes	10,684.57	3,617.5	0	3,617.5	100.00%	—		N/A	Yes

3. R&D center construction project	Yes	4,993.17	1,471.56	0	1,471.56	100.00%	—		N/A	Yes
4. Repayment of bank loans	No	20,000	20,000	0	20,000	100.00%	—		N/A	No
5. Addition to current capital (IPO)	No	10,684.26	10,684.26	0	10,684.26	100.00%	—		N/A	No
6. Lithium battery separator project (Phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd. with an annual production output of 400 million square meters	No	58,612.26	58,612.26	0	58,612.26	100.00%	December31, 2019	56,959.36	No	No
7. Wuxi Energy New Material Industrial Base project	No	100,000	100,000	0	100,000	100.00%	September30, 2020	37,074.22	No	No
8. Expansion of lithium battery separator project (Phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd.	No	148,250.46	148,250.46		149,909.24	100.00%	July 31, 2022	46,279.48	No	No
9. Expansion of Wuxi Energy New Material Industrial Base Phase II	No	200,000	200,000	14,536.38	203,754.34	100.00%	October 31, 2022	39,892.5	No	No
10. Addition to current capital (non-public offering in 2020)	No	150,000	150,000	0	150,000	100.00%	—		N/A	No
Subtotal of the projects in which the Company undertakes to invest	--	731,639.42	721,050.74	14,536.38	726,463.86	--	--	184,414.88	--	--
Whereabouts of the over raised funds										
N/A		0	0	0	0	0.00 %		0		
Subtotal of whereabouts of over raised funds	--	0	0	0	0	--	--	0	--	--
Total	--	731,639.42	721,050.74	14,536.38	726,463.86	--	--	184,414.88	--	--
According to the situation of each project, explain the reasons for not achieving the planned progress and estimated benefits (including "whether the estimated benefits have been achieved" and the reasons for selecting "N/A")	The estimated benefit is the estimated annual net profit when the project is ready for use and the capacity is fully released. As of the end of the Reporting Period, the "reconstruction and expansion project of color packaging boxes with an annual production output of 3 billion pieces" reached its capacity. However, due to the impact of the increase in price of bulk raw materials and Covid pandemic, and the benefits of the Reporting period did not reach the expected benefit. Under the "Lithium battery separator project (Phase I) with an annual production output of 400 million square meters of Jiangxi Tonry New Energy Technology Development Co., Ltd.", "Wuxi Energy New Material Industrial Base", "Expansion of lithium battery separator project (Phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd." And "Expansion of Wuxi Energy New Material Industrial Base Phase II", base film had release their capacities, but coating film did not release the capacities, and did not reach the estimated benefits for the year.									

<p>Significant changes of the feasibility of the project</p>	<p>I. Initial Public Offering 1. The “reconstruction and expansion project of high-grade environmental-friendly specialty papers with an annual production output of 13,000 tons” was planned by the Company based on the market situation and the Company’s production capacity before listing. As time goes by, the market has changed dramatically. Since 2016, the purchase mode of downstream tobacco manufacturers for specialty paper products has been adjusted from quantity allocation by cigarette manufacturers to the independent purchasing mode through centralized bidding or commercial negotiation by cigarette label printing enterprises. Cigarette-related enterprises can expand the bargaining range from region to the whole country by means of bidding or the commercial negotiation mode of public market inquiry and price negotiation by themselves, breaking the original competition pattern featuring fixed share and region. As a result, specialty paper manufacturers took active competition strategies like price reduction to seize orders, and the industry pattern changed. As a result of the above industrial policy adjustment, the specialty paper industry has formed a new pattern featuring full market competition, with more fierce market competition and sharp drop in price. If the project went on as scheduled previously, it may face the risks that the utilization rate of raised funds may decline and the expected investment objective may not be achieved. Therefore, the Company terminated the implementation of this project in 2019. 2. “R&amp;D center construction project” was to meet the demand of the R&amp;D for the main businesses before listing. With the completion of the Company’s major asset restructuring in 2018, the Company’s main businesses covered lithium battery separator, which has high technological requirements. The manufacturing of lithium-ion battery has a high requirement for the characteristics of separator materials, especially the consistency, and also for the uniformity of the size and distribution of separator micropores. Based on the Company’s business development plan and market demand, in order to better implement the Company’s development strategy, the Company planned to integrate the technology centers currently scattered in each subordinate company, so as to ensure that the Company’s R&amp;D technology further improve production efficiency, product quality and new product development capacity. The above change was considered and adopted at the 27th meeting of the third Board of Directors of the Company, the 22nd meeting of the third Supervisory Committee and the 2018 General Meeting of Shareholders.</p>
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Amount, use and status of over raised funds	N/A
Changes of the locations to implement the projects with investments out of the funds raised	Applicable
	In the past
	<p>Upon the deliberation and approval for the Proposal on Changing Some Projects with Investments out of the Funds Raised at the 27th meeting of the 3rd Board of Directors of the Company, it was agreed to terminate the “reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons” and the “R&amp;D center construction project”, and invest the balance of the funds raised for these two projects, totaling RMB105.8868 million, and the interest income, in the new project - Energy Technology Research Institute. The Company will invest to establish a wholly-owned subsidiary (which has not been registered so far, subject to the approval of the business registry) as the entity to implement the project of Energy Technology Research Institute, and lease the experimental building in the factory area of Shanghai Energy. The location to implement the project is changed to 155 Nanlu Road, Pudong New Area, Shanghai.</p>
Adjustment to the implementation method of projects with investment out of funds raised	N/A
Preliminary investment in projects and replacement with the funds raised	Applicable
	<p>I. Initial Public Offering</p> <p>With the deliberation and approval at the 18th meeting of the second Board of Directors of the Company on the Proposal on Use of Funds Raised to Replace the Preliminarily Invested Self-collected Funds, it is agreed to replace the self-collected funds of RMB236.6591 million that have been invested in the projects for which the funds were raised. RMB197.9357 million was preliminarily invested in the “the reconstruction and expansion project of color packaging boxes with an annual production output of 3 billion pieces”, RMB24.2138 million was preliminarily invested in the “reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons”, and RMB14.5096 million was preliminarily invested in the “R&amp;D center construction project”.</p> <p>II. Public Offering of Convertible Corporate Bonds in 2020</p> <p>At the 42nd meeting of the third Board of Directors of the Company, the Proposal on the Use of Proceeds from Convertible Corporate Bonds to Replace Self-collected Funds Preliminarily Invested in Fund-raising Investment Projects was deliberated and approved, and it was agreed that the Company used the funds raised from this offering to replace part self-collected funds already invested in the projects by which the funds were raised. As of March 16, 2020, the Company accumulatively used self-collected funds of RMB1,697.9844 million for the projects, and the net amount of funds raised from this offering of convertible corporate bonds was RMB1,586.1226 million, which was used fully to replace the preliminarily invested self-collected funds, including RMB596.8886 million invested in “Wuxi Energy New Material Industrial Base” and replaced with the funds raised of RMB5,86.1226 million; RMB1,101.0959 million invested in the “lithium battery separator project (Phase I) with an annual production output of 400 million square meters of Jiangxi Tonry New Energy Technology Development Co., Ltd.” and replaced with the funds raised of RMB 1,000 million.</p> <p>III. Non-public Offering of Shares in 2020</p> <p>At the 11st meeting of the fourth Board of Directors and the 11st meeting of the fourth Supervisory Committee, the Proposal on Replacement of Preliminarily Invested Self-collected Funds with the Proceeds from the Non-public Offering of A Shares in 2020 was deliberated and approved, and it was agreed to replace the self-collected funds of RMB254.2213 million already invested in the projects with the funds raised RMB157.1693 million was preliminarily invested in the “expansion project of lithium battery separator (Phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd.”; RMB97.052 million was preliminarily invested in the “expansion project of Wuxi Energy New Material Industrial Base Phase II”.</p>

Idle funds raised temporarily added to current capital	Applicable
	<p>I. Initial Public Offering</p> <p>On February 24, 2020, at the 41st meeting of the third Board of Directors, and the 36th meeting of the third Supervisory Committee, the Proposal on Use of Some Idle Funds Raised to Temporarily Supplement the Current Capital was deliberated and approved, and it was agreed to use the idle funds raised to the extent of not more than RMB110 million to temporarily supplement the current capital within 12 months from the date the above proposal was approved, and the independent directors and sponsor also expressed the opinion to agree upon the proposal. On August 26, 2020, the Company transferred the above RMB110 million to a special account for the funds raised, and informed the sponsor CITIC Securities and its representative of such transfer.</p> <p>II. Non-public Offering of Shares in 2020</p> <p>On September 7, 2020, at the 11st meeting of the fourth Board of Directors and the 11st meeting of the fourth Supervisory Committee, the Proposal on Use of Some Idle funds raised to Temporarily Supplement the Current Capital was deliberated and approved, and it was agreed to use the idle funds raised from the non-public offering of shares in 2020 to the extent of not more than RMB800 million to temporarily supplement the current capital for the production and operation related to the main business within 12 months from the date the sixth Extraordinary General Meeting of Shareholders of 2020 approved the proposal. The independent directors and sponsor also expressed the opinion to agree upon the proposal. As of June 1, 2021, the Company returned the idle raised capital of RMB800 million used to temporarily supplement the working capital to the Company's special account for raised capital, and we timely informed the sponsor CITIC Securities and the sponsor representative of the return of the raised capital.</p>
Amount of and reasons for any balance of the funds raised after the project implementation	N/A
	Deposited to a special bank account for raised funds
Defects and other problems in utilization and disclosure of the raised funds	None

### (3) Project with changed use of funds raised

☒ Applicable ☐ N/A

Unit: RMB'0,000

Project after change	Project before change	Total amount of intended investment from the funds raised in the changed project (1)	Actual investment amount during the Reporting Period	Actual accumulative investment amount as at the end of the Reporting Period (2)	Investment progress as at the end of the Reporting Period (3)=(2)/(1)	Date of project reaching intended usable condition	Benefits achieved during the Reporting Period	Whether the expected benefits are achieved	Whether the feasibility of the changed project has changed significantly
Project of Energy Technology Research Institute	1. Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons; 2. R&D center construction project	10,588.68	0	0	0.00%	--	0	N/A	Yes
Total	--	10,588.68	0	0	--	--	0	--	--
Reason for change, decision making procedure and information disclosure (by specific project)	<p>1. The “reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons” was planned by the Company based on the market situation and the Company’s production capacity before listing. As time goes by, the market has changed dramatically. Since 2016, the purchase mode of downstream tobacco manufacturers for specialty paper products has been adjusted from quantity allocation by cigarette manufacturers to the independent purchasing mode through centralized bidding or commercial negotiation by cigarette label printing enterprises. Cigarette-related enterprises can expand the bargaining range from region to the whole country by means of bidding or the commercial negotiation mode of public market inquiry and price negotiation by themselves, breaking the original competition pattern featuring fixed share and region. As a result, specialty paper manufacturers took active competition strategies like price reduction to seize orders, and the industry pattern changed. As a result of the above industrial policy adjustment, the specialty paper industry has formed a new pattern featuring full market competition, with more fierce market competition and sharp drop in price. If the project went on as scheduled previously, it may face the risks that the utilization rate of raised funds will decline and the expected investment objective may not be achieved. Therefore, the Company terminated the implementation of this project in 2019. 2. “R&amp;D center construction project” was to meet the demand of the R&amp;D for the main business before listing. With the completion of the Company’s major asset restructuring in 2018, the Company’s main business covered lithium battery separator, which has high technological requirements. The manufacturing of lithium-ion battery has a high requirement for the characteristics of separator materials, especially the consistency, and also for the uniformity of the size and distribution of separator micropores. Based on the Company’s business development plan and market demand, in order to better implement the Company’s development strategy, the Company planned to integrate the technology centers currently scattered in each subordinate company, so as to ensure that the Company’s R&amp;D technology can further improve production efficiency, product quality and new product development capacity. The above change was approved at the 27th meeting of the third Board of Directors of the Company, the 22nd meeting of the third Supervisory Committee and the 2018 General Meeting of Shareholders. For details, please refer to the Announcement on Changing Part Investment Projects for Which Funds Were Raised (Announcement No.2019-041) published by the Company on the Cninfo website on April 26, 2019.</p>								
Status of and reason for the failure to make planned progress or projected earnings (by specific project)	N/A								
Description of major changes in project feasibility after changes	N/A								

## VIII. Sale of Significant Assets and Equity Interests

### 1. Sale of significant assets

Applicable  N/A

The Company did not sell any significant assets during the Reporting Period.

### 2. Sale of significant equity interests

Applicable  N/A

## IX. Analysis of Major Holding Companies and Joint Stock Companies

Applicable  N/A

Major subsidiaries and joint stock companies that contribute over 10% of net profits to the Company

Unit: RMB 100 million

Company name	Company Type	Main Business	Registered Capital	Total Assets	Net Assets	Operating revenue	Operating Profit	Net Profit
Shanghai Energy	Subsidiary	Lithium battery separator	3.89	359.25	110.88	109.96	43.85	38.84

Acquisition and disposal of subsidiaries during the Reporting Period

Applicable  N/A

Company name	Acquisition or disposal of subsidiaries during the Reporting Period	Impact on overall production operations and performance
Hongchuang Packaging (Jiangsu) Co., Ltd.	Established by investment	No impact so far
Shanghai Energy New Material Research Co., Ltd.	Established by investment	No impact so far
Energy (Zhuhai Hengqin) New Materials Technology Co., Ltd.	Established by investment	No impact so far
Xiamen Energy New Materials Co., Ltd.	Established by investment	No impact so far
Yuxi Energy New Materials Co., Ltd.	Established by investment	No impact so far
Shanghai Energy Trading Co., Ltd.	Established by investment	No impact so far
Jiangsu Energy Trading Co., Ltd.	Established by investment	No impact so far
SEMCORP Properties Kft.	Established by investment	No impact so far
SEMCORP America Inc.	Established by investment	No impact so far
SEMCORP Manufacturing USA LLC	Established by investment	No impact so far
Foshan Donghang Optic-Electric Technology Co., Ltd.	Deregistered	No significant impact

Explanation on major holding companies and joint-stock companies

Shanghai Energy is a controlled subsidiary of the Company. As at the end of the Reporting Period, the Company held its 95.22% equity, its major product is lithium battery separator, and its major subordinate companies include Zhuhai Energy, Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Newmi Tech and Chongqing Energy. With the constant increase of the production capacity of the Company in lithium battery separator, Shanghai Energy achieved an operating revenue of RMB10,996 million in 2022, representing an increase of 70.82% year on year, and a net profit attributable to the owner of the parent company of RMB3,874 million, representing an increase of 50.43% year on year.

## X. Structured Bodies Controlled by the Company

Applicable  N/A

## XI. Outlook for the Company's Future Prospects

### 1. Corporate strategy

The Company will focus on the lithium battery separator sector, march towards the vision to become a “world-class polymer material research, development and production enterprise” and bear in mind the philosophy of creating values for customers with quality, price and service. The Company will continuously scale up the capacity, improve product quality, and strengthen R&D. The Company will enrich the product matrix, seek cost reduction and benefit enhancement through lean management, build up technical innovation capacity to identify new profit growth drives. The Company will integrate global technical and professional resources, actively expand domestic and overseas markets, improve the core market competitiveness, actively capture development opportunities in the new energy sector, and dedicate itself to creating values for customers. In addition to the world's largest output, we strive to be the first in the world in terms of cost, efficiency and quality. The Company will attack the, sterile package, cigarette label, BOPP film, specialty paper and aluminum laminated film sectors to become the most competitive new material producer in China.

### 2. Operating plan for 2023

The global new energy sector has been thriving. As a leader in the wet-process lithium battery separator sector, the Company offers products covering the markets of power lithium battery separator and lithium battery separator in the 3C field. Meanwhile, the Company continued to carry forward the dry-process separator project in cooperation with Celgard, the global leader in the dry-process separator sector, to edge into the energy storage market, and further improve the Company's strategic presence in the separator field. The Company continuously pays attention to and attaches importance to the development of cutting-edge technologies, carries out projects such as all solid state electrolyte coating separators and further improves the Company's strategic layout in the separator field. In addition, the Company further improved its core competitiveness by actively edging into the aluminum laminated film business and enriching the product lines.

In the future, the Company will continue to expand the capacity, continue independent R&D and continuous innovation and consolidate its industrial position with its comprehensive advantages in technology, capacity, product quality, cost and market. (1) The Company will procure the world's most advanced production equipment and build ten separator production bases in China and overseas regions. In 2023, according to the plan, the Company will further expand the capacity for lithium battery separator by accelerating the Jiangsu Energy EV Lithium Battery Separator Industrialization Project, the Chongqing Energy High-performance Lithium-ion Battery Micropore Separator Project, the wet-process lithium battery separator production line and supporting plant project in Hungary, the dry-process separator project in cooperation with Jiangxi Enpo, and project in cooperation with Hubei Energy, etc. The expansion plan of the Company matches its major downstream customers' large-scale expansion plans in the future. After the completion of these projects, the Company's market share will be further improved and its leading position in the industry will be consolidated. (2) In 2023, the Company will actively promote the Jiangsu Ruijie and Jiangxi Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project to further enrich its product lines. Besides, the ability to supply multiple types of materials will further deepen the partnership between the Company and its downstream lithium battery customers, thereby raising its profitability as well as consolidating and strengthening its market position. (3) The Company continuously promotes refined management, and the budget management platform has entered the trial operation stage. We will promote the construction of SAP system, financial sharing center, etc. to ensure the Company's internal management efficiency be improved and the medium and long-term development goals be achieved. In addition, the Company will continuously improve its equipment, process and quality to ensure it can increase the production efficiency and enhance the product quality without cease. The Company will continue to scale up the R&D spending, cooperate with domestic research institutes and universities, reinforce the technical research, development and conversion capacity and gradually establish an integral and high-efficiency R&D system to ensure the Company can further increase the production efficiency through technical R&D, enhance the product quality and new product development capacity, provide a mighty technical support for the Company's implementation of functional polymer separator products and provide new profit growth engines powering the future development.

### 3. Risks the Company may face

#### (1) National regulatory risk relating to lithium battery separator business

In recent years, various countries have intensively introduced industry policies to support the development of new energy vehicle industry. Benefiting from policy support, the production value of new energy vehicle industry rapidly increased, driving the rapid development of the upstream lithium battery industry. If there are significant adverse changes in carbon emissions, renewable energy application and other relevant industry policies in the future, the relevant policies may have a negative impact on the development of the whole industry chain of new energy vehicle, thus having an adverse impact on the upstream lithium battery separator industry and the Company's operation result.

Countermeasures: By actively investing in the R&D of new applications of film, the Company will explore its new commercial application market. At the same time, the Company also invests resources to distribute new product projects to diversify business risks and reduce the impact of policy fluctuations on the Company to a certain extent.

#### (2) Intensified market competition risk

The rapid growth of the new energy vehicle industry has driven the development of lithium battery separator in the upstream part, and the lithium battery separator industry has attracted many domestic enterprises due to its higher gross margin, with a lot of funds invested in it, increasing its capacity rapidly. Currently, the domestic competition in this segment is becoming increasingly fierce. The increasingly fierce competition will have an adverse impact on the results of the Company if it can't deeply understand the law of industrial development and make constant efforts for technological innovation and operational management improvement to improve product quality and reduce production costs.

Countermeasures: The Company's lithium-ion battery film business has formed certain advantages in production capacity, R&D capacity, product quality, lean management, business channels and other aspects. The company will continue to reduce costs and increase efficiency, improve the product quality and reduce the production costs through technological innovation, and develop diversified customer groups in domestic and overseas markets to reduce the impact of domestic and foreign market fluctuations on the Company's performance.

#### (3) Risk of price fluctuation of major raw materials

The major raw materials used by the Company are subjected to price fluctuation to some extent, especially polypropylene and polyethylene, whose prices are affected by the strong fluctuations of the international crude oil price. The results of the Company may be adversely affected by the gross profit margin which may be affected to some extent if the prices of major raw materials fluctuate sharply due to the macroeconomic fluctuations, the demand and supply relation for enterprises in the upstream and downstream parts and other factors.

Countermeasures: The Company has established long-term and stable cooperative relations with major suppliers, established a strategic purchase system as a whole, and improved the bargaining power and reduced the cost of raw materials by means of large-scale purchase. The Company will also reduce the proportion of raw material cost in production cost through technological innovation, process equipment process transformation, production efficiency improvement and loss reduction.

(4) Risk relating to construction in progress

Current construction in progress includes Jiangxi Enpo, Chongqing Energy, Jiangsu Energy, Hubei Energy, Xiamen Energy, Jiangsu Ruijie, Hungary Energy and US Energy and other production bases, which require a large amount of capital. If the Company fails to raise funds in time, complete and put into operation on schedule, it will have a negative impact on the subsequent production and operation and future profits.

Countermeasures: The Company will make reasonable arrangements for future investment plans (including funds) by making private offering of A shares and increasing cooperation with financial institutions, and improving bank credit lines.

(5) Risk of technical loss and loss of core personnel

An enterprise engaging in lithium battery separator requires advanced technology and process, rich management experience and deep understanding of the industry. To ensure the ability of constant innovation and the steady growth of business, the Company should have teams consisting of steady high-quality employees in scientific research, management and sale. The Company constantly improves the mechanisms for talent cultivation, incentive, promotion and restriction, but there is still the possibility of the outflow of core employees from the Company. In case of leakage of the core technology or the departure of core employees, the production and operation of the Company may be adversely affected.

Countermeasures: The Company has implemented equity incentive to the core employees, so that the employees can share the value of the growth of the enterprise, but also make the interests of the Company and the interests of employees deeply tied. The Company will continue to increase the introduction and training of core technical personnel, further maintain the stability of core employees, continue to maintain the company's industry-leading technical level.

(6) Technological progress and product substitution risk

Lithium-ion battery is mainly used for mobile phones, computers, new energy vehicles, power station for energy storage and other industries. After development for many years, lithium-ion batteries have been superior to traditional storage batteries such as nickel-cadmium batteries, nickel-metal hydride batteries, lead-acid batteries in terms of volumetric specific energy, gravimetric specific energy, gravimetric specific power, cycle life, charge/discharge efficiency, etc., becoming a new energy industry with priority support and key development from national governments. Although the lithium-ion battery is the first choice for electronic products and pure electric vehicles, and it will take quite a long time to commercialize other emerging batteries such as all-solid-state batteries which are immature technically, the market demands for lithium-ion batteries will be affected when emerging batteries such as all-solid-state batteries break the technical bottleneck, achieve mass production and are fully commercialized, and the lithium battery separator in the industry chain will also be affected adversely.

Countermeasures: After years of R&D investment and technology accumulation, the Company has strong research on new products and prospective technology reserves. The R&D Department of the Company continues to pay attention to the market development trend, and organizes a discussion group on film technology development, develops project development plans for R&D, and actively develops other new products and technologies of functional film. In addition, the Company strengthens strategic cooperation with well-known lithium-ion battery manufacturers at home and abroad, develops products together with customers in-depth cooperation, timely grasps the technical development trend and complies with the market demand.

(7) Risk of exchange rate fluctuation

The export sales volume of the Company increases constantly as the Company expands its business scale and gradually strengthens the development in the international market. If the RMB exchange rate and the foreign exchange rate in the countries where our products were sold fluctuate sharply in the future, the results of the Company may be affected to some extent.

Countermeasures: The Company will minimize the exchange risk with such measures as closely watching the exchange rate, adjusting the product prices in time based on the exchange rate to guarantee the product profit, strengthening cost control and conducting the foreign exchange derivatives trading for the purpose of hedging.

(8) Risk of China-US trade frictions

Since 2018, China-US trade disputes have occurred frequently. The U.S. has restricted import of Chinese products by means of tariff increases to reduce the trade deficit with China. Lithium-ion batteries are also among the products subject to the tariff increase. From the perspective of industry chain, the total revenue of the Company has been less affected by the China-US trade disputes because the exports to US account for a very small proportion in the total revenue of the Company. However, if the demands of the downstream customers change due to the China-US trade frictions, the results of the Company may be affected adversely. In addition, some of the Company's raw materials and mechanical equipment are imported from overseas. If the trade frictions between the U.S. and China intensifies and results in changes in the global trade environment, but the Company fails to make timely adjustments, the stability of the Company's supply chain may be adversely affected.

Countermeasures: While paying close attention to the relevant policies of China and the United States, the Company will continuously pay attention to the R&D efforts and technical improvement of products of various business systems, improve product quality and production efficiency, constantly consolidate and strengthen its competitive advantages in technological R&D, capacity scale, product quality, cost efficiency and other aspects, and reduce costs and increase efficiency on the premise of ensuring product quality. We will also continuously expand market development in domestic and overseas regions and actively establish stable cooperative relations with global customers.

(9) Management risk after expansion of business scale

With the development of the Company's business, the scale of the Company's assets and business will be further expanded, which raises higher requirements for the management level of the Company. The management risk arises if the capabilities of the Company to manage the production, sales, quality control and risks can't meet the requirements for scale expansion, and the systems for talent cultivation, organization pattern and management are not further improved.

Countermeasures: The Company will continuously improve the management system, ensure the efficient operation of production, quality control, sales, management and other business links, establish an effective incentive system, attract talents through the Company's broad development platform and effective incentive systems, strengthen talent training and deliver talents for the Company's development through targeted training and training measures for employees and managers at all levels.

## XII. Reception of Visitors to the Company for Purposes of Research, Communication, Interview during the Reporting Period

☞Applicable ☐ N/A

Reception Date	Reception Place	Reception Mode	Type of Received Visitor	Received Visitor	Major Discussion and Materials Provided	Index to Main Enquiry Information
April 12, 2022	Live streaming	Others	An institute	Investors participating in the conference through live streaming	The Company's production and operation, development and ESG in 2021, preparations for the pandemic and the progress of inline coating	2021 Annual Results Briefing disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
June 22, 2022	Shanghai Energy Conference Room	Telephone communication	An institute	Galaxy Securities, JP Morgan, Green Court Capital, Yufu Fund, Panze Investment, D1 Capital and other investors	The Company's future strategic development goals, cooperation with upstream equipment manufacturers, profitability, etc.	The record of Investor Relations Activities on June 22, 2022 disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
August 31, 2022	Shanghai Energy Conference Room	Telephone communication	An institute	Temasek, BlackRock Funds, Pictet Asset Management, Schroders Fund, Morgan Stanley, Credit Suisse Securities, UBS, Macquarie, D. E. Shaw Investment, CICC, E Fund, GF Fund, Lombarda China Fund Management, China Universal, Sequoia Capital, Greenwoods Asset and other investors	Self-developed equipment, judgment on the future market, views on energy storage, etc.	The record of Investor Relations Activities on August 31, 2022 disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
November 22, 2022	Shanghai Energy Conference Room	Telephone communication	An institute	BlackRock Funds, Goldman Sachs International, Citigroup, Fidelity, AXA, BNP, D1 Capital, Point 72, Sequoia Capital, Greenwoods Asset, Loyal Valley Capital, Genharmony Capital, Banxia Investment, E Fund, Tianhong Asset Management, Harvest Fund, Bank Of Communications Schroder Fund, Minsheng Royal Fund, Ping An Asset Management, CICC, Pacific Asset Management, Dajia Asset Management, China Southern Fund, Sinolink Securities and other investors	Description of major issues of the Company, arrangement of private placement, direction of future R&D investment and company capital	002812 Energy Technology Survey Activity Information disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

## Section 4 Corporate Governance

### I. Basic Information of Corporate Governance

During the Reporting Period, the Company established and improved the modern enterprise system in strict accordance with the Company Law, Securities Law, Shenzhen Stock Exchange Listing Rules, Code of Corporate Governance for Listed Companies in China and other relevant laws and regulations, and constantly improved the corporate governance structure, improved the internal control system and standardized the Company's operation. During the Reporting Period, the Company held 4 shareholders' general meetings, 13 board meetings, 12 meetings of the Supervisory Committee. The procedures for holding the meetings are legal and the resolutions are legal and effective.

Were there any significant differences between the Company's actual governance status and laws, administrative regulations, and the regulations issued by CSRC on listed company governance

Yes  No

There was no difference between the Company's actual governance status and laws, administrative regulations, and the regulations issued by CSRC on listed company governance.

### II. Details of the Company's Separation from the Controlling Shareholder and Actual Controller with Respect to Corporate Assets, Personnel, Finance, Organization, Business, etc.

The Company is independent of its shareholders in terms of business, assets, personnel, institutions, financial affairs, etc., has an independent and complete business system and market-oriented independent operation ability, and has a complete supply, production and sales system.

#### 1. Assets integrity

The Company has independent and complete business assets that can be used for business activities. The Company has complete sites, facilities, instruments and equipment, trademarks, patents, etc. required for production independent of shareholders and other related parties. The Company's assets are strictly separated from the shareholders and actual controller, and there is no case that the shareholders and actual controller encroach on the Company's assets.

#### 2. Personnel independence

The General Manager, Deputy General Manager, Chief Financial Officer, Secretary of the Board and other senior managers of the Company are all full-time working in the Company and receiving remuneration, and there is no case that they hold any post other than director or supervisor at the controlling shareholder, actual controller and other enterprises under their control, or hold any position in other enterprises with the same or similar business with the Company. The Company's financial personnel are not doing part-time job in the controlling shareholders, actual controllers and other enterprises under their control. The Company is completely independent in terms of social security and salary.

#### 3. Finance independence

The Company has set up an independent financial department, and established an independent and complete financial accounting system according to the current accounting standards and relevant laws and regulations, which can help make financial decisions independently. The Company has a standardized financial accounting system and financial management system. The Company has set up an independent bank account and, as an independent taxpayer, has gone through tax registration with the tax bureau of Yuxi High-tech Zone. The Company does not guarantee the debts of shareholders or other related parties with the Company's assets, interests or reputation. The Company has complete control over all assets, and there is no case that monetary funds or other assets are occupied by shareholders and damage the Company's interests.

#### 4. Institutional independence

The Company has a production and operation place and organization independent of the controlling shareholder, and there is no mixed operation or joint office with the controlling shareholder. There is no interference of the controlling shareholder and any other units or individuals in the Company's organizational structure. In accordance with the requirements of the Company Law, the Company has established and improved the organizational structure system of the general meeting of shareholders, the Board of Directors, the Supervisory Committee, and the management, and is completely independent of the affiliated enterprises in terms of institutional setting. The shareholder unit nominates directors to participate in the management of the Company in accordance with the provisions of the Company Law and the Articles of Association, and does not directly interfere with the production and operation activities of the Company.

#### 5. Business independence

The Company has an independent production, supply and marketing system, and independently carries out various businesses. There is no case of relying on or entrusting shareholders or other related parties to sell products, or relying on or entrusting shareholders or other related parties to purchase raw materials. There is no horizontal competition with the controlling shareholder, actual controller and the enterprises under their control.

### III. Horizontal Competition

Applicable  N/A



## IV. Details about the Annual General Meeting and Extraordinary General Meeting of Shareholders Convened during the Reporting Period

### 1. Details about the shareholders' general meeting during the Reporting Period

Meeting	Meeting Type	Investor Participation	Date Convened	Disclosure Date	Meeting Resolution
First Extraordinary General Meeting of Shareholders in 2022	Extraordinary General Meeting of Shareholders	64.48%	January 17, 2022	January 18, 2022	Announcement on Resolutions of the First Extraordinary General Meeting of Shareholders in 2022 (Announcement No.2022-008) on www.cninfo.com.cn
Second Extraordinary General Meeting of Shareholders in 2022	Extraordinary General Meeting of Shareholders	60.10%	February 14, 2022	February 15, 2022	Announcement on Resolutions of the Second Extraordinary General Meeting of Shareholders in 2022 (Announcement No.2022-026) on www.cninfo.com.cn
Annual General Meeting of Shareholders of 2021	Annual General Meeting of Shareholders	61.21%	May 5, 2022	May 5, 2022	Announcement on Resolutions of the Annual General Meeting of Shareholders of 2021 (Announcement No.2022-080) on www.cninfo.com.cn
Third Extraordinary General Meeting of Shareholders in 2022	Extraordinary General Meeting of Shareholders	58.15%	May 9, 2021	May 10, 2022	Announcement on Resolutions of the Third Extraordinary General Meeting of Shareholders in 2022 (Announcement No.2022-089) on www.cninfo.com.cn

### 2. Extraordinary general meeting requested by the preferred shareholder with restituted voting rights

Applicable  N/A

## V. Details on Directors, Supervisors, and Senior Management

### 1. Basic information

Name	Title	Service status	Gender	Age	Start date	End date	Shares held at the beginning of the period (share)	Quantity of shares increased in the current period (share)	Quantity of shares decreased in the current period (share)	Other increased or decreased changes (share)	Quantity of shares held at the end of the period (share)	Reason for share increase/d decrease
Paul Xiaoming Lee	Chairman	Current	Male	65	April 20, 2011	April 7, 2023	126,192,257				126,192,257	
Li Xiaohua	Vice Chairman and General Manager	Current	Male	61	April 20, 2011	April 7, 2023	69,837,889		2,918,500		66,919,389	Own demand for funds
Yan Ma	Director	Current	Female	64	April 20, 2011	April 7, 2023						

Alex Cheng	Director	Current	Male	65	April 8, 2020	April 7, 2023						
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Ma Weihua	Director	Current	Male	56	November 22, 2021	April 7, 2023						
Feng Jie	Director	Current	Male	59	January 4, 2017	April 7, 2023						
Lu Jiankai	Independent Director	Current	Male	45	April 20, 2017	April 7, 2023						
Tang Changjiang	Independent Director	Current	Male	53	April 8, 2020	April 7, 2023						
Zheng Haiyang	Independent Director	Current	Female	60	April 8, 2020	April 7, 2023						
Zhang Tao	Chairman of the Supervisory Committee	Current	Male	46	January 3, 2019	April 7, 2023						
Chen Tao	Supervisor	Current	Male	45	April 20, 2011	April 7, 2023						
Kang Wenting	Supervisor	Current	Female	36	April 8, 2020	April 7, 2023						
Yu Xue	Vice General Manager and Board Secretary	Current	Female	36	November 4, 2021	April 7, 2023	41,100	40,000			81,100	2022 Stock Option and Restricted Stock Incentive Plan
Li Jian	Chief Financial Officer	Current	Male	45	September 30, 2020	April 7, 2023						
Total	--	--	--	--	--	--	196,071,246	40,000	2,918,500		193,192,746	--

During the reporting Period, did any Director or Supervisor leave office or were any senior executive dismissed?

Yes No

## 2. Positions Held

Professional background, main working experience and main duties in the Company of current directors, supervisors, and senior executives of the Company

### (I) Members of the Board of Directors

1. Paul Xiaoming Lee, Chairman of the Company, male, born in 1958, American nationality with the right of residence in foreign country, and master's degree. Joined Kunming Plastic Research Institute of China in 1982, acted as the Vice President from 1984 to 1989, graduated from the polymer material discipline at the University of Massachusetts of America in December 1992, served as the Manager of the Technical Department of Inteplast Corporation in America from 1992 to 1995. Since April 1996, he has successively served as the Vice General Manager, General Manager, Vice Chairman and Chairman of Hongta Plastic, Chairman and General Manager of Dexin Paper, and Chairman of Chengdu Hongta Plastic (成都红塑). Joined Innovative Color Printing as the Chairman in 2006. Now, serves as the Chairman of the Company.
2. Li Xiaohua, Vice Chairman of the Company, male, born in 1962, Chinese nationality with the right of residence in foreign country, and master's degree. Graduated from the polymer material discipline at the University of Massachusetts of America in February 1993, and worked at World-Pak Corporation in the US from 1993 to 1996. Since April 1996, he has successively served as the Vice General Manager and Vice Chairman of Hongta Plastic, the Vice Chairman of Dexin Paper, and the General Manager and Vice Chairman of Chengdu Hongta Plastic. Joined Innovative Color Printing as the General Manager and Vice Chairman in 2006. Now, serves as the General Manager and Vice Chairman of the Company.
3. Yan Ma, Director of the Company, female, born in 1959, American nationality with the right of residence in foreign country, and junior college education. Worked at Kunming Yan'an Hospital from 1981 to 1990, and since April 2011, served as the Director of the Company.
4. Alex Cheng, Director of the Company, male, born in 1958, American nationality with the right of residence in foreign country, master's degree in plastic engineering conferred by the University of Massachusetts, and doctor's degree conferred by the Northeast Agricultural University. Acted as the Technical Manager of Inteplast Corporation in the US from September 1993 to September 2011. Served as the General Manager of Shanghai Energy from February 2012 to June 2019. Now, serves as the Director and Senior Vice President of the Company.
5. Ma Weihua, Director of the Company, male, born in 1967, Chinese nationality, bachelor's degree, engineer. From 1989 to 1997, successively served as Deputy Section Chief of Equipment Section of Zhenyuan Gold Mine, Yunnan Province, and technician of Equipment Section of Yuxi Hydropower Equipment Factory; from 1997 to 2016, successively served as the Director of Production Department, Vice General Manager and Director of Hongta Plastic. He is now the General Manager of Shanghai Energy.
6. Feng Jie, Director of the Company, male, born in 1964, Chinese nationality, bachelor's degree and medium industrial economist. Served in Simao Industrial and Commercial Bank of China from 1981 to 1984; served as a statistician of the Comprehensive Management Section, Director of the Computer Center and the Secretary of the Communist Youth League at Yunnan Optical Instrument Factory from 1989 to 1997; served as a technician, statistical officer and Director of the General Manager's Office at Hongta Plastic from 1997 to 2005; served as the Director of Chengdu Office of Hongta Plastic from 2005 to 2009; since 2009, has successively served as the Director of the Sales Department, the Vice General Manager and General Manager of Chengdu Hongta Plastic. He is now the Director of the Sales Department and the General Manager and a Director of Chengdu Hongta Plastic.
7. Lu Jiankai, Independent Director of the Company, male, born in 1978, Chinese nationality, master's degree, Chinese Certified Public Accountant. He worked at Ernst & Young Dahua Accounting Firm (Shanghai) as an auditor in 2004 to 2008. He served as the Vice President of the Real Estate and Equity Investment Division of Zhejiang Longsheng Group Co., Ltd. in 2009 to 2011. He served as the Officer of the Investment and Financing Department of Jiangsu Changfa Group Co., Ltd. in 2011 to 2013. He served as the Investment Officer of Shanghai Jingbang Equity Investment Management Co., Ltd. in 2013 to 2015. Now is an Independent Director of the Company.
8. Tang Changjiang, Independent Director of the Company, male, born in 1970, Chinese nationality, Executive Master of Business Administration (EMBA) at Tsinghua University and Master of Business Administration (MBA) at the University of Victoria of Switzerland. Served as the Vice General Manager of Kelin Side (Huizhou) Co., Ltd. from August 1994 to October 1996. Served as the Deputy Secretary-General of Shenzhen Electronic Industry Association from March 1998 to May 2002. Served as the Managing Director of Shenzhen Tangshi Electronic Co., Ltd. from January 2003 to June 2013. Served as the Director of Shenzhen Xinyuhuan Test Co., Ltd. from July 2013 to May 2019. Now is an Independent Director of the Company.
9. Zheng Haiying, Independent Director of the Company, female, born in 1963, Chinese nationality, Doctor, Master's Tutor and Professor at the Accounting School of the Central University of Finance and Economics, Chinese Certified Public Accountant and a senior member of the Association of Chartered Certified Accountants (ACCA and FCCA). Taught at the Accounting Department of the Central Fiscal Management Cadres' College from July 1988 to April 1994 and worked on a part-time basis at the former Zhongzhou Certified Public Accountants in the same period. Engaged in the audit work at M.B.LEE & CO LTD of Hong Kong from April 1994 to April 1996. Taught at the Accounting Department of the Central Fiscal Management Cadres' College from April 1996 to April 1999. Since April 1999, has taught at the Accounting School of the Central University of Finance and Economics with the interest in financial accounting. Now is an Independent Director of the Company.

### (II) Members of the Supervisory Committee

1. Zhang Tao, Chairman of the Supervisory Committee of the Company, male, born in 1977, Chinese nationality, bachelor's degree. Worked as a financial analyst at the Financial Center of Beijing Marketing Company of Hacı Co., Ltd. from July 2000 to January 2001; worked as an accountant at the Finance Department of Yunnan Hongta Plastic Co., Ltd. from August 2001 to August 2006; and has served as the Manager of the Finance Department of Yunnan Dexin Paper Co., Ltd. from September 2006 to March 2019. He has served as the supervisor of Yuxi Kunshasi Plastic Masterbatch Co., Ltd. From October 2021 to the present, he serves as the Deputy Chief Financial Officer, and has served as Chairman of the Supervisory Committee of the Company.
2. Chen Tao, Supervisor of the Company, male, born in 1978, Chinese nationality, junior college education. Served as the technician of Global Color Printing from 1998 to 2003, joined Innovative Color Printing in 2004, and has successively acted as the technical supervisor, Deputy Director and Director of the Technical Center. Now is the Vice General Manager of Yunnan Hongchuang Package Co., Ltd. and a Supervisor of the Company.
3. Kang Wenting, Supervisor of the Company, female, born in 1987, Chinese nationality, bachelor's degree. Served as the Personnel Supervisor of Kunming Xinghe Spa Resort & Hotel from 2013 to 2014, and from 2015 to March 2019, has successively served as the Personnel Supervisor of the Human Resources Department of the Company. He serves as the manager of the Operation Support Department and Administrative Department from

October 2019 to the present. Now he is the Supervisor of the Company.

(III) Senior Management

1. Li Xiaohua, Vice Chairman of the Company, male, born in 1962, Chinese nationality with the right of residence in foreign country, and master's degree. Graduated from the polymer material discipline at the University of Massachusetts in February 1993, and worked at World-Pak Corporation in the US from 1993 to 1996. Since April 1996, has successively served as the Vice General Manager and Vice Chairman of Hongta Plastic, the Vice Chairman of Dexin Paper, and the General Manager and Vice Chairman of Chengdu Hongta Plastic. Joined Innovative Color Printing as the General Manager and Vice Chairman in 2006. Now, serves as the General Manager and Vice Chairman of the Company.

2. Yu Xue, Vice General Manager of the Company, Secretary of the Board of Directors, female, born in 1987, Chinese nationality, master's degree. Served as the Company's Securities Affairs Representative from March 2013 to November 2021. Now, serves as the Chairman of Hunan Semcorp, Vice General Manager and Secretary of the Board of Directors of the Company.

3. Li Jian, Chief Financial Officer of the Company, male, Han, born in 1978, Chinese nationality, bachelor's degree, Chinese Certified Public Accountant and Chinese Certified Tax Agent. From 1997 to October 2016, has served as the General Budget Accountant at Liujiqiao Fiscal Office of the Finance Bureau of Chongren County, Jiangxi Province, the Financial Manager of Shunde Ouyadian Building Material Co., Ltd., the Project Manager of Shenzhen Pengcheng Accounting Firm, the Assistant to the Chief Financial Officer of Jiangsu Safety Steel Rope Co., Ltd. and the Chief Financial Officer of Suzhou ALTON Electric Industry Co., Ltd. Since October 2016, has served as the Chief Financial Officer of Shanghai Energy New Material Technology Co., Ltd. Now, serves as the Chief Financial Officer of the Company.

Positions held at the shareholder's entity

☞Applicable ☐ N/A

Name	Shareholder's Name	Position in shareholder	Start date	End date	Receiving remuneration and allowance at shareholder
Paul Xiaoming Lee	Yuxi Heyi Investment Co., Ltd.	Chairman	November 3, 2010	December 28, 2022	No
Paul Xiaoming Lee	Yuxi Heli Investment Co., Ltd.	Director	December 8, 2010	June 6, 2022	No
Li Xiaohua	Yuxi Heyi Investment Co., Ltd.	Director	November 3, 2010	December 28, 2022	No
Li Xiaohua	Yuxi Heli Investment Co., Ltd.	Chairman	December 8, 2010	June 6, 2022	No
Description of positions held at the shareholder's entity			None		

Positions held at other entities

☞Applicable ☐ N/A

Name	Other Entity Names	Positions in other organizations	Start date	End date	Receiving remuneration and allowance at other entities
Paul Xiaoming Lee	Shanghai Ruiji New Material Technology Co., Ltd.	Director	January 20, 2020	March 3, 2023	No
Paul Xiaoming Lee	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Vice Chairman	May 1, 1996	March 3, 2023	No
Li Xiaohua	Shanghai Ruiji New Material Technology Co., Ltd.	Chairman	January 20, 2020	March 3, 2023	No
Li Xiaohua	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Director and General Manager	May 1, 1996	March 3, 2023	No
Li Xiaohua	Suzhou Jiesheng Technology Co., Ltd.	Executive Director and General Manager	October 29, 2021	March 3, 2023	No
Li Xiaohua	Suzhou RS Technology Co., Ltd.	Chairman	February 24, 2022	March 3, 2023	No

Li Xiaohua	Jiangsu Jiasheng Intelligent Equipment Technology Co., Ltd.	Executive Director and General Manager	November 26, 2021	March 3, 2023	No
Li Xiaohua	Changshu Juxing Machinery Co., Ltd.	Executive Director and General Manager	May 12, 2022	March 3, 2023	No
Alex Cheng	Shanghai Ruiji New Material Technology Co., Ltd.	Director	January 20, 2020	March 3, 2023	No
Alex Cheng	Suzhou RS Technology Co., Ltd.	Director	February 24, 2022	March 3, 2023	No
Lu Jiankai	Fuzhou Shanghe Electronics Co., Ltd.	Director	November 5, 2015	March 3, 2023	No
Lu Jiankai	Anqiu Huahang Environmental Technology Co., Ltd.	Executive Director and General Manager	October 13, 2021	March 3, 2023	No
Lu Jiankai	Dezhou Shayun Electronic Commerce Co., Ltd.	Director	October 30, 2019	March 3, 2023	No
Lu Jiankai	Qingdao Huahang Environmental Technology Co., Ltd.	Chairman	June 19, 2017	March 3, 2023	No
Lu Jiankai	Shanghai Yangyue Investment Management Co., Ltd.	Executive Director and General Manager	February 13, 2019	March 3, 2023	Yes
Lu Jiankai	Shanghai Shengtu Investment Management Co., Ltd.	Executive Director	August 16, 2012	March 3, 2023	No
Lu Jiankai	Shanghai Qikai Investment Management Co., Ltd.	Executive Director	May 18, 2012	March 3, 2023	No
Lu Jiankai	Shanghai Oufang Investment Management Co., Ltd.	Executive Director and General Manager	March 15, 2022	March 3, 2023	No
Lu Jiankai	Qingdao Bopu Photoelectric Technology Co., Ltd.	Executive Director and General Manager	August 3, 2016	November 9, 2022	No
Tang Changjiang	Guangdong Battery Association	Secretary General	June 29, 2019	March 3, 2023	Yes
Tang Changjiang	Tianjin Guoan Mengguli New Materials Science & Technology Co., Ltd.	Independent Director	October 12, 2021	March 3, 2023	Yes
Tang Changjiang	Shenzhen Nengyi Testing Co., Ltd.	Director	June 15, 2015	March 3, 2023	No
Tang Changjiang	Shenzhen Yifang Baihui Technology Co., Ltd.	Executive Director and General Manager	August 3, 2022	March 3, 2023	No
Tang Changjiang	Shenzhen Huachi New Energy Technology Co., Ltd.	Director	October 27, 2022	March 3, 2023	No
Tang Changjiang	Shenzhen AGC Standard Technology Co., Ltd.	Director	September 13, 2013	December 15, 2022	No
Zheng Haiying	Orient Group Incorporation	Independent Director	December 23, 2019	March 3, 2023	Yes

Zheng Haiying	Central China Land Media Co., Ltd.	Independent Director	April 21, 2017	March 3, 2023	Yes
Zheng Haiying	Beijing Automic Technology Co., Ltd.	Director	March 9, 2018	March 3, 2023	Yes
Zheng Haiying	Shandong Keyuan Pharmaceutical Co., Ltd.	Director	April 23, 2019	March 3, 2023	Yes
Zheng Haiying	Arizon RFID Technology Co., Ltd.	Director	April 23, 2019	April 28, 2022	Yes
Zhang Tao	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Supervisor	October 11, 2021	March 3, 2023	No
Explanation on positions in other entities	None				

Penalties to the current directors, supervisors and senior management of the Company and those leaving office during the Reporting Period by securities regulatory agencies in the past three years

Applicable  N/A

### 3. Remuneration for Directors, Supervisors, and Senior Management

Decision-making procedures, determination basis and actual payment of remuneration for directors, supervisors, and senior management

1. Decision-making procedure for remunerations of directors, supervisors and senior management: The Remuneration & Evaluation Committee of the Board of Directors of the Company studies and establishes the evaluation standard, remuneration policy and plan for the directors, General Manager and other senior management members of the Company, the Board of Directors reviews the remunerations for the senior management, the General Meeting of Shareholders reviews the remunerations of the directors and the supervisors, and the Human Resources Department and the Finance Department of the Company assist the Remuneration & Evaluation Committee of the Board of Directors to implement the remuneration plan for the directors and the senior management of the Company.

2. Basis for determining the remunerations of directors, supervisors and senior management: The remunerations for the directors and supervisors are determined in line with the actual working status of the Company and in combination of the current market situation. The remunerations of the senior management are determined in line with related provisions of the Company and in combination of the operating objectives of the Company in 2022 and specific job responsibilities the senior management members of the Company take to complete the annual operating objectives.

3. Actual payment of remunerations to the directors, supervisors and senior management: The remunerations of the Independent Directors are paid to personal accounts based on the standard and schedule every quarter. The remunerations of other people are paid based on respective evaluation result on a monthly basis or at the time specified by the remuneration payment policy.

Remuneration for directors, supervisors, and senior management during the Reporting Period

Unit: RMB0'000

Name	Title	Gender	Age	Service status	Total remunerations pre-tax received from the Company	Whether remuneration was received from related parties of the Company
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Paul Xiaoming Lee	Chairman	Male	65	Incumbent	389.78	No
Li Xiaohua	Vice Chairman and General Manager	Male	61	Incumbent	333.90	No
Yan Ma	Director	Female	64	Incumbent	0.00	No
Alex Cheng	Director	Male	65	Incumbent	170.84	No
Ma Weihua	Director	Male	56	Incumbent	92.68	No
Feng Jie	Director	Male	59	Incumbent	42.48	No
Lu Jiankai	Independent Director	Male	45	Incumbent	5.00	No
Tang Changjiang	Independent Director	Male	53	Incumbent	5.00	No
Zheng Haiying	Independent Director	Female	60	Incumbent	5.00	No
Zhang Tao	Chairman of the Supervisory Committee	Male	46	Incumbent	34.69	No
Chen Tao	Supervisor	Male	45	Incumbent	24.44	No
Kang Wenting	Supervisor	Female	36	Incumbent	12.90	No
Yu Xue	Vice General Manager and Board Secretary	Female	36	Incumbent	71.17	No
Li Jian	Chief Financial Officer	Male	45	Incumbent	156.72	No

## VI. Performance of Directors during the Reporting Period

### 1. Meetings of the Board of Directors during the Reporting Period

Meeting	Date Convened	Disclosure Date	Meeting Resolution
The 41st meeting of the 4th Board of Directors	January 24, 2022	January 25, 2022	The meeting considered and adopted the Resolution on No Early Redemption of "Energy Convertible Corporate Bonds", the Resolution on Anticipated Daily Connected Transactions in 2022, the Resolution on Termination of Repurchase of Stock of the Company, the Resolution on the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Draft) and Its Abstract, the Resolution on Formulating the Check-up Management Measures for the Implementation of the Company's 2022 Stock Option and Restricted Stock Incentive Plan, the Resolution on Submitting to the General Meeting of Shareholders for Authorizing the Board of Directors to Handle Matters Relating to Equity Incentive and the Resolution on Convening the Second Extraordinary General Meeting of Shareholders in 2022
The 42nd meeting of the 4th Board of Directors	February 16, 2022	February 17, 2022	The meeting considered and adopted the Resolution on Signing the Cooperation Agreement on the New Energy Battery Whole Industry Chain Project
The 43rd meeting of the 4th Board of Directors	March 7, 2022	March 8, 2022	The meeting considered and adopted the Resolution on Adjusting the List of Stock Option Incentive Objects and the Number of Granted Options in the 2022 Stock Option and Restricted Stock Incentive Plan and the Resolution on Granting Stock Options to the Incentive Objects of the 2022 Stock Option and Restricted Stock Incentive Plan
The 44th meeting of the 4th Board of Directors	March 29, 2022	March 30, 2022	The meeting considered and adopted the Resolution on Signing the Investment Agreement and Supplementary Agreement with the People's Government of Hongta District, Yuxi
The 45th meeting of the 4th Board of Directors	April 11, 2022	April 12, 2022	The meeting considered and adopted the Resolution on the Work Report of the Board of Directors for 2021, the Resolution on the Company's 2021 General Manager Work Report, the Resolution on the Company's 2021 Annual Financial Settlement Report, the Resolution on 2021 Profit Distribution Plan, the

			Resolution on the Company's Internal Control Evaluation Report for 2021, the Resolution on the Company's Self-check List for the Implementation of Internal Control Rules for 2021, the Resolution on the Company's Annual Report for 2021 and its Abstract, the Resolution on the Company's 2021 Annual Environmental, Social and Governance Report (ESG Report), the Resolution on Renewing the Employment of Dahua CPAs (SGP) as the Company's Financial Auditor and Internal Control Auditor in 2022, the Resolution on the Deposition and Use of Raised Funds of the Company in 2021, the Resolution on Directors' Remuneration of the Company for 2021, the Resolution on the Remuneration of the Senior Management the Company for 2021, the Resolution on Applying for the General Credit Limit in Banks in 2022, the Resolution on the Amount of Guarantee Within the Scope of the Company's Consolidated Statements In 2022, the Resolution on Anticipated Deposit, Loan and Guarantee Business in Associated Banks in 2022, the Resolution on Using Some of the Idle Self-owned Funds to Purchase Investment Quotas of Financial Products in Banks, the Resolution on Providing Financial Assistance to Subsidiaries of the Holding Company and their Subsidiaries, the Resolution on Changes of Accounting Policies, the Resolution on Developing Foreign Exchange Derivatives Trading Business and the Resolution on Convening the Company's 2021 Annual General Meeting of Shareholders
The 46th meeting of the 4th Board of Directors	April 20, 2022	April 21, 2022	The meeting considered and adopted the Resolution on the Company's Report for the First Quarter of 2022, the Resolution on Proposed Change of Company Name, Amendment of the Articles of Association and Handling of Industrial and Commercial Change, the Resolution on Amending the Rules of Procedure of the General Meeting of Shareholders, the Resolution on Amending the Rules of Procedure of the Board of Directors and the Resolution on Convening the Company's Third Extraordinary General Meeting in 2022
The 47th meeting of the 4th Board of Directors	May 5, 2022	May 5, 2022	The meeting considered and adopted the Resolution on Investment and Construction of Lithium Battery Separator Project in the United States
The 48th meeting of the 4th Board of Directors	May 6, 2022	May 7, 2022	The meeting considered and adopted the Resolution on Change of Registered Capital, Amendment of the Articles of Association and Handling of Industrial and Commercial Change Registration
The 49th meeting of the 4th Board of Directors	May 9, 2022	May 10, 2022	The meeting considered and adopted the Resolution on Adjusting Matters Relating to the Restricted Stock in the 2022 Stock Option and Restricted Stock Incentive Plan and the Resolution on Granting Restricted Stock to Incentive Objects of the 2022 Stock Option and Restricted Stock Incentive Plan
The 50th meeting of the 4th Board of Directors	May 20, 2022	May 23, 2022	The meeting considered and adopted the Resolution on Connected Transactions Involved in the Implementation of the Equity Incentive Plan by the Subsidiaries of the Holding Company and the Abandonment of Rights by the Company
The 51st meeting of the 4th Board of Directors	July 14, 2022	July 15, 2022	The meeting considered and adopted the Resolution on Anticipated Matters of Daily Connected Transactions in 2022
The 52nd meeting of the 4th Board of Directors	August 30, 2022	August 31, 2022	The meeting considered and adopted the Resolution on the Company's Interim Report for 2022 and its Summary and the Resolution on the Deposition and Use of Raised Funds of the Company in the First Half Year of 2022
The 53rd meeting of the 4th Board of Directors	October 24, 2022	October 25, 2022	The meeting considered and adopted the Resolution on the Company's Third Quarterly Report for 2022

## 2. Details of directors' attendance at board meetings and shareholders' general meetings

Details of directors' attendance at board meetings and shareholders' general meetings							
Name of director	Meetings required to attend during the Reporting Period (times)	Attendance in person (times)	Attendance by way of telecommunication (times)	Entrusted presence (times)	Absence (times)	Whether non-attendance in person for two consecutive times or not	Attendance in shareholders' general meeting
Paul Xiaoming Lee	13	0	13	0	0	No	4



Li Xiaohua	13	4	9	0	0	No	4
Yan Ma	13	5	8	0	0	No	4
Alex Cheng	13	2	11	0	0	No	4
Ma Weihua	13	6	7	0	0	No	4
Feng Jie	13	6	7	0	0	No	4
Lu Jiankai	13	0	13	0	0	No	4
Tang Changjiang	13	0	13	0	0	No	4
Zheng Haiying	13	0	13	0	0	No	4

Explanations for non-attendance in person for two consecutive times

N/A

### 3. Details on directors' objection to relevant matters

Did directors object to relevant matters of the Company

Yes  No

During the Reporting Period, no directors objected to relevant matters of the Company.

### 4. Other details about the performance of directors

Was advice to the Company from directors adopted

Yes  No

Explanation on advice to the Company from directors being adopted or not adopted

During the Reporting Period, directors of the Company were diligent, conscientious, honest and self-disciplined, and faithfully performed the responsibilities as directors. The directors carefully listened to the report of the Company's relevant principals on project construction, development strategy, profit distribution plan, effectiveness of internal control, appointment of financial audit institutions, etc., and actively expressed opinions on the Board of Directors. The independent directors issued independent, fair and objective opinions and prior acknowledgement on issues of the Company during the Reporting year that need independent directors' opinions, actively and effectively performed the responsibilities of independent directors, improved the Company's supervision mechanism, and safeguarded the legitimate rights and interests of the Company and minority shareholders.

## VII. Details on Special Committees under the Board of Directors during the Reporting Period

Committee Name	Members	Number of Meetings Held	Date Convened	Meeting Content	Important Opinions and Suggestions Proposed	Other Duty Performance Information	Details on Objection to Matters (If Any)
Strategy Committee of the 4th Board of Directors	Paul XiaomingLee, Li Xiaohua, FengJie, Zheng Haiying, Tang Changjiang	3	February 15, 2022	The meeting considered the Resolution on Signing the Cooperation Agreement on the New Energy Battery Whole Industry Chain Project	Unanimously adopted	Nil	Nil
			March 28, 2022	The meeting considered the Resolution on Signing the Investment Agreement and Supplementary Agreement with the People's Government of Hongta District, Yuxi	Unanimously adopted	Nil	Nil
			May 4, 2022	The meeting considered the Resolution on Investment and Construction of Lithium Battery Separator Project in the United States	Unanimously adopted	Nil	Nil
Remuneration and Appraisal Committee of the 4th Board of Directors	Paul XiaomingLee, Tang Changjiang, Zheng Haiying	2	January 23, 2022	The meeting considered the Resolution on the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Draft) and its Abstract and the Resolution on Formulating the Check-up Management Measures for the Implementation of the Company's 2022 Stock Option and Restricted Stock Incentive Plan	Unanimously adopted	Nil	Nil
			April 10, 2022	The meeting considered the Resolution on Directors' Remuneration for 2021 and the Resolution on the Remuneration of the Senior Management the Company for 2021	Unanimously adopted	Nil	Nil
Audit Committee of the 4th Board of Directors	Li Xiaohua, Lu Jiankai, Zheng Haiying	4	April 11, 2022	The meeting considered the Resolution on the Company's 2021 Annual Audit Report and the Resolution on Renewing the Employment of Da Hua Certified Public Accountants (Special General Partnership) as the Company's Financial Auditor and Internal Control Auditor in 2022	Unanimously adopted	Nil	Nil
			April 19, 2022	The meeting considered the Resolution on the Company's Report for the First Quarter of 2022	Unanimously adopted	Nil	Nil
			August 29, 2022	The meeting considered the Resolution on the Company's Interim Report for 2022 and its Summary	Unanimously adopted	Nil	Nil
			October 23, 2022	The meeting considered the Resolution on the Company's Third Quarterly Report for 2022	Unanimously adopted	Nil	Nil

## VIII. Details on the Work of the Supervisory Committee

Were there any risks in the Company according to the supervision of the Supervisory Committee during the Reporting Period

Yes  No

The Supervisory Committee raised no objection to matters under supervision during the Reporting Period.

## IX. Employees of the Company

### 1. Number of employees, composition by profession, and educational level

Incumbent staff of parent company at the end of the Reporting Period (person)	209
Incumbent staff of major subsidiary at the end of the Reporting Period (person)	5,845
Total incumbent staff at the end of the Reporting Period (person)	7,458
Total staff receiving remunerations in current period (person)	8,927
Number of retirees whose expenses shall be borne by the parent company and major subsidiaries (person)	0
Composition by profession	
Category of profession	Number of profession (person)
Production staff	6,121
Sales people	102
Technician	512
Financial staff	100
Administrative staff	623
Total	7,458
Educational level	
Category of educational level	Number (person)
Doctor's degree and above	23
Master's degree	126
Bachelor's degree	743
Junior college	1,568
Technical secondary school and below	4,998
Total	7,458

### 2. Remuneration policy

During the Reporting Period, the Company observed the principles of distribution based on labor, efficiency priority combining fairness and sustainable development, and on this basis, the Company made detailed policies in respect of staff's remuneration, fringe benefit, performance evaluation and other aspects. The Company built a new salary architecture featuring a wide range and "hierarchical ladder", and implemented the two-level salary distribution mechanism. At the same time, the Company has linked the salary and bonus to the working time at the Company, output, cost, fixed staff of every position, equipment maintenance and other factors, and established a reasonable evaluation mechanism. The Company has taken multifaceted measures, including diversification of internal remuneration structure, to motivate employees and attract high-quality human resources. These measures have helped the Company improve the overall performance, realized a sustainable development of the Company and made the Company more competitive in the market. The Company has actively explored and continuously deepened the income distribution system. In future, the Company will make a moderate adjustment to the remuneration system based on its performance, market situation and industry trend.

### 3. Training plan

During the Reporting Period, the Company kept taking in excellent talents, actively strengthened internal personnel training, established a sound training system and enhanced the professional development ability of employees. The Company has recorded a total of 3,583 training events, including 3,515 internal training session and 34 external training sessions, and recorded a total of 77,416 class hours. These trainings have benefited a total of 75,601 people. These trainings cover new employee training, job skill training, Enterprise strategic objectives training, risk management training, anti-corruption training, general management training, certification training, safety training and reservetalent training.

#### 4. Labor outsourcing

Applicable  N/A

### X. Profit Distribution and Conversion of Capital Reserve into Share Capital

Formulation, execution or adjustments of profit distribution policy, especially cash dividend policy, during the Reporting Period

Applicable  N/A

(I) According to the Articles of Association, the Company's profit distribution policy is as follows:

1. The Company's profit distribution policy shall focus on the reasonable investment return to investors, take into account the sustainable development of the Company, reflect the strong awareness of rewarding shareholders, and maintain continuity and stability.

2. Form of profit distribution, proportion of cash dividends: The Company pays dividends in cash or by shares in a positive manner. Where the Company's audited net profit is positive with no significant investment plan or significant cash expenditure in a year, the Company shall include the cash distribution in its profit distribution scheme for that year. The annual cash dividend of the Company shall not be less than 20% of the distributable profit realized in the current year (excluding the undistributed profit at the beginning of the year). Where available, the Company may distribute interim cash dividends. If the Company's revenue grows rapidly and the Board of Directors considers that the stock price of the Company does not match the size of the Company's share capital, it may make a Plan for dividend distribution by stock while satisfying the above requirement for cash dividend distribution.

3. Interval for profit distribution: subject to the satisfaction of the cash dividend conditions stipulated in paragraph 4 below, the Company shall, in principle, pay cash dividends once a year, and the Board of Directors of the Company may propose interim cash dividends based on the profit status and capital demands of the Company.

The Board of Directors of the Company shall, taking into account the characteristics of the industry in which it operates, its development stage, its own business model, its profitability level, and any plan of its significant capital expenditure, distinguish the following circumstances and propose a differentiated cash dividend policy in accordance with the procedures set forth in the Articles of Association of the Company:

(1) If the Company is in a maturity stage and has no plan of significant expenditure, the proportion of cash dividends in the overall profit distribution shall account for at least 80%;

(2) If the Company is in a maturity stage and has any plan of significant expenditure, the proportion of cash dividends in the overall profit distribution shall account for at least 40%;

(3) If the Company is in a growth stage and has any plan of significant expenditure, the proportion of cash dividends in the overall profit distribution shall account for at least 20%;

If the Company is in an unidentifiable stage and has any plan of significant expenditure, the above paragraphs shall apply.

4. Conditions for distributing cash dividends

(1) The remaining distributable profit of the Company is positive after the profit achieved in the current year is used for making up for the losses of previous years and making provision for surplus reserves.

(2) The auditor of the Company issues a standard unqualified audit report on the financial statements of the Company in the current year.

(3) The Company has no significant investment plans or significant cash expenditure.

Significant investment plan or significant cash expenditure means that the accumulative expenditure of the Company for the proposed external investment, assets acquisition or equipment purchase within the next twelve months reaches or exceeds 30% of the Company's latest audited net assets and exceeds RMB300 million.

5. Conditions for distributing stock dividends: where the Company is well-run, with rapid growth of operating revenue and net profit, and the Board of Directors believes that the Company is in the growth stage, the level of the Company's net assets is high and the stock price does not match the size of the share capital, it may propose a Plan for stock dividend distribution, subject to the consideration and approval at the general meeting of shareholders of the Company. Stock dividend may be distributed separately or in conjunction with cash dividend.

(II) The Company will disclose the profit distribution Plan in a timely manner in strict accordance with the relevant provisions of the China Securities Regulatory Commission and Shenzhen Stock Exchange, and disclose the profit distribution Plan and the implementation of the profit distribution Plan in the periodic report accordingly.

(III) During the Reporting Period, the Company implemented the 2021 equity distribution in compliance with the relevant provisions of the Articles of Association, in full consideration of the reasonable demands of investors and with full protection of the legitimate rights and interests of small and medium-sized investors. On April 11, 2022, the Company held the 45th meeting of the 4th Board of Directors to deliberate and approve the Proposal on 2021 Profit Distribution Plan. The independent directors expressed their independent opinions to agree upon the Plan. The 2021 general meeting of the Company was held on May 5, 2022 where the Plan was deliberated and approved for implementation. For details, please refer to the Announcement on 2021 Profit Distribution Plan published on the Cninfo (www.cninfo.com.cn) (announcement No.2022-053).

Special explanation on cash dividend distribution policy	
Whether or not the policy is in compliance with the provisions of the Articles of Association or requirements of the resolutions of the general meeting of shareholders of the Company:	Yes
Whether or not the standard and proportion of dividends are clear and defined:	Yes
Whether or not the relevant decision-making process and mechanism are complete:	Yes
Whether or not the independent directors fully perform their duties and play their roles:	Yes
Whether or not minority shareholders have the opportunity to voice their opinions and demands, and whether or not their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or amended, whether or not the conditions and procedures are compliant and transparent:	Yes

The Company made a profit during the Reporting Period and the profit distributable to the shareholders of the parent Company was positive, but it did not put forward a plan for cash dividend distribution to shareholders

☞ Applicable  N/A

Reasons for the following state of affairs: The Company generated profits during the Reporting Period. The parent company generated profits available for distribution to shareholders. However, the company has not proposed a cash dividend declaration plan.	The purpose and use plan of the Company's undistributed profits
According to the provisions of the Measures for the Administration of Securities Issuance and Underwriting issued by the CSRC, if a listed company issues securities with a profit distribution plan or a plan for converting public accumulation funds into share capital that has not been submitted to the shareholders' meeting for voting or has been approved by the shareholders' meeting but has not been implemented, the securities shall be issued after the implementation of the plan. The lead underwriter shall not underwrite the securities issued by the listed company before the implementation of the relevant plan. If the Company implements the profit distribution for the year 2022, the Company cannot conduct the non-public issuance of A-shares until the profit distribution is complete. In view of the fact that the Company's non-public issuance of A shares for the year 2021 has been approved by the CSRC in the document "ZJXK [2022] No.1343", and is in the process of promotion, taking into account the interests of shareholders and the development of the Company, in order to promote the relevant work as soon as possible, after the implementation of the Company's non-public issuance of A shares, the profit distribution plan for the year 2022 shall be considered separately in accordance with the requirements of relevant laws and regulations and the provisions of the Articles of Association.	The Company attaches great importance to repaying investors in the form of cash dividends. After the implementation of this non-public offering of A-shares, the Company will review the profit distribution plan for the year 2022 in accordance with relevant laws, regulations and the Articles of Association.

Profit distribution and conversion of capital reserve into share capital during the Reporting Period

Applicable ☞ N/A

The Company plans not to distribute cash dividends, bonus shares or increase share capital with public accumulation funds for the year. After the implementation of this non-public offering of A-shares, the Company will review the profit distribution plan for the year 2022 in accordance with relevant laws, regulations and the Articles of Association.

## **XI. Implementation of any Equity Incentive Plan, Employee Stock Ownership Scheme or Other Incentive Measures for Employees**

☞ Applicable  N/A

## 1. Equity Incentive

### The implementation of the 2022 Stock Option and Restricted Stock Incentive Plan

(1) On January 24, 2022, the 41st meeting of the 4th Board of Directors of the Company considered and adopted the Resolution on the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Draft) and its Abstract, the Resolution on Formulating the Check-up Management Measures for the Implementation of the Company's 2022 Stock Option and Restricted Stock Incentive Plan and the Resolution on Submitting to the General Meeting of Shareholders for Authorizing the Board of Directors to Handle Matters Relating to Equity Incentive. The independent directors of the Company expressed their independent opinions on the incentive plan and solicited the voting rights from all shareholders. On January 24, 2022, the 35th meeting of the 4th Board of Supervisors of the Company considered and adopted the Resolution on the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Draft) and its Abstract, the Resolution on Formulating the Check-up Management Measures for the Implementation of the Company's 2022 Stock Option and Restricted Stock Incentive Plan and the Resolution on Verifying the List of Incentive Objects of the 2022 Stock Option and Restricted Stock Incentive Plan of the Company. Please refer to the Announcement about the Resolution of the 41st Meeting of the 4th Board of Directors (Announcement No.2022-012), the Announcement about the Resolution of the 35th Meeting of the 4th Board of Supervisors (Announcement No.2022-018), the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Draft) (Revised) and other announcements disclosed by the Company on the designated information disclosure media, i.e. Securities Times, China Securities Journal, Securities Daily and Shanghai Securities Journal on January 25, 2022 for details.

(2) From January 26, 2022 to February 6, 2022, the Company publicized the names and positions of the incentive objects of the incentive plan on the intranet OA system. Within the period of publicity, the Board of Supervisors of the Company did not receive any objection from any organization or individual. Please refer to the Verified Opinions and Announcement of the Board of Supervisors of the List of Incentive Objects of the 2022 Stock Option and Restricted Stock Incentive Plan (Announcement No.2022-022) disclosed by the Company on the designated information disclosure media on February 7, 2022 for details.

(3) On February 14, 2022, the Second Extraordinary General Meeting of Shareholders of the Company in 2022 considered and adopted the Resolution on the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Draft) and its Abstract, the Resolution on Formulating the Check-up Management Measures for the Implementation of the Company's 2022 Stock Option and Restricted Stock Incentive Plan and the Resolution on Submitting to the General Meeting of Shareholders for Authorizing the Board of Directors to Handle Matters Relating to Equity Incentive. The Company's implementation of the 2022 Stock Option and Restricted Stock Incentive Plan was approved, and the Board of Directors was authorized to determine the grant date, grant stock option and restricted stock to the incentive object when the incentive object met the conditions, and handle all matters necessary for the grant. Please refer to the Announcement about the Resolution of the Second Extraordinary General Meeting of Shareholders in 2022 (Announcement No.2022-026) disclosed by the Company on the designated information disclosure media on February 15, 2022 for details.

(4) The Company conducted a self-inspection on the trading of the Company's shares by insiders and incentive objects of the incentive plan within six months before the public disclosure of the incentive plan (draft) (i.e., from July 23, 2021 to January 24, 2022). Please refer to the Self-inspection Report on the Trading of the Company's Stock by the Incentive Objects and Insiders of the 2022 Stock Option and Restricted Stock Incentive Plan (Announcement No.2022-027) disclosed by the Company on the designated information disclosure media on February 15, 2022 for details.

(5) On March 7, 2022, the 43rd meeting of the 4th Board of Directors and the 37th meeting of the 4th Board of Supervisors of the Company considered and adopted the Resolution on Adjusting the List of Stock Option Incentive Objects and the Number of Granted Options in the 2022 Stock Option and Restricted Stock Incentive Plan and the Resolution on Granting Stock Options to the Incentive Objects of the 2022 Stock Option and Restricted Stock Incentive Plan. The independent directors of the Company expressed their independent opinions on these resolutions. The Board of Supervisors of the Company reviewed the list of incentive objects on the grant date of stock options and issued verification opinions. Please refer to the Announcement about Adjusting the List of Stock Option Incentive Objects and the Number of Granted Options in the 2022 Stock Option and Restricted Stock Incentive Plan (Announcement No.2022-034), the Announcement about Granting Stock Options to Incentive Objects of the 2022 Stock Option and Restricted Stock Incentive Plan (Announcement No.2022-035) and the Verified Opinions of the Board of Supervisors of the List of Incentive Objects of the 2022 Stock Option and Restricted Stock Incentive Plan on the Grant Date of Stock Options (Announcement No.2022-037) disclosed by the Company on the designated information disclosure media on March 8, 2022 for details.

(6) On March 14, 2022, the Company completed the registration of the grant of stock options in the 2022 Stock Option and Restricted Stock Incentive Plan. Please refer to the Announcement about the Completion of the Registration of the Grant of Stock Option of the 2022 Stock Option and Restricted Stock Incentive Plan (Announcement No.2022-040) disclosed by the Company on the designated information disclosure media on March 15, 2022 for details.

(7) On May 9, 2022, the 49th meeting of the 4th Board of Directors and the 42nd meeting of the 4th Board of Supervisors of the Company considered and adopted the Resolution on Adjusting Matters Relating to the Restricted Stock in the 2022 Stock Option and Restricted Stock Incentive Plan and the Resolution on Granting Restricted Stock to Incentive Objects of the 2022 Stock Option and Restricted Stock Incentive Plan. The independent directors of the Company expressed their independent opinions on these resolutions. The Board of Supervisors of the Company reviewed the list of incentive objects on the grant date of restricted stock and issued verification opinions. Please refer to the Announcement about Adjusting Matters Relating to the Restricted Stock in the 2022 Stock Option and Restricted Stock Incentive Plan (Announcement No.2022-085), the Announcement about Granting Restricted Stock to Incentive Objects of the 2022 Stock Option and Restricted Stock Incentive Plan (Announcement No.2022-086) and the Verified Opinions of the Board of Supervisors of the List of Incentive Objects of the 2022 Stock Option and Restricted Stock Incentive Plan on the Grant Date of Restricted Stock (Announcement No.2022-087) disclosed by the Company on the designated information disclosure media on May 10, 2022 for details.

(8) On May 23, 2022, the Company completed the registration of the grant of restricted stock in the 2022 Stock Option and Restricted Stock Incentive Plan. Please refer to the Announcement about the Completion of the Registration of the Grant of Restricted Stock of the 2022 Stock Option and Restricted Stock Incentive Plan (Announcement No.2022-098) dated May 24, 2022 for details.

Equity incentives granted to the Company's directors and senior management

Applicable  N/A

Unit: share

Name	Post	The number of stock options held at the beginning of the year	The number of newly granted stock options during the Reporting Period	The number of exercisable options during the Reporting Period	The number of exercised options during the Reporting Period	The exercise price of the number of options exercised during the Reporting Period (RMB per share)	The number of stock options held at the end of the period	The market price at the end of the Reporting Period (RMB per share)	The number of restricted shares held at the beginning of the period	The number of unlocked shares during the current period	The number of newly granted restricted shares during the Reporting Period	The grant price of restricted shares (RMB per share)	The number of restricted shares held at the end of the period
Yu Xue	Secretary of the Board of Directors	0	40,000	0	0		40,000	131.29	30,825	0	40,000	64.48	70,825
Total	--	0	40,000	0	0	--	40,000	--	30,825	0	40,000	--	70,825
Remarks (if any)	The 30,825 restricted shares held by Yu Xue as at the beginning of the period are executive locked-up shares, and the 30,825 executive locked-up shares are included in the restricted shares held by Yu Xue at the end of the period.												

Evaluation mechanism and incentive of senior management

The Company has established a complete performance evaluation system, and the income of senior management is linked to the overall operating performance. During the Reporting Period, the Board of Directors of the Company evaluated the work performance of senior management according to the annual operating performance of the Company, the job responsibilities of senior management and the completion of annual work objectives, and prepared incentive compensation plans for senior management according to the evaluation results. Such plans were submitted for review in accordance with regulations. The Company encouraged senior management with the equity incentive plan. The Company formulated implementation check-up management measures for all of the Company's equity incentive plans. The Company's check-up indicators are related to the Company's medium and long-term development strategies and annual business objectives. According to the relevant check-up methods, the Company conducted individual level performance assessment on the incentive objects according to the key work performance, work ability, work attitude and other indicators, and finally determined the number of restricted shares or options that should be unlocked by the incentive objects based on the Company level and individual level assessment results.

## 2. Implementation of Employee Stock Ownership Plan

Applicable  Not applicable

## 3. Other Employee Incentives

Applicable  Not applicable

# XII. Internal Control System Construction and Implementation during the Reporting Period

## 1. Internal control construction and implementation

During the Reporting Period, the Company, in accordance with the Basic Norms for Enterprises' Internal Control and related guidelines, updated and

perfected its internal control system in due time, and established an internal control system featuring scientific design, simplicity, applicability, and effective running. The Audit Committee of the Board of Directors and internal audit department jointly formed the Company's risk management and internal control organization system to supervise and evaluate the internal control management of the Company. Through the operation, analysis and evaluation of the internal control system, the Company effectively prevented risks in operational management and promoted the realization of internal control objectives.

## 2. Details on material weakness in the Company's internal control during the Reporting Period

Yes  No

## XIII. Company's Management and Control of Subsidiaries during the Reporting Period

According to the Company Law, Articles of Association and other relevant laws, regulations and rules, the Company will continue to manage and supervise the standardized operation, information disclosure, financial capital, operation and other matters of its subsidiaries, and timely track the financial status of its subsidiaries and other important matters, in order to ensure the legal compliance of operation and management, asset safety, and the accuracy and completeness of the financial reports and related information, and further improve the operation and management and risk management capabilities of subsidiaries.

## XIV. Internal Control Self-Assessment Report or Internal Control Audit Report

### 1. Self-assessment report on internal control

Disclosure date of the assessment report on internal control	March 3, 2023	
Disclosure index of the assessment report on internal control	2022 Assessment Report on Internal Control disclosed on <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> on March 3, 2023	
Ratio of total assets of the unit included in the assessment scope to the total assets on the Company's consolidated financial statements	100.00%	
Ratio of operating revenue of the unit included in the assessment scope to the operating revenue on the Company's consolidated financial statements	100.00%	
Defect identification criteria		
Type	Financial report	Non-financial report
Qualitative criteria	General defects: There is little possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives. Material defects: There is some possibility that a failure to take any action will result in potential	General defects: There is little possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives. Material defects: There is some possibility that a failure to take any action will result in potential



	misstatement, economic loss or unachieved business objectives. Major defects: There is the possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives.	misstatement, economic loss or unachieved business objectives. Major defects: There is the possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives.
Quantitative criteria	General defects: < 0.25% of Total Assets, < 0.5% of Operating revenue; material defects: ≥ 0.25% of Total Assets and < 1% of Total Assets, ≥ 0.5% of Operating revenue and < 1.5% of Operating revenue; major defects: ≥ 1% of Total Assets, ≥ 1.5% of Operating revenue.	General defects: < 0.25% of Total Assets, < 0.5% of Operating revenue; material defects: ≥ 0.25% of Total Assets and < 1% of Total Assets, ≥ 0.5% of Operating revenue and < 1.5% of Operating revenue; major defects: ≥ 1% of Total Assets, ≥ 1.5% of Operating revenue.
Number of major defects in the financial report		0
Number of major defects in the non-financial report		0
Number of material defects in the financial report		0
Number of material defects in the non-financial report		0

## 2. Audit report on internal control

√ Applicable  N/A

Audit opinion in the audit report on internal control	
According to the identification of major defects in the internal control of the Company's financial report, there were no major defects in the internal control of the financial report as of the base date of the internal control assessment report. The Board of Directors believed that the Company maintained effective internal control over financial reporting in all major aspects in accordance with the requirements of the enterprise internal control standard system and related regulations. According to the identification of major defects in the internal control of the Company's non-financial report, there were no major defects in the internal control of the non-financial report as of the base date of the internal control assessment report. From the base date of the internal control assessment report to the issue date of the internal control assessment report, no factors affecting the assessment conclusion of the effectiveness of internal control occurred.	
Disclosure date of the audit report on internal control	March 3, 2023
Disclosure index of the audit report on internal control	The Authentication Report on Internal Control of Yunnan Energy New Material Co., Ltd. (Da Hua Nei Zi No. [2023] 000079) disclosed by the Company on <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> on March 3, 2023
Type of opinion in the audit report on internal control	Standard unqualified opinion
Whether there was any major defect in the non-financial report	No

Did the accounting firm issue a qualified audit report on internal control

Yes  No

Was the audit report on internal control issued by the accounting firm consistent with the self-assessment report from the Board of Directors

Yes  No

## XV. Rectification of Problems Found in Self-Inspection of the Special Operation on Improving Corporate Governance of Listed Companies

N/A

## Section 5 Environment and Social Responsibility

### I. Major Environmental Protection Issues

Whether the listed company and its subsidiaries fell into major pollutant-discharge units published by the environmental protection authorities.

Yes  No

Environmental protection related policies and industry standards

The Company strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, the *Water Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Decision of the State Council on Strengthening Energy Conservation* (Guo Fa [2006] No. 28) and other national and local laws and regulations in its daily production and operation. The Group discharges waste gas, waste water and solid waste in accordance with the *Integrated Emission Standard of Air* (DB31/933-2015), the *Discharge Standard of Pollutants for Synthetic Resin Industry* (GB31572-2015), the *Discharge Limits of Water Pollutants* (DB44/26-2001) and the *National Catalog of Hazardous Wastes* (2021 Edition).

Environmental protection administrative permission

The Company and its subsidiaries have completed the Pollutant Discharge Permit and other relevant environmental protection qualification procedures in accordance with the relevant laws and regulations.

Industry emission standards and specific conditions of pollutant emissions involved in production and operation activities

Name of the Company or Subsidiary	Name of the Major Pollutants and Specific Pollutants	Discharge Method	Number of Discharge Outlets	Distribution of Discharge Outlets	Concentration /intensity of the Discharge	Pollutant Discharge Standards Implemented	Total Discharge (tons)	Total Discharge Approved (tons/year)	Excess Discharge
Shanghai Energy	Nitrogen oxide	Organized emission	8	Plant area	34.17mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants DB31/933-2015	5.22	8.4953	--
Shanghai Energy	Particulate matter	Organized emission	8	Plant area	0.7521mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants DB31/933-2015	0.05	0.1277	--
Shanghai Energy	Non-methane total hydrocarbon	Organized emission	8	Plant area	3.56 mg/m <sup>3</sup>	Emission Standard of Pollutants for Synthetic Resin Industry GB31572-2015	1.58	4.2181	--
Wuxi Energy	Dichloromethane	Organized emission	3	Plant area	70.2938mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants DB31/933-2015	21.94	49.6845	--

Wuxi Energy	Nitrogen oxide	Organized emission	7	Plant area	19.2618mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants DB31/933-2015	3.23	5.88	--
Wuxi Energy	Sulfur dioxide	Organized emission	7	Plant area	0.13933mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants DB31/933-2015	0.01	3.36	--
Wuxi Energy	Particulate matter	Organized emission	7	Plant area	2.70660mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants DB31/933-2015	0.21	2.5372	--
Wuxi Energy	Non-methane total hydrocarbon	Organized emission	2	Plant area	2.1717mg/m <sup>3</sup>	Emission Standard of Pollutants for Synthetic Resin Industry GB31572-2015	0.56	0.224	--
Zhuhai Energy	COD	Industrial wastewater discharge	1	Sewage station	55.5mg/L	Discharge Limits of Water Pollutants DB44/26-2001	0.10	0.2552	--
Zhuhai Energy	BOD	Industrial wastewater discharge		Sewage station	18.55mg/L	Discharge Limits of Water Pollutants DB44/26-2001	0.00	--	--
Zhuhai Energy	Petroleum	Industrial wastewater discharge		Sewage station	0.54mg/L	Discharge Limits of Water Pollutants DB44/26-2001	0.00	--	--
Zhuhai Energy	Nitrogen oxide	Organized emission	5	Plant area	34.55mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants DB31/933-2015	6.49	35.998	--
Zhuhai Energy	Sulfur dioxide	Organized emission		Plant area	3.66mg/m <sup>3</sup>	Integrated Emission Standard of Air	0.41	1.96	--

						Pollutants DB31/933- 2015			
Zhuhai Energy	Non-methane total hydrocarbon	Organized emission	14	Plant area	2.18mg/m <sup>3</sup>	Emission Standard of Pollutants for Synthetic Resin Industry GB31572-2015	2.95	8.79	--
Zhuhai Energy	Solid waste	Transferred by qualified disposal units	-	Temporary storage of hazardous waste		Directory of National Hazardous Wastes (Version 2021)	108.78	--	--
Suzhou GreenPower	Waste slurry	Transferred by qualified disposal units	-	Temporary storage of hazardous waste	-	Directory of National Hazardous Wastes (Version 2021)	19.04	50	--
Suzhou GreenPower	Sludge	Transferred by qualified disposal units	-	Temporary storage of hazardous waste	-	Directory of National Hazardous Wastes (Version 2021)	119.12	150	--
Suzhou GreenPower	Waste paraffin oil	Transferred by qualified disposal units	-	Storage tank	-	Directory of National Hazardous Wastes (Version 2021)	57.82	100	--
Suzhou GreenPower	White clay	Transferred by qualified disposal units	-	Temporary storage of hazardous waste	-	Directory of National Hazardous Wastes (Version 2021)	277.00	300	--
Newmi Tech	Waste oil of grease trap	Transferred by qualified disposal units	-	Temporary storage of hazardous waste	-	Directory of National Hazardous Wastes (Version 2021)	18.92	806.4	--
Newmi Tech	Waste activated carbon	Transferred by qualified disposal units	-	Temporary storage of hazardous waste	-	Directory of National Hazardous Wastes (Version 2021)	2.41	3	--

#### Disposal on Pollution

The Company have formulated the Compilation of environmental and hazardous waste management systems, Exhaust Gas, Wastewater, and Noise Management Regulations. In accordance with the standards of the local environmental protection authorities, each company conducts internal management, supervision and feedback on the discharge of exhaust gas, wastewater and waste. Meanwhile, there are external inspections from time to time to ensure that the emissions meet the standards.

### 1. Exhaust Gas Emission Management

The Group strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, *Air Pollution Prevention and Control Action Plan of Yunnan Province* and other national and local exhaust emission management regulations and adheres to standards on emission. The exhaust gas generated by the Group mainly comes from workshop exhaust and boiler exhaust, including VOCs (volatile organic compound) emissions and nitrogen oxide emissions, among which VOCs mainly come from workshop exhaust. The Group has formulated relevant exhaust gas management systems, including the *Exhaust Gas Emission Management System*, *Exhaust Gas Absorption System Operating Procedures*, etc., and strictly implemented them. The Group continues to invest in waste gas recovery and treatment devices to reduce emissions. The Group has set up treatment facilities such as plasma purifiers in the workshops. Jiangxi Ruijie adopts Regenerative Thermal Oxidizer (“RTO”), which can recover waste heat while treating waste gas. We require the exhaust gas absorption facilities and treatment systems of each workshop to operate normally, and we regularly maintain related equipment. We have set up monitoring instruments in the workshops, which will alert employees to evacuate once the preset concentration is exceeded. The VOCs exhaust gas online monitoring system has been put into operation in Wuxi Energy, which can gradually realize real-time monitoring of emission concentration. In addition, in accordance with the requirements of relevant national laws and regulations, we have engaged a qualified third party to conduct regular and continuous monitoring of various indicators of exhaust emissions.

### 2. Wastewater Discharge Management

We discharge wastewater in accordance with the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Water Pollution Prevention and Control Work Plan of Yunnan Province* and other national and local measures and regulations for managing wastewater discharge, and adheres to standards on emission. The Group has formulated the *Wastewater Discharge Management System* and strictly implemented them. Wastewater discharged by the Group includes production wastewater and domestic wastewater. Production wastewater is treated by sewage treatment facilities in compliance with the production practices in each region where we operate, and then reused or discharged into the municipal sewage pipe network. To treat domestic sewage, Group factories are equipped with facilities to treat and regularly monitor domestic sewage. Take Shanghai Energy as an example, there is a sewage treatment station in the Shanghai Energy, and the wastewater is discharged to the municipal pipe network after primary precipitation, secondary precipitation, and filtration treatment.

### 3. Waste management

The Group strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, *Solid Waste Pollution Control Plan of Yunnan Province* and other national and local waste management regulations, and adheres to emission and disposal standards. We have formulated relevant management systems such as *General Solid Waste Management System*, *Hazardous Waste Management System*, *Hazardous Waste Pollution Prevention and Control Responsibility System*, *Hazardous Waste Transfer System*, *Hazardous Waste Storage Facilities Management System*, *Solid Waste Management Regulations*, etc. and strictly enforces them. During the production and research and development process, the Group generate certain types and a small number of hazardous wastes and non-hazardous wastes. We classify and collect waste in accordance with regulations, store and classify waste in separate areas. Among them, all hazardous wastes are handled by qualified third parties after they are taken away from the factories. We carefully confirm the relevant qualifications when signing a contract with third-party processing agencies and regularly understand their actual treatment methods for the Group's waste. Hazardous waste, such as waste activated carbon, is usually stored in a separate hazardous waste warehouse and disposed of 2-3 times a year. Among the non-hazardous waste, paper, plastic bottles, etc. will be recycled through the recycling bins set up in the Group, and domestic waste will be handled by the sanitation department.

#### Environmental emergency response plan

In accordance with the *Environmental Protection Law of the People's Republic of China*, *Administrative Measures for Environmental Emergency Response Plan*, and *National Environmental Emergency Response Plan*, the Company prepared the *Environmental Emergency Response Plan* and submitted it to the competent authorities for filing. The Company and its subsidiaries deploy persons in charge of emergency management and regularly organize comprehensive emergency drills, with complete contingency rescue resources.

#### Environmental self-monitoring plan

The Company and its subsidiaries developed self-monitoring plans in accordance with the laws and regulations, installed automatic testing facilities in strict accordance with the plans, and regularly conduct or entrust qualified third parties to organize self-monitoring of pollutants such as the discharged exhaust gas, wastewater, and noise.

#### Investment in environmental governance and protection and payment of environmental protection tax

During the reporting period, the Company's environmental protection expenditure amounted to RMB60,540,000, including investment in environmental protection equipment and pollutant treatment facilities; Paid environmental protection tax amounted to RMB856,700.

#### Administrative penalties imposed for environmental issues during the Reporting Period

☉ Applicable ☐ N/A

In addition to product quality control, we are also committed to creating low-carbon and environmental-friendly products, and implement the concept in the development, design and production process of the product.

1. Regarding new energy products, the Institute of Recycling and Energy Saving under the Shanghai Energy Research Institute is mainly responsible for the recycle, improvement and reuse of white oil, dichloromethane, DMAC, acetone and clay used in manufacturing of lithium battery separators, as well as the research on the recovery and treatment of waste water and waste gas by designing effective plans and using advanced separation and recovery equipment to ensure the recovery rate of white oil, dichloromethane, DMAC, acetone and white clay. In addition, we have also improved the recycling rate of wastewater and waste gas to save energy, reduce consumption and contribute to the environmental friendliness of R&D and product design activities.

2. To improve the yield of BOPP film products, and reduce waste film, resource consumption and environmental pollution, Chengdu Hongta Plastic takes measures such as increasing the rewards for online trim scrap recovery and for the team that recovers most trim scraps as an incentive to encourage employees to recover more trim scraps. The separator -making workshop strictly follows the *separator Manufacturing Order* and the requirements on the effective width of the parent roll in its manufacturing; while the Technical and Quality Assurance Department strictly controls the sampling size according to the testing requirements when selecting parent roll samples, oversampling is prohibited and cutting waste is minimized to reduce wastes in the manufacturing process.

3. In terms of packaging products, in response to the ecological civilization construction strategy implemented by the country and in line with the development ideology of “embrace ecological environmental protection through energy saving and carbon reduction”, we continue to embrace innovation in packaging materials. During the reporting period, Hongchuang Packaging used special technology and materials to replace traditional oil packaging with paper-plastic packaging to reduce the use of plastic. In addition, Hongchuang Packaging also reformed the roof packaging design to reduce the size of trash and improve user-friendliness to promote the green and recyclable development of the industrial chain.

We believe the industry is leading to a greener future, and life cycle assessment assists companies to determine the strategies and direction of green development. Therefore, we conduct product life cycle environmental impact assessments. Wuxi Energy performs life cycle assessments on the trial production of lithium-ion battery separator in accordance with the requirements of ISO 14040 and ISO 14044 as the basis for the research on reducing product carbon footprints.

## **II. Social Responsibility**

For details, please refer to the *2022 Environmental, Social and Governance Report* (ESG report) disclosed by the Company on March 3, 2023 at [www.cninfo.com.cn](http://www.cninfo.com.cn).

## **III. Specifics of Consolidating and Extending the Achievements of Poverty Alleviation and Rural Revitalization**

No actions were carried out during the Reporting Period.

## Section 6 Significant Events

### I. Performance of commitments

#### 1. Commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers performed during the Reporting Period or ongoing at the end of the Reporting Period

☉ Applicable ☐ N/A

Commitment	Commitment made by	Type of commitment	Details of commitment	Time of commitment	Term of commitment	Performance of commitment
Commitments made during asset restructuring	Energy Technology and all directors, supervisors and senior management	Commitment to submit true, accurate and complete information	1. There are no false records, misleading statements or major omissions in the information disclosed and application documents submitted by Energy Technology, and those making the commitments shall be jointly and severally liable for the authenticity, accuracy and integrity of such documents 2. If the information provided or disclosed for this major assets restructuring contains false records, misleading statements or major omissions, and is put on file by the judicial organ for investigation or by the CSRC for investigation, before the conclusion of the investigation is made, those making the commitments will not transfer the shares with interests in Energy Technology, and will submit the application for suspending the transfer and share accounts to the Board of Directors of the Energy Technology within two trading days after receiving the notice of the investigation, and the Board of Directors shall apply for lockup to the stock exchange and the registration and clearing company on behalf of those making the commitments; if the Board of Directors fails to submit the lockup application within two trading days, it will authorize the Board of Directors to directly submit the identity and account information of those making the commitments to the stock exchange and the registration and clearing company after verification and apply for lockup; if the Board of Directors fails to submit the identity and account information of those making the commitments to the stock exchange and the registration and clearing company, those making the commitments will authorize the stock exchange and the registration and clearing company to directly lock up the related shares. If the investigation found that there is any violation of laws or regulations, those making the commitments promise to use voluntarily the shares locked up to compensate the related investors.	June 13, 2017	Long term	Strictly performed
	The Company	Commitment on legal compliance	1. The Company and its controlling shareholder and actual controller have not been investigated by judicial authorities for suspected crimes or investigated by the CSRC for suspected violations of laws and regulations in recent 3 years; 2. the Company and its controlling shareholders and actual controllers have not been publicly censured by the stock exchange and have no other major acts of dishonesty in the past 12 months; 3. The Company and its incumbent directors and senior management have not been investigated by judicial authorities for suspected crimes or investigated by the CSRC for suspected violations of laws and regulations.	June 13, 2017	Long term	Strictly performed

Directors and senior management of Energy Technology	Commitment on dilution of current return and remedial measures	1. I hereby commit neither to tunnel to other units or individuals without compensation or under unfair conditions, nor to damage the Company's interests in other ways; 2. I hereby commit to restrict my position-related consumption activities; 3. I hereby commit not to use the Company's assets for investment and consumption activities not related to execution of my duties; 4. I hereby commit to link the remuneration system formulated by the Board of Directors or the Remuneration Committee or Assessment Committee of the Company with the execution of the return recovery measures; 5. I hereby commit to link the vesting conditions with the implementation of the return recovery measures if the Company will implement any share incentive scheme in the future; 6. Since the date of this commitment up to completion of this major asset restructuring, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.	May 25, 2017	Long term	Strictly performed
Counterparty	Commitment to submit true, accurate and complete information	The counterparty will timely provide Energy Technology with information related to restructuring, and guarantee the authenticity, accuracy and completeness of the information provided. In case of any false record, misleading statement or major omission of the information provided, resulting in any loss to Energy Technology or investors, it shall be liable for compensation according to law. In case of any false record, misleading statement or major omission in the information provided or disclosed in this material assets restructuring, which is put on file by the judicial organ for investigation or by the CSRC for investigation, the counterparty will suspend the transfer of the shares with interests in Energy Technology until the case investigation conclusion is clear.	June 13, 2017	Long term	Strictly performed
Counterparties	Commitment on legal compliance	1. Gao Xiang was the CFO of Shanghai Lvxin Packaging Materials Co., Ltd. (Shunhao). Due to Shunhao's failure to disclose related transactions with related natural persons according to law, in violation of the relevant provisions on information disclosure in the Securities Law and the Administrative Measures for Information Disclosure of Listed Companies, on July 27, 2016, Shanghai Securities Regulatory Bureau issued a warning to Shunhao and related parties, including Gao Xiang, and imposed an administrative penalty of RMB30,000 on Gao Xiang; on January 5, 2017, Shenzhen Stock Exchange made the Decision on Criticism to Shanghai Shunhao New Materials Technology Co., Ltd. and Related Parties through Circulating Notices, and circulated notification of criticism to Shunhao and related parties, including Gao Xiang. In addition, other counterparties have not been subject to administrative or criminal penalties related to the securities market in the past five years, and have not involved in major civil litigation or arbitration related to economic disputes. 2. Counterparties are eligible to purchase shares not publicly offered by Energy Technology, and are not under any circumstances where they are not allowed to purchase shares not publicly offered by Energy Technology as stipulated by laws, regulations, rules or normative documents. 3. Over the last five years, the counterparties have not failed to repay a large amount of debts as scheduled, failed to fulfill its declaration, been subject to administrative measures by the CSRC or disciplined by the stock exchange and there are no ongoing or threatened administrative or judicial proceedings for investigation against my material violation of laws or regulations.	June 13, 2017	Long term	Strictly performed



	Counterparties	Commitment on integrity of asset ownership	1. Shares of Shanghai Energy held by counterparties according to law. The counterparty has performed its contribution obligation to Shanghai Energy in accordance with the law, and there is no false contribution, delayed contribution, withdrawal of capital and other acts in violation of its obligations and responsibilities as a shareholder, and there is no situation that may affect the legal survival of Shanghai Energy. 2. The equity of Shanghai Energy held by the counterparty is actually legally owned. There is no ownership dispute, there is no trust, entrusted shareholding or similar arrangement, and there is no pledge, freezing, sealing, property preservation or other rights restrictions on the equity of Shanghai Energy held by the counterparty.	June 13, 2017	Long term	Strictly performed
	Counterparties	Commitment on no insider trading	I/the enterprise and its main management do not leak any insider information of Energy Technology or leverage insider information to conduct insider trading. If the above commitments are violated, all losses caused to the listed company will be borne.	June 13, 2017	Long term	Strictly performed
	Heyi Investment, Paul Xiaoming Lee family	Commitment to regulate related transactions	After the completion of the major asset restructuring, the enterprises that are controlled by those making the commitments will avoid and reduce the related transactions with Energy Technology as far as possible. For those related transactions that cannot be avoided or have reasonable reasons, the enterprises that are controlled by those making the commitments will sign agreements with Energy Technology and perform legal procedures in accordance with the principles of justice, fairness and compensation for equal value, and shall, in accordance with the provisions of relevant laws, regulations, other normative documents and the Articles of Association of Yunnan Energy New Material Co., Ltd., perform relevant internal decision-making approval procedures in accordance with the law and timely perform information disclosure obligations, guarantee not to trade with Energy Technology under unfair conditions compared with the market, guarantee not to illegally transfer the funds and profits of Energy Technology by using related party transactions, and do not use such transactions to engage in any behavior that damages the legitimate rights and interests of Energy Technology and other shareholders. If a breach of the above commitment results in damage to the interests of Energy Technology, those making the commitments will compensate the Energy Technology for the losses caused by the above acts to Energy Technology.	June 13, 2017	Long term	Strictly performed
	Heyi Investment, Paul Xiaoming Lee family	Commitment to avoid horizontal competition	1. At present, those making the commitments are not directly or indirectly engaged in the same or similar business with the existing business of Energy Technology or Shanghai Energy through other operating entities directly or indirectly controlled by it or in the name of natural person, and do not hold any position or act as any kind of consultant in any operating entity with the main business same as or similar to that in Energy Technology or Shanghai Energy, or engage in any other competition with Energy Technology or Shanghai Energy. 2. The commitment maker guarantees that after the completion of this major asset restructuring, it will not carry out or operate the same or similar business with the main business of Energy Technology or Shanghai Energy in its own way, directly or indirectly through other business entities under its direct or indirect control; do not hold any position or act as any kind of consultant in any operating entity with the same or similar business with Energy Technology or Shanghai Energy; do not provide technical services for existing customers of Energy	June 13, 2017	Long term	Strictly performed

			Technology or Shanghai Energy in the name of other than Energy Technology or Shanghai Energy; avoid any horizontal competition. 3. If any loss is caused to Energy Technology or Shanghai Energy due to the commitment maker's breach of the above commitments, the operating profit obtained shall be owned by Energy Technology and all losses suffered by Energy Technology or Shanghai Energy shall be compensated.			
Heyi Investment, Paul Xiaoming Lee family	Commitment on ensuring the independence of the listed company		Before this major asset restructuring, Energy Technology has been completely separated from other enterprises controlled by the commitment maker in terms of business, assets, institutions, personnel and finance. Energy Technology's business, assets, institutions, personnel and finance are independent. After the completion of this major asset restructuring, the commitment maker undertakes not to use the identity of the controlling shareholder or actual controller of Energy Technology to affect the independence of Energy Technology, and to ensure the independence of Energy Technology in business, assets, institutions, personnel and finance as far as possible.	June 13, 2017	Long term	Strictly performed
Paul Xiaoming Lee family	Commitment on the existence of previous administrative penalty		There were administrative punishments in fire control and water affairs in Shanghai Energy. As of the date of this letter of commitment, Shanghai Energy and its subsidiaries do not have any administrative penalty that has not been implemented or rectified. In November 2015, Shanghai Pudong New Area Administration of Work Safety ordered Shanghai Energy to rectify the three dichloromethane storage tanks within a time limit. Shanghai Energy has completed the rectification, but has not completed the safety acceptance after the rectification. If the relevant competent departments in the local place where Shanghai Energy and its subsidiaries are located in have made administrative punishment to Shanghai Energy and its subsidiaries for fire control, water service or the three dichloromethane tanks at any time, the commitment maker promises to make cash compensation for all economic losses suffered by Shanghai Energy or its subsidiaries within 30 days after the actual punishment or loss amount is determined, so as to ensure that it will not have a material impact on the production, operation and financial situation of Shanghai Energy and its subsidiaries. Joint and several liability shall be borne by those making the commitments.	May 25, 2017	Long term	Strictly performed
Li Xiaohua	Commitment on capital source of Shanghai Energy		Although I hold the certificate of permanent residence right of the United States, I have not changed my nationality, I am still a Chinese nationality; my own investment in Shanghai Energy is all China's income, and does not involve the contribution of foreign exchange or foreign assets.	June 13, 2017	Long term	Strictly performed
Zhuhai Hengjie	Commitment of the enterprise not belonging to private investment funds or a private fund		This enterprise is the employee stock ownership platform of Shanghai Energy, and the enterprise does not exist to raise funds in a non-public way to qualified investors. There is no asset management by the fund manager or general partner, nor does it serve as the manager of any private equity fund. Therefore, the enterprise does not belong to the private investment fund or a private fund manager in the Interim Measures for the Supervision and Administration of Private Investment Funds and the Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation), and does not need to follow the Interim Measures for the Supervision and Administration of Private Investment Funds and the Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation) and other relevant laws and regulations to fulfill the registration and filing procedures.	June 13, 2017	Long term	Strictly performed

	manager				
Huachen Investment	Commitment of the enterprise not belonging to private investment funds or a private fund manager	The Company is not established by raising funds from qualified investors in a non-public way, or doesn't have the assets managed by the fund manager or the general partner, or act as the manager of any private investment fund. Therefore, the Company does not belong to the private investment funds or a private fund manager in the Interim Measures for the Supervision and Administration of Private Investment Funds and the Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation), and does not need to follow the Interim Measures for the Supervision and Administration of Private Investment Funds and the Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation) and other relevant laws and regulations to fulfill the registration and filing procedures.	June 13, 2017	Long term	Strictly performed
Paul Xiaoming Lee, Li Xiaohua	Non-competition commitment	During the term of office of Shanghai Energy or within 2 years after the resignation of Shanghai Energy, it will not directly or indirectly operate the same or similar business with Energy Technology or Shanghai Energy on its own or in the name of others, nor will it hold any post or provide any service in entities with the same or similar business with Energy Technology or Shanghai Energy; if they violate the aforesaid non-competition commitment, they shall pay a penalty of RMB5 million to Energy Technology, and shall turn over all the operating profits, wages, remuneration and other income earned by them due to the violation of the commitment to Energy Technology. If the aforesaid compensation still cannot make up for Energy Technology, Energy Technology has the right to request the breach party to be liable for the loss suffered by Energy Technology.	May 2, 2017	Term of service and within two years after resignation	Within the performance period, strictly performed
Paul Xiaoming Lee, Li Xiaohua	Commitment on no part-time work	During the term of office at Shanghai Energy, without the consent of Energy Technology, it is not allowed to work part-time (except for directors and supervisors) in other companies, and the income violating the prohibition of concurrent operation shall be owned by Innovation Co., Ltd.	May 2, 2017	Term of service	Within the performance period, strictly performed

Jerry Yang Li	Commitment to ensure the independence of listed companies	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly holding shares is acquired by Ms. Wang Yuhua as one of counterparties, through purchasing the equity of Shanghai Energy through issuing shares of the Company. Therefore, with regard to the independence of listed companies involved in this restructuring, I hereby make the following confirmation and commitment: before this restructuring, Shanghai Energy has been completely separated from other enterprises under my control in terms of business, assets, institutions, personnel and finance, and Shanghai Energy's business, assets, institutions, personnel and finance are independent. After the completion of this restructuring, I promise not to use the identity of the actual controller of the listed company to affect the independence of the listed company, and to ensure the independence of the listed company in business, assets, institutions, personnel and finance as far as possible.	October 25, 2018	Long term	Strictly performed
Jerry Yang Li	Commitment on regulating related transactions	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly holding shares is acquired by Ms. Wang Yuhua as one of counterparties, through purchasing the equity of Shanghai Energy through issuing shares of the Company. In order to reduce and standardize the related transactions that may occur with the listed company, I hereby make the following commitments: after the completion of this restructuring, the enterprises under my control will avoid and reduce the related transactions with the listed company as much as possible. For the related transactions that cannot be avoided or have reasonable reasons, the enterprises under my control will follow the principles of justice, fairness, equal value and compensation with the listed company in accordance with the law sign the agreement, perform the legal procedures, and in accordance with the provisions of relevant laws, regulations, other normative documents and the Articles of Association of Yunnan Energy New Material Co., Ltd., perform the relevant internal decision-making approval procedures in accordance with the law and timely perform the obligation of information disclosure, ensure that transactions with listed companies will not be conducted in an unfair manner compared with the market, and that the funds and profits of listed companies should not be transferred illegally by related transactions, nor will they engage in any act that damages the legitimate rights and interests of listed companies and other shareholders. If there is any violation of the above commitments, resulting in damages to the interests of the listed company, I will compensate the listed company for the losses caused by the foregoing behavior to the listed Company.	October 25, 2018	Long term	Strictly performed
Jerry Yang Li	Commitment on avoiding horizontal competition	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly holding shares is acquired by Ms. Wang Yuhua as one of counterparties, through purchasing the equity of Shanghai Energy through issuing shares of the Company. Therefore, in order to protect the legitimate rights and interests of the listed company and other shareholders and avoid horizontal competition with the listed company, I hereby make the following solemn commitment: 1. At present, I have not directly or indirectly engaged in the same or similar business with the existing business of the listed company or Shanghai Energy through other business entities directly or indirectly controlled by me or in the name of natural persons, have not held any position or acted as any kind of consultant in any business entity with the same or similar main business as the listed company or Shanghai Energy, or any other	October 25, 2018	Long term	Strictly performed

			<p>situation of horizontal competition with the listed company or Shanghai Energy. 2. I guarantee that after the completion of this transaction, I will not carry out or operate the same or similar business with the main business of the listed company and Shanghai Energy through other business entities directly or indirectly controlled by myself, directly or indirectly; I will not hold any position or serve as any form of consultant in any business entity with the same or similar business with the listed company or Shanghai Energy; do not provide technical services for listed companies or existing customers of Shanghai Energy in the name of listed companies or other than Shanghai Energy; avoid any horizontal competition. 3. If any loss is caused to the listed company or Shanghai Energy due to my violation of the above commitments, the operating profit obtained shall be owned by the listed company and all losses suffered by the listed company or Shanghai Energy shall be compensated.</p>			
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Commitments made at the time of IPO or refinancing	The Company, controlling shareholders and the actual controller, directors, supervisors and senior management	Commitment on authenticity, accuracy and completeness of documents related to IPO	<p>I. Company's commitment: 1. there are no false records, misleading statements or major omissions in the prospectus of the Company's initial public offering. 2. If any competent authority finds that the initial prospectus issued by the Company has false records, misleading statements or major omissions, which will make a significant and substantial impact on judging whether it meets the requirements of the law, the Company will repurchase all the new shares of the IPO in accordance with the law. 3. Within 10 trading days after the competent authority determines that the prospectus of the Company has false records, misleading statements or major omissions that have a significant and substantial impact on the judgment of whether the Company complies with the issuance conditions stipulated by the law, the Board of Directors of the Company shall formulate the share repurchase plan and submit it to the General Meeting of Shareholders for deliberation and approval, and after it is approved, reviewed or filed by the relevant competent department (if necessary), share repurchase measures will be started, and all new shares of the initial public offering will be repurchased according to law; the repurchase price (in case of ex-right and ex-dividend due to cash dividend, share distribution, conversion to share capital and new share issuance, the right shall be restored in accordance with the relevant provisions of Shenzhen Stock Exchange, the same below) shall be determined according to relevant laws and regulations, and shall not be lower than the issuance price of the initial public offering shares. 4. If the prospectus of the Company's initial public offering contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities trading, the Company will compensate investors for losses according to law. II. Commitment of the controlling shareholder and actual controller of the Company: 1. there are no false records, misleading statements or major omissions in the prospectus of the Company's initial public offering. 2. If any competent authority determines that there are false records, misleading statements or major omissions in the prospectus of the Company's initial public offering, which have a significant and substantial impact on the judgment of whether it meets the issuance conditions prescribed by law, Heyi Investment and the family will buy back the transferred original restricted shares according to law; Heyi Investment and the family will formulate shares within 10 trading days after the above matters are identified, the original restricted shares issued by the Company's shareholders at the time of initial public offering shall be repurchased in accordance with the law by means of centralized bidding transaction in secondary market, bulk transaction, agreement transfer, tender offer, etc. The repurchase price is determined according to the negotiated price or secondary market price, but not lower than the original transfer price and the price determined according to relevant laws and regulations and regulatory rules. If Heyi Investment and the family buy back the original restricted shares that have been transferred to trigger the tender offer conditions, Heyi Investment and the family will perform the tender offer procedures in accordance with the law and perform the corresponding information disclosure obligations. 3. If the prospectus of the Company's initial public offering contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities trading, Heyi Investment and the family will compensate investors for losses according to law. III. Commitment of directors, supervisors and senior managers of the Company: 1. the prospectus of the issuer's initial public offering doesn't contain false records, misleading statements or major omissions, and I am jointly and severally liable for its authenticity, accuracy and completeness. 2. If the prospectus of the issuer's initial public offering contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities trading, I will compensate investors for losses according to law.</p>	September 14, 2016	Long term	Strictly performed
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	Controlling shareholder, actual controller, and Shanghai Guohe, a shareholder holding more than 5% shares	About shareholding intention and reduction intention	<p>I. Commitment of controlling shareholders and actual controllers' shareholding intention and reduction intention: 1. as the controlling shareholder and actual controller of the Company, Heyi Investment and the family hold the Company's shares in strict accordance with the provisions of laws, regulations, normative documents and regulatory requirements, and abide by the share locking period; after the expiration of the locking period, the Company's shares held by Heyi Investment and the family's reduction shall comply with the requirements of relevant laws, regulations, normative documents and rules of the stock exchange; 2. Heyi Investment and the family shall not reduce the shares of the Company directly held within three years after the Company's listing; after the Company's listing for three years, the shares of the Company directly or indirectly held by Heyi Investment and the family transferred each year shall not exceed 25% of the total shares of the Company directly or indirectly held by them 3. Within two years after the expiration of the equity lock-in period promised by Heyi Investment and the family, the shares of the Company shall be reduced at a price not lower than the issue price of the Company's initial public offering shares (in case of ex-right and ex-dividend matters, the issue price shall be treated as ex-right and ex-dividend accordingly). Within two years after the expiration of the lock-up period, the total number of shares held by Heyi Investment and the family shall not exceed 30% of the total shares held by Heyi Investment and the family directly or indirectly before the issuance. 4. Within two years after the expiration of the shareholding lock-in period of Heyi Investment and the family's commitment, the price of shares of the Company reduced by Heyi Investment and the family through the secondary market will be determined according to the market price at that time on the premise of meeting the commitments made by Heyi Investment and the family, and the specific reduction plan will be formulated according to the market situation at that time. 5. Heyi Investment and the family promise to make an announcement through the Company three trading days in advance when carrying out the reduction, and complete the announcement within six months, and fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange. Shanghai Guohe's commitment to shareholding intention and reduction intention: 1. Within two years after the expiration of the shareholding locking period promised by the Company, the Company intends to reduce its shareholding by means of, including but not limited to, centralized competitive trading in the secondary market, block trading, agreement-based transfer, etc. The reduction price will not be lower than the price of net assets per share, and the specific reduction price will be determined according to the market price at the time of the reduction on the premise of meeting the commitments made by the Company; the specific reduction plan will be based on the market conditions at that time. The specific reduction plan will be formulated in accordance with the market conditions and the operating condition of the Company. 2. The enterprise commits that it will make an announcement through the Company three days ahead of schedule in the implementation of the reduction. At the same time, it will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange, except when it holds shares less than 5% equity of the Company. 3. The enterprise will strictly fulfill the above commitments, and promise to abide by the following binding measures: (1) if it fails to fulfill the above commitments, the Company's cash dividends I should receive will be withheld by the Company and owned by the Company; (2) if it fails to fulfill the above commitments, it will bear relevant legal liabilities according to laws and regulations.</p>	September 14, 2016	Share holding period	Within the performance period, strictly performed
	Energy Technology	Commitment on remedial measures for breaking faith	<p>1. If the Company fails to take the specific measures as promised to stabilize the stock price, the Company undertakes to accept the following binding measures: (1) the Company will publicly explain the specific reasons for not taking the above measures in the General Meeting of Shareholders and the newspapers designated by the CSRC, and apologize to the shareholders of the Company and the public investors; (2) If the investor suffers losses in the securities trading due to the failure to fulfill the commitments, the Company will compensate the investor for the losses according to law after being recognized by the CSRC, the stock exchange or the judicial organ; (3) The commitment of stock price stability is the true meaning of the Company. The responsible parties voluntarily accept the supervision of the regulatory body, self-discipline</p>	September 14, 2016	Long term	Strictly performed

			<p>organization and the public. In case of the violation of the relevant commitments, the main body will bear corresponding responsibilities according to law. 2. If the controlling shareholder and the actual controller have delivered the notice of increase to the Company, but fail to fulfill the obligation of increasing the holdings, the Company has the right to detain the equal amount of the cash dividends payable to the controlling shareholder and the actual controller until the controlling shareholder and the actual controller fulfill their obligation to increase. 3. If a company director or senior manager fails to fulfill his obligation to increase his or her holdings, the Company shall have the right to detain salaries and cash dividends of directors and senior management until the directors and senior managers fulfill their obligations to increase their holdings. 4. If there are any false records, misleading statements or major omissions in the prospectus of this public offering of shares, the Company will make a timely announcement, and the Company will disclose in its regular report that the Company, its controlling shareholders, actual controllers, and its directors, supervisors and senior management buy back shares due to information disclosure violations, performance of commitments such as acquisition of shares and compensation for losses, as well as remediation and correction in case of failure to perform commitments. 5. If the Company fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the Company, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the Company shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure to fulfill its commitments or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.</p>			
	<p>Controlling shareholder, actual controller</p>	<p>Commitment on remedial measures for breaking faith</p>	<p>1. If the controlling shareholder and the actual controller have delivered the notice of increase to the Company, but failed to fulfill the obligation of increasing the holdings, the Company has the right to detain the equal amount of the cash dividends payable to the controlling shareholder and the actual controller until the controlling shareholder and the actual controller fulfill their obligation to increase. 2. The controlling shareholder and the actual controller have signed the commitment letter of false record, misleading statement or major omission in the prospectus of this public offering of shares. The controlling shareholder and the actual controller take the profit distribution enjoyed by the controlling shareholder and the actual controller in the Company's profit distribution plan of the current year and the following years as the performance guarantee of the above commitment, and if the controlling shareholder and the actual controller fails to fulfill the above-mentioned obligation of acquisition or compensation, the shares of the Company held by the controlling shareholder and the actual controller shall not be transferred before fulfilling the above-mentioned commitment. 3. The controlling shareholder and the actual controller have signed the promise of controlling shareholder and actual controller's shareholding intention and reduction intention. The controlling shareholder and the actual controller will strictly carry out the above commitments and promise to abide by the following restraint measures: (1) If the above commitments are not performed, the cash dividends to be obtained by the controlling shareholder and the actual controller shall be withheld by the Company and owned by the Company; (2) if the above commitments are not performed, the controlling shareholder and the actual controller shall extend the lock-in period for six months after the lock-in period they promised; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, the controlling shareholder and the actual controller will compensate the investors for the losses according to law. 4. If the Company fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the Company, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the Company shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure to fulfill its commitments or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.</p>	<p>September 14, 2016</p>	<p>Long term</p>	<p>Strictly performed</p>



Directors, supervisors and senior managers	Commitment on remedial measures for breaking faith	1. If any director or senior management of the Company fails to fulfill his obligation to increase the holdings, the Company shall have the right to detain directors and senior management salaries and cash dividends until the directors and senior managers fulfill their obligations to increase their holdings. 2. The directors, supervisors and senior managers have made corresponding commitments on the information disclosure of IPO and listing. The directors, supervisors and senior managers take the dividend of the Company in the current year and the following years obtained by holding the Company's shares directly or indirectly and the salary received from the Company in the current year and the following years as the performance guarantee of the above commitments. If the director, supervisor or senior manager fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the director, supervisor or senior manager such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the director, supervisor or senior manager shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure to fulfill its commitments or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.	September 14, 2016	Long term	Strictly performed
Paul Xiaoming Lee family, Heyi Investment and Heli Investment	Commitment on avoiding horizontal competition	1. The undertaker does not, and will not, directly or indirectly engage in any activity that constitutes horizontal competition with the existing and future business of the Company and its holding subsidiaries, and is willing to assume compensation liability for the economic losses caused to the Company due to violation of the above commitments. 2. For other enterprises directly and indirectly controlled by the undertaker, the undertaker will adopt the representative office and personnel (including but not limited to directors, general managers, etc.) and the controlling position of the undertaker in such enterprises, to ensure that such enterprises perform the same obligations as the undertaker under this letter of commitment, to ensure that such enterprises do not compete with the Company and its holding subsidiaries in the same industry, and the undertaker is willing to bear all compensation liabilities for the economic losses caused to the Company due to violation of the above commitments. 3. If the Company further expands its scope of business on the basis of its existing business, and the undertaker and the enterprise controlled by the undertaker have carried out production and operation on this, the undertaker promises to transfer the possible horizontal competition business or equity held by this enterprise, and agrees that the Company has the priority to acquire and operate under the same commercial conditions. 4. Except for the investment in the Company, the undertaker will not invest in or operate the products (or similar products, or products with alternative function) developed, produced or operated by the Company and its holding subsidiaries in any way in any place. 5. This commitment letter is effective during the period when the undertaker and the company controlled by the undertaker are related parties of the Company.	November 10, 2012	Long term	Strictly performed
The Company, controlling shareholder and actual controller, director and senior management	The commitment that the Company's compensation measures can be effectively performed	1. The Company and its controlling shareholder and the actual controller make a commitment to the Company's ability to fill in the return measures. It does not exceed the authority to interfere in the Company's management activities and does not occupy the Company's interests. 2. Directors and senior managers make a commitment to fulfill the Company's return measures: (1) Promise not to transfer interests to other units or individuals free of charge or under unfair conditions, and not to damage the interests of the Company in other ways; (2) Promise to restrict the post consumption behavior of directors and senior managers; (3) Promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of its duties; (4) Commit that the remuneration system formulated by the board of directors or remuneration committee is linked to the implementation of the Company's measures to fill the return; (5) Promised that the exercise conditions of the Company's equity incentive to be announced are linked to the implementation of the Company's compensation measures.	September 14, 2016	Long term	Strictly performed
Heyi Investment, a controlling shareholder, and family members of Paul Xiaoming Lee, the actual	Commitment on avoiding occupation of the Company's funds	The undertaker, close relative and the affiliated enterprise under control strictly restrict the funds of the Company and its subsidiary companies in the operating capital transactions between the Company and its subsidiaries; the Company and its subsidiaries shall not be required to pay wages, welfare, insurance, advertising and other expenses; the Company and its subsidiary funds are not directly or indirectly provided to the undertaker, close relatives and controlled affiliated enterprises, including: 1. to lend funds to the undertaker, close relatives and controlled affiliated enterprises for use with compensation or free of charge; 2. to provide entrusted loans without commercial substance to the undertaker, close relatives and controlled affiliated enterprises through banks or non-bank financial institutions; 3. Entrust the undertaker, close relatives and controlled affiliated enterprises to carry out investment activities without commercial substance; 4. To issue commercial acceptance bills without real transaction background for the undertaker, close relatives	September 14, 2016	Long term	Strictly performed

	controllers of the Company		and controlled affiliated enterprises; 5. Repay debts on behalf of the undertaker, close relatives and controlled affiliated enterprises; 6. Provide funds to the undertaker, close relatives and controlled affiliated enterprises in other ways without consideration for goods and services; 7. Other methods recognized by China Securities Regulatory Commission.			
	Jerry Yang Li	Commitment on remedial measures for breaking faith	<p>Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. I promise that I will strictly fulfill the commitments disclosed in the initial public offering and listing prospectus of the controlling shareholder and actual controller. If the commitments of the controlling shareholder and actual controller are not performed, cannot be performed on schedule (except for objective reasons beyond the control of controlling shareholders and actual controllers such as changes in relevant laws and regulations, policies, natural disasters and another force majeure), I promise to strictly abide by the following measures: 1. If the controlling shareholder or the actual controller has served the Company with the increase notice but failed to fulfill the increase obligation, the Company has the right to withhold the cash dividends payable to the same amount until the controlling shareholder or the actual controller fulfills the increase obligation; 2. The controlling shareholder and the actual controller have signed the commitment letter of false record, misleading statement or major omission in the prospectus of this public offering of shares. The controlling shareholder and the actual controller take the profit distribution enjoyed by the controlling shareholder and the actual controller in the Company's profit distribution plan of the current year and the following years as the performance guarantee of the above commitment, and if the controlling shareholder and the actual controller fails to perform the above-mentioned acquisition or compensation obligations, the shares of the Company held by the controlling shareholder and the actual controller shall not be transferred before the above-mentioned commitments are performed; 3. The controlling shareholder and the actual controller have signed the commitment of the controlling shareholder and the actual controller's shareholding intention and reduction intention. The controlling shareholder and the actual controller will strictly perform the above commitments and promise to abide by the following binding measures: (1) If the above commitments are not performed, the cash dividends to be obtained by the controlling shareholder and the actual controller shall be withheld by the Company and owned by the Company; (2) if the above commitments are not performed, the controlling shareholder and the actual controller shall extend the lock-in period for half a year; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, the controlling shareholder and the actual controller will compensate the investors for the losses according to law; 4. If the Company fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the Company, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the Company shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure to fulfill its commitments or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.</p>	October 25, 2018	Long term	Strictly performed

Jerry Yang Li	Commitment on reduction intention	<p>Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of RMB17.955 million by Heyi Investment, the Company's controlling shareholder. With respect to the Company's shares indirectly held by me through Heyi Investment, my shareholding intention and reduction intention are as follows: 1. as the actual controller of the Company, I hold the Company's shares in strict accordance with the provisions of laws, regulations, normative documents and regulatory requirements, and abide by the share locking period; after the expiration of the locking period, I shall reduce my holding of the Company's shares in accordance with the requirements of relevant laws, regulations, normative documents and rules of the stock exchange; 2. within three years after the listing of the Company, I will not reduce the shares of the Company I directly hold; upon expiry of three years after the listing of the Company, I will transfer the shares of the Company I directly hold each year not more than 25% of the total shares of the Company I directly hold; 3. within two years after the locking period I committed, the Company's shares will be reduced at a price not lower than the initial public offering price of the Company. If the Company's shares are subject to ex-right and ex-dividend during the period, such as dividend distribution, stock distribution, capital reserve converted to share capital, the issue price shall be ex-right and ex-dividend accordingly; 4. After two years after the expiration of my commitment to hold shares, I will, through the reduction of the price of the Company's shares in the secondary market, meet the commitments made on the basis of the market price, and the specific reduction plan will be drawn up according to the market situation at that time; 5. I promise that I will announce the implementation of the reduction through the Company three trading days in advance, and complete the announcement within six months. At the same time, I will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange; 6. I will strictly fulfill the above commitments, and promise to abide by the following binding measures: (1) if I fail to fulfill the above commitments, the Company's cash dividends I should receive will be withheld by the Company and owned by the Company; (2) the Company will own the profits I get from reducing the shares held in violation of the above commitments; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, I will compensate the investors for the losses in accordance with the law.</p>	October 25, 2018	Holding period	Within the performance period, strictly performed	
Jerry Yang Li	Commitment on avoiding capital occupation of Energy Technology	<p>(1) Except for the capital occupation disclosed in writing to the relevant intermediary institutions, there is no other capital occupation that shall be disclosed but not disclosed in accordance with the laws and regulations and the relevant provisions of the CSRC for the time being by the undertaker, close relatives, controlled affiliated enterprises and the Company and its subsidiaries; (2) The undertaker, close relatives and controlled affiliated enterprises will strictly limit the occupation of funds of the Company and its subsidiaries in the operational capital transactions with the Company and its subsidiaries; (3) The undertaker, close relatives and controlled affiliated enterprises shall not require the Company and its subsidiaries to advance wages, welfare, insurance, advertising and other expenses, or require the Company and its subsidiaries to bear costs and other expenses on behalf of them; (4) The undertaker, close relatives and controlled affiliated enterprises do not seek to provide the funds of the Company and its subsidiaries directly or indirectly to the undertaker, close relatives and controlled affiliated enterprises in the following ways, including: a. To lend funds to the undertaker, close relatives and controlled</p>	October 25, 2018	Long term	Strictly performed	

		<p>affiliated enterprises for use with compensation or free of charge; b. Provide entrusted loans without commercial substance to the undertaker, close relatives and controlled affiliated enterprises through banks or non-bank financial institutions; c. Entrust the undertaker, close relatives and controlled affiliated enterprises to carry out investment activities without commercial substance; d. To issue commercial acceptance bills without real transaction background for the undertaker, close relatives and controlled affiliated enterprises; e. Repay debts on behalf of the undertaker, close relatives and controlled affiliated enterprises; f. Provide funds to the undertaker, close relatives and controlled affiliated enterprises in other ways without consideration for goods and services; g. Other methods recognized by China Securities Regulatory Commission; (5) If the undertaker, close relatives and controlled affiliated enterprises occupy the funds of the Company and its subsidiaries and require the Company and its subsidiaries to provide guarantees in violation of laws and regulations, the Company's board of directors shall not transfer the shares of the Company held and controlled before all the occupied funds are returned and all the illegal guarantees are released, and handle the procedures of share locking for the relevant parties. The board of directors of the Company shall, within 5 trading days from the date of knowing the fact that the undertaker, close relatives and controlled affiliated enterprises occupy the funds of the Company and its subsidiaries, and the Company and its subsidiaries provide guarantees in violation of laws and regulations, handle the locking procedures for the relevant parties.</p>			
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	Sherry Lee	Commitment on reduction intention	<p>Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 15,624,033 shares of the Company held by her according to her will and the contribution of RMB9.045 million by Heyi Investment, the Company's controlling shareholder. Before inheritance, I have held 27,593,884 shares of the Company, of which 15,997,000 shares were held at the time of IPO and listing of the Company, 11,596,884 shares of the Company acquired by the Company's issuance of shares to purchase shares of Shanghai Energy. After inheritance, I hold directly and hold 65,503,802 shares of the Company indirectly through Heyi Investment, accounting for 13.82% of the total share capital of the Company. With respect to locking period for the Company's shares directly and indirectly held by me, I commit as follows: 1. as the actual controller of the Company, I hold the Company's shares in strict accordance with the provisions of laws, regulations, normative documents and regulatory requirements, and abide by the share locking period; after the expiration of the locking period, I shall reduce my holding of the Company's shares in accordance with the requirements of relevant laws, regulations, normative documents and rules of the stock exchange; 2. within three years after the listing of the Company, I will not reduce the shares of the Company I directly hold; upon expiry of three years after the listing of the Company, I will transfer the shares of the Company I directly hold each year not more than 25% of the total shares of the Company I directly hold; 3. within two years after the locking period I committed, the Company's shares will be reduced at a price not lower than the initial public offering price of the Company. If the Company's shares are subject to ex-right and ex-dividend during the period, such as dividend distribution, stock distribution, capital reserve converted to share capital, the issue price shall be ex-right and ex-dividend accordingly; 4. After two years after the expiration of my commitment to hold shares, I will, through the reduction of the price of the Company's shares in the secondary market, meet the commitments made on the basis of the market price, and the specific reduction plan will be drawn up according to the market situation at that time; 5. I promise that I will announce the implementation of the reduction through the Company three trading days in advance, and complete the announcement within six months. At the same time, I will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange; 6. I will strictly fulfill the above commitments, and promise to abide by the following binding measures: (1) if I fail to fulfill the above commitments, the Company's cash dividends I should receive will be withheld by the Company and owned by the Company; (2) the Company will own the profits I get from reducing the shares held in violation of the above commitments; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, I will compensate the investors for the losses in accordance with the law.</p>	October 25, 2018	Share holding period	Within the performance period, strictly performed
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Directors and senior management of the Company	Commitment on dilution on current returns as a result of the public offering of convertible corporate bonds, and the return recovery measures	1. Neither to tunnel to other units or individuals without compensation or under unfair conditions, nor to damage the Company's interests in other ways; 2. to restrict my position-related consumption activities; 3. not to use the Company's assets for investment and consumption activities not related to execution of my duties; 4. to link the remuneration system formulated by the Board of Directors or the Remuneration Committee or Assessment Committee of the Company with the execution of the return recovery measures; 5. to link the vesting conditions with the implementation of the return recovery measures if the Company will implement any share incentive scheme in the future; 6. since the date of this commitment up to completion of this public offering of convertible corporate bonds, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC. In order to ensure the proper implementation of the return recovery measures, I commit to strictly perform the above commitments. If I breach or refuse to fulfill the above commitments, I will perform obligations of interpretation and apology as required under the Guiding Opinions on Matters relating to the Dilution on Current Returns as a result of Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC Announcement No. [2015] 31), and agree that relevant regulatory or self-regulation measures shall be imposed or taken in accordance with the relevant provisions and rules specified or published by CSRC and Shenzhen Stock Exchange; if the Company or investors suffered losses as a result of my breach or refusal, I am willing to assume relevant liability for compensation.	May 14, 2019	Long term	Strictly performed
Company's actual controller and controlling shareholder	Commitment on dilution on current returns as a result of the public offering of convertible corporate bonds, and the return recovery measures	1. Not interfere with the operation and management activities of the Company beyond the authority, and not encroach on the interests of the Company; 2. since the date of this commitment up to completion of the convertible corporate bonds, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC. In order to ensure the proper implementation of the return recovery measures, I commit to strictly perform the above commitments. If I breach or refuse to fulfill the above commitments, I will perform obligations of interpretation and apology as required under the Guiding Opinions on Matters relating to the Dilution on Current Returns as a result of Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC Announcement No. [2015] 31), and agree that relevant regulatory or self-regulation measures shall be imposed or taken in accordance with the relevant provisions and rules specified or published by CSRC and Shenzhen Stock Exchange; if the Company or investors suffered losses as a result of my breach or refusal, I am willing to assume relevant liability for compensation.	May 14, 2019	Long term	Strictly performed
All directors of Energy Technology	Commitment on the authenticity, accuracy and completeness of information submitted in connection with the non-public	All directors of the Company commit that the report on this offering and the announcement on listing don't contain false records, misleading statements or major omissions, and they will jointly and severally liable for its authenticity, accuracy and completeness.	September 3, 2020	Long term	Strictly performed

		offering of A shares in 2020				
	Controlling shareholder and actual controller	Commitment on dilution on current returns as a result of the non-public offering of A shares in 2020, and the return recovery measures	1. I promise not to interfere with the operation and management activities of the Company beyond the authority, and not encroach on the interests of the Company; 2. I commit to properly implementation of the current return recovery measures formulated by the Company and fulfill any commitment I make in relation to the current return recovery measures, and assume the liability for compensation to the Company or investors according to law if I violate such commitments and as a result cause any loss to the Company or investors; 3. since the date of this commitment up to completion of this non-public offering of shares by Energy Technology, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.	March 23, 2020	Long term	Strictly performed
	Directors and senior management	Commitment on dilution on current returns as a result of the non-public offering of A shares in 2021, and the return recovery measures	1. I promise not to tunnel to other units or individuals without compensation or under unfair conditions, or to damage the Company's interests in other ways; 2. I commit to restrict my position-related consumption activities; 3. I commit to not use the Company's assets for investment and consumption activities not related to execution of my duties; 4. I commit to link the remuneration system formulated by the Board of Directors or the Remuneration Committee or Assessment Committee of the Company with the execution of the return recovery measures; 5. I commit to link the vesting conditions with the implementation of the return recovery measures if the Company will implement any share incentive scheme in the future; 6. since the date of this commitment up to completion of this non-public offering of shares, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.	November 21, 2021	Long term	Strictly performed

	Controlling shareholders and actual controller	Commitment on dilution on current returns as a result of the non-public offering of A shares in 2021, and the return recovery measures	I promise not to interfere with the operation and management activities of the Company beyond the authority, and not encroach on the interests of the Company; I commit to properly implementation of the current return recovery measures formulated by the Company and fulfill any commitment I make in relation to the current return recovery measures, and assume the liability for compensation to the Company or investors according to law if I violate such commitments and as a result cause any loss to the Company or investors; since the date of this commitment up to completion of this non-public offering of shares by the Company, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.	November 21, 2021	Long term	Strictly performed
Commitment on stock ownership incentive scheme	The Company	Other commitments	Not to offer loans or any other form of financial aids to the incentive objects for them to obtain related stock options or restricted shares according to this incentive plan, including guaranteeing the loans.	January 24, 2022	The period when the Company's 2022 Stock Option and Restricted Stock Incentive Plan was implemented	Strictly performed
	Incentive objects	Other commitments	In case of any false record, misleading statement or major omission in the information disclosed by the Company, resulting in incompliance with the arrangements for granting or exercising the interests, the incentive objects will, upon acknowledgment of any false record, misleading statement or major omission existing in any related information disclosure document, return all interests obtained from the equity incentive plan.	January 24, 2022	Long term	Strictly performed
Other commitments to small and medium shareholders of the Company	The Company	Shareholder return plan for the next three years (2020-2022)	The Company pays dividends in cash or by shares in a positive manner. Where the Company's audited net profit is positive and no significant investment plan or significant cash expenditure in a year, the Company shall include the cash distribution in its profit distribution scheme for that year. The annual cash dividend of the Company shall not be less than 20% of the distributable profit realized in the current year (excluding the undistributed profit at the beginning of the year). Where available, the Company may distribute interim cash dividends. If the Company's revenue grows rapidly and the Board of Directors considers that the stock price of the Company does not match the size of the Company's share capital, it may make a plan for dividend distribution by stock while satisfying the requirement for cash dividend distribution.	March 23, 2020	March 23, 2020 – March 23, 2022	performed
	The Company	Shareholder return plan for the next three years (2021-2023)	The Company pays dividends in cash or by shares in a positive manner. Where the Company's audited net profit is positive and no significant investment plan or significant cash expenditure in a year, the Company shall include the cash distribution in its profit distribution scheme for that year. The annual cash dividend of the Company shall not be less than 20% of the distributable profit realized in the current year (excluding the undistributed profit at the beginning of the year). Where available, the Company may distribute interim cash dividends. If the Company's revenue grows rapidly and the Board of Directors considers that the stock price of the Company does not match the size of the Company's share capital, it may make a plan for dividend distribution by stock while satisfying the requirement for cash dividend distribution.	November 21, 2021	November 21, 2021 – November 21, 2024	Within the performance period, strictly performed
Whether the commitment is performed on time	Yes					



<p>If the commitments are overdue and have not been fulfilled, the specific reason for non-fulfilment and further work plan shall be explained in detail</p>	<p>N/A</p>
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**2. Where any earnings forecast was made for any of the Company's assets or projects and the Reporting Period is still within the forecast period, the Company shall explain whether the performance of the asset or project reaches the earnings forecast and the reason**

Applicable  N/A

## **II. Occupation of the Listed Company’s Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes**

Applicable  N/A

In the Reporting Period, no controlling shareholder or its related party occupied capital of the listed company for non-operating purposes.

## **III. Illegal external guarantee**

Applicable  N/A

The Company didn’t provide any illegal external guarantee during the Reporting Period.

## **IV. Explanation of the Board of Directors Regarding the “Non-standard Audit Report” Issued for the Latest Period**

Applicable  N/A

## **V. Explanation of the Board of Directors, the Supervisory Committee and Independent Directors (If Any) Regarding the “Non-standard Audit Report” Issued by the Accounting Firm for the Reporting Period**

Applicable  N/A

## **VI. Reason for Changes in Accounting Policies or Accounting Estimates and Correction of Major Accounting Errors as Compared to the Financial Report for the Previous Fiscal Year**

Applicable  N/A

On January 30, 2023, the Company held the 54<sup>th</sup> meeting of the 4th Board of Directors and the 47<sup>th</sup> meeting of the 4th Supervisory Committee to consider and adopt the Resolution on the Changes of Accounting Policies. Since January 1, 2023, the Company has implemented the content on the "Accounting Treatment of Deferred Income Tax Related to Assets and Liabilities Generated by a Single Transaction Not Applicable to Initial Recognition Exemption" as set forth in the Accounting Standards for Business Enterprises No. 16; since December 13, 2022, the Company has implemented the regulations on the "Accounting Treatment of the Income Tax Impact on the Dividends Related to Financial Instruments Categorized as Equity Instruments by the Issuers (Referring to the Enterprises)" and "Accounting Treatment of Modification from Cash-based Share Payment to Equity-based Share Payment by the Enterprises" as set forth in the Accounting Standards for Business Enterprises No. 16. These changes in accounting policies are reasonable changes in accordance with the relevant regulations promulgated by the Ministry of Finance, which is in line with relevant regulations of the supervision and the actual situation of the Company, and have no significant impact on the Company's financial status, operating results and cash flow. For details, please refer to the Announcement on Changes in Accounting Policies disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) by the Company on January 31, 2023 (Announcement No. 2023-010).

## VII. Reason for Changes in Scope of the Consolidated Financial Statements as Compared to the Financial Report for the Previous Fiscal Year

Applicable  N/A

In the Reporting Period, there were ten companies newly added to the scope of the consolidated statements: Xiamen Energy New Material Co., Ltd., Yuxi Energy New Material Co., Ltd., Shanghai Energy New Material Research Co., Ltd., Hongchuang Packaging (Jiangsu) Co., Ltd., Energy (Zhuhai Hengqin) New Material Technology Co., Ltd., Shanghai Energy Trade Co., Ltd., Jiangsu Energy Trade Co., Ltd., SEMCORP Properties Kft., SEMCORP America Inc. and SEMCORP Manufacturing USA LLC, all were invested and newly established during the Reporting Period; One company was deleted: Foshan Donghang Photoelectric Technology Co., Ltd., it was written off during the Reporting Period.

## VIII. Engagement and Disengagement of CPAs Firm

CPA firm engaged at present

Name of the domestic CPA firm	Dahua CPAs (SGP)
Remuneration of the domestic CPA firm (RMB0'000)	265
Consecutive years of audit services provided by the domestic auditor	11 years
Names of the certified public accountants from domestic accounting firm	Kang Wenjun, Yao Rui
Consecutive years of audit services provided by the Certified Public Accountants from domestic accounting firm	Kang Wenjun and Yao Rui provide audit services for two years and three years respectively

Whether the CPAs firm was changed in the current period

Yes  No

Engagement of any CPAs firm, financial advisor or sponsor for internal control and audit

Applicable  N/A

The Company hired Dahua CPAs (SGP) as the auditing and accounting firm for internal control during the Reporting Period; the Company engaged CITIC Securities Co., Ltd. as the sponsor for the non-public offering of A shares to raise not more than RMB 12.8 billion; the Company engaged Shanghai Realize Investment Consulting Co., Ltd. as independent financial consultant in 2022.

## IX. Possibility of Delisting after Disclosure of this Annual Report

Applicable  N/A

## X. Matters Related to Bankruptcy and Reorganization

Applicable  N/A

The Company was not bankrupt and reorganized during the Reporting Period.

## XI. Material Litigation and Arbitration

Applicable  N/A

There was no material litigation or arbitration against the Company during the Reporting Period. During the Reporting Period, the total amount involved in other lawsuits of the Company was RMB32.8074 million, of which RMB6.7532 million had not been settled by the end of the Reporting Period, which would not form estimated liabilities.

## XII. Punishments and Rectifications

Applicable  N/A

The Company made no punishment or rectification during the Reporting Period.

## XIII. Credit Conditions of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable  N/A

During the Reporting Period, the Company and its controlling shareholder and the actual controller were in good standing, and there were no cases of non-performance of court judgments in force or large debts due but unpaid.

## XIV. Significant related transactions

### 1. Related transactions arising from routine operation

Applicable  N/A

Related transaction party	Relation	Type of related transaction	Details of related transaction	Pricing principle of the related transaction	Related transaction price	Related transaction amount (RMB0 '000)	Proportion in the total amount of transaction of the same type	Approved transaction limit (RMB0 '000)	Whether the transaction exceeded the approved limit or not	Settlement mode for related transaction	Obtainable market price for the transaction of the same type	Disclosure date	Disclosure Index
Kunshasi	A company invested in by the Company	Purchase raw materials from related parties	Purchase additives	Agreed by both parties based on market price	--	3,957.12	52.95%	5,000	No	Bank deposit or acceptance draft	RNB18.80/kg	January 25, 2022	For details, please refer to the Announcement on the Expected Routine Related Transactions in 2022 (No.: 2022-014) disclosed on the Cninfo website.
	A company invested in by the Company	Sell products and commodities to related parties	Sell raw materials		--	1,136.25	60.44%	2,000	No	Bank deposit or acceptance draft	RMB8.88/kg	January 25, 2022	
	A company invested in by the Company	Lease to related parties	Lease workshop		--	2.4	1.55%	2.4	No	Bank deposit	---	January 25, 2022	

Heyi Investment	A shareholder of the Company	Lease to related parties	Lease office	Agreed by both parties based on market price	--	0.33	0.21%	0.33	No	Bank deposit	—	January 25, 2022	
Heli Investment	A shareholder of the Company	Lease to related parties	Lease office	Agreed by both parties based on market price	--	0.24	0.15%	0.24	No	Bank deposit	—	January 25, 2022	
Suzhou Jiesheng Technology Co., Ltd. and its subsidiaries	A company invested in by the Company	Purchase equipment and spare parts from related parties	Purchase equipment and spare parts	Agreed by both parties based on market price	--	11,714.8	3.63%	20,000	No	Bank deposit or acceptance draft	—	January 25, 2022	
Zhuhai Chenyu New Material Technology Co., Ltd.	A company invested in by the Company	Purchase materials from related parties	Purchase materials	Agreed by both parties based on market price	--	10,520.81	5.64%	13,626	No	Bank deposit or acceptance draft	—	July 15, 2022	For details, please refer to the Announcement on the Expected New Routine Related Transactions in 2022 (No.: 2022-123) disclosed on the Cninfo website.
	A company invested in by the Company	Sell packaging materials and others to related parties	Sell packaging materials		--	14.18	0.00%	26.5	No	Bank deposit or acceptance draft	—	July 15, 2022	
Industrial and Commercial Bank of China Limited	The spouse of Ms. Zheng Haiying (Independent Director) is a Non-executive Director of the ICBC	Apply for loans (including applying for general credit limits, acceptance bill, letter of credit, letter of guarantee, etc.) from related banks	Loan	Market pricing, not higher than the loan benchmark interest rate for the same period or the market interest rate level under	--	79,153.93	5.46%	528,500	No	N/A	—	January 25, 2022	For details, please refer to the Announcement on the Expected Deposit, Loan and Guarantee with Related Bank in 2022

				the same conditions									(No.: 2022-060) disclosed on the Cninfo website.			
		Deposits with related banks (including demand deposits, time deposits, call deposits, etc.)	Deposit	Market pricing, not higher than the deposit benchmark interest rate for the same period	--	16,588.16	4.20%	200,000	No	N/A	—	January 25, 2022				
		Mutual guarantees between companies for the purpose of the Company's consolidated financial statements through the related banks	Guarantee	Agreed by both parties based on market price	--	401,690	13.87%	528,500	No	N/A	—	January 25, 2022				
Total					--			524,778.22	--			1,297,655.47	--	--	--	--
Details of any sales return of a large amount				No												
Give the actual situation during the Reporting Period (if any) where a forecast had been made for the total amounts of routine related transactions by type to occur in the current period				The actual routine transaction amount between the Company and the related parties did not exceed the total amount of routine related transactions estimated by the Company by type.												
Reason for any significant difference between the transaction price and the market reference price (if applicable)				N/A												

**2. Related-party transactions relevant to acquisition and sales of assets or equities**

Applicable  N/A

The Company didn't acquire or sell assets or equities during the Reporting Period.

**3. Related-party transactions in connection with joint external investments**

Applicable  N/A

The Company had no related-party transaction in connection with joint external investments during the Reporting Period.

**4. Credits and liabilities with related parties**

Applicable  N/A

Whether there were any credits or liabilities with related parties for non-operating purposes

Yes  No

There were no credits or liabilities with related parties for non-operating purpose during the Reporting Period.

## 5. Dealing with related financial companies

Applicable N/A

There was no deposit, loan, credit granting or other financial business between the Company and the related financial companies and the related parties.

## 6. Dealing between the financial companies controlled by the Company and the related parties

Applicable N/A

There was no deposit, loan, credit granting or other financial business between the financial companies controlled by the Company and the related parties.

## 7. Other significant related party transactions

Applicable N/A

No other significant related party transactions during the Reporting Period.

# XV. Significant contracts and their execution

## 1. Trusteeships, Contracts, and Leases

### (1) Trusteeships

Applicable N/A

There was no trusteeship during the Reporting Period.

### (2) Contracts

Applicable N/A

No such cases during the Reporting Period.

### (3) Leases

Applicable N/A

No leases of the Company during the Reporting Period

## 2. Significant guarantees

Applicable N/A

Unit: RMB0'000

External guarantees provided by the Company and its subsidiaries (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of the guarantee line announcement	Guarantee line	Actual occurrence date	Actual guarantee amount	Type of guarantee	Period of guarantee	Performed or not	Guarantee for a related party or not
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Guarantee line	Actual occurrence date	Actual guarantee amount	Type of guarantee	Period of guarantee	Performed or not	Guarantee for a related party or not



Hongta Plastic	April 12, 2022	4,400	May 18, 2022	3,000	joint-liability guarantee	1 Year	No	No
Hongta Plastic	April 12, 2022	4,000	May 17, 2022	2,000	joint-liability guarantee	3 Years	No	No
Hongta Plastic	April 12, 2022	21,000	November 10, 2020	9,232.08	joint-liability guarantee	5 Years	No	No
Hongta Plastic	April 12, 2022	4,000	November 9, 2020	0	joint-liability guarantee	5 Years	No	No
Hongta Plastic	April 12, 2022	3,490	March 18, 2021	3,490	joint-liability guarantee	2 Years	No	No
Hongta Plastic	April 12, 2022	4,000	October 29, 2021	4,000	joint-liability guarantee	2 Years	No	No
Hongta Plastic	April 12, 2022	7,800	November 29, 2021	6,000	joint-liability guarantee	3 Years	No	No
Hongta Plastic	April 12, 2022	8,000	January 12, 2022	7,000	joint-liability guarantee	1 Year	No	No
Hongta Plastic	April 12, 2022	5,165	May 5, 2022	5,000	joint-liability guarantee	3 Years	No	No
Hongta Plastic, Hongchuang Packaging, Shanghai Energy	April 12, 2022	37,191	November 30, 2020	37,000	joint-liability guarantee	7 Years	No	No
Hongta Plastic	April 12, 2022	8,000	October 24, 2022	3,000	joint-liability guarantee	1 Year	No	No
Dexin Paper	April 12, 2022	800	March 30, 2021	0	joint-liability guarantee	3 Years	No	No
Dexin Paper	April 12, 2022	2,000	January 12, 2022	1,800	joint-liability guarantee	1 Year	No	No
Dexin Paper	April 12, 2022	1,000	June 7, 2022	1,000	joint-liability guarantee	2 Years	No	No
Dexin Paper	April 12, 2022	1,000	October 24, 2022	0	joint-liability guarantee	1 Year	No	No
Dexin Paper	April 12, 2022	2,000	November 13, 2019	110.5	joint-liability guarantee	3 Years	No	No
Hongchuang Packaging	April 12, 2022	6,600	May 18, 2022	0	joint-liability guarantee	1 Year	No	No
Hongchuang Packaging	April 12, 2022	8,000	January 12, 2022	4,217.52	joint-liability guarantee	1 Year	No	No
Hongchuang Packaging	April 12, 2022	5,000	February 23, 2022	0	joint-liability guarantee	5 Years	No	No
Hongchuang Packaging	April 12, 2022	3,000	March 1, 2022	382.67	joint-liability guarantee	3 Years	No	No
Hongchuang Packaging	April 12, 2022	5,600	March 15, 2022	3,614.19	joint-liability guarantee	3 Years	No	No
Hongchuang Packaging	April 12, 2022	16,200	March 21, 2022	900	joint-liability guarantee	3 Years	No	No
Hongchuang Packaging	April 12, 2022	4,000	May 1, 2022	0	joint-liability guarantee	2 Years	No	No
Hongchuang Packaging	April 12, 2022	930.56	June 23, 2022	930.56	joint-liability guarantee	1 Year	No	No
Hongchuang Packaging	April 12, 2022	10,000	July 8, 2022	0	joint-liability guarantee	1 Year	No	No
Hongchuang Packaging	April 12, 2022	4,000	July 21, 2022	3,221.64	joint-liability guarantee	3 Years	No	No
Hongchuang Packaging	April 12, 2022	1,285	September 30, 2022	1,028	joint-liability guarantee	1 Year	No	No
Hongchuang Packaging	April 12, 2022	850	October 21, 2022	850	joint-liability guarantee	1 Year	No	No
Hongchuang Packaging	April 12, 2022	12,000	October 21, 2022	3,909.63	joint-liability guarantee	1 Year	No	No
Chengdu Hongta Plastic	April 12, 2022	7,500	May 11, 2022	1,210	joint-liability guarantee	1 Year	No	No
Shanghai Energy	April 12, 2022	85,600	September 30, 2020	73,600	joint-liability guarantee	7 Years	No	No

Shanghai Energy	April 12, 2022	30,000	October 23, 2020	16,800	joint-liability guarantee	1 Year	No	No
Shanghai Energy	April 12, 2022	28,000	March 5, 2021	0	joint-liability guarantee	3 Years	No	No
Shanghai Energy	April 12, 2022	48,900	March 16, 2021	43,910	joint-liability guarantee	5 Years	No	No
Shanghai Energy	April 12, 2022	51,000	July 14, 2021	0	joint-liability guarantee	5 Years	No	No
Shanghai Energy	April 12, 2022	11,000	September 15, 2021	0	joint-liability guarantee	2 Years	No	No
Shanghai Energy	April 12, 2022	10,000	January 1, 2022	200	joint-liability guarantee	2 Years	No	No
Shanghai Energy	April 12, 2022	66,000	February 7, 2022	60,000	joint-liability guarantee	5 Years	No	No
Shanghai Energy	April 12, 2022	30,000	February 14, 2022	30,000	joint-liability guarantee	3 Years	No	No
Shanghai Energy	April 12, 2022	10,000	February 14, 2022	7,817.60	joint-liability guarantee	2 Years	No	No
Shanghai Energy	April 12, 2022	20,000	February 15, 2022	20,000	joint-liability guarantee	1 Year	No	No
Shanghai Energy	April 12, 2022	20,000	March 8, 2022	20,000	joint-liability guarantee	1 Year	No	No
Shanghai Energy	April 12, 2022	80,000	March 21, 2022	35,000	joint-liability guarantee	1 Year	No	No
Shanghai Energy	April 12, 2022	5,000	March 17, 2022	2,264	joint-liability guarantee	3 Years	No	No
Shanghai Energy	April 12, 2022	11,000	November 30, 2021	10,000	joint-liability guarantee	1 Year	No	No
Shanghai Energy, Zhuhai Energy	April 12, 2022	33,567	May 10, 2022	26,000	joint-liability guarantee	3 Years	No	No
Shanghai Energy	April 12, 2022	24,000	June 5, 2022	20,000	joint-liability guarantee	3 Years	No	No
Shanghai Energy	April 12, 2022	90,000	June 9, 2022	74,000	joint-liability guarantee	3 Years	No	No
Shanghai Energy	April 12, 2022	20,000	April 18, 2022	20,000	joint-liability guarantee	5 Years	No	No
Shanghai Energy	April 12, 2022	10,000	July 21, 2022	10,000	joint-liability guarantee	2 Years	No	No
Shanghai Energy	April 12, 2022	4,622.59	June 10, 2022	0	joint-liability guarantee	—	No	No
Shanghai Energy	April 12, 2022	20,000	July 21, 2022	20,000	joint-liability guarantee	2 Years	No	No
Shanghai Energy	April 12, 2022	16,500	September 2, 2022	11,400	joint-liability guarantee	1 Year	No	No
Shanghai Energy	April 12, 2022	60,000	September 1, 2022	43,908.80	joint-liability guarantee	1 Year	No	No
Shanghai Energy	April 12, 2022	60,600	September 21, 2022	40,438.32	joint-liability guarantee	1 Year	No	No
Shanghai Energy	April 12, 2022	25,500	September 16, 2022	0	joint-liability guarantee	2 Years	No	No
Shanghai Energy	April 12, 2022	80,000	October 14, 2022	80,000	joint-liability guarantee	4 Years	No	No
Shanghai Energy	April 12, 2022	45,000	March 5, 2021	25,000	joint-liability guarantee	5 Years	No	No
Shanghai Energy	April 12, 2022	20,000	October 27, 2022	0	joint-liability guarantee	1 Year	No	No
Shanghai Energy, Wuxi Energy	April 12, 2022	10,000	December 28, 2022	5,000	joint-liability guarantee	2 Years	No	No
Zhuhai Energy	April 12, 2022	5,000	December 11, 2019	0	joint-liability guarantee	5 Years	No	No
Zhuhai Energy	April 12, 2022	20,000	November 30, 2021	20,000	joint-liability guarantee	4 Years	No	No
Zhuhai Energy	April 12, 2022	5,000	May 21, 2021	0	joint-liability guarantee	2 Years	No	No
Zhuhai Energy	April 12, 2022	10,000	May 18, 2021	0	joint-liability guarantee	4 Years	No	No

Zhuhai Energy	April 12, 2022	3,000	June 24, 2021	0	joint-liability guarantee	3 Years	No	No
Zhuhai Energy	April 12, 2022	11,285	September 1, 2021	0	joint-liability guarantee	4 Years	No	No
Zhuhai Energy	April 12, 2022	22,000	September 1, 2021	3,600	joint-liability guarantee	2 Years	No	No
Zhuhai Energy	April 12, 2022	30,000	January 19, 2022	13,200.58	joint-liability guarantee	1 Year	No	No
Zhuhai Energy	April 12, 2022	27,000	February 7, 2022	19,500	joint-liability guarantee	3 Years	No	No
Zhuhai Energy	April 12, 2022	5,500	March 30, 2022	5,247.99	joint-liability guarantee	1 Year	No	No
Zhuhai Energy	April 12, 2022	7,000	May 18, 2022	7,000	joint-liability guarantee	1 Year	No	No
Zhuhai Energy	April 12, 2022	10,000	July 8, 2022	7,318.38	joint-liability guarantee	4 Years	No	No
Zhuhai Energy	April 12, 2022	3,200	September 23, 2022	0	joint-liability guarantee	1 Year	No	No
Zhuhai Energy	April 12, 2022	30,000	September 7, 2022	3,661.43	joint-liability guarantee	1 Year	No	No
Zhuhai Energy	April 12, 2022	20,000	October 27, 2022	0	joint-liability guarantee	1 Year	No	No
Wuxi Energy, Jiangxi Tonry, Chongqing Energy, Jiangxi Enpo New Materials Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd.	April 12, 2022	80,000	May 1, 2021	0	joint-liability guarantee	2 Years	No	No
Wuxi Energy	April 12, 2022	10,000	August 7, 2021	7,168	joint-liability guarantee	3 Years	No	No
Wuxi Energy	April 12, 2022	7,000	January 5, 2022	7,000	joint-liability guarantee	1 Year	No	No
Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Jiangsu Energy, Jiangsu Ruijie, Jiangxi Enpo New Materials Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Jiangsu Sanhe Battery Material Technology Co., Ltd., Yuxi Energy New Material Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd.	April 12, 2022	150,000	April 11, 2022	64.1	joint-liability guarantee	2 Years	No	No
Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Jiangsu Energy, Jiangsu Ruijie, Jiangxi Enpo New Materials Co.,	April 12, 2022	180,000	June 10, 2021	17.24	joint-liability guarantee	3 Years	No	No

Ltd., Hubei Energy New Material Technology Co., Ltd., Yuxi Energy New Material Co., Ltd.								
Wuxi Energy	April 12, 2022	5,000	May 30, 2022	4,073.94	joint-liability guarantee	1 Year	No	No
Wuxi Energy	April 12, 2022	20,000	August 12, 2022	19,630.49	joint-liability guarantee	1 Year	No	No
Wuxi Energy	April 12, 2022	10,000	October 8, 2022	7,000	joint-liability guarantee	1 Year	No	No
Wuxi Energy	April 12, 2022	15,000	November 1, 2022	10,604.20	joint-liability guarantee	1 Year	No	No
Jiangxi Tonry	April 12, 2022	13,500	January 22, 2021	10,000	joint-liability guarantee	3 Year	No	No
Jiangxi Tonry	April 12, 2022	10,000	October 17, 2022	10,000	joint-liability guarantee	1 Year	No	No
Jiangxi Tonry	April 12, 2022	5,000	October 28, 2022	5,000	joint-liability guarantee	1 Year	No	No
Jiangxi Tonry	April 12, 2022	25,000	September 17, 2021	727.05	joint-liability guarantee	1 Year	No	No
Suzhou GreenPower	April 12, 2022	15,000	July 1, 2020	0	joint-liability guarantee	3 Years	No	No
Suzhou GreenPower	April 12, 2022	10,000	November 30, 2021	9,253.76	joint-liability guarantee	5 Years	No	No
Suzhou GreenPower	April 12, 2022	10,000	April 8, 2021	3,938.81	joint-liability guarantee	2 Years	No	No
Suzhou GreenPower	April 12, 2022	10,400	March 9, 2022	0	joint-liability guarantee	5 Years	No	No
Suzhou GreenPower	April 12, 2022	10,000	May 30, 2022	4,841.38	joint-liability guarantee	1 Year	No	No
Suzhou GreenPower	April 12, 2022	10,000	October 8, 2022	10,000	joint-liability guarantee	1 Year	No	No
Chongqing Energy, Jiangsu Energy, Jiangsu Ruijie	April 12, 2022	130,000	November 1, 2021	0	joint-liability guarantee	1 Year	No	No
Chongqing Energy, Jiangsu Energy, Jiangsu Ruijie, Jiangxi Enpo New Materials Co., Ltd., Yuxi Energy New Material Co., Ltd.	April 12, 2022	70,000	May 6, 2022	0	joint-liability guarantee	2 Years	No	No
Jiangsu Energy, Jiangsu Ruijie, Hubei Energy New Material Technology Co., Ltd., Chongqing Energy	April 12, 2022	200,000	May 5, 2022	0	joint-liability guarantee	1 Year	No	No
SEMCORP Hungary KFT	April 12, 2022	100,000	July 14, 2021	10,124.78	joint-liability guarantee	5 Years	No	No
SEMCORP Hungary KFT	April 12, 2022	45,000	December 27, 2021	2,923.25	joint-liability guarantee	4 Years	No	No
SEMCORP Hungary KFT	April 12, 2022	21,389.38	April 13, 2022	9,318.31	joint-liability guarantee	1 Year	No	No
Jiangsu Energy	April 12, 2022	100,000	May 17, 2022	37,446.16	joint-liability guarantee	1 Year	No	No
Yuxi Energy New Material Co., Ltd.	April 12, 2022	50,000	November 24, 2022	0	joint-liability guarantee	3 Years	No	No

Jiangxi Ruijie New Material Technology Co., Ltd.	April 12, 2022	20,000	June 10, 2021	0	joint-liability guarantee	2 Years	No	No
Zhuhai Energy	April 12, 2022	100,000	August 14, 2017	0	joint-liability guarantee	6 Years	No	No
Zhuhai Energy	April 12, 2022	75,000	August 1, 2019	42,000	joint-liability guarantee	6 Years	No	No
Zhuhai Energy	April 12, 2022	20,000	May 8, 2020	0	joint-liability guarantee	3 Years	No	No
Zhuhai Energy	April 12, 2022	20,000	June 9, 2022	20,000	joint-liability guarantee	2 Years	No	No
Wuxi Energy	April 12, 2022	116,000	December 1, 2020	63,893.29	joint-liability guarantee	9 Years	No	No
Jiangxi Tonry	April 12, 2022	150,000	September 17, 2019	60,800	joint-liability guarantee	5 Years	No	No
Chongqing Energy	April 12, 2022	160,000	April 26, 2022	107,087.30	joint-liability guarantee	6 Years	No	No
Suzhou GreenPower	April 12, 2022	55,000	May 24, 2022	23,444.04	joint-liability guarantee	5 Years	No	No
Total line of guarantees granted to subsidiaries during the Reporting Period (B1)		258,500			Total actual amount of guarantees in favour of subsidiaries during the Reporting Period (B2)		76,225.83	
Total line of guarantees granted to subsidiaries as at the end of the Reporting Period (B3)		258,500			Total actual amount of guarantees in favour of subsidiaries as at the end of the Reporting Period (B4)		76,225.83	

Guarantees provided by subsidiaries for subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Guarantee line	Actual occurrence date	Actual guarantee amount	Type of guarantee	Period of guarantee	Performed or not	Guarantee for a related party or not
Shanghai Energy, Zhuhai Energy, Wuxi Energy, Jiangxi Tonry	April 12, 2022	20,000	September 10, 2021	0	joint-liability guarantee	2 Years	No	No
Wuxi Energy	April 12, 2022	5,000	August 11, 2022	5,000	joint-liability guarantee	1 Year	No	No
Jiangxi Tonry	April 12, 2022	7,000	May 27, 2022	7,000	joint-liability guarantee	1 Year	No	No
Jiangxi Tonry	April 12, 2022	8,000	May 27, 2022	8,000	joint-liability guarantee	1 Year	No	No
Jiangxi Tonry	April 12, 2022	15,000	May 27, 2022	15,000	joint-liability guarantee	1 Year	No	No
Jiangsu Energy	April 12, 2022	160,000	June 30, 2022	20,256	joint-liability guarantee	3 Years	No	No
Jiangsu Ruijie	April 12, 2022	43,500	June 30, 2022	20,969.83	joint-liability guarantee	3 Years	No	No
Total line of guarantees granted to subsidiaries during the Reporting Period (C1)		4,692,500			Total actual amount of guarantees in favour of subsidiaries during the Reporting Period (C2)		1,475,452.98	
Total line of guarantees granted to subsidiaries as at the end of the Reporting Period (C3)		4,692,500			Total actual amount of guarantees in favour of subsidiaries as at the end of the Reporting Period (C4)		1,364,119.99	
Total guarantee amount provided by the Company (sum of the aforesaid three categories)								

Total line of guarantees granted during the Reporting Period (A1+B1+C1)	4,951,000	Total actual amount of guarantees during the Reporting Period (A2+B2+C2)	1,551,678.81
Total line of guarantees granted as at the end of the Reporting Period (A3+B3+C3)	4,951,000	Total actual amount of guarantees as at the end of the Reporting Period (A4+B4+C4)	1,440,345.82
Actual total guarantees (A4+B4+C4) in proportion to net asset of the Company			81.26%
Including:			
Balance of guarantees given for shareholders, actual controllers and their related parties (D)		0	
Balance of debt guarantees direct or indirectly given for guarantee parties with gearing ratio of over 70% (E)		1,517,889.38	
Amount of total guarantees in excess of 50% of net assets (F)		4,064,726.14	
Total of the above three guarantee amounts (D+E+F)		4,064,689.86	
For unexpired guarantees, descriptions about the guarantee liabilities or possible joint and several liabilities of repayment occurred during the Reporting Period (if any)		Nil	
External guarantees in breach of procedural requirements (if any)		Nil	

Explanation on guarantees provided by combined mode

Not applicable

### 3. Entrusted cash assets management

#### (1) Entrusted wealth management

Applicable  N/A

Overview of entrusted wealth management during the Reporting Period

Unit: RMB0'000

Type	Source of capital under the entrusted wealth management	Amount of the Entrusted wealth management	Undue amount	Overdue amount not recovered	Impairment of overdue wealth management not recovered
Bank wealth management products	Self-owned fund	90,692.75	80,192.75	0	0
Total		90,692.75	80,192.75	0	0

Particulars of high-risk entrusted wealth management with significant single amount or low security and low liquidity

Applicable  N/A

Whether there is the case where the principal cannot be recovered at maturity or other case where impairment may occur

Applicable  N/A

#### (2) Entrusted loans

Applicable  N/A

There was no entrusted loan of the Company during the Reporting Period.

### 4. Other major contracts

Applicable  N/A

The Company has no other major contracts during the Reporting Period.

## XVI. Explanation for Other Significant Events

Applicable  N/A

On January 24, 2022, the Company held the 41<sup>st</sup> meeting of the 4th Board of Directors to consider and adopt the Resolution on Terminating the Repurchase of the Company's Shares, because the total transaction amount of the Company's share repurchase was RMB204,444,302.78 (excluding commission charges), the total repurchase amount exceeded the lower limit of the total amount as set forth in the share repurchase plan; meanwhile, in view of the Company's plan to implement an equity incentive plan, the Company decided to terminate the share repurchase scheme upon careful deliberation. For details, please refer to the Announcement on Terminating the Repurchase of the Company's Shares (Announcement No. 2022-015) disclosed by the Company on www.cninfo.com.cn.

## XVII. Significant Events of the Company and Its Subsidiaries

√Applicable □N/A

1. On February 11, 2022, Hongta Plastic and Yuxi High-tech Zone Management Committee signed the Newly Added Project Land Investment Agreement for BOPP Film Project on the matters such as the addition of 20 acres of project land for the construction of production warehouses and auxiliary buildings. For details, please refer to the Announcement on the Progress of the BOPP Film Reconstruction and Expansion Project of the Wholly-owned Subsidiary Hongta Plastic disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) (Announcement No. 2022-025).
2. On February 16, 2022, the Company held the meeting of Board of Directors to consider and adopt the Resolution on Signing the "Cooperation Agreement for the Whole Industry Chain Project of New Energy Battery" and agreed to sign the Cooperation Agreement for the Whole Industry Chain Project of New Energy Battery, which stipulates that all parties will jointly establish two joint venture companies in Yuxi, with the People's Government of Yuxi County, EVE Energy, Zhejiang Huayou Holding and YUNTIANHUA. On March 29, 2022, the Company held the meeting of Board of Directors to consider and adopt the Resolution on Signing an Investment Agreement and Supplementary Agreement with the People's Government of Hongta District, Yuxi County, and agreed to build a lithium battery separator production project with a production capacity of 1.6 billion square meters in Yuxi with total investment of about RMB 4.5 billion. Yuxi Energy, the main body for the project implementation, has completed the industrial and commercial registration procedures and finished the project filing formalities. For details, please refer to the Announcement on the Progress of Signing Strategic Cooperation Framework Agreement with the People's Government of Yuxi County (Announcement No. 2022-030, 2022-044, 2022-051, 2022-118) disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn).
3. On May 20, 2022, the Company held the 50<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors to consider and adopt the Resolution on the Implementation of Equity Incentive Plans of Holding Subsidiaries Involving Related Transactions and the Company's Waiver of Rights, and agreed that the Company's holding subsidiary Hongchuang Packaging provides equity incentives for its core employees through the employee shareholding platform. Hongchuang Packaging has completed the formalities for industrial and commercial registration changes and filing of related matters and obtained a renewed Business License. In addition, due to comprehensive consideration of capital planning and other aspects, the Advanced Manufacturing Fund intends to reduce its investment in Hongchuang Packaging. After the capital reduction, the registered capital of Hongchuang Packaging is RMB 131,363,636. For details, please refer to the Announcement on the Implementation of Equity Incentive Plans of Holding Subsidiaries Involving Related Transactions and the Company's Waiver of Rights (Announcement No. 2022-096), Announcement on the Progress of Implementing Equity Incentive Plans of Holding Subsidiaries Involving Related Transactions and the Company's Waiver of Rights (Announcement No. 2022-102), Announcement on the Progress of Capital Reduction and Investor Introduction of Holding Subsidiaries (Announcement No. 2022-105) disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn).



## Section 7 Share Changes and Shareholder Details

### I. Changes in Shares

#### 1. Changes in shares

Unit: shares

	Before the change		Increase or decrease (+/-)					After the change	
	Number of shares	Proportion	New shares issued	Bonus issuance	Conversion of reserve into share	Others	Subtotal	Number of shares	Proportion
I. Shares subject to restrictions on sale	150,387,108	16.85%				-19,731	-19,731	150,367,377	16.85%
1. Shares held by state	0	0.00%						0	0.00%
2. Shares held by state-owned legal persons	0	0.00%						0	0.00%
3. Shares held by other domestic investors	54,542,615	6.11%				1,171,736	1,171,736	55,714,351	6.24%
Including: Shares held by domestic legal persons	0	0.00%						0	0.00%
Shares held by domestic natural persons	54,542,615	6.11%				1,171,736	1,171,736	55,714,351	6.24%
4. Shares held by overseas investors	95,844,493	10.74%				-1,191,467	-1,191,467	94,653,026	10.61%
Including: Shares held by overseas legal persons	0	0.00%						0	0.00%
Shares held by overseas natural persons	95,844,493	10.74%				-1,191,467	-1,191,467	94,653,026	10.61%
II. Shares not subject to restrictions on Sale	742,019,714	83.15%				24,599	24,599	742,044,313	83.15%
1. Renminbi denominated common shares	742,019,714	83.15%				24,599	24,599	742,044,313	83.15%
2. Domestically-listed foreign shares	0	0.00%						0	0.00%
3. Foreign shares listed overseas	0	0.00%						0	0.00%
4. Others	0	0.00%						0	0.00%
III. Total shares	892,406,822	100.00%				4,868	4,868	892,411,690	100.00%

Reason for changes in shares

√ Applicable □ N/A

## 1. Conversion of convertible corporate bonds into shares

Under the approval granted by China Securities Regulatory Commission under the Approval of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (CSRC License No. [2019] 2701), the Company made a public offering of 16 million convertible corporate bonds (bonds abbreviation: Energy Convertible Bond, bonds code: 128095) on February 11, 2020 and started trading at Shenzhen Stock Exchange on February 28, 2020. The conversion period of "Energy Convertible Bonds" started on August 17, 2020. During the Reporting Period, a total of 4,868 shares were converted from the bonds, and by the end of the Reporting Period, a total of 17,619,596 shares were converted from the bonds.

## 2. 2022 Stock Option and Restricted Stock Incentive Plan

On March 7, 2022, the Company held the 43<sup>rd</sup> meeting of the 4th Board of Directors to consider and adopt the Resolution on Granting the

Stock Options to the Incentive Objects of Stock Options and Restricted Shares, on May 23, 2022, the Company completed the registration of 1,585,437 restricted shares of 2022 Stock Option and Restricted Stock Incentive Plan, the shares derived from A shares repurchased by the Company from the secondary market. After the completion of the grant registration, the nature of the above shares changed from unlimited sale condition shares to equity incentive restricted shares.

### 3. Reasons for other changes

The shares held by the directors and senior managers of the Company have been locked in accordance with the Listing Rules of Shenzhen Stock Exchange, Guidelines on the Self-Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 -- Standardized Operation of Listed Companies on the Main Board, the Several Provisions Regarding Share Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies, the Implementation Rules of Shenzhen Stock Exchange Regarding Share Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies and other related provisions.

### Approval of changes in shares

Applicable  N/A

#### 1. Conversion of convertible corporate bonds into shares

Under the approval granted by China Securities Regulatory Commission under the Approval of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (CSRC License No. [2019] 2701), the Company made a public offering of 16 million convertible corporate bonds (bonds abbreviation: Energy Convertible Bond, bonds code: 128095) on February 11, 2020 and started trading at Shenzhen Stock Exchange on February 28, 2020. The conversion period of "Energy Convertible Bonds" started on August 17, 2020.

#### 2. 2022 Stock Option and Restricted Stock Incentive Plan

In order to further improve the Company's long-term incentive mechanism and fully mobilize the enthusiasm of core employees, on March 17, 2021, the Company held the 24<sup>th</sup> meeting of the 4th Board of Directors to consider and adopt the Resolution on Repurchasing the Company's Shares, agreeing that the Company would use its own funds to repurchase the Company's public shares through centralized bidding trade. The repurchased shares were used to implement equity incentive or employee shareholding plans. On January 24, 2022 and February 14, 2022, the Company held the 41<sup>st</sup> meeting of the 4th Board of Directors and the 2<sup>nd</sup> Provisional General Meeting of Shareholders 2022 to consider and adopt the Resolution on the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Draft) and its Summary as well as other relevant motions. On March 14, 2022, the Company completed the grant of stock options, granting 1,585,437 stock options to 877 stock option incentive objects; On May 23, 2022, the Company completed the grant of restricted shares, granting 1,585,437 restricted shares to 826 stock option incentive objects.

### Transfer of share ownership

Applicable  N/A

1. Conversion of convertible corporate bonds into shares: a total of 4,868 shares were converted from "Energy Convertible Bonds" during the Reporting Period, and a total of 17,619,596 shares were converted by the end of the Reporting Period
2. Grant of restricted shares: during the Reporting Period, the Company completed the registration for the grant of 1,585,437 restricted shares according to 2022 Stock Option and Restricted Stock Incentive Plan, the total shares of the Company remained the same with decrease of 1,585,437 treasury shares.

Effects of changes in shares on the basic EPS, diluted EPS, net assets per share attributable to ordinary shareholders of the Company, and other financial indicators for the prior year and the last Reporting Period

Applicable  N/A

During the Reporting Period, the conversion of 4,868 shares from the "Energy Convertible Bonds" had less impact on the basic earnings per share and the diluted earnings per share and the net assets.

Other contents that the Company considers are necessary, or are required by the securities regulatory authorities, to disclose

Applicable  N/A

## 2. Changes in restricted shares

Applicable  N/A

Unit: Shares

Name of shareholder	Number of restricted shares at the beginning of period	Increase of restricted shares in the current period	Number of restricted shares unlocked in the current period	Number of restricted shares at the end of period	Reason for restriction	Date of relief
Paul Xiaoming Lee	95,844,493		1,200,300	94,644,193	Locked-up shares held by senior executives	A director can unlock 25% of the total shares he or she holds every year
Li Xiaohua	52,378,417			52,378,417	Locked-up shares held by senior executives	A director can unlock 25% of the total shares he or she holds every year
Yu Xue	30,825	40,000		70,825	① Locked-up shares held by senior executives; ② Restricted shares of the Company's 2022 Stock Option and Restricted Stock Incentive Plan	① As a Board Secretary, she may have 25% of the total shares of the Company she holds unlocked every Year; ② The restricted shares of the Company's 2022 Stock Option and Restricted Stock Incentive Plan will be exercised and released in three installments 12 months after the completion of the grant registration
Xiong Wei	270,000		67,500	202,500	Locked-up shares held by senior executives	He resigned from the position of the Board Secretary in November 2021, and during the term determined when he held the position and within six months after the expiration of the term, he shall not transfer the Company's shares he holds within half a year after resignation, and the shares transferred every year shall be not more than 25% of the total shares of the Company he holds
Pang Qizhi	247,500	750		248,250	Locked-up shares held by senior executives	He resigned from the position of the Chief Financial Officer in September 2020, and during the term determined when he held the position and within six months after the expiration of the term, he shall not transfer the Company's shares he holds within half a year after resignation, and the shares transferred every year shall be no more than 25% of the total shares of the Company he holds
Xu Ming	1,615,873	65,850	403,968	1,277,755	Locked-up shares held by senior executives	He resigned from the position of the director in November 2021, and during the term determined when he held the position and within six months after the expiration of the term, he shall not transfer the Company's shares he holds within half a year after signation, and the shares transferred every year shall be not more than 25% of the total shares of the Company he holds.
Total number of other incentive objects (825 persons)	0	1,545,437		1,545,437	Restricted shares of the Company's 2022 Stock Option and Restricted Stock Incentive Plan	Will be exercised and released in three installments 12 months after the completion of the grant registration (May 23, 2022)
Total	150,387,108	1,652,037	1,671,768	150,367,377	--	--

## II. Issuance and Listing of Securities

### 1. Issuance of securities (excluding preferred shares) during the Reporting Period

Applicable  N/A

### 2. Statement on changes in total shares and shareholder structure of the Company, and changes in assets and liabilities of the Company

Applicable  N/A

At the beginning of period, the Company recorded the total share capital of 892,406,822 shares and the asset-liability ratio of 44.35%. During the Reporting Period, the “Energy Convertible Bonds” were converted into 4,868 shares. As at the end of the Reporting Period, the Company recorded the total share capital of 892,411,690 shares and the asset-liability ratio of 51.18%.

### 3. Existing shares held by internal employees of the Company

Applicable  N/A

## III. Details of Shareholders and Actual Controllers

### 1. Number of shareholders and their shareholdings

Unit: shares

Total common shareholders at the end of the Reporting Period	53,785	Total ordinary shareholders at the end of the previous month before annual report disclosure date	75,356	Total preferred shareholders resuming voting right at the end of the Reporting Period (if any) (see Note 8)	0	Total preferred shareholders resuming voting right at the end of the previous month before annual report disclosure date (if any) (see Note 8)	0	
Shareholders holding more than 5% of shares or shareholdings of the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the Reporting Period	Increase or decrease of shares during the Reporting Period	Number of restricted shares held	Number of unrestricted shares held	Pledged, tagged or frozen	
							Status of shares	Number of shares
Paul Xiaoming Lee	Overseas natural person	14.14%	126,192,257		94,644,193	31,548,064		
Heyi Investment	Domestic non-state-owned legal person	13.39%	119,449,535			119,449,535	Pledged	46,160,000
Hong Kong Securities Clearing Company Limited	Overseas legal person	9.02%	80,455,994	-16,862,311		80,455,994		
Sherry Lee	Overseas natural person	7.99%	71,298,709	-2,171,750		71,298,709		
Li Xiaohua	Domestic natural person	7.50%	66,919,389	-2,918,500	52,378,417	14,540,972	Pledged	7,000,000
Kunming Huachen Investment Co., Ltd.	Domestic non-state-owned legal person	2.06%	18,426,613	62,151		18,426,613		
Zhang Yong	Domestic natural person	1.78%	15,922,907	-241,100		15,922,907		

JERRY YANG LI	Overseas natural person	1.65%	14,735,754	-2,971,483		14,735,754		
Shanghai Hengzou Shanghai Hengzou Enterprise Management Office (Limited Partnership)	Domestic non-state-owned legal person	1.30%	11,645,173	-3,881,644		11,645,173		
Heli Investment	Domestic non-state-owned legal person	0.80%	7,169,086	-2,389,600		7,169,086		
Strategic investors or general legal persons who have become top 10 shareholders due to new share allotment (if any) (see Note 3)		None						
Statement on related party relationship or concerted action between above-mentioned shareholders		Paul Xiaoming Lee, Sherry Lee, Li Xiaohua and JERRY YANG LI are all the family members of the Company's actual controller Paul Xiaoming Lee and represent the persons acting in concert. Heyi Investment is the enterprise under control by the family of the actual controller Paul Xiaoming Lee. Heli Investment is a related party of the Company. The other shareholders are not known as to whether they have the related party relationships between them or constitute the persons acting in concert.						
Explanation of delegation/acceptance of voting right and waiver of voting right involving the above shareholders		Mr. Paul Xiaoming Lee and Ms. Sherry Lee signed the Power of Attorney for Shareholding on January 14, 2020, by which Ms. Sherry Lee fully delegated the shareholders' rights, such as rights to question, proposal and vote, in connection with 73,470,459 shares she held in the Company, to her father Mr. Paul Xiaoming Lee, for a period of three years from the date of the Power of Attorney.						
Special explanation on the existence of special repurchase account among the top 10 shareholders (if any) (see Note 10)		N/A						
Top 10 shareholders holding unrestricted shares								
Name of shareholder	Number of unrestricted shares held at the end of the Reporting Period	Type of shares						
		Type of shares	Number of shares					
Heyi Investment	119,449,535	Renminbi denominated common shares	119,449,535					
Hong Kong Securities Clearing Company Limited	80,455,994	Renminbi denominated common shares	80,455,994					
Sherry Lee	71,298,709	Renminbi denominated common shares	71,298,709					
Paul Xiaoming Lee	31,548,064	Renminbi denominated common shares	31,548,064					
Kunming Huachen Investment Co., Ltd.	18,426,613	Renminbi denominated common shares	18,426,613					
Zhang Yong	15,922,907	Renminbi denominated common shares	15,922,907					
JERRY YANG LI	14,735,754	Renminbi denominated common shares	14,735,754					
Li Xiaohua	14,540,972	Renminbi denominated common shares	14,540,972					
Shanghai Hengzou Shanghai Hengzou Enterprise Management Office (Limited Partnership)	11,645,173	Renminbi denominated common shares	11,645,173					
Heli Investment	7,169,086	Renminbi denominated common shares	7,169,086					
Statement on related party relationships or concerted action between top 10 circulating shareholders without sales restriction and between top 10 circulating shareholders without sales restriction and top 10 shareholders		Paul Xiaoming Lee, Sherry Lee, Li Xiaohua and JERRY YANG LI are all the family members of the Company's actual controller Paul Xiaoming Lee and represent the persons acting in concert. Heyi Investment is the enterprise under control by the family of the actual controller Paul Xiaoming Lee. Heli Investment is a related party of the Company. The other shareholders are not known as to whether they have the related party relationships between them or constitute the persons acting in concert.						
Statement on top 10 ordinary shareholders' participation in securities margin trading business (if any) (see Note 4)		N/A						

Did any of the top 10 ordinary shareholders or top 10 ordinary shareholders with unrestricted shares of the Company conduct any transactions on agreed repurchase during the Reporting Period

Yes  No

Top 10 ordinary shareholders and top 10 ordinary shareholders without sales restriction didn't conduct transactions on agreed repurchase during the Reporting Period.

## 2. Details about the controlling shareholder

Nature of controlling shareholder: The nature of the controlling entity is unclear

Type of controlling shareholder: Natural person

Controlling shareholder's name	Nationality	Acquisition of right of residence in other countries or regions
Paul Xiaoming Lee	American	Yes
Yan Ma	American	Yes
Sherry Lee	American	Yes
Li Xiaohua	Chinese	Yes
Yanyang Hui	American	Yes
JERRY YANG LI	American	Yes
Major Occupation and Position	Paul Xiaoming Lee serves as the Chairman of the Company. Li Xiaohua serves as the Vice Chairman and General Manager of the Company. Yan Ma serves as the Director of the Company. Yanyang Hui, Sherry Lee and JERRY YANG LI take no positions at the Company.	
Equities in other domestic and overseas listed companies under control and with participation during the Reporting Period	None	

Change of controlling shareholder during the Reporting Period

Applicable  N/A

The controlling shareholder of the Company has not changed during the Reporting Period.

## 3. Details about the actual controller and persons acting in concert

Nature of actual controller: Domestic natural person; overseas natural person

Type of actual controller: Natural person

Name of actual controller	Relationship with actual controller	Nationality	Acquisition of right of residence in other countries or regions
Paul Xiaoming Lee	Act in concert (including agreement, kinship and common control)	American	Yes
Yan Ma	Act in concert (including agreement, kinship and common control)	American	Yes
Sherry Lee	Act in concert (including agreement, kinship and common control)	American	Yes
Li Xiaohua	Act in concert (including agreement, kinship and common control)	Chinese	Yes
Yanyang Hui	Act in concert (including agreement, kinship and common control)	American	Yes
Jerry Yang Li	Act in concert (including agreement, kinship and common control)	American	Yes
Major Occupation and Position	Paul Xiaoming Lee serves as the Chairman of the Company. Li Xiaohua serves as the Vice Chairman and General Manager of the Company. Yan Ma serves as the Director of the Company. Yanyang Hui, Sherry Lee and JERRY YANG LI take no positions at the Company.		
Control over domestic and overseas listed companies over past 10 years	None		

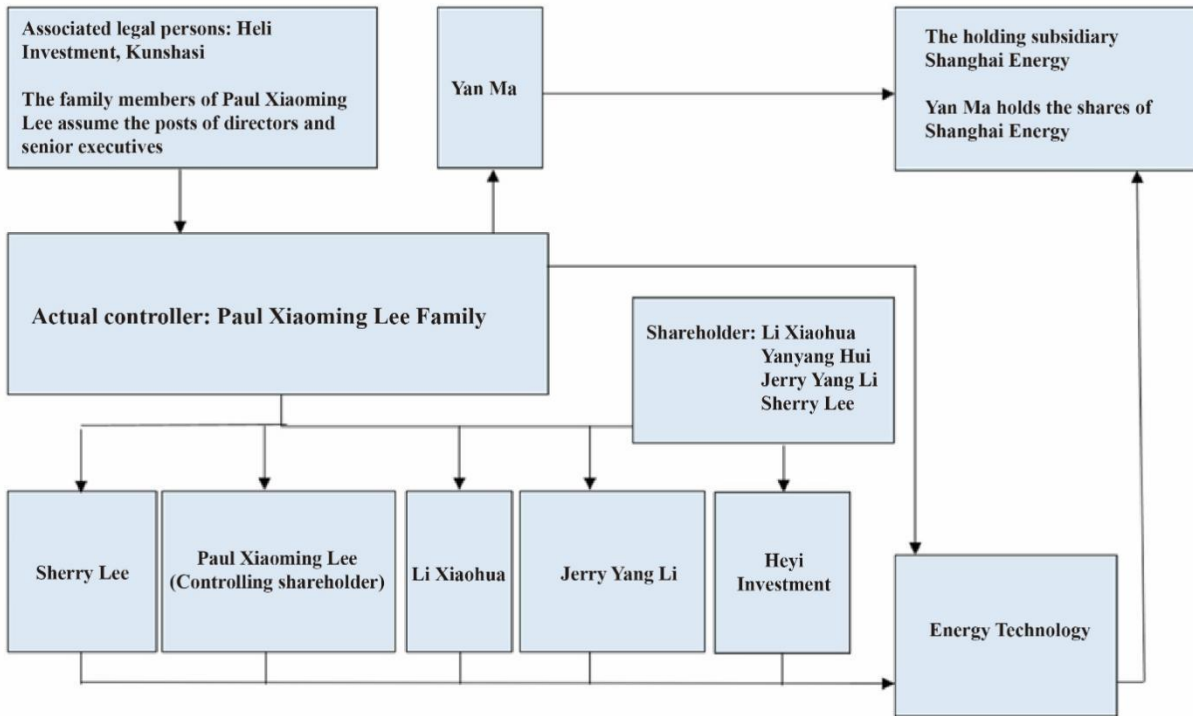
Change of actual controller during the Reporting Period

Applicable  N/A

The actual controller of the Company has not changed during the Reporting Period.

A block diagram of the property rights and control relationship between the Company and the actual controller

## Controlling shareholders, actual controllers and related parties



The actual controller controls the Company through trust or other asset management methods

Applicable  N/A

#### 4. The accumulated number of pledged shares of the Company's controlling shareholder or the largest shareholder of the Company and its persons acting in concert account for 80% of the Company's shares held

Applicable  N/A

#### 5. Other corporate shareholders holding more than 10% of the shares

Applicable  N/A

Name of legal person shareholder	Legal Representative/Principal of Organization	Date of Incorporation	Registered Capital	Major operating activities or management activities
Heyi Investment	Yan Ma	November 10, 2010	RMB30 million	Conduct venture capital activities with free capital; make project investment and manage investment project; investment management, investment consulting and social and economic consultation.

#### 6. Details about restrictions on reduction of shareholdings of controlling shareholders, actual controllers, restructuring parties, and other entities making commitments

Applicable  N/A

### IV. Information on implementation of share repurchase during the Reporting Period

Progress in implementation of share repurchase

Applicable  N/A

Scheme disclosure date	Number of shares intended to be repurchased	Percentage of the general capital	Amount intended to be repurchased	Intended repurchase period	Repurchase purpose	Number of shares repurchased	Ratio of shares repurchased to the underlying shares under the stock incentive plan (if any)
March 18, 2021	1,111,111 shares to 2,222,222 shares	0.12% to 0.25%	Not less than RMB200 million (inclusive) and not more than RMB400 million (inclusive)	March 17, 2021 to March 16, 2022	Used for implementation of the stock incentive or employee stock ownership plan	1,585,437	100.00%

Progress of centralized bidding for reduction of shares repurchased

Applicable  N/A



## Section 8 Details about Preferred Shares

Applicable  N/A

During the Reporting Period, there were no preferred shares in the Company.

## Section 9 Details about bonds

Applicable  N/A

### I. Corporate bonds

Applicable  N/A

During the Reporting Period, there were no corporate bonds of the Company.

### II. Debentures

Applicable  N/A

During the Reporting Period, there were no debentures of the Company.

### III. Debt financing instruments of non-financial enterprises

Applicable  N/A

During the Reporting Period, there were no non-financial enterprise debt financing tool of the Company.

### IV. Convertible corporate bonds

Applicable  N/A

#### 1. All Previous Adjustments to the Conversion Price

Upon the approval of the file "Securities Regulatory License No. [2019]2701" promulgated by China Securities Regulatory Commission, the Company publicly issued 16 million convertible bonds on February 11, 2020, with face value of RMB 100 each, total issue amount of RMB1.6 billion, and a term of 6 years. With the approval of the file "Shenzhen Securities No. [2020]109" of Shenzhen Stock Exchange, the Company's convertible bonds of RMB1.6 billion would be listed and traded in Shenzhen Stock Exchange from February 28, 2020. The bond is referred to as "Energy Convertible Bond" and the bond code is "128095". The initial conversion price of "Energy Convertible Bond" is RMB 64.61/share.

In May 2020, the Company implemented the annual profit distribution plan for 2019: Based on the total share capital of the Company, namely 805,370,770 shares, distribute RMB1.25 in cash (inclusive of tax) for every 10 shares to all shareholders, distribute a total cash dividend of RMB100,671,346.25 (inclusive of tax), distribute no dividend shares, convert no surplus reserve into share capital, and set the ex-dividend date as May 21, 2020. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, the Company has made corresponding adjustment to the conversion price of "Energy Convertible Bonds" from RMB64.61/share before the adjustment to RMB64.49/share after adjustment, and the conversion price after adjustment took effect on May 21, 2020.

In September 2020, under the approval granted by China Securities Regulatory Commission under the Approval of Private Share Offering by Yunnan Energy New Material Co., Ltd. (CSRC License No. [2020] 1476), the Company made a private offering of 69,444,444 shares (A shares) to 22 specific investors. These shares started trading at an issuing price of RMB72.00/share at Shenzhen Stock Exchange on September 4, 2020. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, the Company has made corresponding adjustment to the conversion price of "Energy Convertible Bonds" from RMB64.49/share before the adjustment to RMB65.09/share after adjustment, and the conversion price after adjustment took effect on September 4, 2020.

In September 2020, the Company repurchased and canceled a total of 23,120 restricted shares held by 4 participants with a personal assessment rating of "good" when the 2017 Restricted Stock Incentive Plan was unlocked for the third time. The repurchase price was RMB8.426 per share. The cancellation for repurchase was completed on September 28, 2020. Due to the small number of shares canceled in this repurchase, the conversion price of "Energy Convertible Bonds" remained unchanged at RMB65.09 per share after calculating in accordance with the relevant terms regarding the adjustment to the conversion price of convertible corporate bonds.

In April 2021, the Company implemented the annual profit distribution plan for 2020: Based on the total share capital of the Company, namely 888,160,636 shares, distribute RMB1.696948 in cash (inclusive of tax) for every 10 shares to all shareholders, distribute a total cash dividend of RMB150,716,245.67 (inclusive of tax), distribute no dividend shares, convert no surplus reserve into share capital, and set the ex-dividend date as April 30, 2021. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, the Company has made a corresponding adjustment to the conversion price of "Energy Convertible Bonds" from RMB65.09/share to RMB64.92/share, and the conversion price after adjustment took effect on April 30, 2021.

In May 2022, the Company implemented the 2021 annual profit distribution plan: based upon the 890,823,196 shares equal to 892,408,633 shares of the Company's total capital on the share registration date (i.e. May 13, 2022) minus 1,585,437 shares in the special securities account for repurchase, RMB 3.030904 (including tax) in cash will be paid to all shareholders for every 10 shares without bonus shares. No capital reserve shall be converted as capital increase. In accordance with relevant provisions on the adjustment to the conversion price of convertible corporate bonds, the conversion price of "Energy Convertible Bond" was adjusted from RMB 64.92 per share to RMB 64.62 per share, and the adjusted conversion price would take effect from May 16, 2022.

## 2. Cumulative Share Conversion

√ Applicable □ N/A

Abbreviation for convertible bond	Start and end date of share conversion	Total volume of bond issuance (number of bonds)	Total amount of issuance	Cumulative conversion amount (RMB)	Cumulative number of shares converted (shares)	Ratio of the number of shares converted to the total issued shares of the Company before the start of the conversion	Amount of shares not yet converted (RMB)	Ratio of amount of shares not yet converted to the total amount of issuance
Energy Convertible Bonds	August 17, 2020 to February 11, 2026	16,000,000	1,600,000,000.00	1,146,231,800.00	17,619,596	2.19%	453,768,200.00	28.36%

## 3. Top Ten Holders of Convertible Bonds

Unit: shares

SN	Name of holder of convertible bonds	Nature of holder of convertible bonds	Number of convertible bonds held at the end of the Reporting Period (number of convertible bonds)	Amount of convertible bonds held at the end of the Reporting Period (RMB)	Percentage of convertible bonds held at the end of the Reporting Period
1	China Everbright Bank Co., Ltd. - Boshi convertible bond & enhanced bond securities investment fund	Other	300,008	30,000,800.00	6.61%
2	Agricultural Bank of China Limited - Penghua convertible bond securities investment fund	Other	261,356	26,135,600.00	5.76%
3	Dajia Asset Management - China CITIC Bank - Dajia Asset Management Houkun No. 40 collective assets management products	Other	194,901	19,490,100.00	4.30%
4	Industrial and Commercial Bank of China Limited - Fuguo income and enhanced bond securities investment fund	Other	179,144	17,914,400.00	3.95%
5	China Minsheng Banking Corp. Limited - Jinying Min'an return one-year fixed open hybrid securities investment fund	Other	172,392	17,239,200.00	3.80%
6	Corporation pension plan of China National Petroleum Corporation - Industrial and Commercial Bank of China Limited	Other	155,170	15,517,000.00	3.42%
7	Agricultural Bank of China Limited - Qianhai Kaiyuan convertible bond sponsored securities investment fund	Other	124,939	12,493,900.00	2.75%
8	China Construction Bank Limited - Huashang Credit enhanced bond securities investment fund	Other	117,410	11,741,000.00	2.59%
9	China Everbright Bank Co., Ltd. - Bodao Jiatai return hybrid securities investment fund	Other	101,620	10,162,000.00	2.24%
10	Agricultural Bank of China Limited -BOCOM Schrodgers advanced manufacturing hybrid securities investment fund	Other	100,510	10,051,000.00	2.22%

**4. Significant Changes in the Guarantor's Profitability, Asset Status, and Credit Status**

Applicable  N/A

**5. The Company's Liabilities and Credit Changes at the End of the Reporting Period, and Cash Arrangements for Debt Repayment in Future Years**

(1) The Company's liabilities: relevant indicators such as the asset-liability ratio, interest coverage multiple, and loan repayment rate at the end of the Reporting Period, and year-on-year changes are detailed in the "VIII. Major Accounting data and financial indicators of the Company in the recent two years as at the end of the Reporting Period".

(2) Changes in the Company's credit standing: According to the Follow-up Rating Report on Public Offering of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (No. Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2020) 100053, Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2021)100043, Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2022)100280 ) issued by the credit rating agency - Shanghai Brilliance Credit Rating & Investors Service Co, Ltd., the credit rating of the Company on the whole was AA, the credit rating of "Energy Convertible Bonds" was AA, and the said bonds were affirmed with a "stable" outlook. The above-mentioned follow-up rating results have not changed compared with the previous rating results. For details about the above-mentioned follow-up rating reports, refer to <http://www.cninfo.com.cn/>.

(3) Cash arrangements for debt repayment in future years: The Company's credit status is good, the asset-liability structure is reasonable, and banks and other financial institutions grant sufficient comprehensive credit to the Company. The Company can quickly and effectively obtain financing support from financial institutions. The Company has stable operations and good performance, and can obtain stable operating cash flow through endogenous growth. At the same time, the Company actively promotes the implementation of fundraising projects through convertible corporate bonds to further enhance its profitability. If the Company meets the put provision and redemption clauses and repayment of principal and interest when due as disclosed in the prospectus of convertible corporate bonds, the Company can pay the bondholders' principal and interest with its own funds and financing.

**V. Losses in the scope of consolidated statements during the Reporting Period exceeding 10% of the net assets as at the end of the prior year**

Applicable  N/A

**VI. Overdue repayment of interest-bearing debt other than bonds as at the end of the Reporting Period**

Applicable  N/A

**VII. Violation of rules and regulations during the Reporting Period**

Yes  No

### VIII. Major Accounting data and financial indicators of the Company in the recent two years as at the end of the Reporting Period

Unit: RMB'0,000

Item	At the end of the Reporting Period	At the end of the prior year	Increase or decrease at the end of the current Reporting Period compared with the end of prior year
Current Ratio	1.1038	1.3647	-19.12%
Asset-Liability Ratio	51.18%	44.35%	6.83%
Quick ratio	0.8757	1.0308	-15.05%
	The Reporting Period	The corresponding period of prior year	Increase or decrease of the Reporting Period compared with the corresponding period of prior year
Net profit after deduction of non-recurring gains and losses	383,979.21	256,705.45	49.58%
Debt-to-EBITDA ratio	30.99%	36.66%	-5.67%
Interest coverage ratio	15.26	14.24	7.16%
Cash interest coverage ratio	4.21	8.16	-48.41%
EBITDA interest coverage ratio	18.50	17.58	5.23%
Loan repayment rate	100.00%	100.00%	0.00%
Interest coverage rate	100.00%	100.00%	0.00%

# Section 10 Financial Report

## I. Audit Report

Type of audit opinion	Standard unqualified opinion
Signature date of audit report	March 2 , 2023
Audit organization name	Dahua CPAs (SGP)
Audit report No.	Da Hua Shen Zi No. [2023] 000299
Name of Certified Public Accountant	Kang Wenjun, Yao Rui

Body of the audit report

To all shareholders of Yunnan Energy New Material Co., Ltd.:

## I. Audit Opinions

We have audited the financial statements of Yunnan Energy New Material Co., Ltd., (“Energy Technology”), including the consolidated and the parent company’s balance sheets as of December 31, 2022, the consolidated and parent company’s income statement, the consolidated and the parent company’s cash flow statement, the consolidated and the parent company’s statement of changes in equity for 2022, and the relevant notes to financial statements.

In our opinion, the enclosed financial statements were prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects and fairly reflected the Energy Technology’s consolidated and the parent company’s financial positions as of December 31, 2022 as well as the consolidated and the parent company’s operation results and cash flow for 2022.

## II. Basis for Audit Opinions

We carried out the audit work according to the Auditing Standards for Chinese CPA. Our responsibilities under the Standards are further described under the section titled “responsibilities of CPA for auditing financial statements” in this audit report. We are independent from Energy Technology and have fulfilled the obligations in terms of professional ethics according to Code of Professional Conduct for Chinese CPAs. We believe that the evidences we obtained are adequate and proper, and lay a solid foundation for the audit opinion.

## III. Key Audit Matters

Key audit matters are those that we believe are of most significance in the audit of the financial statements of the current period based on professional judgment. These matters are 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.

We have determined that the following matters are key audit matters to be communicated in the audit report.

1. Revenue recognition
2. Provision for bad debts of accounts receivable

(I) Revenue recognition

1. Description of matters

Please refer to Note IV-(33) and Note VI-44 of the consolidated financial statements for the accounting policies and book amount information of the revenue recognition of Energy Technology in this year.

The operating revenue of Energy Technology in 2022 amounted to RMB12,590,925,500, which was the main source of its profit and affects its key performance indicators. In addition, according to the industry practice, after signing the sales order with customer, Energy Technology arranges production based on customer’s requirements, delivers it to customers pursuant to the agreed delivery method, obtains the customer’s evidence on the transfer of the ownership of goods, and then recognizes the sales revenue. Since the time of revenue recognition is later than the product delivery, and the delivery time and delivery document recognition are all dependent on the customer, there may be significant risk of misstatement if the sales revenue is fully included in the appropriate accounting period. Therefore, we recognize revenue as a key audit matter.

## 2. Audit Response

Our key audit procedures for revenue recognition include:

- (1) Understand and evaluate the design of internal control of revenue recognition by the management, and test the effectiveness of key control implementation;
- (2) Obtain a major business contract, identify terms and conditions related to the transfer of commodity ownership, and assess whether the income recognition policy of Energy Technology is in line with the relevant provisions of the enterprise accounting standards;
- (3) Perform analytical review procedures on revenue and gross profit based on the product types and customer conditions of Energy Technology, and determine the reasonableness of the changes in sales revenue and gross profit margin;
- (4) Understand the background and basic information of the main customers, identify whether they are related parties, and confirm the accounts receivable balance and sales amount of the main customers by confirmation letters;
- (5) Select samples from the sales revenue ledger, check the relevant documents such as contracts (orders), invoices, delivery documents, pay attention to the delivery time, and check the revenue recognition time point;
- (6) Check the sales revenue recognized before and after the balance sheet date with supporting documents of sales revenue recognition, and implement the cut-off test and subsequent inspection procedures for revenue recognition;
- (7) Assess whether the management's disclosure of income statement is appropriate.

According to the audit procedures and the evidence we have obtained, we believe that the income of Energy Technology is real and recorded correctly during the accounting period.

### (II) Provision for bad debts of accounts receivable

#### 1. Description of matters

Please refer to Note IV-(12) and Note VI-4 of the consolidated financial statements for the accounting policies and book value amount of accounts receivables of Energy Technology in this year.

On December 31, 2022, the original book value of accounts receivable of Energy Technology was RMB6,693,895,600, the bad debt provision was RMB 134,178,500 and the net value was RMB6,559,717,100, accounting for 16.92% of the total assets at the end of the period.

Based on the financial situation of the counterparty, the management evaluates the guarantee obtained to the accounts receivable, the aging of the accounts receivable, the credit rating and historical repayment record of the counterparty, and with reference to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, the management considers to accrue bad debt for the accounts receivable according to the expected credit loss in the whole duration. As the determination of the amount of bad debt provision requires the management to use significant accounting estimates and judgments, and accounts receivable is important to the financial statements, therefore, we regard the bad debt provision of accounts receivable as a key audit matter.

#### 2. Audit response

- (1) Understand and evaluate the management's key internal control over the daily management and provision for accounts receivable, and carry out the corresponding walk through test;
- (2) For accounts receivable with significant single amount and credit impairment occurred after initial recognition, the bases for the management's assessment of the expected future available cash flow shall be reviewed to analyze whether it is reasonable;
- (3) For the accounts receivable of bad debt provision withdrawn by the management according to the combination of credit risk characteristics, combined with the credit risk characteristics and aging analysis, evaluate the rationality of the withdrawal of bad debt provision by the management;
- (4) The adequacy of the management's provision for bad debt is evaluated in combination with the check of payment collection after the period;
- (5) Assess whether the management's disclosure of accounts receivable financial statements is appropriate.

Based on the audit procedures we have implemented and the evidence we have obtained, we believe that the accounting estimates of the bad debt provision of accounts receivable made by Energy Technology are fully reasonable.

## IV. Other Information

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

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

Energy Technology's management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## VI. Responsibilities of CPA for Auditing 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 CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting. Based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on Energy Technology's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' 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 Energy Technology to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Energy Technology to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit and 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 noteworthy 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.

## II. Financial Statements

The unit of notes to financial statements is: RMB



## 1. Consolidated balance sheet

Prepared by: Yunnan Energy New Material Co., Ltd.

December 31, 2022

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Monetary funds	3,954,316,829.31	1,833,450,205.69
Settlement reserves		
Loans to banks and other financial institutions		
Held-for-trading financial assets	9,850,069.59	5,137,194.34
Derivative financial assets		
Notes receivable	637,755,156.47	368,575,191.23
Accounts receivable	6,559,717,117.36	4,405,436,085.52
Receivable financing	692,286,629.08	526,473,335.53
Prepayments	220,239,470.09	226,474,516.69
Premiums receivable		
Reinsurance premium receivable		
Reinsurance contract provision receivable		
Other receivables	20,596,472.81	8,119,316.74
Including: Interest receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	2,463,490,238.80	1,681,448,170.29
Contractual assets		
Held-for-sales assets		
Non-current assets due within one year	87,029,166.67	
Other current assets	321,998,218.33	407,556,013.80
Total current assets	14,967,279,368.51	9,462,670,029.83
Non-current assets:		
Loans and advances to customers		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	5,017,642.31	3,545,984.21
Investments in other equity instruments	111,000,000.00	110,000,000.00
Other non-current financial assets		

Investment properties	8,399,300.54	8,933,531.66
Fixed assets	14,306,873,399.88	10,877,888,212.91
Construction in progress	3,584,554,509.73	1,752,915,718.82
Productive biological assets		
Oil and gas assets		
Right-of-use assets	3,926,781.90	
Intangible assets	1,054,043,010.42	560,863,178.11
Development expenditures		
Goodwill	520,230,679.65	520,230,679.65
Long-term unamortized expenses	1,317,972.74	3,559,617.17
Deferred income tax assets	315,538,499.73	252,854,470.86
Other non-current assets	3,744,550,327.16	2,568,723,421.32
Total non-current assets	23,655,452,124.06	16,659,514,814.71
Total assets	38,622,731,492.57	26,122,184,844.54
Current liabilities:		
Short-term borrowings	9,527,853,434.55	4,116,148,340.30
Borrowings from the central bank		
Placements from banks and other financial institutions		
Held-for-trading financial liabilities	94,394.79	
Derivative financial liabilities		
Notes payable	609,315,699.02	487,407,828.53
Accounts payable	1,720,586,992.11	650,545,657.28
Advances from customers		
Contractual liabilities	24,596,154.15	761,923,312.38
Financial assets sold under repurchase agreements		
Customer bank deposits and due to banks and other financial institutions		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Employee benefits payable	54,164,141.80	33,329,916.78
Taxes payable	279,461,730.79	190,156,537.78
Other payables	209,680,232.86	70,277,422.63
Including: Interest payable		
Dividends payable	9,778,239.09	9,778,239.09
Fees and commissions payable		

Reinsurance amounts payable		
Hold-for-sale liabilities		
Non-current liabilities due within one year	858,495,954.79	383,397,992.10
Other current liabilities	275,222,986.34	240,737,724.26
Total current liabilities	13,559,471,721.20	6,933,924,732.04
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	4,179,264,746.86	2,803,108,832.30
Bonds payable	425,795,937.76	413,239,181.29
Including: preferred shares		
Perpetual bonds		
Lease liabilities	1,331,485.16	
Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income	823,467,109.47	754,958,659.55
Deferred income tax liabilities	236,759,482.43	141,144,032.72
Other non-current liabilities	542,217,694.55	538,517,694.55
Total non-current liabilities	6,208,836,456.23	4,650,968,400.41
Total liabilities	19,768,308,177.43	11,584,893,132.45
Owners' equity:		
Share capital	892,411,690.00	892,406,822.00
Other equity instruments	50,317,083.84	50,352,323.80
Including: preferred shares		
Perpetual bonds		
Capital reserve	7,685,332,598.80	7,635,639,929.52
Less: treasury stock	101,753,346.66	204,444,302.78
Other comprehensive income	7,774,250.92	-3,746,198.57
Special reserve		
Surplus reserve	191,644,843.59	173,392,922.26
General risk provision		
Undistributed profits	9,000,475,751.88	5,288,265,431.08
Total owners' equity attributable to parent company	17,726,202,872.37	13,831,866,927.31
Minority interests	1,128,220,442.77	705,424,784.78

Total owners' equity	18,854,423,315.14	14,537,291,712.09
Total liabilities and owners' equity	38,622,731,492.57	26,122,184,844.54

Legal representative: Paul Xiaoming Lee Financial Controller: Li Jian Financial Manager: Deng Jinhuan

## 2. Balance sheet of the parent company

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Monetary funds	264,731,171.00	227,525,602.97
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable	700,000.00	3,800,000.00
Accounts receivable	33,130,270.37	11,098,038.20
Receivable financing	500,000.00	
Prepayments	1,340,081.33	178,525.89
Other receivables	6,831,112,472.90	6,692,163,939.27
Including: Interest receivable		
Dividends receivable	211,040,000.00	241,040,000.00
Inventories	9,356,812.38	23,374,673.75
Contractual assets		
Held-for-sales assets		
Non-current assets due within one year		
Other current assets		7,931,629.01
Total current assets	7,140,870,807.98	6,966,072,409.09
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	4,750,066,580.90	4,658,382,761.62
Investments in other equity instruments	111,000,000.00	110,000,000.00
Other non-current financial assets		
Investment properties		
Fixed assets	61,119,717.03	68,543,765.10
Construction in progress	1,219,946.39	

Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	38,206,008.22	11,017,155.74
Development expenditures		
Goodwill		
Long-term unamortized expenses		
Deferred income tax assets	110,400.07	37,462.01
Other non-current assets	259,030.00	29,841,986.94
Total non-current assets	4,961,981,682.61	4,877,823,131.41
Total assets	12,102,852,490.59	11,843,895,540.50
Current liabilities:		
Short-term borrowings	194,346,485.13	88,118,518.90
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		200,000.00
Accounts payable	7,831,403.74	22,796,504.02
Advances from customers		
Contractual liabilities		217,893.81
Employee benefits payable	328.46	
Taxes payable	60,535,712.47	919,028.71
Other payables	374,372,490.35	195,116,109.42
Including: Interest payable		
Dividends payable		
Hold-for-sale liabilities		
Non-current liabilities due within one year	120,063,422.78	89,570,152.48
Other current liabilities	500,000.00	3,828,326.19
Total current liabilities	757,649,842.93	400,766,533.53
Non-current liabilities:		
Long-term borrowings		116,000,000.00
Bonds payable	425,795,937.76	413,239,181.29
Including: preferred shares		
Perpetual bonds		
Lease liabilities		

Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	250,000.00	
Other non-current liabilities		
Total non-current liabilities	426,045,937.76	529,239,181.29
Total liabilities	1,183,695,780.69	930,005,714.82
Owners' equity:		
Share capital	892,411,690.00	892,406,822.00
Other equity instruments	50,317,083.84	50,352,323.80
Including: preferred shares		
Perpetual bonds		
Capital reserve	9,738,751,318.24	9,749,414,509.20
Less: treasury stock	101,753,346.66	204,444,302.78
Other comprehensive income	750,000.00	
Special reserve		
Surplus reserve	163,892,332.60	145,640,411.27
Undistributed profits	174,787,631.88	280,520,062.19
Total owners' equity	10,919,156,709.90	10,913,889,825.68
Total liabilities and owners' equity	12,102,852,490.59	11,843,895,540.50

### 3. Consolidated income statement

Unit: RMB

Item	2022	2021
I. Total operating revenue	12,590,925,529.68	7,982,426,810.59
Including: Operating revenue	12,590,925,529.68	7,982,426,810.59
Interest income		
Earned premium		
Fee and commission incomes		
II. Total operating cost	7,959,405,882.79	4,891,681,674.54
Including: operating cost	6,568,148,382.65	4,002,023,714.23
Interest expense		
Fee and commissions expenses		

Cash surrender amount		
Net payments for insurance claims		
Net provision for insurance liability contract reserves		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	57,680,955.03	37,128,232.84
Selling expenses	74,455,043.47	74,035,002.36
Administrative expenses	323,291,931.01	216,333,939.36
R&D expenses	724,297,699.66	409,178,730.28
Financial expenses	211,531,870.97	152,982,055.47
Including: Interest expense	287,498,131.60	221,206,595.88
Interest income	26,258,474.95	20,299,433.23
Add: Other income	156,434,027.51	134,079,448.78
Investment income (loss is indicated with "-")	22,731,466.27	27,109,413.02
Including: Income from investment in associates and joint ventures	1,471,658.10	1,687,090.23
Derecognized financial assets measured by amortized cost	-18,658,871.90	-9,956,624.13
Exchange gain (loss is indicated with "-")		
Net exposure hedging income (loss is indicated with "-")		
Income from changes in fair value (loss is indicated with "-")	9,755,674.80	137,194.34
Credit impairment losses (loss is indicated with "-")	-8,324,053.71	-24,846,360.74
Asset impairment losses (loss is indicated with "-")	-42,921,534.91	-10,663,472.55
Income from disposal of assets (loss is indicated with "-")	223,345.22	308,957.41
III. Operating profit (loss is indicated with "-")	4,769,418,572.07	3,216,870,316.31
Add: Non-operating revenue	1,962,503.26	5,349,575.50
Less: Non-operating expenses	6,236,954.06	2,645,030.21
IV. Total profit (total loss is indicated with "-")	4,765,144,121.27	3,219,574,861.60

Less: Income tax expense	553,009,563.88	332,720,824.45
V. Net profit (net loss is indicated with “-”)	4,212,134,557.39	2,886,854,037.15
(I) Classified according to operating continuity		
1. Net profit from continuing operations (net loss is indicated with “-”)	4,212,134,557.39	2,886,854,037.15
2. Net profit from discontinuing operations (net loss is indicated with “-”)		
(II) Classified according to attribution of the ownership		
1. Net profit attributable to shareholders of the parent company	4,000,461,964.37	2,717,628,798.01
2. Profit or loss of minority interest	211,672,593.02	169,225,239.14
VI. Other comprehensive income, net of tax	12,061,121.08	-3,934,256.01
Other comprehensive income attributable to owners of parent company, net of tax	11,520,449.49	-3,746,198.57
(I) Other comprehensive income that cannot be reclassified to profit or loss	750,000.00	
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments	750,000.00	
4. Changes in fair value of the enterprise’s credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified subsequently to profit or loss	10,770,449.49	-3,746,198.57
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of the financial asset reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Exchange differences from translation of statements denominated in foreign currencies	11,527,018.37	-4,502,767.45
7. Others		
8. Provision for credit impairment of receivables financing	-756,568.88	756,568.88



Other comprehensive income attributable to minority interests, net of tax	540,671.59	-188,057.44
VII. Total comprehensive income	4,224,195,678.47	2,882,919,781.14
Total comprehensive income attributable to owners of parent company	4,011,982,413.86	2,713,882,599.44
Total comprehensive income attributable to minority interests	212,213,264.61	169,037,181.70
VIII. Earnings per share:		
(I) Basic earnings per share	4.48	3.06
(II) Diluted earnings per share	4.46	3.05

Legal representative: Paul Xiaoming Lee; Financial Controller: Li Jian; Financial Manager: Deng Jinhuan

#### 4. Income statement of parent company

Unit: RMB

Item	2022	2021
I. Operating revenue	150,233,416.05	157,499,622.94
Less: Operating cost	85,513,828.29	103,455,015.75
Taxes and surcharges	5,613,303.27	2,141,286.64
Selling expenses	666,580.27	819,867.31
Administrative expenses	17,079,899.57	18,055,936.74
R&D expenses	7,274,587.70	7,542,189.37
Financial expenses	-203,997,298.76	-195,072,440.78
Including: Interest expense	35,182,103.58	47,201,667.42
Interest income	239,246,217.64	242,290,969.91
Add: Other income	2,595,991.42	2,643,407.78
Investment income (loss is indicated with "-")		60,270,487.08
Including: Income from investment in associates and joint ventures		
Derecognized financial assets measured by amortized cost (loss is indicated with "-")		
Net exposure hedging income (loss is indicated with "-")		

Income from changes in fair value (loss is indicated with “-”)		
Credit impairment losses (loss is indicated with “-”)	-50,423.38	7,031,935.64
Asset impairment losses (loss is indicated with “-”)	-141,430.14	
Income from disposal of assets (loss is indicated with “-”)	26,910.57	6,430.44
II. Operating profit (loss is indicated with “-”)	240,513,564.18	290,510,028.85
Add: Non-operating revenue	454,747.63	22,407.40
Less: Non-operating expenses	10,000.00	130,596.96
III. Total profit (total loss is indicated with “-”)	240,958,311.81	290,401,839.29
Less: Income tax expense	58,439,098.55	35,979,262.54
IV. Net profit (net loss is indicated with “-”)	182,519,213.26	254,422,576.75
(I) Net profit from continuing operations (net loss is indicated with “-”)	182,519,213.26	254,422,576.75
(II) Net profit from discontinuing operations (net loss is indicated with “-”)		
V. Other comprehensive income, net of tax	750,000.00	
(I) Other comprehensive income that cannot be reclassified to profit or loss	750,000.00	
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments	750,000.00	
4. Changes in fair value of the enterprise’s credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other debt investments		

3. Amount of the financial asset reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Exchange differences from translation of statements denominated in foreign currencies		
7. Others		
VI. Total comprehensive income	183,269,213.26	254,422,576.75
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated cash flow statement

Unit: RMB

Item	2022	2021
I. Cash flows from operating activities:		
Cash received from the sale of goods or rendering of services	8,308,323,229.28	6,192,723,975.82
Net increase in deposits from customers and placements from corporations in the same industry		
Net increase in borrowings from the central bank		
Net increase in placements from other financial institutions		
Cash received for receiving premium of original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Net cash received from acting sale of securities		
Receipts of tax refunds	280,936,013.05	357,117,868.83
Other cash receipts related to operating activities	302,014,480.06	296,201,968.18

Subtotal of cash inflows from operating activities	8,891,273,722.39	6,846,043,812.83
Cash payments for goods purchased and services received	6,268,851,123.90	3,844,341,884.47
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in placements to banks and other financial institutions		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	883,089,073.20	653,147,819.25
Payments of all types of taxes	900,675,889.00	705,344,941.58
Other cash payments relating to operating activities	335,070,037.63	224,563,789.71
Subtotal of cash outflows due to operating activities	8,387,686,123.73	5,427,398,435.01
Net cash flows from operating activities	503,587,598.66	1,418,645,377.82
II. Cash flows from investment activities:		
Cash received from disposal of investments	55,000,000.00	1,770,600,000.00
Cash received from procuring investment income	12,217,774.71	39,541,818.23
Net amount of cash received from disposal of fixed assets, intangible assets and other long-term assets	5,081,977.73	4,743,027.47
Net cash received from disposals of subsidiaries and other business units		
Other cash received relating to investment activities		
Subtotal of cash inflows from investment activities	72,299,752.44	1,814,884,845.70
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	5,257,761,880.77	3,995,963,251.24
Cash paid for acquisition of investments	350,000,000.00	1,059,810,518.38
Net increase in pledge loans		
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash paid relating to investment activities	150,164,555.53	474,586,405.90

Subtotal of cash outflows due to investment activities	5,757,926,436.30	5,530,360,175.52
Net cash flows from investment activities	-5,685,626,683.86	-3,715,475,329.82
III. Cash flows from financing activities:		
Cash received from absorbing investment	372,446,946.93	41,323,782.65
Including: Cash received from subsidiaries' absorbing minority shareholder investment	270,693,600.27	41,323,782.65
Cash received from borrowings	14,006,864,781.67	6,075,195,864.97
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	14,379,311,728.60	6,116,519,647.62
Cash paid for debt repayment	6,748,216,372.27	3,759,907,508.21
Cash paid for distributing dividends and profits or paying interests	595,877,608.26	387,731,899.73
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Cash payments relating to other financing activities	256,109,825.98	355,820,208.65
Subtotal of cash outflows from financing activities	7,600,203,806.51	4,503,459,616.59
Net cash flows from financing activities	6,779,107,922.09	1,613,060,031.03
IV. Effect of changes in exchange rate on cash and cash equivalents	5,687,720.52	-1,846,294.98
V. Net increase in cash and cash equivalents	1,602,756,557.41	-685,616,215.95
Add: Opening balance of cash and cash equivalents	1,369,299,568.60	2,054,915,784.55
VI. Closing balance of cash and cash equivalents	2,972,056,126.01	1,369,299,568.60

## 6. Cash flow statement of parent company

Unit: RMB

Item	2022	2021
I. Cash flows from operating activities:		
Cash received from the sale of goods or rendering of services	145,968,617.09	148,332,356.97
Receipts of tax refunds	8,852,166.05	2,400,340.22
Other cash receipts related to operating activities	12,817,429.72	38,811,850.08

Subtotal of cash inflows from operating activities	167,638,212.86	189,544,547.27
Cash payments for goods purchased and services received	20,871,988.83	57,469,797.54
Cash paid to and on behalf of employees	24,270,586.06	23,671,850.65
Payments of all types of taxes	44,796,093.76	24,606,426.06
Other cash payments relating to operating activities	21,244,359.26	64,565,222.66
Subtotal of cash outflows due to operating activities	111,183,027.91	170,313,296.91
Net cash flows from operating activities	56,455,184.95	19,231,250.36
II. Cash flows from investment activities:		
Cash received from disposal of investments	30,000,000.00	1,203,711,110.00
Cash received from procuring investment income	164,200.00	70,285,903.74
Net amount of cash received from disposal of fixed assets, intangible assets and other long-term assets		2,717,733.88
Net cash received from disposals of subsidiaries and other business units		
Other cash received relating to investment activities	589,627,793.34	1,318,235,358.19
Subtotal of cash inflows from activities	619,791,993.34	2,594,950,105.81
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	2,527,820.95	35,192,771.85
Cash paid for acquisition of investments		110,000,000.00
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash paid relating to investment activities	530,126,014.26	3,410,258,479.43
Subtotal of cash outflows due to investment activities	532,653,835.21	3,555,451,251.28
Net cash flows from investment activities	87,138,158.13	-960,501,145.47
III. Cash flows from financing activities:		
Cash received from absorbing investment	101,753,346.66	
Cash received from borrowings	218,200,000.00	108,000,000.00
Other cash received relating to financing activities	200,800,000.00	918,990,595.87
Subtotal of cash inflows from financing activities	520,753,346.66	1,026,990,595.87

Cash paid for debt repayment	219,010,000.00	130,000,000.00
Cash paid for distributing dividends and profits or paying interests	278,706,732.17	166,972,238.46
Cash payments relating to other financing activities	131,740,024.60	891,825,843.08
Subtotal of cash outflows from financing activities	629,456,756.77	1,188,798,081.54
Net cash flows from financing activities	-108,703,410.11	-161,807,485.67
IV. Effect of changes in exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	34,889,932.97	-1,103,077,380.78
Add: Opening balance of cash and cash equivalents	226,841,047.92	1,329,918,428.70
VI. Closing balance of cash and cash equivalents	261,730,980.89	226,841,047.92

## 7. Consolidated statement of changes in owners' equity

Amount of current period

Unit: RMB

Item	2022														
	Owner's equity attributable to parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Other	Subtotal		
	Preferred stock	Perpetual bonds	Other												
I. I. Closing balance of the previous year	892,406,822.00			50,352,323.80	7,635,639,929.52	204,444,302.78	-3,746,198.57		173,392,922.26		5,288,265,431.08		13,831,866,927.31	705,424,784.78	14,537,291,712.09
II. Opening balance of the current year	892,406,822.00			50,352,323.80	7,635,639,929.52	204,444,302.78	-3,746,198.57		173,392,922.26		5,288,265,431.08		13,831,866,927.31	705,424,784.78	14,537,291,712.09
III. Increase/decrease for the period (decrease is indicated with "-")	4,868.00			-35,239.96	49,692,669.28	-102,690,956.12	11,520,449.49		18,251,921.33		3,712,210,320.80		3,894,335,945.06	422,795,657.99	4,317,131,603.05
(I) Total comprehensive income							11,520,449.49				4,000,461,964.37		4,011,982,413.86	212,213,264.61	4,224,195,678.47
(II) Contribution and withdrawal of capital by owners	4,868.00			-35,239.96	49,692,669.28	-102,690,956.12							152,353,253.44	210,582,393.38	362,935,646.82
1. Common shares invested by owner					-35,462,199.34								-35,462,199.34	253,057,480.66	217,595,281.32
2. Capital invested by other equity instrument holders	4,868.00			-35,239.96	343,945.88								313,573.92		313,573.92
3. Amount of share payment credited to owner's equity					84,810,922.74	-102,690,956.12							187,501,878.86	7,117,549.88	194,619,428.74



4. Other															-49,592,637.16	-49,592,637.16
(III) Profit distribution									18,251,921.33		-288,251,643.57		-269,999,722.24			-269,999,722.24
1. Withdrawal of surplus reserve									18,251,921.33		-18,251,921.33					
2. provision for general risk											-269,999,722.24		-269,999,722.24			-269,999,722.24
IV. Closing balance for the period	892,411,690.00			50,317,083.84	7,685,332,598.80	101,753,346.66	7,774,250.92		191,644,843.59		9,000,475,751.88		17,726,202,872.37	1,128,220,442.77	18,854,423,315.14	

Amount of previous period

Unit: RMB

Item	2021														Minority interests	Total owners' equity
	Owner's equity attributable to parent company												Subtotal			
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Other				
	Preferred stock	Perpetual bonds	Other													
I. Closing balance of the previous year	886,566,151.00			92,433,139.11	7,229,135,825.83			147,950,664.58			2,746,794,868.15		11,102,880,648.67	492,864,637.18	11,595,745,285.85	
II. Opening balance of the current year	886,566,151.00			92,433,139.11	7,229,135,825.83			147,950,664.58			2,746,794,868.15		11,102,880,648.67	492,864,637.18	11,595,745,285.85	
III. Increase/decrease for the period (decrease is indicated with "-")	5,840,671.00			-42,080,815.31	406,504,103.69	204,444,302.78	-3,746,198.57	25,442,257.68			2,541,470,562.93		2,728,986,278.64	212,560,147.60	2,941,546,426.24	
(I) Total comprehensive income							-3,746,198.57				2,717,628,798.01		2,713,882,599.44	169,037,181.70	2,882,919,781.14	
(II) Contribution and withdrawal of capital by owners	5,840,671.00			-42,080,815.31	406,504,103.69	204,444,302.78							165,819,656.60	45,429,631.79	211,249,288.39	
1. Common shares invested by owner					-13,222,553.45								-13,222,553.45	44,546,336.10	31,323,782.65	

2. Capital invested by other equity instrument holders	5,840,671.00			-42,080,815.31	402,130,963.38							365,890,819.07		365,890,819.07
3. Amount of share payment credited to owner's equity					17,595,693.76	204,444,302.78						-186,848,609.02	883,295.69	-185,965,313.33
(III) Profit distribution								25,442,257.68		-176,158,235.08		-150,715,977.40	-1,906,665.89	-152,622,643.29
1. Withdrawal of surplus reserve								25,442,257.68		-25,442,257.68				
2. Provision for general risk										-150,715,977.40		-150,715,977.40	-1,906,665.89	-152,622,643.29
IV. Closing balance for the period	892,406,822.00			50,352,323.80	7,635,639,929.52	204,444,302.78	-3,746,198.57	173,392,922.26		5,288,265,431.08		13,831,866,927.31	705,424,784.78	14,537,291,712.09

**8. Statement of changes in owners' equity of parent company**

Amount of current period

Unit: RMB

Item	2022											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Other	Total owners' equity
		Preferred stock	Perpetual bonds	Other								
I. Closing balance of the previous year	892,406,822.00			50,352,323.80	9,749,414,509.20	204,444,302.78			145,640,411.27	280,520,062.19		10,913,889,825.68
II. Opening balance of the current year	892,406,822.00			50,352,323.80	9,749,414,509.20	204,444,302.78			145,640,411.27	280,520,062.19		10,913,889,825.68
III. Increase/decrease for the period (decrease is indicated with "-")	4,868.00			-35,239.96	-10,663,190.96	-102,690,956.12	750,000.00		18,251,921.33	-105,732,430.31		5,266,884.22
(I) Total comprehensive income							750,000.00			182,519,213.26		183,269,213.26
(II) Contribution and withdrawal of capital by owners	4,868.00			-35,239.96	-10,663,190.96	-102,690,956.12						91,997,393.20
1. Common shares invested by owner					-102,690,956.12							-102,690,956.12
2. Capital invested by other equity instrument holders	4,868.00			-35,239.96	343,945.88							313,573.92
3. Amount of share payment credited to owner's equity					91,683,819.28	-102,690,956.12						194,374,775.40
(III) Profit distribution									18,251,921.33	-288,251,643.57		-269,999,722.24
1. Withdrawal of surplus reserve									18,251,921.33	-18,251,921.33		
2. Distribution to owners (or shareholders)										-269,999,722.24		-269,999,722.24
IV. Closing balance for the period	892,411,690.00			50,317,083.84	9,738,751,318.24	101,753,346.66	750,000.00		163,892,332.60	174,787,631.88		10,919,156,709.90

Amount of previous period

Unit: RMB

Item	2021											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Other	Total owners' equity
		Preferred stock	Perpetual bonds	Other								
I. Closing balance of the previous year	886,566,151.00			92,433,139.11	9,347,283,545.82				120,198,153.59	202,255,720.52		10,648,736,710.04
II. Opening balance of the current year	886,566,151.00			92,433,139.11	9,347,283,545.82				120,198,153.59	202,255,720.52		10,648,736,710.04
III. Increase/decrease for the period (decrease is indicated with "-")	5,840,671.00			-42,080,815.31	402,130,963.38	204,444,302.78			25,442,257.68	78,264,341.67		265,153,115.64
(I) Total comprehensive income										254,422,576.75		254,422,576.75
(II) Contribution and withdrawal of capital by owners	5,840,671.00			-42,080,815.31	402,130,963.38	204,444,302.78						161,446,516.29
2. Capital invested by other equity instrument holders	5,840,671.00			-42,080,815.31	402,130,963.38							365,890,819.07
3. Amount of share payment credited to owner's equity						204,444,302.78						-204,444,302.78
(III) Profit distribution									25,442,257.68	-176,158,235.08		-150,715,977.40
1. Withdrawal of surplus reserve									25,442,257.68	-25,442,257.68		
2. Distribution to owners (or shareholders)										-150,715,977.40		-150,715,977.40
IV. Closing balance for the period	892,406,822.00			50,352,323.80	9,749,414,509.20	204,444,302.78			145,640,411.27	280,520,062.19		10,913,889,825.68

### III. Corporate Information

#### (i) Company registration address, organization form and headquarters address

Yunnan Energy New Material Co., Ltd. (hereinafter referred to as the “Company” or “our Company”) was formerly Yunnan Yuxi Innovation Color Printing Co., Ltd. with the approval of Department of Commerce of Yunnan Province document YSZ [2011] No.50, the shareholders of the Company signed the sponsor agreement on March 28, 2011, unanimously agreed to change the Company as a whole into a company limited by share, and obtained the business license of enterprise legal person No.530400400000009 issued by Yunnan Provincial Administration for Industry and Commerce, which is now changed to the unified social credit code 91530000727317703K, with the registered address and headquarters address of No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province. The Company’s legal representative is PAUL XIAOMING LEE.

In accordance with the resolution of the first extraordinary general meeting of shareholders in 2014 held in March 2014 and the revised articles of association of the Company, and the Approval of Initial Public Offering of Shares of Yunnan Innovative New Materials Co., Ltd. (ZJXX [2016] No. 1886) issued by China Securities Regulatory Commission, the Company issued RMB-denominated ordinary shares (A shares) of 33,480,000 to the public. It was priced and issued to the public investors on September 6, 2016, with a par value of RMB1.00 per share, a subscription price of RMB23.41 per share, and a total of RMB783,766,800.00 raised funds. After deducting the issuance related expenses of RMB35,999,800.00, the actual net amount of raised funds is RMB747,767,000.00 yuan, which is included share capital of RMB33,480,000.00 and capital reserve-share capital premium of RMB714,287,000.00. All the above contributions have been paid in place and have been verified by Dahua CPAs (SGP) issuing the capital verification report (DHYZ No. [2016] 000897).

According to the Notice on the Listing of RMB-denominated Ordinary Shares of Yunnan Innovative New Materials Co., Ltd. (SZS No. (2016) 618) issued by Shenzhen Stock Exchange, the shares of the Company were listed on Shenzhen Stock Exchange on September 14, 2016.

According to the fourth meeting of the third board of directors held on June 1, 2017, which deliberated and passed the Resolution on Granting Restricted Shares to Participants of 2017 Restricted Stock Incentive Plan of the Company, the Company issued 2.57 million RMB-denominated ordinary shares (issue price: RMB28.65/share) to 84 employees qualified for participants of equity incentive plan, among them: the amount of share capital is RMB2,570,000.00, and capital reserve-share capital premium is RMB71,060,500.00. All the above capital contributions have been subscribed in place and have been verified by Dahua CPAs (SGP) issuing the capital verification report (DHYZ No. [2017] 000338).

Whereas the Company has completed capital reserve converted to share capital, according to the resolution of the second extraordinary general meeting of shareholders in 2018 held on May 10, 2018 and the revised articles of association, the registered capital of the Company has increased from RMB136,450,000.00 to RMB272,900,000.00.

In accordance with the resolution of the fourteenth meeting of the third board of directors held by the Company on July 20, 2018 and the revised articles of association, and approved by China Securities Regulatory Commission (hereinafter referred to as “CSRC”) ZJXX No. [2018] 671 and Ministry of Commerce of the People’s Republic of China (hereinafter referred to as “Ministry of Commerce”) SZCH No. [2018] 225, the Company issued 201,023,712 A-shares in private to Paul Xiaoming Lee, Li Xiaohua, Wang Yuhua, Kunming Huachen Investment Co., Ltd., Sherry Lee, Future Industry Investment Fund (Limited Partnership), Shanghai Hengzou Enterprise Management Firm (Limited Partnership), Huang Shuhua, Zhang Tao, Gao Xiang, He Baohua, Huang Yuchen, Hu Jiadong, Wang Chizhou, Jiang Xinmin, Zhang Fang, Zhang Fan, Zheng Mei, Liu Wei, Du Jun and Cao Ben, with a par value of RMB1.00 per share and a subscription price of RMB24.87 per share. After the issuance of the shares, the shareholders’ equity assets of RMB4,999,459,975.00 were actually received, and the registered capital of RMB201,023,712.00 was actually paid, and the mode of contribution was equity capital contribution. The newly increased share capital is RMB201,023,712.00, the newly increased capital reserve (share capital premium) is RMB4,798,436,263.00, and the registered capital after the change is RMB473,923,712.00, which has been verified by Dahua CPAs (SGP) with the capital verification report (DHYZ No. [2018] 000430).

According to the resolution of the fourth extraordinary general meeting of shareholders of 2018 held by the Company on September 3, 2018 and the revised articles of association of the Company, the Company canceled the repurchase of part of incentive shares, repurchased the shares subscribed by seven natural persons in the form of monetary capital, totaling RMB799,335.00, including: reducing share capital by RMB55,800.00, reducing capital reserve-share capital premium by RMB743,535.00. It has been verified by the capital verification report (DHYZ No. [2018] 000514) issued by Dahua CPAs (SGP).

According to the resolution of the 19th meeting of the third board of directors held by the Company on September 28, 2018 and the revised articles of association, the Company changed its name from Yunnan Innovative New Material Co., Ltd. to Yunnan Energy New Material Co., Ltd.

Whereas the Company has completed the conversion of capital reserve to share capital, according to the resolution of the sixth extraordinary general meeting of shareholders in 2019 held on July 29, 2019 and the revised articles of association, the registered capital of the Company has increased from RMB473,867,912.00 to RMB805,575,450.00.

According to the resolution of the sixth extraordinary general meeting of shareholders of 2019 held by the Company on July 29, 2019, the resolution of the seventh extraordinary general meeting of shareholders of 2019 held on August 15, 2019 and the amended articles of association, the Company canceled the repurchase of part of incentive shares, repurchased the shares subscribed by 17 natural persons in monetary funds, with a total amount of RMB1,151,665.68, including: reduction of share capital by RMB136,680.00, reducing capital reserve-share capital premium by RMB1,014,985.68. In addition, according to the resolution of the seventh extraordinary general meeting of shareholders in 2019 held on August 15, 2019 and the revised articles of association, the Company canceled the share buyback of the resigned participants, and repurchased the shares subscribed by one natural person in the form of monetary capital, with a total amount of RMB601,580.59, including a decrease of share capital of RMB68,000.00 and a decrease of capital reserve-share capital premium of RMB533,580.59. It has been verified by the capital verification report (DHYZ No. [2019] 000324) issued by Dahua CPAs (SGP).

According to the resolutions of the 43rd meeting of the third board of directors held on March 23, 2020, the resolutions of the 2020 first extraordinary general meeting of shareholders held on April 9, 2020, and the resolutions of the third meeting of fourth board of directors held on June 12, 2020 and the Approval of the Non-public Issuance of Shares by Yunnan Energy New Material Co., Ltd.” (ZJXX No. [2020] 1476) issued by China Securities Regulatory Commission, the Company’s non-public issuance shall not exceed 241,611,231 RMB-denominated ordinary shares. The Company non-publicly issued 69,444,444 RMB-denominated ordinary shares (A shares) to specific investors on August 17, 2020, with a par value of RMB1.00 per share, and a subscription price of RMB72.00 per share. A total of RMB4,999,999,968.00 was raised. Excluding the cost of RMB17,495,413.51 related to the issuance, the Company’s actual net funds raised were RMB4,982,504,554.49, of which RMB69,444,444.00 was included in the share capital and RMB4,913,060,110.49 was included in the capital reserve-share capital premium. All the above capital contributions

have been subscribed in place and have been verified by Dahua CPAs (SGP) issuing the capital verification report (DHYZ No. [2020] 000460).

Approved by the Reply on Approval of Yunnan Energy New Material Co., Ltd. to Issue Convertible Corporate Bonds Publicly (ZJXK No. [2019] 2701) issued by China Securities Regulatory Commission, the Company publicly issued 16 million convertible corporate bonds on February 11, 2020. The conversion period of convertible corporate bonds shall start from the first trading day six months after the end of the issuance to the maturity date of the convertible corporate bonds, that is, from August 17, 2020 to February 11, 2026. As of December 31, 2022, a total of 17,619,596 shares of convertible corporate bonds were converted cumulatively into shares.

According to the resolution of the fourth extraordinary general meeting of shareholders of 2020 held by the Company on July 30, 2020 and the revised articles of association of the Company, the Company canceled the repurchase of part of incentive shares, repurchased the shares subscribed by four natural persons in the form of monetary capital, totaling RMB194,809.12, including: reducing share capital by RMB23,120.00, reducing capital reserve-share capital premium by RMB171,689.12. It has been verified by the capital verification report (DHYZ No. [2020] 000561) issued by Dahua CPAs (SGP).

According to the provisions of the Resolution on the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Draft) and Its Abstract, the Resolution on the Formulation of the Company's 2022 Stock Option and Restricted Stock Incentive Plan Implementation Assessment Management Measures, and the Resolution on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to Equity Incentive, which were reviewed and approved at the 2nd Extraordinary General Meeting of 2022 held by Energy Technology on February 14, 2022, the Company granted a total of 1,585,437.00 restricted shares to 826 natural persons including Yu Xue at a grant price of RMB 64.18 per share. The capital contribution of RMB 101,753,346.66 has been paid in full amount, which has been verified by Da Hua Certified Public Accountants (Special General Partnership) through the capital verification report (DHYZ No. [2022] 00L00001). The source of the restricted stock incentive plan in the current period is the common stocks repurchased by Energy Technology from the secondary market. After the implementation of this restricted stock incentive plan, the total share capital of Energy Technology remains unchanged.

After years of distribution of bonus shares, allotment of new shares, conversion of share capital and issuance of new shares, as of December 31, 2022, the Company has issued a total number of 892,411,690.00 shares, with a registered capital of RMB892,411,690.00.

## **(ii) Business nature and main business activities of the Company**

The scope of business of the Company mainly includes: Packaging and decoration and other printing products printing; commodity trademark printing (including tobacco and drug trademarks), trademark design; packaging box production, processing and sales; color printing; paper products (excluding paper making), plastic products and other supporting products production, processing and sales; production, processing and sales of printing raw materials and auxiliary materials; production, processing, sale of laminated film and modified plastics; production, processing and sale of laser transfer paper, gold and silver card paper, liquid packaging paper, electrified aluminum, high-grade packaging paper; production, processing and marketing of anti-counterfeiting labels, anti-counterfeiting materials; packaging machinery, packaging machinery spare parts design, manufacture, processing and marketing; production, processing and sale of new energy materials and corresponding new technologies and new products development; import and export of goods (except those with national restrictions and prohibition). (the above projects do not involve special management measures for foreign investment access) (approvals from competent authorities shall be obtained for the operation of the activities requiring approval in accordance with the laws)

The Company is a rubber and plastic products industry, and the main products can be divided into three categories: (1) film products, mainly including lithium-ion separator, BOPP film and specialty paper. Lithium-ion separator products include base film and coating film, and BOPP film products include smoke film and flat film; (2) packaging and printing products, mainly including cigarette label and aseptic packaging; (3) paper products packaging mainly includes specialty paper products, holographic anti-counterfeiting electrified aluminum, transfer film and other products. Specialty paper products include laser transfer anti-counterfeiting paper, direct plating paper and coated paper.

## **(iii) Authorization of financial statements for issue**

These financial statements were authorized for issue by the Company's Board of Directors on March 2, 2023.

## **(iv) Scope of the Consolidated Financial Statements**

There are 36 subsidiaries included in the consolidated financial statements in this period, including:

Name of subsidiaries	Type of subsidiary	Tier	Shareholding ratio (%)	Voting ratio (%)
Yunnan Dexin Paper Co., Ltd.	Wholly-owned subsidiary	Tier 2	100.00	100.00
Yunnan Hongchuang Packaging Co., Ltd.	Holding subsidiary	Tier 2	60.8997	60.8997
Hongchuang Packaging (Jiangsu) Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Yunnan Hongta Plastic Co., Ltd.	Wholly-owned subsidiary	Tier 2	100.00	100.00
Hongta Plastic (Chengdu) Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Yuxi Feiermu Trading Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Shanghai Energy New Materials Research Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Shanghai Energy New Material Technology Co., Ltd.	Holding subsidiary	Tier 2	95.22	95.22
Zhuhai Energy New Material Technology Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Guangdong Energy New Material Institute Co., Ltd.	Wholly-owned subsidiary	Tier 4	100.00	100.00
Wuxi Energy New Material Technology Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Jiangxi Tonry New Energy Technology Development Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Jiangsu Ruijie New Material Technology Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Jiangxi Ruijie New Material Technology Co., Ltd.	Holding subsidiary	Tier 4	82.00	82.00
Suzhou GreenPower New Energy Material Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Chongqing Energy Newmi Technological Co., Ltd.	Holding subsidiary	Tier 3	76.3574	76.3574
Jiangxi Enpo New Materials Co., Ltd.	Holding subsidiary	Tier 3	51.00	51.00
Jiangxi Energy New Material Technology Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Jiangsu Energy New Material Technology Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Hunan Energy Advanced New Material Technology Co., Ltd.	Holding subsidiary	Tier 3	65.00	65.00
Hubei Energy New Material Technology Co., Ltd.	Holding subsidiary	Tier 3	55.00	55.00
Energy (Zhuhai Hengqin) New Material Technology Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Chongqing Energy New Material Technology Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Ningbo Energy New Material Co., Ltd.	Wholly-owned subsidiary	Tier 2	100.00	100.00
Xiamen Energy New Material Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Yuxi Energy New Material Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Shanghai Energy Trading Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Jiangsu Energy Trading Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Jiangsu Sanhe Battery Material Technology Co., Ltd.	Holding subsidiary	Tier 3	51.00	51.00
Hainan Energy Investment Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Chuangxin New Material (Hong Kong) Co., Ltd.	Wholly-owned subsidiary	Tier 4	100.00	100.00
SEMCORP Global Holdings Kft.	Wholly-owned subsidiary	Tier 5	100.00	100.00
SEMCORP Hungary Kft.	Wholly-owned subsidiary	Tier 6	100.00	100.00
SEMCORP Properties Kft.	Wholly-owned subsidiary	Tier 6	100.00	100.00
SEMCORP America Inc.	Wholly-owned subsidiary	Tier 6	100.00	100.00
SEMCORP Manufacturing USA LLC	Wholly-owned subsidiary	Tier 7	100.00	100.00

For the reason why the proportion of shareholding of the subsidiary is different from the proportion of the voting rights, and holding half or below the voting right but still controlling the invested unit, please refer to “IX 1. Interests in Subsidiaries”.

Compared with the last period, ten new entities were included in and one entity were removed from the consolidated financial statements this period. Please refer to “VIII. Change of consolidation scope” for details of the subject in the scope of consolidated financial statements.

## **IV. Basis for Preparation of Financial Statements**

### **1. Basis for preparation**

The preparation of financial statements of the Company is based on the actual transactions and events in accordance with the Accounting Standards for Business Enterprises - Basic Standards published by the Ministry of Finance and specific corporate accounting standards, application guidelines for corporate accounting standards, corporate accounting standards interpretations and other relevant regulations (hereinafter collectively referred to as “corporate accounting standards”) for confirmation and measurement, combining the provisions of “Regulations on the Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports” (revised in 2014) published by CSRC.

### **2. Going concern basis**

The Company has evaluated the ability to continue as a going concern for 12 months from the end of the Reporting Period and has not identified any issues or circumstances that result in significant doubts about its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

### **3. Accounting base and valuation principle**

The Company takes the accrual basis as its accounting base. The financial statements use historical cost as the basis of measurement, except for certain financial instruments that are measured at fair value. If the assets are impaired, the corresponding provision for impairment shall be made according to relevant regulations.

## **V. Significant Accounting Policies and Accounting Estimates**

Reminders on specific accounting policies and accounting estimates:

### **1. Statement of compliance with the accounting standards for business enterprises**

The financial statements are in compliance with the requirements of accounting standards for business enterprises, and truly and completely reflect the financial status, operating results, cash flow and other relevant information of the Company during the Reporting Period.



## 2. Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

## 3. Operating cycle

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

## 4. Functional currency

The Company's functional currency is Renminbi (RMB).

Overseas subsidiaries take the currency in the main economic environment in which they operate as the recording currency and are converted into RMB during the preparation of financial statements.

## 5. Accounting treatments for merger of enterprises under common control and not under common control

**(1) When the terms, conditions and economic influence of transactions in the process of a step-by-step combination conform to one or more of the following, accounting for multiple transactions is treated as a package transaction.**

- 1) These transactions are made simultaneously or with consideration of influence on each other;
- 2) These transactions can only achieve a complete business outcome when treated as a whole;
- 3) The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- 4) A transaction is uneconomical when treated alone, but is economical when considered together with other transactions.

**(2) Business combination under common control**

The assets and liabilities acquired by the Company in business combinations are measured in accordance with the book value of assets and liabilities of the combined party in the ultimate controller's consolidated financial statements on the date of combination (including the goodwill of the ultimate controlling party resulting from the acquisition of the combined party). The difference between the book value of net assets acquired in the combination and the book value of the consideration paid for the combination (or the total par value of shares issued) is used to adjust the capital stock premium in the capital reserve, and when the capital stock premium in the capital reserve is insufficient for offset, it is used to adjust the retained earnings.

If there is a contingent consideration and it is necessary to confirm the estimated liabilities or assets, the difference between the estimated amount of liabilities or assets and the settlement amount of subsequent contingent consideration is used to adjust the capital reserve (capital premium or premium on capital stock), and when the capital reserve is insufficient, it is used to adjust the retained earnings.

For a business combination that is ultimately realized through multiple transactions, if it is a package transaction, each transaction is treated as a transaction that acquires control; if it is not a package transaction, on the date of acquisition of control, the difference between the initial cost of long-term equity investment and the book value of long-term equity investment before the combination plus the book value of the new paid consideration on the date of combination is used to adjust the capital reserve; and when the capital reserve is insufficient for offset, it is used to adjust the retained earnings. For equity investments held prior to the date of combination, no accounting treatment is carried out for other comprehensive income recognized by equity accounting or financial instrument confirmation and measurement standards, and up to the disposal of the investment, the accounting treatment shall be based on the same basis as the direct disposal of the assets or liabilities of the invested entity; other changes in owner's equity other than net profit or loss, other comprehensive income or profit distribution of net assets of the invested company recognized by equity method are not subject to accounting, and will be transferred to the current profit and loss until the disposal of the investment.

**(3) Business combination not under the common control**

Purchase date refers to the date when the Company actually obtains the control right over the acquiree, that is, the date when the control right over the net assets or production and operation decision is transferred to the Company. When the following conditions are met at the same time, the Company generally considers that the transfer of control right has been realized:

- ① The business combination contract or agreement has been approved by the internal authority of the Company.
- ② The business combination matters that need to be considered and approved by the relevant competent departments of the state have been approved.
- ③ Necessary procedures for transfer of property rights have been completed.
- ④ The Company has paid most of the merger price, and has the ability and plan to pay the remaining amount.
- ⑤ In fact, the Company has controlled the financial and operational policies of the acquiree, enjoyed corresponding benefits and assumed corresponding risks.

The assets paid and liabilities incurred or assumed of the Company as a consideration for the business combination are measured at fair value on the date of purchase, and the difference between the fair value and the book value is recognized in profit or loss.

The difference between the higher combination cost and lower fair value of identifiable net assets of the acquiree gained in the combination is recognized as goodwill by the Company. In case that the cost of combination is less than the fair value of the identifiable net assets of the acquiree gained in the combination, the difference is included in the current profit and loss by the Company after review.

For the case where a business combination involving enterprises not under common control is finally realized through multiple transactions step by step, if it is a package transaction, each transaction is treated as a transaction for acquiring control; if it is not a package transaction, if the equity investment held before the date of combination is accounted for by equity method, the book value of equity investment of the acquiree held before the date of acquisition plus the new investment cost on the date of acquisition is recognized as the initial cost of the investment; the other comprehensive income confirmed by equity method before the date of acquisition is accounted for, when the investment is disposed, on the same basis as those the invested party adopted directly to dispose the relevant assets or liabilities. If the equity investment held before the date of combination is accounted for by financial instrument recognition and measurement criteria, the fair value of equity investment on the date of combination plus the new investment cost is taken as the initial investment cost on the date of combination. The difference between the fair value and the book value of the original equity interest, and the accumulated fair value changes originally included in other comprehensive income should be transferred to investment income in the current period of combination date.

#### **(4) Related expenses incurred for business combination**

The agency fees paid for audits, legal services, assessments and other related expenses incurred in the business combination are recognized in profit or loss in the period in which they are incurred. The transaction costs for the issuance of equity securities for the business combination that may be directly attributed to equity transactions can be deducted from equity.

## **6. Methods for preparation of the consolidated financial statements**

### **(1) The scope of consolidation**

The scope of consolidation of the Company's consolidated financial statements is determined on the basis of control, and all subsidiaries (including separate entities controlled by the Company as the parent) are included in the consolidated financial statements.

### **(2) Procedures for consolidation**

The Company prepares consolidated financial statements based on the financial statements of itself and its subsidiaries and other relevant information. While preparing consolidated financial statements, the Company treats the entire enterprise group as an accounting entity, and in accordance with the requirements for confirmation, measurement and presentation of relevant enterprise accounting standards, and based on unified accounting policies, reflects the overall financial status, operating results and cash flow of the enterprise group.

The accounting policies and accounting periods adopted by all subsidiaries included in the consolidated financial statements are consistent with the Company. If the accounting policies or accounting periods adopted by the subsidiaries are inconsistent with the Company, necessary adjustments will be made in accordance with the Company's accounting policies and accounting periods when preparing consolidated financial statements.

The impact of internal transactions between the Company and its subsidiaries, and internal transactions between subsidiaries, on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in shareholders' equity is offset in the preparation of consolidated financial statements. If the determination of the same transaction is different from the perspective of the consolidated financial statements of the enterprise group and with the Company or subsidiaries as the accounting entity, the transaction shall be adjusted from the perspective of the enterprise group.

Subsidiary owners' equity, current net profit and loss, and current comprehensive income of the minority shareholders are separately presented under the owner's equity item in the consolidated balance sheet, the net profit item in the consolidated income statement, and the total comprehensive income item. If the current losses shared by the minority shareholders of a subsidiary exceed the share enjoyed by the minority shareholder in the initial owner's equity of the subsidiary, the excess is deducted from the minority interests.

For subsidiaries acquired from a business combination involving enterprises under common control, the individual financial statements of the subsidiaries shall be adjusted based on the book value of their assets and liabilities (including the goodwill arising from the ultimate controller's acquisition of the subsidiary) in the ultimate controller's financial statements.

For subsidiaries acquired from a business combination involving enterprises not under common control, the financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

#### 1) Increase in subsidiary or business

During the Reporting Period, if a subsidiary or business is added due to a business combination under common control, the opening amount of the consolidated balance sheet shall be adjusted; the income, expenses and profits of the subsidiary or business combination from the beginning of the current period to the end of the Reporting Period shall be included in the consolidated income statement; the cash flow from the beginning of the current period to the end of the Reporting Period of the subsidiary or business combination is included in the consolidated cash flow statement, and the relevant items in the comparative statement are adjusted at the same time, as if the consolidated reporting entity has been in existence since the ultimate controller begins the control.

If the investee under the common control can be controlled due to additional investment or other reasons, the parties involved in the merger shall be deemed to have made adjustments in their current state when the ultimate controlling party begins the control. For the equity investment held by the merging entity prior to obtaining control over the merged entity, the relevant profit and loss, other comprehensive income and other changes to net assets recognized in the period from the date of acquiring the original equity or the date when the merging entity and merged entity are under common control, whichever is later, to the date of merger, shall be covered by writing down the opening retained earnings or current profit and loss of the comparison period.

During the Reporting Period, if a subsidiary or business is added due to a business combination involving enterprises under non-common control, the opening balance of the consolidated balance sheet is not adjusted; the income, expenses and profits of the subsidiary and business from the date of acquisition to the end of the Reporting Period are included in the consolidated income statement; the cash flows of the subsidiary and business from the date of acquisition to the end of the Reporting Period are included in the consolidated cash flow statement.

If the investee under the common control can be controlled due to additional investment or other reasons, the equity interest held in the acquiree prior to the date of acquisition is re-measured according to its fair value at the date of acquisition. The difference between the fair value and the book value is recognized as investment income for the current period. If the equity held in the acquiree held before the acquisition date involves other comprehensive income under the equity method and other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution, related other comprehensive income, and other changes in owner's equity are converted into the investment income of the current period on the acquisition date, except for other comprehensive gains arising from the re-measurement of net liabilities of the defined benefit plan made by the invested party or changes in net assets.

## 2) Disposal of subsidiary or business

### ① General treatment method

During the Reporting Period, if the Company disposes of a subsidiary or business, the income, expenses and profits of the subsidiary or business from the beginning of the period to the disposal date are included in the consolidated income statement; the cash flows of the subsidiary or business from the beginning of the Reporting Period to the disposal date are included in the consolidated cash flow statement.

When the Company loses control over the invested party due to disposal of part of the equity investment or other reasons, the remaining equity investment after disposal will be re-measured according to its fair value by the Company on the date of loss of control. The difference of the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the sum of the share of net assets and goodwill of the original subsidiary that should be enjoyed in accordance with the original share-holding ratio since the date of acquisition or combination, is accounted for the investment income in the current period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary or other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution, will be converted into current investment income when control is lost, except for other comprehensive gains arising from the re-measurement of net liabilities of the defined benefit plan made by the invested party or changes in net assets.

### ② Disposal of subsidiaries in steps

If the equity investment in a subsidiary is disposed of in steps through multiple transactions until the loss of control, the terms, conditions, and economic impact of the disposal of the equity investment in the subsidiary meet one or more of the following conditions, it usually indicates that multiple transactions shall be accounted as a package deal:

- A. These transactions are made simultaneously or with consideration of influence on each other;
- B. These transactions can only achieve a complete business outcome when treated as a whole;
- C. The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- D. A transaction is uneconomical when treated alone, but is economical when considered together with other transactions.

If all transactions from disposal of equity investment in subsidiaries to loss of control belong to a package deal, each transaction shall be treated as a transaction for disposal of equity investment in subsidiaries and loss of control. The difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment before the loss of the control is recognized as other comprehensive income in the consolidated financial statements, which is transferred into the current profit and loss when the control is lost.

If the disposal of the equity investment in the subsidiary until the loss of control is not a package deal, before the loss of control, the accounting treatment shall be carried out in accordance with the relevant policies for partial disposal of the equity investment of the subsidiary without loss of control; when the control is lost, the accounting treatment shall be carried out in accordance with the general treatment method for the disposal of the subsidiary.

## 3) Acquisition of minority' equity in subsidiary

The difference between the additional long-term equity investment arising from the acquisition of minority equity and the net assets of the subsidiary, which is calculated according to the new holding proportion since the date of acquisition (or the date of merger) shall be covered by adjusting the equity premium in capital reserve of the consolidated balance sheet; if the equity premium in capital reserve is not sufficient for write-off, retained earnings shall be adjusted.

## 4) Partial disposal of the equity investment of the subsidiary without loss of control

If the parent company disposes of part of its long-term equity investment in the subsidiary without losing its control, the difference between the disposal price and the net assets of the subsidiary corresponding to the equity investment disposed of since the date of acquisition or the date of merger shall be covered by adjusting the equity premium in capital reserve of the consolidated balance sheet; if the equity premium in capital reserve is not sufficient for write-off, retained earnings shall be adjusted.

## **7. Classification of joint venture arrangements and accounting treatment method for joint operations**

### **(1) Classification of joint arrangements**

The Company divides joint venture arrangements into joint operations and joint ventures based on factors such as the structure, legal form, and terms in the joint venture arrangement and other relevant facts and circumstances.

Joint venture arrangements that are not reached through separate entities are classified as joint operations; joint arrangements reached through separate entities are usually classified as joint ventures; there is conclusive evidence that joint arrangements that meet any of the following conditions and comply with relevant laws and regulations are classified as joint operations:

- 1) The legal form of the joint arrangement indicates that the joint venture party has the rights and obligations of the related assets and liabilities in the arrangement.
- 2) According to contractual terms of the joint arrangement, the joint venture party has the rights and obligations of the related assets and liabilities in the arrangement
- 3) Other relevant facts and circumstances indicate that the joint venture party has the rights and obligations of the related assets and liabilities in the arrangement. For example, the joint venture party enjoys almost all the output related to the joint venture arrangement, and the settlement of the liabilities in the arrangement continues to rely on the support from the joint venture party.

### **(2) Accounting treatment for joint operations**

The Company recognizes the following items related to the share of interests in joint operations and makes accounting treatment according to the relevant ASBE:

- 1) Recognizes the assets held separately, and the assets held jointly according to its proportion;
- 2) Recognizes the liabilities assumed separately, and the liabilities assumed jointly according to its proportion;
- 3) Recognizes the income from the sales of its share in the outputs of joint operation;
- 4) Recognizes the income from the sales of the outputs of joint operation according to its proportion;
- 5) Recognizes the expenses incurred separately, and recognize the expenses incurred jointly according to its proportion.

If the Company invests or sells assets, etc. to a joint operation (except that if the asset constitutes a business), before the asset, etc., is sold by the joint operation to a third party, only the profit and loss arising from the transaction attributable to other participants in the joint operation is recognized. In the event of asset impairment losses complying with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment and other provisions of assets invested or sold, the Company shall recognize the loss in full.

If the Company purchases assets, etc. from a joint operation (except that if the asset constitutes a business), before the asset, etc., is sold to a third party, only the profit and loss arising from the transaction attributable to other participants in the joint operation is recognized. In the event of asset impairment losses complying with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment and other provisions of assets purchased, the Company shall recognize the loss based on the share it holds.

The Company does not have joint control over the joint operation. If the Company enjoys the joint operation-related assets and assumes the joint operation-related liabilities, the accounting treatment shall still be carried out in accordance with the above principles; otherwise, the accounting treatment shall be carried out in accordance with the relevant corporate accounting standards.

## **8. Determination standards for cash and cash equivalents**

In the preparation of the cash flow statement, the Company's cash on hand and deposits that can be readily used for payment are recognized as cash. The investment that has the four conditions of short maturity (generally due within three months from the date of purchase), strong liquidity, easy conversion into cash of a known amount, and low risk of value changes will be determined as cash equivalents.

## **9. Foreign currency business and foreign currency statement translation**

### **(1) Foreign currency business**

In the initial confirmation of foreign currency transactions, the spot exchange rate on the date of occurrence of the transaction shall be used as the conversion rate to convert into RMB for accounting.

At the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date, and the resulting exchange differences are included in the current profit and loss, except for the exchange differences arising from foreign currency special borrowings related to the acquisition and construction of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing costs. The foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the date of transaction without changing the amount of recording currency.

Foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rate on the date of determination of fair value. The difference between the translated amount of recording currency and the original amount of recording currency shall be treated as fair value changes (including changes in exchange rate), and included in the current profit and loss or recognized as other comprehensive income.

## **(2) Translation of foreign currency financial statements**

The assets and liabilities items in the balance sheet shall be treated at the spot exchange rate on the balance sheet date. Except for the “undistributed profit” items, other owner’s equity items shall be translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement shall be translated at the spot exchange rate on the date of transaction. The exchange differences on translation of foreign currency financial statements generated in accordance with the above translation shall be included in other comprehensive income.

When disposing of an overseas operation, the difference in translation of the foreign currency financial statements related to the overseas operation listed in other comprehensive income items in the balance sheet shall be transferred from other comprehensive income items to the profits and losses of the current period for disposal. When the proportion of overseas business interests held is reduced due to the disposal of part of equity investment or other reasons but the right of control over overseas business is not lost, the difference of translation of foreign currency statements related to the disposal part of overseas business will be attributed to minority shareholders’ rights and interests and will not be transferred to current profit and loss. When disposing of part of the equity of an overseas operation that is an associate or a joint venture, the difference on translation of the foreign currency statement related to the overseas operation shall be transferred to the disposal of the current profit and loss according to the proportion of the disposal of the overseas operation.

## **10. Financial instruments**

When the Company becomes a party to a financial instrument, it recognizes a financial asset or liability.

The effective interest method refers to the method of calculating the amortized cost of financial assets or liabilities and allocating interest income or interest expense into each accounting period.

The effective interest rate refers to the interest rate used to discount the estimated future cash flow of a financial asset or financial liability during its expected duration to the book balance of the financial asset or the amortized cost of the financial liability. When determining the effective interest rate, the expected cash flow is estimated on the basis of considering all contract terms of financial assets or liabilities (such as prepayment, extension, call options or other similar options), but the expected credit loss is not considered.

The amortized cost of a financial asset or financial liability is the accumulated amortization amount formed by deducting the repaid principal from the initial recognition amount of the financial asset or financial liability, adding or subtracting the difference between the initial recognition amount and the maturity amount by using the effective interest method, and then deducting the accumulated accrued loss reserve (only applicable to financial assets).

### **(1) Classification, recognition and measurement of financial assets**

According to the business model of the financial assets under management and the contractual cash flow characteristics of the financial assets, the Company divides the financial assets into the following three categories:

- 1) Financial assets measured at amortized cost.
- 2) Financial assets measured at fair value and whose changes are included in other comprehensive income.
- 3) Financial assets measured at fair value and whose changes are included in the current profit and loss.

Financial assets are measured at fair value when initially recognized, but if the accounts or notes receivable arising from the sale of goods or the provision of services do not contain significant financing components or do not consider financing components for no more than one year, the initial measurement shall be made at the transaction price.

For financial assets measured at fair value and whose changes are included in the current profit and loss, transaction expenses are directly recognized in the current profit and loss. For other financial assets, transaction expenses are included in the initial recognition amount.

Subsequent measurement of financial assets depends on their classification. All related financial assets affected will be reclassified when and only when the Company changes its business model of managing financial assets.

- 1) Financial assets classified as measured at amortized cost

The contract terms of a financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest on the amount of outstanding principal, and the business model for managing the financial asset is to collect the contractual cash flow, then the Company classifies the financial asset as measured at amortized cost. Financial assets of the Company that are classified as measured at amortized cost include monetary funds, some notes receivable and accounts receivable measured at amortized cost, other receivables, etc.

The Company recognizes interest income from such financial assets with the effective interest method, and carries out subsequent measurement at amortized cost. Gains or losses arising from impairment or derecognition or modification are included in the current profit and loss. The Company calculates and determines the interest income based on the book balance of financial assets multiplied by the effective interest rate except for the following circumstances:

① For purchased or originated credit-impaired financial assets, the Company calculates and determines their interest income at the amortized cost of the financial asset and the credit-adjusted effective interest rate since the initial recognition.

② For financial assets that have not been credit-impaired at the time of being purchased or originated but become credit-impaired in the subsequent period, the Company calculates and determines their interest income at the amortized cost and the effective interest rate of the financial assets in the subsequent period. If the financial instrument is no longer credit-impaired due to the improvement of its credit risk in the subsequent period, the Company calculates and determines the interest income by multiplying the effective interest rate by the book balance of the financial asset.

2) Financial assets classified as measured at fair value and whose changes are included in other comprehensive income

The contract terms of a financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest on the amount of outstanding principal, and the business model for managing the financial asset is both to collect contractual cash flows and for its sale, then the Company classifies the financial asset as measured at fair value and whose changes are included in other comprehensive income.

The Company recognizes interest income from such financial assets with the effective interest method. Except that the interest income, impairment loss and exchange difference are recognized as the current profit and loss, other changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in the current profit and loss.

Notes and accounts receivable measured at fair value with changes included in other comprehensive income are reported as receivables financing, and such other financial assets are reported as other creditors' investments. Among them, other creditors' investments maturing within one year from the balance sheet date are reported as non-current assets maturing within one year, and other creditors' investments maturing within one year are reported as other current assets.

3) Financial assets designated as measured at fair value and whose changes are included in other comprehensive income

At the time of initial recognition, the Company may irrevocably designate non-trading equity instrument investments as financial assets measured at fair value and whose changes are included in other comprehensive income on the basis of individual financial assets.

Changes in the fair value of such financial assets are included in other comprehensive income without provision for impairment. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in the retained earnings. During the investment period when the Company holds the equity instrument, the dividend income is recognized and included in the current profit and loss when the Company's right to receive dividends has been established, the economic benefits related to dividends are likely to flow into the Company, and the amount of dividends can be measured reliably. The Company reported such financial assets under other equity instrument investment items.

An investment in equity instruments is a financial asset measured at fair value and whose changes are included in the current profit and loss when it is obtained mainly for recent sale, or is part of the identifiable portfolio of financial assets centrally managed, and objective evidence exists for a short-term profit model in the near future when initially recognized, or is a derivative (except derivatives defined as financial guarantee contracts and designated as effective hedging instruments).

4) Financial assets classified as measured at fair value and whose changes are included in the current profit and loss

If failing to be classified as measured at amortized cost or at fair value and whose changes are included in other comprehensive income, or not designated as measured at fair value and whose changes are included in other comprehensive income, financial assets are all classified as measured at fair value and whose changes are included in the current profit and loss.

The Company carries out subsequent measurement of such financial assets at fair value, and includes gains or losses arising from changes in fair value as well as dividends and interest income associated with such financial assets into current profit and loss.

The Company reports such financial assets as trading financial assets and other non-current financial assets according to their liquidity.

5) Financial assets designated as measured at fair value and whose changes are included in the current profit and loss

At the time of initial recognition, the Company may irrevocably designate financial assets as measured at fair value and whose changes are included in the current profit and loss on the basis of individual financial assets in order to eliminate or significantly reduce accounting mismatches.

If the mixed contract contains one or more embedded derivative instruments and its main contract is not any financial asset as above, the Company may designate the whole of the mixed contract as a financial instrument measured at fair value and whose changes are included in the current profit and loss. Except under the following circumstances:

① Embedded derivatives do not significantly change the cash flow of mixed contracts.

② When determining for the first time whether similar mixed contracts need to be split, it is almost clear that embedded derivatives contained in them should not be split without analysis. If the prepayment right embedded in a loan allows the holder to prepay the loan at an amount close to the amortized cost, the prepayment right does not need to be split.

The Company carries out subsequent measurement of such financial assets at fair value, and includes gains or losses arising from changes in fair value as well as dividends and interest income associated with such financial assets into current profit and loss.

The Company reports such financial assets as trading financial assets and other non-current financial assets according to their liquidity.

## **(2) Classification, recognition and measurement of financial liabilities**

The Company classifies a financial instrument or its components into financial liabilities or equity instruments upon initial recognition according to the contract terms of and the economic essence reflected by the financial instrument issued, rather than only in legal form, in combination with the definitions of financial liabilities and equity instruments. Financial liabilities are classified at initial recognition as measured at fair value and whose changes are included in current profit and loss, or other financial liabilities, or derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value upon initial recognition. For financial liabilities measured at fair value and whose changes are included in current profit and loss, relevant transaction expenses are directly included in current profit and loss. For other categories of financial liabilities, relevant transaction expenses are included in the initial recognition amount.

Subsequent measurement of financial liabilities depends on their classification:

- 1) Financial liabilities measured at fair value and whose changes are included in the current profit and loss

Such financial liabilities include trading financial liabilities (including derivatives falling under financial liabilities) and financial liabilities designated as measured at fair value and whose changes are included in current profit and loss upon initial recognition.

The financial liability is a trading financial liability if it is mainly undertaken for recent sale or repurchase, or is part of the identifiable portfolio of financial instruments centrally managed, and there is objective evidence that the enterprise has recently employed a short-term profit model, or is a derivative instrument, except derivatives designated as effective hedging instruments and derivatives conforming to financial guarantee contracts. Trading financial liabilities (including derivatives belonging to financial liabilities) shall be subsequently measured according to fair value. Except in relation to hedge accounting, all changes in fair value shall be recorded into current profit and loss.

The Company irrevocably designates financial liabilities as measured at fair value and whose changes are included in current profit and loss at the time of initial recognition in order to provide more relevant accounting information if:

- ① Such financial liabilities can eliminate or significantly reduce accounting mismatches.
- ② The financial liability portfolio or the portfolio of financial assets and liabilities is managed and evaluated for performance on the basis of fair value according to the enterprise risk management or investment strategy stated in the official written documents, and is reported to key management personnel within the enterprise on this basis.

The Company subsequently measures such financial liabilities at fair value. Except changes in fair value that are brought about by changes in the Company's own credit risk are included in other comprehensive income, other changes in fair value are included in current profit and loss. Unless including such changes in other comprehensive income will cause or expand accounting mismatch in profit or loss, the Company will include all changes in fair value (including the amount affected by changes in its own credit risk) in current profit and loss.

- 2) Other financial liabilities

The Company classifies financial liabilities except for the following items as measured at amortized cost. Such financial liabilities are recognized by the effective interest method and subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization are included in the current profit and loss:

- ① Financial liabilities measured at fair value and whose changes are included in the current profit and loss.
- ② Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.
- ③ Financial guarantee contracts that do not fall under the first two categories of this article, and loan commitments that do not fall under category 1) of this article and lend at a below-market interest rate.

Financial guarantee contracts refer to contracts that require the issuer to pay a specific amount to the contract holder who has suffered losses when a specific debtor fails to pay the debt in accordance with the original or modified terms of the debt instrument. Financial guarantee contracts that are not financial liabilities designated as measured at fair value and whose changes are included in current profit and loss are measured after initial recognition according to the loss reserve amount and of the initial recognition amount, less the accumulated amortization amount during the guarantee period, whichever is higher.

### **(3) Derecognition of financial assets and liabilities**

- 1) Financial asset are derecognized, i.e. written off from its account and balance sheet if:

- ① The contractual right to receive cash flow from the financial asset is terminated; or
- ② The financial asset has been transferred, which meets the requirements for derecognition of financial assets.

- 2) Conditions for derecognition of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, such financial liability (or part thereof) is derecognized.

The existing financial liability is derecognized with a new one recognized, and the difference between the carrying amount and the consideration paid (including transferred non-cash assets or assumed liabilities) is included in the current profit and loss, if an agreement is signed between the Company and the lender to replace the existing financial liability by assuming a new one, and the contract terms of these two financial liabilities are substantially different, or the contract terms of the existing financial liability (or part thereof) are substantially modified.

If the Company repurchases part of a financial liability, the carrying amount of the financial liability shall be distributed according to the proportion of the fair value of the continuing recognition portion and the derecognition portion to the overall fair value on the repurchase date. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including transferred non-cash assets or liabilities assumed) shall be included in the current profit and loss.

#### **(4) Recognition basis and measurement method of financial asset transfer**

When a financial asset is transferred, the Company evaluates the risks and rewards retained of the financial asset ownership:

- 1) If almost all the risks and rewards of the financial asset ownership are transferred, such financial asset shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities.
- 2) If almost all the risks and rewards of the financial asset ownership are retained, such financial asset shall continue to be recognized.
- 3) In circumstances when the Company neither transfers nor retains almost all the risks and rewards of the financial asset ownership (i.e. circumstances other than 1) and 2) of this article), according to whether it retains control over such financial asset:

① The financial asset shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities if such control is not retained; or

② the relevant financial asset shall continue to be recognized to the extent that it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly if such control is retained. The extent that it continues to be involved in the transferred financial asset refers to the extent the Company bears the risks or rewards on changes in the value of the transferred financial asset.

When judging whether the transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form shall be adopted. The Company divides the transfer of financial assets into overall transfer and partial transfer.

- 1) If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profit and loss:

① The carrying amount of the transferred financial asset on the date of derecognition.

② The sum of the consideration received for the transfer of financial assets and the amount of the corresponding derecognized portion of the accumulated changes in fair value originally included in other comprehensive income directly (the financial assets involved in the transfer are financial assets measured at fair value and whose changes are included in other comprehensive income).

- 2) If the financial asset is partially transferred and the transferred part meets the conditions for derecognition, the carrying amount of the financial asset before transfer shall be allocated between the derecognition portion and the continuing recognition portion (in this case, the retained service asset shall be regarded as the continuing recognition part of the financial asset) according to the respective relative fair values on the transfer date, and the difference between the following two amounts shall be included in the current profit and loss:

① The carrying amount of the derecognized portion on the derecognition date.

② The sum of the consideration received for the derecognized portion and the amount of the corresponding derecognized portion of the accumulated changes in fair value originally included in other comprehensive income (the financial assets involved in the transfer are financial assets measured at fair value and whose changes are included in other comprehensive income).

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

#### **(5) Determination of fair value of financial assets and liabilities**

The fair value of a financial asset or liability with an active market shall be determined by the quoted price in the active market, unless the financial asset has a sell-off period for the asset itself. For the financial assets restricted for the assets themselves, the compensation amount demanded by market participants due to the risk of not being able to sell the financial assets on the open market within the specified period shall be deducted from the quoted price in the active market. Quoted prices in the active market includes those for related assets or liabilities that can be easily and regularly obtained from exchanges, dealers, brokers, industry groups, pricing or regulatory agencies, and can represent actual and recurring market transactions on the basis of fair trade.

The fair value of financial assets initially acquired or derived or financial liabilities assumed shall be determined on the basis of market transaction price.

The fair value of financial assets or liabilities without an active market shall be determined by valuation techniques. At the time of valuation, the Company adopts valuation techniques that are applicable under the current circumstances and are supported by sufficient available data and other information, selects input values consistent with the characteristics of relevant assets or liabilities considered by market participants in the transactions thereof, and gives priority to the use of relevant observable input values whenever possible. If the relevant observable input value cannot be obtained or be feasibly obtained, the unobservable input value shall be used.



## (6) Impairment of financial instruments

Based on the expected credit loss, the Company conducts impairment accounting of financial assets classified as measured at amortized cost and financial assets classified as measured at fair value and whose changes are included in other comprehensive income and recognizes loss reserves.

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows discounted at the original effective interest rate and receivable according to the contract and all cash flows expected to be collected of the Company, i.e. the present value of all cash shortfalls. Among them, credit-impaired purchased or originated financial assets of the Company shall be discounted at the credit-adjusted effective interest rate of such financial assets.

For receivables, contractual assets and lease receivables arising from transactions regulated by the income criteria, the Company uses the simplified measurement method to measure the loss reserve according to the amount equivalent to the expected credit loss during the entire duration.

For credit-impaired purchased or originated financial assets, only the accumulated changes in the expected credit losses during the entire duration since the initial recognition are recognized as loss reserves on the balance sheet date. On each balance sheet date, the amount of change in the expected credit loss during the entire duration is included in the current gains and losses as impairment losses or gains. Even if the expected credit loss during the entire duration on the balance sheet date is less than that reflected in the estimated cash flow upon initial recognition, the favorable change in the expected credit loss is recognized as impairment gains.

In addition to other financial assets adopting the above simplified measurement method and other than the credit-impaired purchased or originated ones, the Company evaluates whether the credit risk of relevant financial instruments has increased significantly since the initial recognition, measures its loss reserves and recognizes the expected credit loss and its changes respectively according to the following circumstances on each balance sheet date:

- 1) If the credit risk of the financial instrument has not increased significantly since its initial recognition and is in the first stage, its loss reserve shall be measured according to an amount equivalent to its expected credit loss in the next 12 months, and the interest income shall be calculated at the book balance and the effective interest rate.
- 2) If the credit risk of the financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, it is in the second stage, then its loss reserve shall be measured according to an amount equivalent to its expected credit loss throughout its life, and the interest income shall be calculated at the book balance and the effective interest rate.
- 3) If the financial instrument is credit-impaired since its initial recognition, it is in the third stage, and the Company shall measure its loss reserve according to an amount equivalent to its expected credit loss throughout its life, and calculate the interest income at the amortized cost and the effective interest rate.

The increase or reversed amount of the credit loss reserve for financial instruments shall be included in the current profit and loss as impairment losses or gains. Except for financial assets classified as measured at fair value and whose changes are included in other comprehensive income, the credit loss reserve will offset the carrying amount of the financial assets. For financial assets classified as measured at fair value and whose changes are included in other comprehensive income, the Company recognizes its credit loss reserve in other comprehensive income without reducing its carrying amount presented in the balance sheet.

In the previous accounting period, the Company has measured the loss reserve, the amount of which is equivalent to the expected credit loss of the financial instrument throughout its life. However, on the balance sheet date of the current period, the financial instrument no longer conforms to the situation of significant increase in credit risk since initial confirmation; on the balance sheet date of the current period, the Company has measured the loss reserve of the financial instrument, the amount of which is equivalent to the expected credit loss in the next 12 months, and the reversed amount of the loss reserve thus formed is included in the current profit and loss as impairment profit.

### 1) Significant increase of credit risk

In order to determine whether the credit risk of financial instruments has increased significantly since the initial recognition, the Company uses the available reasonable and based forward-looking information and compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial confirmation date. When the Company applies provisions on depreciation of financial instruments to financial guarantee contracts, the initial recognition date shall be regarded as the date when the Company becomes a party to make irrevocable commitments.

For the assessment of whether the credit risk has increased significantly, the Company will consider the following factors

- ① Whether the actual or expected operating results of the debtor have changed significantly;
- ② Whether the regulatory, economic or technological environment of the debtor has undergone significant adverse changes;
- ③ Whether the following items have changed significantly: the value of collateral as debt mortgage, or the guarantee provided by a third party, or the quality of credit enhancement; these changes will reduce the debtor's economic motivation to repay the loan within the time limit stipulated in the contract or impact the probability of default;
- ④ Whether the debtor's expected performance and repayment behavior have changed significantly;
- ⑤ Whether the Company's credit management methods for financial instruments have changed, etc.

If, on the balance sheet date, the credit risk of the financial instrument is judged to be low by the Company, the Company assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition. The financial instrument will be deemed to have lower credit risk under the following circumstances: the default risk of the financial instrument is lower; the borrower has a strong ability to fulfill its contractual

cash flow obligations in a short time; furthermore, even if there are adverse changes in the economic situation and operating environment for a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations.

#### 2) Financial assets with depreciation of credit

If one or more events have adverse effects on the expected future cash flow of a financial asset, the financial asset will become a financial asset that has suffered credit impairment. The following observable information can be regarded as evidence of credit impairment of financial assets:

- ① The issuer or debtor is in serious financial difficulties;
- ② The debtor breaches the contract, such as default or overdue payment of interest or principal, etc.;
- ③ The creditor gives concessions to the debtor due to economic or contractual considerations related to the debtor's financial difficulties; the concessions will not be made under any other circumstances;
- ④ There is a great possibility of bankruptcy or other financial restructuring of the debtor;
- ⑤ The financial difficulties of the issuer or debtor cause the disappearance of the active market for the financial asset;
- ⑥ The purchase or origin of a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

Credit impairment of financial assets may not be caused by separately identifiable events, but may be caused by the combined effect of multiple events.

#### 3) Determination of expected credit loss

The Company's assessment of the expected credit losses of financial instruments is based on single items and combinations. During the evaluation, the Company will take into account reasonable and reliable information about past events, current situation and future economic situation forecast.

The Company divides financial instruments into different combinations on the basis of common credit risk characteristics. Common credit risk characteristics adopted by the Company include: type of financial instrument, credit risk rating, aging portfolio, overdue aging portfolio, contract settlement period, debtor's industry, etc. To understand the individual evaluation criteria and combined credit risk characteristics of relevant financial instruments, please refer to the accounting policies of relevant financial instruments for details.

The Company adopts the following methods to determine the expected credit losses of relevant financial instruments:

- ① In terms of financial assets, credit loss is equivalent to the present value of the difference between the contract cash flow that the Company shall receive and the expected cash flow.
- ② In terms of lease receivables, credit loss is equivalent to the present value of the difference between the contract cash flow that the Company shall receive and the expected cash flow.
- ③ In terms of the financial guarantee contract, credit loss is equal to the expected amount of payment made by the Company to the holder of the contract for credit loss incurred, less the present value of the difference between the amount expected to be collected from the holder of the contract, the debtor or any other party.
- ④ If, on the balance sheet date, a financial asset has suffered credit impairment, but one does not purchase or originate a financial asset that has suffered credit impairment, the credit loss is equivalent to the difference between the book balance of the financial asset and the present value of the estimated future cash flow discounted at the original actual interest rate.

Factors reflected in the Company's method of measuring the expected credit losses for financial instruments include: unbiased probability weighted average amount determined by evaluating a series of possible results; time value of money; reasonable and reliable information about past events, current situation and future economic situation forecast that can be obtained on the balance sheet date without unnecessary extra costs or efforts.

#### 4) Write-off of financial assets

If the Company cannot reasonably expect the contract cash flow of the financial asset to be fully or partially recovered, the book balance of the financial asset will be written off directly. This write-off constitutes the derecognition of relevant financial assets.

#### **(7) Offset of financial assets and financial liabilities**

In the balance sheet, financial assets and financial liabilities are shown separately without offsetting each other. However, if the following conditions are met at the same time, the net amount after offset will be listed in the balance sheet:

- 1) The Company has the legal right, which is currently enforceable, to offset the confirmed amount;
- 2) The Company plans to settle on a net basis, or realize the financial assets and settle the financial liabilities at the same time.

#### **11. Notes receivable**

For the determination method and accounting treatment method of the Company for the expected credit losses on notes receivable, please refer to "10-(6) Impairment of financial instruments" in this section.

The Company separately determines credit losses for notes receivables that have sufficient evidence to assess expected credit losses at a reasonable cost at the level of a single instrument.

When sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of single instrument, the Company will refer to the experience of historical credit loss, combine the current situation and judgment on future economic situation, divide bills receivable into several combinations according to the characteristics of credit risk, and calculate expected credit loss on the basis of combinations. The basis for determining the portfolio is as follows:

Item	Basis for determining portfolio	Method
Bank acceptance bill portfolio	Type of bill	Refer to the experience of historical credit loss, combine the current situation and judgment on future economic situation to measure the expected credit loss
Commercial acceptance bill portfolio	Type of bill	Refer to the experience historical credit loss, combine the current situation and judgement on future economic situation, and prepare a comparison table of aging and expected credit loss rate according to the expected credit loss in the whole duration, on which the expected credit loss is calculated.

## 12. Accounts receivable

For the determination method and accounting treatment method of the Company for the expected credit losses on accounts receivable, please refer to “10-(6) Impairment of financial instruments” in this section.

The Company separately determines credit losses for accounts receivable that have sufficient evidence to assess expected credit losses at a reasonable cost at the level of a single instrument.

If sufficient evidence of expected credit loss cannot be assessed at reasonable cost at the level of single instrument, the Company will divide the accounts receivable into several combinations according to the credit risk characteristics, and calculate the expected credit loss on the basis of the combinations (with reference to the experience of historical credit loss, and in combination with the current situation with the judgment of future economic situation). The basis for determining the portfolio is as follows:

Item	Basis for determining portfolio	Method
Aging portfolio	Accounts receivable with similar credit risk characteristics by aging	Referring to historical credit loss experience, combined with the current situation and the forecast of future economic situation, according to the expected credit loss during the entire duration, a comparative table of age and expected credit loss rate is worked out, based on which the expected credit loss is calculated.

## 13. Receivables financing

Bills receivable and accounts receivable classified as those measured at fair value and whose changes are included in other comprehensive income, whose maturity is within one year (including one year) from the initial recognition date, are listed as accounts receivable financing; Those with a maturity of more than one year from the initial recognition date are listed as other debt investments. Please refer to Note 10. Financial Instruments for relevant accounting policies.

## 14. Other receivables

Determination method and accounting treatment method of expected credit loss of other receivables

For the determination method and accounting treatment method of the Company’s expected credit loss on other receivables, please refer to “10-(6) Impairment of financial instruments” in this section.

The Company separately determines credit losses for other receivables that have sufficient evidence to assess expected credit losses at a reasonable cost at the level of a single instrument.

If sufficient evidence of expected credit loss cannot be assessed at reasonable cost at the level of single instrument, the Company will divide the other receivables into several combinations according to the credit risk characteristics, and calculate the expected credit loss on the basis of the combinations (with reference to the experience of historical credit loss, and in combination with the current situation with the judgment of future economic situation). The basis for determining the portfolio is as follows:

Item	Basis for determining portfolio	Method
Aging portfolio	Other receivables with similar credit risk characteristics by aging	With reference to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, the expected credit loss is calculated through the default risk exposure and the credit loss rate in the next 12 months or the entire duration

## 15. Inventories

### (1) Classification of inventories

Inventories refer to the finished products or commodities held for sale by the Company in the course of its daily activities, the products being in the process of production, and the materials and supplies consumed in the process of production or provision of labor services, etc. The Company classifies inventories into raw materials, turnover materials, entrusted processing materials, work-in-process products, self-made semi-finished products, finished products (inventory goods), issued goods, etc.

### (2) Valuation method of inventories

When the inventories is acquired, it is initially measured at cost, including purchase cost, processing cost and other costs. When the inventories are delivered, it shall be valued by the first-in, first-out method and weighted average method at the end of the month.

### (3) Basis for the determination of the net realizable value of inventories and method for the provision of provision for inventory impairment

Provision for inventory impairment is recognized or adjusted at the lower of costs and the net realizable value after conducting a thorough check of inventories at the end of the year. For inventories of goods directly used for sale, such as finished goods, merchandise inventories and materials for sale, in the normal production and operation process, the net realizable value is determined by the amount of the estimated selling price of the inventory less the estimated sales cost and relevant taxes and fees; for material inventories that need to be processed, in the normal production and operation process, the net realizable value is determined by the amount of the estimated selling price of finished products produced less the estimated cost to be occurred at the time of completion, the estimated selling expenses and related taxes; for inventories held for the execution of sales contracts or labor contracts, the net realizable value is calculated on the basis of the contract price, and if the quantity of inventories held is more than the quantity specified in sales contracts, the net realizable value of excess inventories is calculated based on the general sales price.

At the end of the year, inventory valuation allowance is accrued according to individual inventory items; but for a large number of inventories with lower unit prices, inventory valuation allowance is accrued according to inventory category; for inventories related to the product series produced and sold in the same region with the same or similar end use or purpose, and that is difficult to be measured separately from other items, inventory valuation allowance is accrued combined with other items.

If the influencing factors of the write-down of inventory value have disappeared, the amount written-down is recovered and reversed to the amount of inventory valuation allowance already accrued, and the amount reversed is included in the current profit and loss.

### (4) Inventory system

A perpetual inventory system is adopted.

### (5) Amortization method of low-value consumables and packages

- 1) Low-value consumables are amortized by the one-off writing-off method;
- 2) Packages are amortized by the one-off writing-off method.
- 3) Other turnover materials are amortized by the one-off writing-off method.

## 16. Contractual assets

Where the Company has transferred goods to customers and has the right to receive consideration, and the right depends on factors other than the passage of time, it shall be recognized as contract assets. The Company's unconditional (that is, depending only on the passage of time) right to collect consideration from customers is separately listed as receivables.

For the determination method and accounting treatment method of the Company's expected credit loss on contractual assets, please refer to "10-(6) Impairment of financial instruments" in this section.

## **17. Held-for-sales assets**

### **(1) Classified as held-for-sale recognition criteria**

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

- 1) According to the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately in the current situation;
- 2) The sale is highly likely to occur, that is, the Company has made a resolution on a sale plan, obtained regulatory approval (if applicable), and obtained a certain purchase commitment, and it is expected that the sale will be completed within one year.

The confirmed purchase commitment refers to the legally binding purchase agreement signed by the Company and other parties. The agreement includes important terms such as transaction price, time and sufficiently severe penalty for breach of contract, which makes the possibility of significant adjustment or cancellation of the agreement extremely small.

### **(2) Accounting method of held for sale**

The Company does not accrue depreciation or amortization for non-current assets or disposal groups held for sale. If the book value is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses. The amount written down shall be recognized as asset impairment loss and included in the current profit and loss, and the assets held for sale impairment reserves shall be accrued at the same time.

For the non-current assets or disposal groups classified as held for sale on the acquisition date, the initial measurement amount and the net amount of the fair value less the selling expenses under the condition that they are not classified as held for sale are comparatively assumed in the initial measurement, whichever is lower.

The above principles apply to all non-current assets, but do not include investment properties that are subsequently measured using the fair value model, biological assets that are measured using the net amount of fair value less selling expenses, assets formed by employee compensation, deferred tax assets, financial assets regulated by accounting standards related to financial instruments, and rights generated by insurance contracts regulated by accounting standards related to insurance contracts.

## **18. Long-term equity investment**

### **(1) Recognition of initial investment cost**

- 1) For the long-term equity investment formed by the merger of enterprises, the specific accounting policies are detailed in "5. Accounting treatments for merger of enterprises under common control and not under common control" in this section.
- 2) Long-term equity investment acquired by other means

For long-term equity investment acquired by cash payment, the actual acquisition price is recognized as initial investment cost. The initial investment cost includes expenses, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment.

For a long-term equity investment obtained by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued. Transaction costs incurred in the issuance or acquisition of one's own equity instruments those can be directly attributable to the equity transaction shall be deducted from the equity.

Provided that the non-monetary asset exchange contains commercial substance and the fair value of the assets received or assets surrendered can be reliably measured, the initial investment cost of the long-term equity investment received with non-monetary assets is determined based on the fair value of the assets surrendered, except that there is conclusive evidence indicates that the fair value of assets received is more reliable. For non-monetary asset exchange that do not satisfy the above condition, the book value of assets surrendered and related taxes and fees payable are recognized as the initial investment cost of the long-term equity investment.

The initial investment cost of a long-term equity investment acquired by debt restructuring is determined on the basis of fair value.

### **(2) Subsequent measurement and recognition of related profit and loss**

#### **1) Cost method**

The Company can use the cost method to calculate the long-term equity investment controlled by the invested entity, price it according to the initial investment cost, and increase or recoup the cost of investment on adjusting a long-term equity investment.

Except for the declared but undistributed cash dividends or profits included in the actual payment or consideration when the investment is obtained, the Company shall recognize the cash dividends or profits declared to be distributed by the invested entity as current investment income.

#### **2) Equity method**

The Company adopts equity method for accounting of long-term equity investments in associates and joint ventures. For the equity investment in

associates in which part of it is held indirectly through venture capital institutions, mutual funds, trust companies or similar entities including investment-linked insurance funds, it shall be measured at fair value and its changes shall be recorded into profits and losses.

For the balance that the initial investment cost of long-term equity investments is bigger than the fair value shares of invested units' distinguished net assets which shall be enjoyed by the Company, the Company will not adjust the initial investment cost of long-term equity investments; for the balance that the initial investment cost is smaller than the fair value shares of invested units' distinguished net assets which shall be enjoyed by the Company, it shall be included in the current profit and loss.

After the Company obtains long-term equity investment, it shall recognize investment income and other comprehensive income respectively according to its share of the net profit or loss realized by the invested entity and other comprehensive income, and adjust the book value of long-term equity investment at the same time. In addition, the part to be enjoyed shall be calculated according to the profit or cash dividend declared by the invested entity to be distributed, and the book value of long-term equity investment shall be reduced accordingly. For other changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the invested entity, the book value of long-term equity investment shall be adjusted and recorded into owners' equity.

When confirming the shares of invested units' net gain or loss to be enjoyed, the Company will adjust and confirm the invested units' net profit based on the fair value of the invested units' distinguishable assets when investments are obtained. For the gain or loss on the non-realized internal transactions between the Company and associates, joint ventures, the part attributing to the Company will be calculated as per the proportion to be enjoyed, will be written down, and on this basis, the investment profit and loss will be confirmed.

The Company recognizes that the loss suffered by the invested unit should be dealt with in the following order: first, reduce the book value of long-term equity investments. Secondly, if the book value of long-term equity investments is not sufficient to offset, the book value of other long-term equity that substantially constitute the net investment in the invested entity shall be used to continue to recognize the investment loss and offset the book value of long-term receivables. Finally, after the above treatment, according to the investment contract or agreement, the enterprise still assumes the additional obligations, and it will confirm the provisions according to the expected obligations and shall be included in the current investment losses.

If the investee makes profits in the future, the Company shall, after deducting the unrecognized loss share, deal with it in the reverse order, write down the book balance of the confirmed provisions, recover other long-term equity that substantially constitute the net investment to the investee and the book value of long-term equity investments, and resume the recognition of investment income.

### **(3) Transformation of accounting method of long-term equity investments**

#### **1) Transfer of fair value measurement to equity method**

The equity investment originally held by the Company that does not have control, joint control or significant influence on the investee and is subject to accounting treatment according to the recognition and measurement standards of financial instruments can exert significant influence on the investee or implement joint control but does not constitute control due to additional investment and other reasons, the sum of the fair value of the originally held investment plus the newly increased investment cost determined in accordance with the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments shall be regarded as the initial investment cost calculated according to the equity method.

The initial investment cost calculated by the equity method is less than the difference between the fair value of the identifiable net assets of the investee on the additional investment date calculated and determined according to the new shareholding ratio after the additional investment, the book value of long-term equity investments is adjusted and included in the non-operating revenue of the current period.

#### **2) Transfer of fair value measurement or equity method to cost method**

The equity investment originally held by the Company that does not have control, joint control or significant impact on the investee and is subject to accounting treatment in accordance with the recognition and measurement standards of financial instruments, or the long-term equity investment originally held by the Company in associates and joint ventures: If the investee under different control can be controlled due to additional investment and other reasons, when preparing individual financial statements, the book value of equity investment originally held plus new investment cost shall be taken as the initial investment cost calculated by cost method instead.

The other comprehensive income, which is recognized as equity investment held before the purchase date, is accounted for by the equity method. When disposing the investment, it adopts the same basis as the relevant assets or liabilities directly disposed of by the invested entity for accounting treatment.

If the equity investment held before the acquisition date is accounted for in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, the changes in the accumulated fair value originally included in other comprehensive income are transferred to the current profit and loss when the cost method is used for accounting.

#### **3) Transfer of equity method to fair value measurement**

If the Company loses joint control or significant impact on the invested entity due to disposal of part of equity investment, the remaining equity after disposal shall be accounted according to Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and book value on the date of loss of joint control or significant impact shall be included in the current profit and loss.

The other comprehensive income of the original equity investment recognized due to the use of equity method shall be accounted on the same basis as the invested unit's direct disposal of relevant assets or liabilities when the equity method is terminated.

#### 4) Transfer of cost method to equity method

If the Company loses the control over the investee due to the disposal of part of the equity investment and other reasons, when preparing individual financial statements, if the residual equity after disposal can exercise joint control or exert significant influence on the investee, the equity method shall be used for accounting instead, and the residual equity shall be deemed to be adjusted by the equity method when it is obtained.

#### 5) Transfer of cost method to fair value measurement

If the Company loses control over the investee due to the disposal of part of equity investment and other reasons, when preparing individual financial statements, if the residual equity after disposal cannot exercise joint control or exert significant influence on the investee, the accounting treatment shall be carried out in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments. The difference between the fair value and the book value on the date of loss of control is included in the current profit and loss.

### **(4) Disposal of Long-Term Equity Investments**

For the disposal of long term equity investments, the difference between the book value and the actually obtained price shall be included in the current profit and loss. Long-term equity investments accounted by the equity method shall be disposed on the same basis as the investee's direct disposal of relevant assets or liabilities, and the part originally included in other comprehensive income shall be accounted according to the corresponding proportion.

If the terms, conditions and economic impact of the disposal of various transactions of equity investment in subsidiaries meet one or more of the following conditions, multiple transactions shall be accounted as a package deal:

- 1) These transactions are made simultaneously or with consideration of influence on each other;
- 2) These transactions can only achieve a complete business outcome when treated as a whole;
- 3) The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- 4) A transaction is uneconomical when treated alone, but is economical when considered together with other.

If the control over the original subsidiary company is lost due to the disposal of part of equity investment or other reasons, and it does not belong to a package deal, the relevant accounting treatment shall be made by distinguishing individual financial statements and consolidated financial statements:

- 1) In individual financial statements, for the equity disposed, the difference between the book value and the actually obtained price is included in the current profit and loss. If the residual equity after disposal can exercise joint control or exert significant influence on the investee, it shall be accounted by equity method, and the residual equity shall be deemed as adjusted by equity method when it is acquired; If the residual equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and book value on the date of loss of control shall be included in the current profit and loss.
- 2) In the consolidated financial statements, for the difference between the disposal price and the corresponding share of net assets of the subsidiary calculated continuously from the purchase date or the merger date for each transaction before the loss of control over the subsidiary, the capital reserve (share capital premium) shall be adjusted. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted; if the control right over the subsidiary is lost, the remaining equity shall be remeasured according to its fair value on the date of losing the control right. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of the net assets of the original subsidiary calculated continuously from the purchase date calculated according to the original shareholding ratio shall be included in the investment income of the current period when the control right is lost, and goodwill shall be offset at the same time. Other comprehensive income related to the equity investment of the original subsidiary will be converted into the current investment income when the control right is lost.

If all transactions from disposal of equity investment in subsidiaries to loss of control belong to a package deal, each transaction shall be treated as a transaction for disposal of equity investment in subsidiaries and loss of control, and relevant accounting treatment shall be conducted according to individual financial statements and consolidated financial statements:

- 1) In individual financial statements, the difference between each disposal price and the long-term equity investment book value corresponding to the disposed equity before the loss of control right is recognized as other comprehensive income, which is transferred to the loss and profit of the current period when the control right is lost.
- 2) In the consolidated financial statements, the difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment before the loss of the control right is recognized as other comprehensive income, which is transferred into the current profit and loss when the control right is lost.

### **(5) Judgment criteria for joint control and significant impact**

If the Company controls an arrangement collectively with other participants in accordance with relevant agreements, and the activity decision-making that has a significant impact on the return of the arrangement needs to exist after the consensus of the participants sharing the control right, it is deemed that the Company and other participants jointly control an arrangement, which is a joint venture arrangement.

When the joint venture arrangement is reached by a single body, the individual entity shall be judged as a joint venture and the equity method shall be used for accounting when the Company has the right to enjoy the net assets of the individual entity according to the relevant agreement. If it is judged that the Company does not have the right to the net assets of the individual subject according to the relevant agreement, the individual subject shall be regarded as the joint operation, the Company shall recognize the items related to the share of interests of the joint operation, and carry out accounting treatment in accordance with the provisions of the relevant accounting standards for business enterprises.

Significant influence means that the investor has the right to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. The Company judges to have a significant impact on the investee through one or more of the following circumstances and comprehensive consideration of all facts and circumstances: 1) having a representative on the board of directors or similar authority of the investee; 2) participate in the financial and operational policy-making process of the investee; 3) there are significant transactions with the investee; 4) dispatch management personnel to the investee; and 5) provide key technical data to the investee.

## 19. Investment properties

Measuring mode of investment properties

Measured at cost

Depreciation or amortization method

The Company's investment property means the property held for the purpose of earning rent or capital appreciation, or both, including the land use rights that have been leased, the land use rights that are held for transfer upon appreciation, and the leased buildings. In addition, for the vacant buildings held by the Company for the purpose of leases, if the Board of Directors makes a written resolution that expressly indicates that the buildings will be used for leases and the intention of holding will not change in a short term, the building will also be reported as investment property.

The Company's investment properties are recorded at their cost. The cost of outsourcing investment properties includes the purchase price, relevant taxes and other expenses that can be directly attributable to the asset. The cost of self-construction investment properties is composed of the necessary expenses incurred before the construction of the asset reaches the expected usable state.

The Company adopts the cost model for subsequent measurement of investment property. Depreciation or amortization is accrued on buildings and land use rights according to the estimated service life and net residual value rate. The estimated service life, net residual value rate and annual depreciation (amortization) rate of investment properties are listed as follows:

Type	The estimated service life (Year)	The estimated net residual value rate (%)	Annual depreciation (amortization) rate (%)
Land use rights	service life of land use rights		1/Service life*100
Property and plant	20	5-10	4.50-4.75

When the purpose of investment properties is changed to self-use, from the date of change, the Company will convert the investment properties to fixed assets or intangible assets. When the purpose of self-use properties is changed to earn rent or capital appreciation, the Company will convert fixed assets or intangible assets to investment properties from the date of change. In case of conversion, the book value before conversion shall be taken as the entry value after conversion.

When the investment properties are disposed, or permanently withdrawn from use, and no economic benefits are expected to be obtained from the disposal, the confirmation of the investment properties shall be terminated. The amount of disposal income from sale, transfer, scrap or damage of investment properties after deducting its book value and relevant taxes shall be included in the current profit and loss.



## 20. Fixed assets

### (1) Recognition criteria

Fixed assets mean tangible assets held for the purpose of producing goods, rendering of services, leases or operation management, whose service life is more than one fiscal year. Fixed assets satisfying the following conditions are recognized:

- 1) The economic benefits associated with the fixed assets are likely to flow into the enterprise;
- 2) The cost of the fixed asset can be measured in a reliable way

### (2) Initial measurement of fixed assets

The Company's fixed assets shall be initially measured according to cost.

- 1) The cost of purchased fixed assets includes the purchase price, import duties and other related taxes, as well as other expenses directly attributable to the fixed assets incurred before they reach the predetermined usable state.
- 2) The cost of self-constructed fixed assets consists of the necessary expenditures incurred before the asset is constructed to a predetermined usable state.
- 3) The fixed assets invested by the investor shall be recorded at the value agreed upon in the investment contract or agreement, but if the value agreed upon in the contract or agreement is not fair, it shall be recorded at the fair value.
- 4) If payments for the purchase of fixed assets are extended beyond the normal credit terms with financing nature, the costs of fixed assets are determined on the basis of present values of the purchase prices. The difference between the actual price paid and the present value of the purchase price, except for those that should be capitalized, shall be included in the current profit and loss during the credit period.

### (3) Subsequent measurement and disposal of fixed assets

#### 1) Depreciation of fixed assets

Depreciation of fixed assets shall be accrued within the estimated service life after deducting the estimated net residual value from its recorded value. For fixed assets with provision for impairment, the amount of depreciation shall be determined in the future periods based on the book value after deduction of the impairment provision and based on the remaining service life; and fixed assets that have been fully depreciated and are still in use shall not be depreciated.

The Company shall determine the service life and estimated net residual value of the fixed assets according to their nature and usage. At the end of the year, the service life, estimated net residual value and depreciation method of the fixed assets shall be reviewed, and if there is any difference from the original estimate, corresponding adjustments shall be made.

The depreciation method, depreciation period and annual depreciation rate of various fixed assets are as follows:

Type	Depreciation method	Depreciation life (year)	Rate of residual value (%)	Annual depreciation rate (%)
Property and plant	Straight-line method	20	5-10	4.50-4.75
Machinery and equipment	Straight-line method	6-13	5-10	6.92-15.83
Transportation equipment	Straight-line method	5	5-10	18.00-19.00
Electronic equipment	Straight-line method	5	5-10	18.00-19.00
Office equipment	Straight-line method	5	5-10	18.00-19.00
Other equipment	Straight-line method	5	5-10	18.00-19.00

#### 2) Subsequent expenditures on fixed assets

Subsequent expenditures related to fixed assets that meet the conditions for the recognition of fixed assets shall be included into the cost of fixed assets; and those do not meet the conditions for the recognition of fixed assets shall be recorded into the current profit and loss at the time of occurrence.

#### 3) Disposal of fixed assets

When a fixed asset is disposed of or is not expected to generate economic benefits through use or disposal, the recognition of the fixed asset shall be terminated. The amount of disposal income from sale, transfer, scrap or damage of fixed assets after deducting its book value and relevant taxes shall be included in the current profit and loss.

## 21. Construction in progress

### 1. Initial measurement of construction in progress

Construction in progress built by the Company is valued at the actual cost, which consists of the necessary expenses incurred before the construction of the asset reaches the expected usable status, including engineering materials costs, labor costs, related taxes and fees, borrowing costs that should be capitalized and indirect costs that should be apportioned.

### 2. Standards and time points for carrying forward construction in progress to fixed assets

For the construction in progress project, all expenses incurred before the construction of the asset reaches the expected serviceable state shall be taken as the entry value of fixed assets. If the construction in progress has reached the expected serviceable condition, but the final accounts of completion have not yet been handled, from the date of reaching the expected serviceable condition, it shall be transferred to fixed assets according to the estimated value according to the project budget, cost or actual cost of the project, and the depreciation of fixed assets shall be accrued according to the Company's fixed assets depreciation policy. The original estimated value shall be adjusted according to the actual cost after the completion of final accounts, but the amount of depreciation that has been accrued shall not be adjusted.

## 22. Borrowing costs

### 1. Recognition principles of capitalization of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of qualifying assets, shall be capitalized and included in the cost of relevant assets. Other borrowing costs shall be recognized as expenses according to the amount incurred and included in the profits or losses in the current period.

Assets eligible for capitalization refer to fixed assets, investment properties, inventory and other assets that are expected to be usable or salable after a considerable period of purchase and construction or production activities.

Capitalization shall commence when:

- (1) Expenditures are being incurred, which comprise disbursements incurred in the form of payments of cash, transfer of non-monetary assets or assumption of interest-bearing debts;
- (2) Borrowing costs are being incurred, and;
- (3) Purchase, construction or manufacturing activities that are necessary to prepare the assets for their intended use or sale are in progress.

## **2. Capitalization period for borrowing costs**

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation; period of suspension for capitalization is excluded.

Capitalization of borrowing costs shall cease when the qualifying asset under acquisition, construction or production gets ready for intended use or sale.

Where part of the project of acquisition, construction or production of qualifying assets has been completed respectively and can be put into use individually, capitalization of borrowing costs of that part should cease.

Where each part of assets purchased, constructed or manufactured has been completed separately but can be used or sold only after all parts have been completed, capitalization of borrowing costs shall cease at the completion of all parts of the said assets.

## **3. Period of suspension for capitalization**

Capitalization of borrowing costs shall be suspended during periods in which purchase, construction or manufacturing of assets eligible for capitalization is interrupted abnormally, and the interruption is for a continuous period of more than 3 months; if the interruption is the necessary procedure to prepare the assets purchased, constructed or manufactured assets eligible for capitalization for their intended use or sale, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption shall be recognized in current profit or loss, and shall continue to be capitalized when purchase, construction or manufacturing of the relevant assets resumes.

## **4. Measurement of capitalized amounts of borrowing costs**

Interest charges on special borrowings (excluding interest income on unused borrowings deposited in the bank, or investment income on temporary investment) and their ancillary expenses shall be capitalized before the assets purchased, constructed or produced that meet the capitalization conditions are ready for intended use or sale.

The amount of capitalized interest on general borrowings is calculated by the weighted average of the excess portion of the accumulative asset expenditures over the special borrowings multiplied by the capitalization rate of general borrowings. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

Where there are discounts or premiums on borrowings, the amounts of interest for each accounting period shall be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

## **23. Right-of-use assets**

The Company initially measures the right-of-use assets on the basis of the cost, which includes:

1. The amount of initial measurement of lease liabilities;
2. For the lease payment paid on or before the beginning of the lease term, if there is lease incentive plan, the relevant amount of lease incentive enjoyed shall be deducted;
3. The initial direct costs incurred by the company;
4. The costs expected to be incurred by the Company to dismantle or remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the state agreed in the lease terms (excluding the costs incurred for the production of inventories).

After the beginning date of the lease term, the Company adopts the cost model for subsequent measurement of the right-of-use assets.

If it can be reasonably determined that the ownership of the leased asset is obtained at the expiration of the lease term, the Company shall accrue depreciation within the remaining service life of the leased asset. If it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, the Company shall accrue depreciation within the shorter term between the lease term and the remaining service life of the leased asset. For the right-of-use assets with impairment provision, the depreciation shall be accrued on the basis of the book value after deducting the impairment provision in the future with reference to the above principles.

## 24. Intangible assets

### (1) Initial measurement

Intangible assets are non-monetary assets with no physical form that can be identified and owned or controlled by the Company, including land use right, computer software, patent right, non-patented technology, etc.

Costs of purchased intangible assets include purchase prices, relevant taxes, and other expenditures that are directly attributable to the intangible assets before they reach working conditions for their intended use. If payments for the purchase of intangible assets are extended beyond the normal credit terms with financing nature, the costs of intangible assets are determined on the basis of present values of the purchase prices.

For intangible assets obtained from debtors in settlement of their liabilities in case of debt restructuring, the book value is determined based on the fair value of the intangible assets, and the difference between the book values of debt restructuring and the fair values of the intangible assets used to pay the debt shall be included in the current profits or losses.

If the exchange of non-monetary assets has commercial substance, and the fair values of the assets received or surrendered can be measured reliably, the book values of intangible assets received from the exchange of non-monetary assets shall be determined based on the fair values of the assets surrendered unless there is any conclusive evidence that the fair values of the assets traded in are more reliable. If the exchange of non-monetary assets does not meet the above criteria, the costs of the intangible assets received shall be the book values of the assets surrendered and relevant taxes paid, and no profits or losses shall be recognized.

For intangible assets obtained through business absorption or combination under common control, the book value is determined by the carrying amounts of the combined party. For intangible assets obtained through business absorption or combination not under common control, the book value is determined by the fair value of the intangible assets.

The costs of internally developed intangible assets include: the materials consumed during the development, labor costs, registration fees, amortization of other patents and licenses applied during the development, interest expense eligible for capitalization, as well as other direct costs incurred for the intangible assets to reach working condition for their intended use.

### (2) Subsequent measurement

The Company determines the useful life of intangible assets on acquisition, which are classified as intangible assets with limited useful life and indefinite useful life.

#### 1) Intangible assets with limited useful lives

For the intangible assets with limited service life, they are amortized by the straight-line method within the period of bringing economic benefits to the enterprise. The estimated life and basis of intangible assets with limited service life are as follows:

Item	Expected service life	Basis for estimates
Software	10 years	Expected service life
Land use rights	50 years	Certificate of land using right
Patent rights	10 years	Benefit period
Non-proprietary technology	10 years	Benefit period

The service life of the intangible assets with limited service life and its amortization method shall be reviewed at the end of each period. If it differs from its previous estimate, adjustment will be made accordingly.

After review, the service life and amortization method of the intangible assets at the end of the period this year are not different from that estimated previously.

#### 2) Intangible assets with uncertain useful lives

Intangible assets with unforeseeable economic benefits to the Company are deemed to be intangible assets with an indefinite useful life.

Intangibles assets with uncertain useful lives are not amortized during the holding period, but are reviewed for remaining useful lives at each year end. If the useful lives are still uncertain after another review at the end of the year, the impairment tests will continue to be conducted during each accounting period.

### (3) Criteria for classification of research phase and development phase of internal R&D projects of the Company

Research phase: the phase in which original and planned investigation and research are carried out with purpose of gaining and understanding new scientific or technical knowledge.

Development phase: before commercial production and utilization, the phase in which the research achievement or other knowledge is applied to a particular project or design in order to produce new or substantially improved materials, devices, products, etc.

The expenditure of internal R&D projects incurred during research phase is recognized in profit or loss when incurred.

### (4) Criteria for expenditures during the development phase qualifying for capitalization

Expenditures arising from development phase on internal R&D projects must be capitalized if the Company can satisfy all of the following criteria:

- 1) There is technical feasibility of completing the intangible assets (so that they will be available for use or sale);
- 2) There is an intention to complete and use or sell the assets;
- 3) how the intangible asset will generate economic benefits including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there exists usage for the intangible asset;
- 4) There are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible assets;
- 5) The expenditure attributable to the development phase of intangible assets can be reliably measured.

If the expenditure at the development phase does not meet the above condition, it shall be charged to current profits or losses when occurring. The development expenditures which have been included in the profit or loss in the previous periods will not be recognized as an asset in the future period. The capitalized expenditures in the development phase are shown in the balance sheet as development expenditures and are converted into intangible assets from the date of the project's intended use.

## 25. Impairment of long-term assets

On the balance sheet date, the Company judges whether there is any sign of possible impairment of long-term assets. If there is any sign of impairment of a long-term asset, the recoverable amount shall be estimated on the basis of a single asset; if it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs shall be determined.

The recoverable amount of an asset is estimated based on the higher of the net amount of its fair value less disposal expenses and the present value of the expected future cash flow of the asset.

If the measurement results of the recoverable amount show that the recoverable amount of the long-term asset is lower than its book value, the book value of the long-term asset shall be written down to the recoverable amount, and the written-down amount shall be recognized as the impairment loss of the asset, which shall be recorded into the current profit and loss, and the corresponding asset impairment provision shall be drawn at the same time. Once the impairment loss of assets is recognized, it shall not be reversed in the future accounting period.

After the asset impairment loss is recognized, the depreciation or amortization expenses of the impaired asset shall be adjusted accordingly in the future period, so that the adjusted asset book value (deducting the estimated net residual value) will be systematically apportioned over the remaining service life of the asset.

For goodwill and intangible assets with uncertain service life due to business combination, no matter whether there is any sign of impairment or not, impairment test shall be carried out every year.

In the impairment test of goodwill, the book value of goodwill would be apportioned to asset group or portfolio of asset group expected to benefit from the synergy effect of an enterprise merger. When carrying out an impairment test on the relevant asset group or portfolio of asset group containing goodwill, if there is a sign of impairment on the asset group or portfolio of asset group related to the goodwill, the Company first calculates the recoverable amount after testing the asset group or portfolio of asset group which does not contain the goodwill for impairment, and then compares it with the related book value to recognize the corresponding impairment loss. Next, the Company conducts an impairment test on the asset group or portfolio of asset group which contains the goodwill and compares the book value of the related asset group or portfolio of asset group (book value includes the share of goodwill) with the recoverable amount. If the recoverable amount of the related asset group or portfolio of asset group is lower than the book value, the Company will recognize the impairment loss of goodwill.

## 26. Long-term deferred expenses

### (1) Amortization method

Long-term deferred expenses refer to expenses that have already been spent by the Company, but shall be apportioned in the current period and the future periods and the benefit period is over 1 year. Long-term prepaid expenses are amortized using the straight-line method over the period of projected earnings.

### (2) Amortization period

Type	Amortization period	Notes
Leasehold improvement	Expected service life or lease term, whichever is lower	
Power Grid access fee	10 years	
Software system implementation fee	5 years	
Repair and maintenance fee	2-3 years	

## 27. Contractual liabilities

The Company recognizes as a contractual liability the portion of its obligation to transfer commodities to a customer for which the customer consideration has been received or is receivable.

## 28. Employee compensation

### (1) Accounting treatment of short-term employee compensation

Short term compensation refers to the employee compensation that shall be paid by the Company within 12 months after the end of the annual

report period when employees provide relevant services, except for post-employment welfare and dismissal welfare. During the accounting period when employees provide services, the Company recognizes the short-term benefits payable as a liability and includes the same in the relevant asset costs and expenses on the basis of the beneficiaries of the services provided by employees.

## **(2) Accounting treatment for post-employment benefits**

Post-employment benefits refer to various forms of remuneration and benefits provided by the Company after employees retire or terminate labor relations with the enterprise in order to obtain the services provided by employees, except short-term remuneration and dismissal benefits.

All post-employment benefit plans of the Company are defined contribution plans.

The defined contribution plan for post-employment benefits is mainly to participate in the social basic endowment insurance, unemployment insurance, etc., organized and implemented by local labor and social security institutions. During the accounting period when employees provide services to the Company, the amount of deposit payable calculated according to the defined deposit plan shall be recognized as liabilities and included in the current profit and loss or related asset costs.

## **(3) Accounting treatment for termination benefits**

Termination benefits refer to the compensation paid to an employee when the Company terminates the labor relationship with an employee before the labor contract expires, or offers compensation for encouraging the employee to accept the redundancies voluntarily. The liabilities arising from the termination of labor relations with the employee are determined, and also included in the current profit and loss, at the time when the Company cannot unilaterally withdraw the termination of the labor relationship plan or redundancies proposal, or the time when the cost associated with restructuring involving payment of termination benefits is confirmed, whichever is earlier.

The Company provides early retirement benefits to employees who accept internal retirement arrangements. Early retirement welfare refers to the wages paid to the employees who fail to reach the retirement age stipulated by the state and voluntarily quit their jobs with the approval of the Company's management and the social insurance premiums paid for them. The Company shall pay the internal retirement benefits to the early retired employees from the commencement date of the internal retirement arrangement to the date when the employees reach the normal retirement age. For the early retirement welfare, the Company shall carry out accounting treatment according to the termination benefits. When the relevant recognition conditions of the termination benefits are met, the wages and social insurance premiums to be paid to the early retired employees from the date when the employees stop providing services to the normal retirement date shall be recognized as liabilities and included in the current profit and loss on a lump-sum basis. The difference caused by the change of actuarial assumption and the adjustment of welfare standard of early retirement welfare shall be included in the current profit and loss when it occurs.

## **29. Lease liabilities**

The Company initially measures the lease liabilities according to the present value of the unpaid lease payments at the beginning of the lease term. When calculating the present value of lease payments, the Company takes the interest rate implicit in lease as the discount rate; If the interest rate implicit in lease cannot be determined, the incremental borrowing rate of interest of the Company shall be used as the discount rate. Lease payments include:

- (1) The fixed payment amount and actual fixed payment amount after deducting the relevant amount of lease incentive;
- (2) Variable lease payments depending on index or ratio;
- (3) When the Company reasonably determines that the option will be exercised, the lease payment includes the exercise price of the option;
- (4) When the lease term reflects that the Company will exercise the option of terminating the lease, the lease payment includes the payment required to exercise the option of terminating the lease;
- (5) The amount expected to be paid in the light of the guarantee residual value provided by the Company.

The Company determines the expense of the interest of lease liability in each period of the lease term in the light of the fixed discount rate, and includes it in the current profit and loss or the cost of relevant assets.

The amount of variable lease payments not included in the lease liabilities shall be included in the current profits and losses or relevant asset costs when actually incurred.

## **30. Estimated Liabilities**

### **1. Recognition criteria of estimated liabilities**

When an obligation related to the contingent events satisfies all the following conditions, it is recognized by the Company as estimated liabilities:  
The obligation is the current obligation of the Company;

The performance of obligation is likely to result in the outflow of economic benefits from the Company;

The cost of the obligation can be measured in a reliable way.

### **2. Measurement of estimated liabilities**

The estimated liabilities of the Company are initially measured on the basis of the best estimate of the expenditure required to perform the relevant current obligations.

When determining the best estimate, the Company considers factors such as risks, uncertainties and time value of money related to contingent events. Where the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

The best estimates are handled as follows:

In case that there is a continuous range (or interval) of required expenditures, within which the possibility of occurrence of various results is the same, the best estimate is determined by the average of the middle value of the range, that is, the average of the upper and lower limits.

In case that there is no continuous range (or interval) of required expenditures, or there is a continuous range but the possibility of various results in the range is different, if the contingency involves a single item, the best estimate should be determined based on the most probable amount; if a contingency involves multiple items, the best estimate is determined based on various possible outcomes and associated probabilities.

If all or part of the expenses required by the Company to settle the provisions are expected to be compensated by a third party, the compensation amount is separately recognized as an asset when it is basically confirmed to be received, and the recognized compensation amount should not exceed the book value of estimated liabilities.

### **31. Share-based payments**

#### **1. Categories of share-based payments**

The share based payment of the Company is divided into equity-settled share-based payment and cash-settled share-based payment.

#### **2. Determination method of fair value of equity instruments**

For the granted equity instruments such as options with active market, their fair value shall be determined according to the quoted price in the active market. For the granted equity instruments without active market, the option pricing model is used to determine their fair value. The following factors are considered in the option pricing model: (1) the exercise price of the option; (2) the validity period of the option; (3) the current price of the target share; (4) the expected volatility of the share price; (5) the expected dividend of the share; (6) the risk free interest rate.

When determining the fair value of the equity instrument on the grant date, the impact of market conditions and non-vesting conditions specified in the share-based payment agreement shall be considered. If there are non-vesting conditions for share-based payment, as long as the employees or other parties meet all non-market conditions (such as service term, etc.) in all of the vesting conditions, the corresponding cost of the services received shall be recognized.

#### **3. Basis for determining the best estimate of exercisable equity instruments**

At each balance sheet date in the vesting period, the Company would make best estimate in accordance with the newly acquired information such as changes in the number of employees with exercisable rights, and amend the number of estimated exercisable equity instruments. On the exercise date, the ultimate estimated number of exercisable equity instruments coincides with the actual number.

#### **4. Accounting treatment**

The equity-settled share-based payment shall be measured at the fair value of the equity instrument granted to the employee. If the right is exercisable immediately after the grant, the relevant cost or expense shall be recorded in accordance with the fair value of the equity instrument on the grant date, and the capital reserve shall be increased accordingly. If the right is not exercisable until the service within the waiting period is completed or the performance conditions are met, on each balance sheet date within the waiting period, the services acquired in the current period shall be included into relevant costs or expenses and capital reserves based on the best estimate of the number of the equity instruments of the exercisable rights and based on the fair value on the grant date of the equity instruments. No adjustments shall be made after the vesting date for the related costs or expenses recognized and total owners' equity.

The cash-settled share-based payment is measured at the fair value of the liabilities borne by the Company and calculated based on shares or other equity instruments. Where the right is feasible immediately after the grant, the fair value of the liabilities borne by the Company shall be included into the relevant costs or expenses at the fair value of the liabilities assumed by the Company on the grant date, and the liabilities shall be increased accordingly. Where the share-based payment is not exercisable until the service in the vesting period is completed or specified performance conditions are met, then at each balance sheet date within the vesting period, the service obtained in the current period shall be included in cost or expenses and in liabilities at the fair value of the Company's liabilities based on the best estimates of the quantity of exercisable equity instruments made by the Company. At each balance sheet date and settlement date before relevant liabilities are settled, the fair value of the liabilities is remeasured and the changes are recognized in profit or loss.

If the granted equity instrument is cancelled in the waiting period, the Company will treat the cancellation of the granted equity instrument as accelerated exercise, and the amount to be recognized in the remaining waiting period will be included in the current profit and loss immediately, and capital reserve will be recognized at the same time. If the employee or other parties can choose to meet the non-vesting conditions but fail to meet them within the waiting period, the Company will treat them as the cancellation of the granted equity instrument.

### **32. Preferred stock, perpetual bonds and other financial instruments**

The Company classifies the financial instruments and their components at initial recognition into either financial liabilities or equity instruments, in accordance with the "Financial Instruments Standards", on the basis of the contract terms of and the economic substances but not only the legal forms reflected by the preferred stock, perpetual bonds and other financial instruments issued, together with the definitions of financial liabilities and equity instruments:

#### **1. If one of the following conditions is met, the financial instrument issued shall be classified as a financial liability:**

- (1) a contractual obligation to deliver cash or other financial assets to another entity;
- (2) a contractual obligation to exchange with another entity a financial asset or financial liability under potential unfavorable conditions;
- (3) a non-derivative contract, which shall be or may be settled by the Company's own equity instruments in the future, and that the Company would deliver a variable number of its own equity instruments;
- (4) a derivative contract, which shall be or may be settled by the Company's own equity instruments in the future, but except for which the Company would deliver a fixed quantity of its own equity instruments in exchange for a fixed quantity of cash or other financial assets.

#### **2. If all of the following conditions are met, the financial instrument issued shall be classified as an equity instrument:**

- (1) The financial instrument does not include those delivering cash or other financial assets to another entity, or contractual obligations under potential unfavorable conditions to exchange financial assets or financial liabilities with another entity;

- (2) For a financial instrument that shall be or may be settled by the Company's own equity instruments, if the financial instrument is a non-derivative instrument, it must not include a contractual obligation to deliver a variable quantity of the Company's own equity instruments for settlement; if the financial instrument is a derivative instrument, it can only be settled by the fixed quantity of its own equity instruments in exchange for a fixed number of cash or other financial assets.

### **3. Accounting treatment**

For the financial instrument classified as an equity instrument, any interest expense or dividend distribution is recognized as profit distribution of the issuer, the buy-backs and write-offs are recognized as changes in equity, and transaction costs such as handling charges, commissions are deducted from equity;

For the financial instrument classified as a financial liability, any interest expense or dividend distribution is dealt with as borrowing costs, and any gain or loss on the buy-backs or redemptions are recognized through profit or loss, and transaction costs such as handling charges, commissions are included into the initial measurement of the financial instrument issued.

### **33. Revenue**

Accounting policies for recognition and measurement of revenue

#### **(1) General principles of revenue recognition**

The Company has fulfilled its obligations under the contract, that is, when the customer acquires control of the relevant goods or services, the revenue is recognized according to the transaction price apportioned to the performance obligations.

Performance obligation refers to the commitment of the Company in the contract to assign commodities or services that can be clearly distinguished to the customer.

Obtaining the control right of the related commodity means to be able to dominate the use of the commodity and obtain almost all the economic benefits from it.

The Company shall evaluate the contract on the commencement date of the contract, identify the individual performance obligations contained in the contract, and determine whether each individual performance obligation shall be performed within a certain period of time or at a certain point in time. If one of the following conditions is satisfied, the performance obligation shall be performed within a certain period of time, and the Company shall recognize the income within a certain period of time according to the performance progress of the Company: (1) the client shall obtain and consume the economic benefits brought by the performance of the Company as the Company performs the contract; (2) the customer is able to control the goods under construction during the performance of the Company; and (3) the products produced by the Company during the performance of the contract are of irreplaceable use, and the Company is entitled to collect payment for the part of the contract which has been completed so far during the whole term of the contract. Otherwise, the Company recognizes revenue at the time point when the customer acquires control of the relevant goods or services.

For the performance obligations performed during a certain period of time, the Company will use the output/input method to determine the appropriate performance schedule based on the nature of the goods and services. The output method determines the performance schedule according to the value to the customer of the goods that have been transferred to the customer (the input method determines the performance schedule according to the Company's input to fulfill the performance obligation). If the performance schedule cannot be reasonably determined and the Company is expected to be compensated for the costs already incurred, the revenue shall be recognized in accordance with the amount of costs already incurred until the performance progress can be reasonably determined.

#### **(2) Specific method of income recognition**

The timing of revenue recognition of the Company for major products respectively are as follows: (1) For BOPP cigarette films, cigarette labels, aseptic packaging products, when the products are delivered to the locations designated by the customers, and the delivery is completed and the evidence of transfer of control of the goods is obtained from the customers. (2) For BOPP flat films and lithium battery separators, when the delivery has been completed according to the method agreed by the customers, and the evidence of transfer of control of goods is obtained from the customers or the carriers designated by the customers. (3) For specialty paper products, the products are delivered to the locations designated by the customers, the delivery is completed and the evidence of conforming requirements from customers is obtained.

#### **(3) Revenue treatment principles for specific transactions.**

##### **1) Contracts with sales return clauses**

When the customer obtains the control right of the relevant goods, the revenue is recognized according to the amount of consideration expected to be entitled to receive due to the transfer of goods to the customer (i.e., excluding the amount expected to be refunded due to sales return), and the liabilities are recognized according to the amount expected to be refunded due to sales return.

When selling goods, the balance of the book value of the goods expected to be returned after deducting the expected cost of recovering the goods (including the impairment of the value of the returned goods) shall be accounted for under "return cost receivable".

##### **2) Contracts with warranty provisions**

Assess whether a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications. If the Company provides additional services, it shall be regarded as a single performance obligation and subject to accounting treatment in accordance with the revenue standards; otherwise, the warranty responsibility shall be subject to accounting treatment in accordance with

the accounting standards for contingencies.

3) Sales contracts with additional customer purchase options

The Company evaluates whether the option provides a material right to the customer. Where material rights are provided, the transaction price shall be apportioned to the performance obligation as a single performance obligation, and the corresponding revenue shall be recognized when the customer exercises the purchase option to obtain the control right of the relevant goods in the future or when the option expires. If the separate selling price of the customer's additional purchase option cannot be directly observed, a reasonable estimate shall be made after comprehensively considering all relevant information such as the difference in discounts obtained by the customer upon exercise and non-exercise of the option and the possibility of the customer exercising the option.

4) Contracts for granting intellectual property licenses to customers

Assess whether the intellectual property license constitutes a single performance obligation, and further determine whether it is performed within a certain period or at a certain point in time. If the Company grants an intellectual property license to a customer and agrees to collect royalties according to the actual sales or use of the customer, the revenue shall be recognized at the later of the following two points: the subsequent sales or use of the customer occurs; and the Company performs relevant performance obligations.

5) After-sales repurchase

① Contracts with repurchase obligations due to forward arrangements with customers: in this case, the customer does not obtain control of the relevant goods at the time of sales, so they are accounted for accordingly as lease transactions or financing transactions. Where the repurchase price is lower than the original selling price, it shall be regarded as a lease transaction and accounted for in accordance with the relevant provisions of the Accounting Standards for Business Enterprises.; If the repurchase price is not lower than the original selling price, it shall be regarded as a financing transaction, and the financial liabilities shall be recognized when the customer's payment is received, and the difference between the payment and the repurchase price shall be recognized as interest expenses during the repurchase period. If the Company does not exercise the repurchase right when it expires, the financial liabilities shall be derecognized when the repurchase right expires, and the revenue shall be recognized at the same time.

② Contracts with repurchase obligations incurred at the request of customers: if it is assessed that the customer has significant economic drivers, the after-sales repurchase shall be treated as a lease transaction or a financing transaction and accounted for in accordance with the provisions of 1) of this article; otherwise, it shall be treated as a sales transaction with sales return clauses.

6) Contracts that charge customers initial fees that do not need to be returned

The initial fee charged to the customer at (or near) the commencement of the contract that is not refundable shall be included in the transaction price. If the Company assesses that the initial fee is related to the transfer of promised goods to the customer and the goods constitute a single performance obligation, the revenue shall be recognized according to the transaction price apportioned to the goods when the goods are transferred; If the initial fee is related to the transfer of promised goods to the customer but the goods do not constitute a single performance obligation when the single performance obligation containing the goods is performed, the revenue shall be recognized according to the transaction price apportioned to the single performance obligation; If the initial fee is not related to the transfer of the promised goods to the customer, the initial fee shall be recognized as the advance receipt for the goods to be transferred in the future and shall be recognized as revenue when the goods are transferred in the future.

Differences in accounting policies for revenue recognition due to different business models for similar businesses

### 34. Contract cost

#### (1) Costs to fulfil a contract

For the cost incurred for the fulfillment of a contract, if it does not fall within the scope of other accounting standards for business enterprises other than the revenue standards and meets all the following criteria, it shall be recognized as an asset from the costs incurred to fulfill a contract

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

2) The costs enhance resources of the Company that will be used in satisfying performance obligations in the future.

3) The costs are expected to be recovered.

The asset is reported in inventories or other non-current assets based on whether the amortization period exceeds one normal business cycle at the time of its initial recognition.

#### (2) Costs to obtain a contract

If the incremental cost incurred by the Company in obtaining the contract is expected to be recoverable, it shall be recognized as an asset of obtaining a contract. Incremental cost refers to the cost that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained, such as sales commission. If the amortization period does not exceed one year, it shall be included in the current profits and losses when it occurs.

#### (3) Amortization of contract costs

The above assets related to contract costs are amortized at the time of fulfillment of performance obligations or according to the fulfillment progress of performance obligations on the same basis as the recognition of revenue from goods or services related to the assets and included in current profits and losses.

#### (4) Impairment of contract costs

If the book value of the above-mentioned assets related to the contract cost is higher than the difference between the residual consideration expected to be obtained by the Company due to the transfer of the goods related to the asset and the estimated cost to be incurred for the transfer of the related goods, the excess shall be provided for impairment and recognized as asset impairment loss.

After the impairment provision is made, if the factors of impairment in the previous period change, making the difference between the above two items higher than the book value of the asset, the originally made asset impairment provision shall be reversed and included in the current profits and losses, but the book value of the reversed asset shall not exceed the book value of the asset on the reversal date assuming that no impairment provision is made.

### 35. Government grant

#### (1) Type



Government subsidies are transfers of monetary or non-monetary assets from the government to the Group at nil consideration. According to the subsidy targets stipulated in the relevant government documents, government subsidies are classified into government subsidies related to assets and government subsidies related to income.

The government subsidies related to assets refer to the government subsidies obtained by the Company for purchasing and constructing or forming long-term assets in other ways. Government subsidies related to income refer to government subsidies other than those related to assets.

### **(2) Recognition of government subsidies**

If there is evidence at the end of the period that the Company can meet the relevant conditions specified in the financial support policy and it is expected to receive the financial support funds, the government subsidy shall be recognized according to the receivable amount. Otherwise, government subsidies are recognized when they are actually received.

If a government subsidy is a monetary asset, it is measured at the amount received or receivable. If a government subsidy is a non-monetary asset, it is measured at fair value. If the fair value cannot be obtained in a reliable way, it is measured at the nominal amount (RMB1). Government subsidies measured at nominal amounts are recognized directly in the current profit and loss.

### **(3) Accounting treatment**

According to the essence of economic business, the Company determines whether the total amount method or the net amount method should be used for accounting treatment of a certain type of government subsidy business. Generally, the Company only selects one method for the same or similar government subsidy business, and consistently uses the method for the business.

The government subsidies related to the assets shall be written off against the book value of the relevant assets or recognized as deferred income. If the government subsidy related to the asset is recognized as deferred income, it shall be recorded into the profit and loss in stages in accordance with a reasonable and systematic method during the service life of the asset built or purchased.

If the government subsidy related to the income is used to compensate the relevant expenses or losses of the enterprise in the future period, it shall be recognized as deferred income and recorded into the current profit and loss, or write down the relevant costs during the period of recognition of the relevant expenses or losses; If it is used to compensate the related expenses or losses incurred by the enterprise, it shall be directly recorded into the current profit and loss or write down the relevant costs when obtained.

The government subsidies related to the daily activities of the enterprise shall be included in other income or used to write off related costs and expenses; Government subsidies not related to the daily activities of the enterprise shall be included in the non-operating revenue and expenditure.

Government subsidies related to the discount interest received from policy-related preferential loans offset the relevant borrowing costs; if the policy-based preferential interest rate loan provided by the lending bank is obtained, the borrowing amount actually received shall be taken as the entry value of the borrowings, and borrowing cost should be calculated using the preferential interest rate according to the loan principal and the policy.

In case that a confirmed government subsidy is required to be returned, the book value of the asset is adjusted if the book value of relevant assets is offset at the initial recognition; if there is related deferred income, the book balance of deferred income should be offset, and the excess is included in the current profit and loss; in case of other circumstances, it is directly included in the current profit and loss.

## **36. Deferred income tax assets/Deferred income tax liabilities**

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). On the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period when the asset is expected to be recovered or the liability is expected to be settled.

### **(1) Basis for recognition of deferred income tax assets**

The Company recognizes the deferred tax assets generated by the deductible temporary differences to the extent that it is likely to obtain the taxable income that can be used to offset the deductible temporary differences, carry forward the deductible losses and tax credits in the following years. However, deferred tax assets arising from the initial recognition of assets or liabilities in transactions with the following characteristics shall not be recognized: (1) the transaction is not a business combination; and (2) the transaction does not affect the accounting profit or taxable income or deductible loss.

For the deductible temporary differences related to the investment of associated enterprises, if the following conditions are met at the same time, the corresponding deferred tax assets shall be confirmed: the temporary differences are likely to be reversed in the foreseeable future, and the taxable income used to deduct the deductible temporary differences is likely to be obtained in the future.

### **(2) Basis for recognition of deferred income tax liabilities**

The Company recognizes the taxable temporary differences that should be paid but not paid in the current period and the previous period as deferred tax liabilities, excluding:

- 1) The temporary difference formed by the initial confirmation of goodwill;
- 2) The transaction or event not formed by business combination, and the occurrence of the transaction or event does not affect the accounting profit or the temporary difference formed by the taxable income (or deductible loss);
- 3) For the taxable temporary difference related to the investment in subsidiaries and associated enterprises, the time of reversal of the temporary difference can be controlled and the temporary difference is unlikely to be reversed in the foreseeable future.

**(3) When the following conditions are met at the same time, the deferred income tax assets and deferred income tax liabilities are presented at the net amount after offset**

- 1) The enterprise has the legal right to settle the current income tax assets and current income tax liabilities with net amount;
- 2) The deferred income tax assets and the deferred income tax liabilities may be related to the income tax levied by the same tax office on the same or different taxpayer. In the latter case, the involved tax payers intend to settle the current income tax assets and current income tax liabilities with net amount, or obtain assets and pay off debts at the same time in each future period when the important deferred income tax assets and deferred income tax liabilities are reversed.

### **37. Leases**

#### **(1) Leases**

On the commencement date of the contract, the Company evaluates whether the contract is a lease or contains a lease. If one party to the contract abalienates the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or contains a lease.

##### **(1) Split of lease contract**

If the contract contains multiple separate leases at the same time, the Company will split the contract and carry out accounting treatment for each separate lease.

When the contract includes both lease and non-lease parts, the Company will split the two parts, the lease part shall be subject to accounting treatment in accordance with the lease standards, and the non-lease part shall be subject to accounting treatment in accordance with other applicable accounting standards for enterprises.

##### **(2) Merger of lease contracts**

When two or more contracts containing leases concluded by the Company and the same transaction party or its related parties at the same time or at a similar time that meet one of the following criteria, they will be merged into one contract for accounting treatment:

- 1) The two or more contracts are concluded based on the overall commercial purpose and constitute a package deal, which cannot be understood if not considered as a whole.
- 2) The amount of consideration for one of the two or more contracts depends on the pricing or fulfilment of other contracts.
- 3) The right to use the assets transferred under the two or more contracts together constitute a separate lease.

##### **(3) Accounting treatment of the Company as the lessee**

At the commencement of the lease term, the Company recognizes the right-of-use assets and lease liabilities for leases, except for short-term leases and low-value asset leases that apply simplified treatment.

###### **1) Short-term lease and low-value asset lease**

A short-term lease is a lease that has a lease term of 12 months or less and does not include an option to purchase. Low-value asset lease refers to the lease with lower value when a single leased asset is a brand-new asset.

- 2) See Notes 23 and 30 for the accounting policies of right-of-use assets and lease liabilities.

##### **(4) Accounting treatment of the Company as the lessor**

###### **1) Classification of leases**

Leases are divided by the Company into finance leases and operating leases at the commencement of leases. Finance lease is a lease that has transferred in substance all the risks and rewards related to the ownership of an asset. The ownership of it may or may not eventually be transferred. Operating lease refers to a lease other than a financing lease.

Where a lease satisfies one or more of the following criteria, the Company shall recognize it as a finance lease:

- ① The ownership of the leased asset is transferred to the lessee when the term of lease expires.
- ② The lessee has the option to buy the leased asset at a price which is expected to be far lower than the fair value of the leased asset at the date when the option becomes exercisable.
- ③ Even if the ownership of the asset is not transferred, the lease term covers the major part of the use life of the leased asset.
- ④ The present value of the minimum lease receipts on the lease beginning date amounts to substantially all of the fair value of the leased asset on the lease beginning date;
- ⑤ The leased assets are of a specialized nature that only the lessee can use them without making major modifications.

Where a lease satisfies one or more of the following criteria, the Company may also recognize it as a finance lease:

- ① If the lessee cancels the lease, the lessee shall bear the losses caused to the lessor by the cancellation of the lease.
- ② Gains or losses arising from fluctuations in the fair value of residual values of assets are attributable to the lessee.
- ③ The lessee can continue the lease at a rent that is far below the market level until the next period.

###### **2) Accounting treatment for finance leases**

On the date when lease starts, the Company recognizes the finance leases as the receivable of the financial lease which is finally derecognized as the finance leasing assets.

When the finance lease receivables are initially measured, the sum of the unsecured residual value and the present value of the lease receivables that have not been received on the beginning date of the lease term discounted at the implicit interest rate of the lease shall be taken as the entry value of the finance lease receivables. Lease receipts include:

- ① The amount of fixed payment and actual fixed payment amount after deducting the relevant amount of lease incentive;

- ② Variable lease payments depending on index or ratio;
- ③ When it is reasonably determined that the lessee will exercise the options, the received amount of lease includes the exercise price of the options;
- ④ When the lease term reflects that the lessee will exercise the option to terminate the lease, the lease collection includes the amount to be paid by the lessee to exercise the option to terminate the lease;
- ⑤ The guaranteed residual value provided by the lessee, the party related to the lessee and the independent third party with the financial ability to perform the guarantee obligation to the lesser.

The Company calculates and recognizes the interest income during each lease term according to the fixed interest rate implicit in lease, and the variable lease payment obtained but not included in the measurement of net lease investment is included in the current profits and losses when it actually arises.

### 3) Accounting treatment of operating leases

The Company recognizes the lease receipts from operating leases as rental income by the straight-line method or other systematic and reasonable methods during each lease term; The incurred initial direct costs related to the operating lease shall be amortized over the lease term on the same basis as the recognition of rental income and included in the current profits and losses by stages; The variable lease payments obtained that are related to the operating lease but not included in the lease receipts are included in the current profits and losses when they actually arise.

## 38. Termination of accounting

The Company recognizes the items that meet one of the following conditions and have been disposed of or classified as held for sale and can be separately distinguished as discontinued items:

- (1) This item represents an independent main business or a separate main business area.
- (2) This item is part of an associated plan to dispose of an independent main business or a separate main business area.
- (3) This item is a subsidiary acquired exclusively for resale.

The operating profit and loss as well as the disposal profit and loss such as impairment loss and reversal amount of discontinued operation is listed in the income statement as discontinued operation profit and loss.

## 39. Hedge accounting

According to the hedging relationship, the Company divides hedging into fair value hedging, cash flow hedging and overseas net investment hedging.

### (1) Hedging instruments that meet the following conditions at the same time shall be treated with hedging accounting method

- 1) The hedging relationship is only composed of qualified hedging instruments and hedged items.
- 2) At the beginning of hedging, the Company formally designated hedging instruments and hedged items, and prepared written documents on hedging relationship, risk management strategy and risk management objectives for hedging.
- 3) The hedging relationship meets the requirements of hedging effectiveness.

If the hedging meets the following conditions at the same time, the hedging relationship shall be deemed to meet the requirements of hedging effectiveness:

- ① There is an economic relationship between the hedged item and the hedging instrument. This economic relationship makes the value of the hedging instrument and the hedged item change in the opposite direction due to the same hedged risk.
- ② In the value changes caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk does not dominate.
- ③ The hedging ratio of the hedging relationship is equal to the ratio of the actual number of hedged items hedged by the Company to the actual number of hedging instruments hedged, but does not reflect the imbalance of the relative weight of the hedged items and hedging instruments. This imbalance will lead to ineffective hedging and may produce accounting results inconsistent with the hedging accounting objectives.

### (2) Accounting treatment for fair value hedges

1) Gains or losses arising from hedging instruments shall be included in current profit and loss. If the hedging instrument hedges the non-tradable equity instrument investment (or its components) that is selected to be measured at fair value and its change is included in other comprehensive income, the gains or losses generated by the hedging instrument are included in other comprehensive income.

2) Gains or losses of the hedged item arising from the hedged risk exposure are included in the current profit and loss, and the book value of the hedged item that is not measured at fair value is adjusted. If the hedged item is a financial asset (or its component) measured at fair value and its change is included in other comprehensive income, the profit or loss generated from the hedged risk exposure is included in the current profit and loss, and its book value has been measured at fair value without adjustment; the hedged item is the non-tradable equity instrument investment (or its components) that the company chooses to measure at fair value and its change is included in other comprehensive income, the gains or losses arising from the hedged risk exposure are included in other comprehensive income, and its book value has been measured at fair value without adjustment.

If the hedged item is an unrecognized firm commitment (or its component), the accumulated change in fair value caused by the hedged risk after the designation of the hedging relationship shall be recognized as an asset or liability, and the relevant gains or losses shall be included in the profits and losses of each relevant period. When the asset or liability is acquired by fulfilling the established commitment, the initial recognized amount of the asset or liability is adjusted to include the fair value cumulative change of the recognized hedged item.

If the hedged item is a financial instrument (or its component) measured at amortized cost, the adjustment of book value of the hedged item shall be amortized according to the actual interest rate recalculated on the amortization date and included in the current profit and loss. The amortization can start from the adjustment date, but not later than the time point when the hedging gains and losses are adjusted for the termination of the hedged item. If the hedged item is a financial asset (or its component) measured at fair value and its change is included in other comprehensive income, the

accumulated recognized hedging gains or losses shall be amortized in the same way and included in the current profit and loss, but the book value of the financial asset (or its component) shall not be adjusted.

### **(3) Accounting for cash flow hedges**

1) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, which is regarded as the cash flow hedging reserve, and shall be recognized in other comprehensive income: The amount of the cash flow hedge reserve shall be determined by the lower of the absolute amount of the following two items:

- ① the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- ② the present value of the cumulative change in the hedged expected future cash flows of the hedged item from inception of the hedge.

The amount of the cash flow hedge reserve recognized in the other comprehensive income during each accounting period is the change in the current cash flow hedge reserve.

2) The portion of gain or loss on the hedging instrument (that is, other gains or losses after deducting other comprehensive income) is hedge ineffectiveness that shall be recognized in profit or loss.

3) The amount of cash flow hedge reserve shall be accounted for as follows:

① The hedged item is an expected transaction, and the expected transaction causes the company to subsequently results in the recognition of a non-financial asset or non-financial liability, or the expected transaction of non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability.

② For cash flow hedges other than those covered by previous clause, that amount shall be reclassified from the cash flow hedge reserve originally recognized in other comprehensive income 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.

③ However, if that amount is a loss and the Company expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

### **(4) Hedges of a net investment in a foreign operation**

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, shall be accounted for similarly to cash flow hedges:

1) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income.

The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in the foreign currency translation reserve shall be reclassified from equity to profit or loss as a reclassification adjustment on the disposal or partial disposal of the foreign operation; and

2) The ineffective portion shall be recognized in profit or loss.

### **(5) Termination of hedge accounting**

In case of any of the following circumstances, the application of hedge accounting shall be terminated:

- 1) the hedging relationship no longer meets the risk management objective due to changes in risk management objective.
- 2) the hedging instrument or instruments have been expired, sold or contract terminated or executed.
- 3) 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.
- 4) The hedging relationship does not satisfy other conditions of undertaking hedge accounting. If rebalancing of the hedging relationship applies, the Company shall consider the rebalancing the hedging relationship first and subsequently assess whether the hedging relationship satisfies the conditions of undertaking hedge accounting.

The termination of hedging accounting may affect the whole or a part of the hedging relationship. When only a part of it is affected, the remaining unaffected parts still applies hedging accounting.

### **(6) Option to designate a credit exposure as measured at fair value**

When the credit risk exposure of a financial instrument (or its components) is managed by using a credit derivative instrument measured at fair value through current profit and loss, the financial instrument (or its components) can be at the time of initial recognition, subsequent measurement or unconfirmed, it shall be designated as a financial instrument measured at fair value with its changes included in the current profit and loss, and written records shall be made at the same time, but the following conditions shall be met simultaneously:

- 1) the name of the credit exposure (for example, the borrower, or the holder of a loan commitment) matches the reference entity of the credit derivative ('name matching'); and
- 2) the seniority of the financial instrument matches that of the instruments that can be delivered in accordance with the credit derivative.

## **40. Repurchase of shares of the Company**

The consideration and transaction expenses paid by the Company for repurchasing its own equity instruments reduce the owner's equity. If the Company adopts the method of purchasing the Company's shares to reduce its capital in accordance with legal procedures, the capital stock shall be reduced according to the total par value of the cancelled shares, and the owner's equity shall be adjusted according to the difference between the price paid for the repurchase of shares (including transaction expenses) and the par value of the shares. The part exceeding the total par value shall be offset against the capital reserve (capital stock premium), surplus reserve and undistributed profits in turn; If it is lower than the total face value, the part lower than the total face value will increase the capital reserve (capital stock premium). The Company issues, repurchases, sells or cancels its own equity instruments without recognizing any gains or losses.

The shares repurchased by the Company shall be managed as treasury shares before cancellation or transfer, and all expenses for repurchasing shares shall be transferred to the cost of treasury shares.

When treasury shares are transferred, the part of transfer income higher than the cost of treasury shares will increase the capital reserve (capital stock premium); The part lower than the cost of treasury shares shall be offset against the capital reserve (capital stock premium), surplus reserve and

undistributed profit in turn.

The treasury shares formed by the Company's repurchase of its common shares are not included in the Company's profit distribution, and the Company lists them as an allowance item of owner's equity in the balance sheet.

#### 41. Changes in other critical accounting policies and accounting estimates

##### (1) Changes in accounting policies

Content and reason of accounting policy change	Procedures for approval	Note
The Company has started to implement the Interpretation No. 15 of Accounting Standards for Business Enterprises ("accounting treatment of products or by-products produced by enterprises before the fixed assets reach the expected usable state or during the R&D process for external sales" and "judgment on onerous contracts") issued by the Ministry of Finance in 2021 since January 1, 2022.	Approval of the board of directors	1)
The Company has started to implement the Interpretation No. 16 of Accounting Standards for Business Enterprises ("accounting treatment on the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer" and "accounting treatment on the change of cash-settled share-based payment to equity-settled share-based payment by enterprises") issued by the Ministry of Finance in 2022 since December 13, 2022.	Approval of the board of directors	2)

Details of the changes of accounting policies:

##### 1) Impact of implementing the Interpretation No. 15 of the Accounting Standards for Business Enterprises on the Company

On December 31, 2021, the Ministry of Finance issued the Interpretation No. 15 of the Accounting Standards for Business Enterprises (CK No. [2021] 35, hereinafter referred to as "Interpretation No. 15"), which shall be implemented from January 1, 2022 on the "accounting treatment of products or by-products produced by enterprises before the fixed assets reach the expected usable state or during the R&D process for external sales" and "judgment on onerous contracts".

The implementation of Interpretation No. 15 has no significant impact on the financial statements during the reporting period.

##### 2) Impact of implementing Interpretation No. 16 of the Accounting Standards for Business Enterprises on the Company

On December 13, 2022, the Ministry of Finance issued the Interpretation No. 16 of the Accounting Standards for Business Enterprises (CK No. [2022] 31), hereinafter referred to as "Interpretation No. 16"), which explains that the accounting treatment of the three matters of Interpretation No. 16 is: "the accounting treatment of initial recognition exemption is not applicable to the deferred income tax related to assets and liabilities arising from single transactions" shall be implemented from January 1, 2023, allowing enterprises to implement it in advance since the year of issuance, and the Company has not implemented the accounting treatment related to this matter in advance this year.; "accounting treatment on the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer" and "accounting treatment on the change of cash-settled share-based payment to equity-settled share-based payment by enterprises" shall be implemented from the date of promulgation.

The implementation of Interpretation No. 16 has no significant impact on the financial statements during the reporting period.

##### (2) Accounting estimate change

The main accounting estimates had not changed during the Reporting Period.

## VI. Taxation

### 1. Main Tax Types and Tax Rates

Tax type	Taxation basis	Tax rate
Value added tax (“VAT”)	Sales of goods, taxable sales service income, intangible assets or real estate	13%、9%、6%
City maintenance and construction tax	Amount of VAT paid	7%、5%、1%

Explanation of disclosure for taxpayers with different corporate income tax rates

Taxpayer	Income tax rate
The Company	25%
Yunnan Dexin Paper Co., Ltd.	15%
Yunnan Hongchuang Packaging Co., Ltd.	15%
Yunnan Hongta Plastic Co., Ltd.	15%
Hongta Plastic (Chengdu) Co., Ltd.	15%
Yuxi Feiermu Trading Co., Ltd.	25%
Shanghai Energy New Material Technology Co., Ltd.	15%
Zhuhai Energy New Material Technology Co., Ltd.	15%
Guangdong Energy New Material Institute Co., Ltd.	25%
Wuxi Energy New Material Technology Co., Ltd.	15%
Jiangxi Tonry New Energy Technology Development Co., Ltd.	15%
Jiangsu Ruijie New Material Technology Co., Ltd.	25%
Jiangxi Ruijie New Material Technology Co., Ltd.	25%
Suzhou GreenPower New Energy Materials Co., Ltd	15%
Chongqing Energy Newmi Technological Co., Ltd.	15%
Jiangxi Enpo New Material Technology Co., Ltd.	25%
Jiangxi Energy New Material Technology Co., Ltd.	25%
Jiangsu Energy New Material Technology Co., Ltd.	25%
Hunan Energy Advanced New Material Technology Co., Ltd	25%
Ningbo Energy New Material Co., Ltd.	25%
Chongqing Energy New Material Technology Co., Ltd.	15%
Hainan Energy Investment Co., Ltd.	25%
Hubei Energy New Material Technology Co., Ltd.	25%
Jiangsu Sanhe Battery Material Technology Co., Ltd.	25%
Hongchuang Packaging (Jiangsu) Co., Ltd.	25%
Shanghai Energy New Materials Research Co., Ltd.	25%
Energy (Zhuhai Hengqin) New Material Technology Co., Ltd.	20%
Xiamen Energy New Material Co., Ltd.	25%
Yuxi Energy New Material Co., Ltd.	25%
Shanghai Energy Trading Co., Ltd.	25%
Jiangsu Energy Trading Co., Ltd.	25%
Chuangxin New Material (Hong Kong) Co., Ltd.	16.5%
SEMCORP Global Holdings Kft.	9%
SEMCORP Hungary Kft.	9%
SEMCORP Properties Kft.	9%
SEMCORP America Inc.	20%
SEMCORP Manufacturing USA LLC	20%

## **2. Policy and basis for preferential tax treatment**

In accordance with the Announcement on Enterprise Income Tax Issues Related to the In-depth Implementation of the Western Development Strategy (Announcement No. 12, 2012 of the State Administration of Taxation), the subsidiary Hongchuang Packaging, the sub-subsidiary Chongqing Energy continue to enjoy the preferential tax policies for the western development this period. The enterprise income tax shall be paid at the reduced tax rate of 15%.

According to the Enterprise Income Tax Law of the People's Republic of China (2018 Amendment) and Notice of the Ministry of Science and Technology, the Ministry of Finance, the State Administration of Taxation on the Revision and Printing of the Administrative Measures for the Recognition of High and New Technology Enterprises (GKFH [2016] No. 32), its subsidiaries Hongta Plastic, Dexin Paper, its sub-subsidiary Chengdu Hongta Plastic, its subsidiary Shanghai Energy, its sub-subsidiaries Zhuhai Energy, Jiangxi Tonry, Wuxi Energy, Suzhou GreenPower, Newmi Tech are recognized as high-tech enterprises upon application, and the preferential tax rate for high-tech enterprises shall be 15%.

In accordance to the Notice of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Tax Reduction and Exemption Policies for Small and Micro-Enterprises (CS [2019] No. 13) and the Announcement of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), the sub-subsidiary Energy (Zhuhai Hengqin) New Material Technology Co., Ltd. meets the criteria for small and low profit enterprises. The portion of taxable income not exceeding RMB1 million this year shall be included in the taxable income at a reduced rate of 12.5%, and the enterprise income tax shall be paid at a tax rate of 20%.

## VII. Notes to Items in Consolidated Financial Statements

### 1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Cash	89,904.57	141,604.43
Cash at bank	2,971,966,221.44	1,369,157,964.17
Other currency fund	982,223,348.31	462,772,214.04
Undue interest receivable	37,354.99	1,378,423.05
Total	3,954,316,829.31	1,833,450,205.69
Including: total amount of funds deposited abroad	165,306,437.54	96,002,990.00

Other explanations:

Balance of monetary fund of the Company recorded an increase as compared with the beginning of the period mainly due to the increase in the borrowings of the Company for the period.

The details of restricted monetary funds are as follows:

Item	Closing balance	Opening balance
Bank acceptance guarantee deposit	564,943,382.12	245,346,224.26
L/C deposit	351,765,721.46	214,219,149.78
L/G deposit	14,600,182.55	3,206,840.00
Performance bond	46,169,473.09	
Security deposit for lock exchange	4,500,000.00	
Deposits regulated by the bank	244,721.07	
Total	982,223,348.31	462,772,214.04



## 2. Trading financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets that are measured at fair value and whose changes are included in the current profit and loss	9,850,069.59	5,137,194.34
Including:		
Derivative financial assets	9,850,069.59	
Others (structured deposits)		5,137,194.34
Including:		
Total	9,850,069.59	5,137,194.34

Other explanations:

## 3. Notes receivable

### (1) Notes receivable by type

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance	373,752,860.32	209,990,660.63
Commercial acceptance	282,058,196.57	167,950,328.02
Less: Provision for bad debts	18,055,900.42	9,365,797.42
Total	637,755,156.47	368,575,191.23

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Notes receivable with bad debt reserve withdrawn as per the portfolio of credit risk characteristics	655,811,056.89	100.00%	18,055,900.42	2.75%	637,755,156.47	377,940,988.65	100.00%	9,365,797.42	2.48%	368,575,191.23
Including:										
Bank acceptance note portfolio	373,752,860.32	56.99%			373,752,860.32	209,990,660.63	55.56%			209,990,660.63
Commercial acceptance bill portfolio	282,058,196.57	43.01%	18,055,900.42	6.40%	264,002,296.15	167,950,328.02	44.44%	9,365,797.42	5.58%	158,584,530.60
Total	655,811,056.89	100.00%	18,055,900.42	2.75%	637,755,156.47	377,940,988.65	100.00%	9,365,797.42	2.48%	368,575,191.23

If provision was made for bad debts of notes receivable in accordance with the general expected credit loss model, please disclose relevant information of provision for bad debts referring to the disclosure of other receivables:

Applicable  N/A

□

**(2) Provision for bad debts accrued, recovered or reversed during the Reporting Period**

Provision for bad debts during the Reporting Period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reverse	Write-offs	Other	
Notes receivable subject to provision for bad debts						
Notes receivable subject to provision for bad debts by portfolio	9,365,797.42	8,690,103.00				18,055,900.42
Including: Bank acceptance note portfolio						
Commercial acceptance bill portfolio	9,365,797.42	8,690,103.00				18,055,900.42
<b>Total</b>	9,365,797.42	8,690,103.00				18,055,900.42

Among them, the important amount of recovery or reverse of bad debt provision for the period:

□ Applicable √ N/A

**(3) Notes receivable pledged by the Company at the end of the Reporting Period**

Unit: RMB

Item	Amount pledged at the end of the Reporting Period
Bank acceptance note	4,227,939.20
<b>Total</b>	4,227,939.20

**(4) Notes receivable endorsed or discounted by the Company, which were not yet due on the balance sheet date as at the end of the Reporting Period**

Unit: RMB

Item	Derecognized amount at the end of the Reporting Period	Recognized amount at the end of the Reporting Period
Bank acceptance note		256,374,320.32
<b>Total</b>		256,374,320.32

#### 4. Accounts receivable

##### (1) Disclosure of accounts receivable by type

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Accounts receivable with significant single amount and having bad debt reserve independently	92,553,001.41	1.38%	92,553,001.41	100.00%		94,128,007.83	2.07%	94,128,007.83	100.00%	
Including:										
Accounts receivable with bad debt reserve withdrawn as per the portfolio of credit risk characteristics	6,601,342,626.95	98.62	41,625,509.59	0.63%	6,559,717,117.36	4,447,636,014.46	97.93%	42,199,928.94	0.95%	4,405,436,085.52
Including:										
Aging portfolio	6,601,342,626.95	98.62	41,625,509.59	0.63%	6,559,717,117.36	4,447,636,014.46	97.93%	42,199,928.94	0.95%	4,405,436,085.52
Total	6,693,895,628.36	100.00	134,178,511.00	2.01%	6,559,717,117.36	4,541,764,022.29	100.00%	136,327,936.77	3.00%	4,405,436,085.52

Provision for bad debts by individual:

Unit: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Provision proportion	Provision reason
OptimumNano Energy Co., Ltd.	32,249,003.26	32,249,003.26	100.00%	Estimated to be uncollectible
eTrust Power Group Ltd.	17,481,429.49	17,481,429.49	100.00%	Estimated to be uncollectible
Shaanxi OptimumNano New Energy Co., Ltd.	14,847,098.36	14,847,098.36	100.00%	Estimated to be uncollectible
Yunnan Zhongyun Li'ao Package Printing Co., Ltd.	6,062,972.00	6,062,972.00	100.00%	Estimated to be uncollectible
Heilongjiang Longdan Dairy Technology Co., Ltd.	5,075,381.00	5,075,381.00	100.00%	Estimated to be uncollectible
Jiangxi Far East Battery Co., Ltd.	3,779,397.05	3,779,397.05	100.00%	Estimated to be uncollectible
Chengdu Henglide Food Co., Ltd.	2,780,677.50	2,780,677.50	100.00%	Estimated to be uncollectible
Zhongshan Yuankangyuan Food Co., Ltd.	2,591,501.42	2,591,501.42	100.00%	Estimated to be uncollectible
Shenzhen Teamgiant New Energy Technology Co., Ltd.	1,470,081.04	1,470,081.04	100.00%	Estimated to be uncollectible

				uncollectible
Jingzhou Wotema Battery Co., Ltd.	1,175,130.00	1,175,130.00	100.00%	Estimated to be uncollectible
Shenzhen Lukewan Technology Co., Ltd.	1,000,000.00	1,000,000.00	100.00%	Estimated to be uncollectible
Sub-total of less than RMB1 million	4,040,330.29	4,040,330.29	100.00%	Estimated to be uncollectible
<b>Total</b>	<b>92,553,001.41</b>	<b>92,553,001.41</b>		

Provision for bad debts by portfolio: aging portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Less than 1 year	5,861,843,135.75	11,457,882.71	0.20%
1-2 years	643,664,673.63	6,160,473.04	0.96%
2-3 years	64,529,560.05	2,106,676.28	3.26%
3-4 years	3,680,564.44	1,983,260.82	53.88%
4-5 years	19,341,682.90	11,634,206.56	60.15%
Over 5 years	8,283,010.18	8,283,010.18	100.00%
<b>Total</b>	<b>6,601,342,626.95</b>	<b>41,625,509.59</b>	

If provision was made for bad debts of accounts receivable in accordance with the general expected credit loss model, please disclose relevant information of provision for bad debts referring to the disclosure of other receivables:

Applicable  N/A

Disclosure by aging

Unit: RMB

Aging	Book balance
Less than 1 year (inclusive)	5,861,888,390.15
1-2 years	643,794,466.73
2-3 years	65,856,575.88

Over 3 years	122,356,195.60
3-4 years	15,606,473.84
4-5 years	29,747,534.47
Over 5 years	77,002,187.29
Total	6,693,895,628.36

**(2) Provision for bad debts accrued, recovered or reversed during the Reporting Period**

Provision for bad debts during the Reporting Period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reverse	Write-offs	Other	
Accounts receivable subject to provision for bad debts	91,760,877.25	2,141,405.13	2,078,410.35	1,638,001.20		92,553,001.41
Accounts receivable subject to provision for bad debts by portfolio	44,567,059.52	-143,332.88		431,086.47		41,625,509.59
<b>Total</b>	<b>136,327,936.77</b>	<b>1,998,072.25</b>	<b>2,078,410.35</b>	<b>2,069,087.67</b>		<b>134,178,511.00</b>

Including the significant amount of provision for bad debts recovered or reversed in the current period:

Unit: RMB

Name of unit	The amount recovered or reversed	via
eTrust Power Group Ltd.	1,114,859.17	Collection of payment
Zhongshan Yuankangyuan Food Co., Ltd.	963,551.18	Collection of payment
<b>Total</b>	<b>2,078,410.35</b>	

### (3) Actual write-off of accounts receivable for the period

Unit: RMB

Item	Amount of write-off
Actual write-off of accounts receivable	2,069,087.67

### (4) Top five customers with closing balance of accounts receivable collected by arrear party

Unit: RMB

Company name	Closing balance of accounts receivable	Percentage of total of closing balance of accounts receivable	Closing balance of bad debt provision
Company 1	1,164,253,975.74	17.39%	4,817,971.99
Company 2	843,339,063.50	12.60%	843,446.14
Company 3	414,854,787.86	6.20%	414,854.79
Company 4	271,459,955.13	4.06%	271,459.96
Company 5	266,304,997.80	3.98%	266,305.00
<b>Total</b>	<b>2,960,212,780.03</b>	<b>44.23%</b>	

## 5. Accounts receivable financing

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance	692,286,629.08	412,477,885.83
Accounts receivable factoring		113,995,449.70
<b>Total</b>	<b>692,286,629.08</b>	<b>526,473,335.53</b>

Changes in accounts receivable financing and changes in fair value

Applicable  N/A

The Company believes that for the financing of receivables measured at fair value and whose changes are included in other comprehensive income, as the remaining maturity is not long and the difference between the actual interest rate and the market interest rate is very small, the fair value and the book value are similar.

If provision was made for accounts receivable financing in accordance with the general expected credit loss model, please disclose relevant information of provision for impairment referring to the disclosure of other receivables:

Applicable  N/A

Other explanations:

(1) Provision for bad debts

Type	Opening balance	Changes in amount for the year				Closing balance
		Provision	Recovery or reverse	Write-offs	Other	
Accounts receivable factoring	934,762.69		934,762.69			

The Company believes that the acceptance bank of the bank acceptance bill it holds has a high credit rating and there is no significant credit risk, so it has not made provision for impairment.

(2) Endorsed or discounted but undue notes at the balance sheet date

item	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance note	2,334,876,623.90	

(3) As of December 31, 2022, RMB28,105,438.78 of receivables financing were pledged to secure bank borrowings and for issuance of letters of credit by the Company.

## 6. Prepayments

### (1) Prepayments by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	219,773,112.71	99.79%	224,732,462.69	99.23%
1-2 years	272,315.21	0.12%	839,484.85	0.37%
2-3 years	43,880.21	0.02%	130,917.56	0.06%
Over 3 years	150,161.96	0.07%	771,651.59	0.34%
Total	220,239,470.09		226,474,516.69	

Explanation on why prepayments with aging of more than 1 year and an important amount not settled in time:

### (2) Top five suppliers with closing balance of prepayment collected by prepaid entity

Company name	Closing balance(RMB)	Proportion (%)	Time	Reason
Company 1	25,115,830.26	11.40	Less than 1 year	Contract not been performed
Company 2	18,409,547.85	8.36	Less than 1 year	Contract not been performed
Company 3	17,729,638.70	8.05	Less than 1 year	Contract not been performed
Company 4	17,180,659.51	7.80	Less than 1 year	Contract not been performed
Company 5	12,736,527.00	5.78	Less than 1 year	Contract not been performed
Total	91,172,203.32	41.40		

Other explanations:



## 7. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	20,596,472.81	8,119,316.74
Total	20,596,472.81	8,119,316.74

### (1) Other receivables

#### 1) Other receivables by nature

Unit: RMB

Nature of amount	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting Period
Guarantees and deposits	13,605,388.98	4,575,537.97
Reserve fund	2,159,379.95	2,119,295.60
Substitute advance	4,229,597.77	1,845,584.33
Other	2,349,468.28	803,662.68
Total	22,343,834.98	9,344,080.58

#### 2) Provision for bad debts

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance of January 1, 2022	350,193.81	419,078.09	455,491.94	1,224,763.84
Balance of January 1, 2022 for the period				
Provision for the period	602,073.41	46,978.08		649,051.49
Write-offs for the period	-32,497.00	-93,956.17		-126,453.17
Balance of December 31, 2022	919,770.23	372,100.00	455,491.94	1,747,362.17

Changes in book balance with significant changes in loss reserves in the current period

Applicable  N/A

Disclosure by aging

Unit: RMB

Aging	Book balance
Less than 1 year (inclusive)	19,545,497.64
1-2 years	717,797.90
2-3 years	782,560.00
Over 3 years	1,297,979.44
3-4 years	91,980.00
4-5 years	24,507.50
Over 5 years	1,181,491.94
Total	22,343,834.98

**3) Actual write-off of other receivables for the period:**

Unit: RMB

Item	Amount of Write-offs
Actual write-off of other receivables	126,453.17

**4) Top five customers with closing balance of other receivables collected by arrear party**

Unit: RMB

Name of company	Nature of other receivable	Closing balance	Aging	Percentage of total of closing balance of other receivables	Closing balance of bad debt provision

Bureau of Natural Resources and Planning of Jintan District, Changzhou	Guarantees and deposits	8,114,200.00	Less than 1 year	36.32%	352,967.70
Endowment insurance	Substitute advance	1,510,407.09	Less than 1 year	6.76%	65,702.72
Housing fund	Substitute advance	1,307,646.80	Less than 1 year	5.85%	56,882.64
State Administration of Taxation of Hongta District, Yuxi, Yunnan	Tax refund	1,053,230.75	Less than 1 year	4.71%	45,815.54
TEIJINLIELSORTKOREACO.,LTD	Substitute advance	846,812.45	Less than 1 year	3.79%	36,836.34
<b>Total</b>		<b>12,832,297.09</b>		<b>57.43%</b>	<b>558,204.94</b>

## 8. Inventories

Did the Company need to comply with the disclosure requirements of the real estate industry

No

### (1) Classification of Inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory provision reserve or contract performance cost depreciation reserve	Book value	Book balance	Inventory provision reserve or contract performance cost depreciation reserve	Book value
Raw material	732,684,233.61	3,387,999.66	729,296,233.95	379,923,303.99	2,359,919.46	377,563,384.53
Goods in process	8,039,493.75		8,039,493.75	14,457,100.95	415,535.78	14,041,565.17
Finished goods	1,576,705,880.42	91,327,179.57	1,485,378,700.85	1,222,739,498.84	77,728,040.78	1,145,011,458.06
Turnover material	76,766,583.56		76,766,583.56	44,421,966.91		44,421,966.91
Goods in transit	118,482,726.44	1,891,361.63	116,591,364.81	63,419,904.52	60,939.65	63,358,964.87
Consigned processing material	1,854,345.23		1,854,345.23	1,285,888.79		1,285,888.79
Semi-finished goods	48,468,133.40	2,904,616.75	45,563,516.65	36,296,317.09	531,375.13	35,764,941.96
<b>Total</b>	<b>2,563,001,396.41</b>	<b>99,511,157.61</b>	<b>2,463,490,238.80</b>	<b>1,762,543,981.09</b>	<b>81,095,810.80</b>	<b>1,681,448,170.29</b>

**(2) Inventory provision reserve and contract performance cost depreciation reserve**

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Provision	Others	Recovery or reversal	Others	
Raw material	2,359,919.46	1,309,550.04		281,469.84		3,387,999.66
Goods in process	415,535.78			415,535.78		
Finished goods	77,728,040.78	37,408,321.27		23,809,182.48		91,327,179.57
Goods in transit	60,939.65	1,830,421.98				1,891,361.63
Semi-finished goods	531,375.13	2,373,241.62				2,904,616.75
Total	81,095,810.80	42,921,534.91		24,506,188.10		99,511,157.61

Description of inventory provision reserve: Resales for the year are due to the sale of the inventory of the inventory provision reserve already accrued.

**(3) Other description of inventory**

The main reason for the larger increase in the ending balance of the Company's inventories over the opening balance is the rapid growth of the Company's business, and the corresponding business volume growth.

**9. Non-current assets due within one year**

Unit: RMB

Item	Closing balance	Opening balance
Large deposit certificate	82,832,319.38	
Undue interest receivable	4,196,847.29	
Total	87,029,166.67	

**10. Other current assets**

Unit: RMB

Item	Closing balance	Opening balance
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prepayment of tax	23,919,612.73	9,161,159.79
Input tax to be deducted	298,078,605.60	347,827,840.12
Time deposit		50,567,013.89
Total	321,998,218.33	407,556,013.80

Other explanation:

## 11. Long-term equity investment

Unit: RMB

Name of investees	Opening balance (book value)	Increase/Decrease for the period								Closing balance (book value)	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Investment profit or loss recognized under equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profit declared	Provision for impairment	Other		
I. Joint ventures											
II. Associates											
Kunshasi	3,545,984.21			1,471,658.10						5,017,642.31	
Subtotal	3,545,984.21			1,471,658.10						5,017,642.31	
Total	3,545,984.21			1,471,658.10						5,017,642.31	

Other explanation:

## 12. Other equity instrument investment

Unit: RMB

Item	Closing balance	Opening balance
Suzhou Jiesheng Technology Co., Ltd	111,000,000.00	110,000,000.00
Total	111,000,000.00	110,000,000.00

Disclosure by non-transactional equity instrument investment during the period

Unit: RMB

Item	Recognized dividend income	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reason for designating as a financial asset measured at fair value and its changes are included in other comprehensive income	Reason for transferring from other comprehensive income to retained earnings
Suzhou Jiesheng Technology Co., Ltd		1,000,000.00			The Company plans to hold it for a long time for strategic purposes	

Other explanation: As evaluated by Shanghai Pan-China Assets Valuation Co., Ltd\* (上海众华资产评估有限公司), as of December 31, 2022, the overall equity value of Suzhou Jiesheng Technology Co., Ltd is RMB 1,100,000,000.00, and the Company holds 10% equity of Suzhou Jiesheng Technology Co., Ltd and the fair value of the corresponding equity is RMB 111,000,000.00.

## 13. Investment properties

### (1) Adoption of the cost measurement mode for investment properties

Applicable  N/A

Unit: RMB

Item	Property and plant	Land use rights	Construction in progress	Total
1. Opening balance	11,871,802.82			11,871,802.82
4. Closing balance	11,871,802.82			11,871,802.82

1. Opening balance	2,938,271.16			2,938,271.16
2. Increase for the period	534,231.12			534,231.12
(1) Provision or amortization	534,231.12			534,231.12
4. Closing balance	3,472,502.28			3,472,502.28
1. Closing book value	8,399,300.54			8,399,300.54
2. Opening book value	8,933,531.66			8,933,531.66

**(2) Investment properties not having obtained the title certificate**

Unit: RMB

Item	Book value	Reason for not having obtained the title certificate
Property and plant	8,399,300.54	Being processed

Other explanation:

**14. Fixed assets**

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	14,306,873,399.88	10,877,888,212.91
Total	14,306,873,399.88	10,877,888,212.91

**(1) Fixed assets**

Unit: RMB

Item	Property and plant	Machinery and equipment	Transportation equipment	Electronic equipment and Other	Total
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I. Original book value					
1. Opening balance	2,446,396,571.68	11,362,410,750.22	32,081,150.31	649,810,804.95	14,490,699,277.16
2. Increase for the period	860,113,555.12	3,482,657,500.63	7,267,349.08	130,696,081.12	4,480,734,485.95
(1) External purchase	3,834,729.92	91,141,651.60	4,350,212.01	93,714,772.81	193,041,366.34
(2) Transfer of construction in progress	856,278,825.20	3,391,515,849.03	2,901,237.14	35,036,723.63	4,285,732,635.00
(3) Increase in business combination					
Converted difference in Foreign Currency Statements			15,899.93	1,944,584.68	1,960,484.61
3. Decrease for the period		9,165,472.84	2,341,546.91	222,457.34	11,729,477.09
(1) Disposal or scrapping		9,165,472.84	2,341,546.91	222,457.34	11,729,477.09
4. Closing balance	3,306,510,126.80	14,835,902,778.01	37,006,952.48	780,284,428.73	18,959,704,286.02
II. Accumulative depreciation					
1. Opening balance	366,790,097.88	2,873,717,727.98	18,086,215.36	62,379,249.15	3,320,973,290.37
2. Increase for the period	126,465,106.72	861,824,130.83	3,446,900.53	53,663,106.06	1,045,399,244.14
(1) Provision	126,465,106.72	861,824,130.83	3,423,011.53	53,686,387.57	1,045,398,636.65
Converted difference in Foreign Currency Statements			986.22	-378.73	607.49
3. Decrease for the period		3,237,985.00	1,931,706.55	78,742.64	5,248,434.19
(1) Disposal or scrapping		3,237,985.00	1,931,706.55	78,742.64	5,248,434.19
4. Closing balance	493,255,204.60	3,732,303,873.81	19,601,409.34	115,963,612.57	4,361,124,100.32
III. Provision for impairment					
1. Opening balance		291,812,992.62	15,759.89	9,021.37	291,837,773.88
2. Increase for the period					
(1) Provision					
3. Decrease for the period		130,988.06			130,988.06
(1) Disposal or scrapping		130,988.06			130,988.06
4. Closing balance		291,682,004.56	15,759.89	9,021.37	291,706,785.82
IV. Book value					
1. Closing book value	2,813,254,922.20	10,811,916,899.64	17,389,783.25	664,311,794.79	14,306,873,399.88
2. Opening book value	2,079,606,473.80	8,196,880,029.62	13,979,175.06	587,422,534.43	10,877,888,212.91

**(2) Fixed assets in temporary idle**

Unit: RMB

Item	Original book value	Accumulative depreciation	Provision for impairment	Book value	Notes



Property and plant	2,105,695.50	967,989.10		1,137,706.40	As of December 31, 2022, the recoverable amount was estimated based on the selling prices of similar houses and buildings in the same lot. The recoverable amount was higher than the book value, so no provision for impairment of fixed assets was made.
Machinery and equipment	9,135,247.28	6,324,400.80		2,810,846.48	As of December 31, 2022, the recoverable amount was estimated based on the selling price of similar machinery and equipment. The recoverable amount was higher than the book value, so no provision for impairment of fixed assets was made.
Total	11,240,942.78	7,292,389.90		3,948,552.88	

### (3) Fixed assets not obtaining the title certificate

Unit: RMB

Item	Book value	Reason
Property and plant	2,066,962,289.72	Being processed

Other explanations:

The main reason for the larger increase in the ending balance of the Company's fixed assets over the opening balance is: the increase in assembly lines completed of the subsidiary Shanghai Energy and its subsidiaries in this year accordingly.

## 15. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	3,560,975,559.05	1,728,042,052.38
Engineering materials	23,578,950.68	24,873,666.44
Total	3,584,554,509.73	1,752,915,718.82

### (1) Construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Hungarian factory	979,491,095.17		979,491,095.17	80,981,499.95		80,981,499.95
Suzhou GreenPower Project with an annual output of 200 million square meters of lithium-ion battery coated separator	451,556,502.60		451,556,502.60	2,050,087.72		2,050,087.72
Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project	334,566,119.25		334,566,119.25	485,204.19		485,204.19
Jiangxi Enpo New Material Co., Ltd. lithium ion battery	320,992,819.79		320,992,819.79	53,280,407.11		53,280,407.11

dry process separator film construction project						
Microporous membrane project of high performance Lithium-ion battery of Chongqing Energy (phase II)	283,663,955.03		283,663,955.03	88,458,440.15		88,458,440.15
Jiangsu Energy EV Lithium Battery Separator Industrialization Project	245,785,358.61		245,785,358.61	124,028.69		124,028.69
Lithium battery separator project of Jiangxi Tonry (phase I expansion)	222,168,970.83		222,168,970.83	501,329,749.43		501,329,749.43
American factory	193,048,364.00		193,048,364.00			
Jiangxi Energy SRS project	106,045,779.47		106,045,779.47	102,140,666.17		102,140,666.17
All solid state electrolyte coating separator phase I project of Jiangsu Sanhe	79,766,481.76		79,766,481.76			
Jiangxi Ruijie No. 1 aluminum laminated film project	65,044,683.35		65,044,683.35	51,326,164.11		51,326,164.11
Hubei Energy EV Lithium Battery Separator Industrialization Project	57,554,406.26		57,554,406.26			
Wuxi Energy battery separator production base phase II Project	49,564,077.96		49,564,077.96	83,637,399.09		83,637,399.09
Microporous membrane project of high performance lithium ion battery of Chongqing Energy (phase III)	43,196,070.28		43,196,070.28	1,041,549.37		1,041,549.37
Yunnan Hongta Plastic BOPP film with an annual output of 70,000 tons	24,933,899.66		24,933,899.66	127,669,517.48		127,669,517.48
Jiangxi Ruijie Utilities	23,899,016.02		23,899,016.02	513,625.00		513,625.00
Yuxi Energy lithium battery project with an annual output of 1.6 billion square meters	2,410,889.35		2,410,889.35			
Microporous membrane project of high performance lithium ion battery of Chongqing Energy (phase I)	2,400,000.00		2,400,000.00	150,222,596.38		150,222,596.38
Lithium battery separator project of Jiangxi Tonry (phase I)	2,321,906.20		2,321,906.20	77,669,375.53		77,669,375.53
Jiangsu Hongchuang Packaging Project of 12 billion packaging boxes of liquid beverage	1,668,156.38		1,668,156.38			
Yunnan Hongchuang Packaging Project of 1 billion packaging boxes of liquid beverage				31,533,066.15		31,533,066.15
Zhuhai Energy battery separator film production base phase II Project				11,207,414.81		11,207,414.81
5-7 line base film project of Newmi Tech				354,914,748.53	9,319,496.94	345,595,251.59
Other projects	70,897,007.08		70,897,007.08	18,776,009.46		18,776,009.46
<b>Total</b>	<b>3,560,975,559.05</b>		<b>3,560,975,559.05</b>	<b>1,737,361,549.32</b>	<b>9,319,496.94</b>	<b>1,728,042,052.38</b>

**(2) Changes in important projects in progress for the period**

Unit: RMB

Item	Budget	Opening balance	Increase for the period	Transfer to Fixed assets	Decrease in other amount	Closing balance	Proportion of total project	Progress of the project	Capitalized accumulated	Including: Capitalized	Capitalization rate of interest	Source of capital
				for the period	s for the period		investment in budget		amount of interest	amount of interest for the period	for the period	
Hungarian factory	252,378.60	80,981,499.95	889,848,586.48		-8,661,008.74	979,491,095.17	38.81%	40.00%				Other
Suzhou GreenPower Project with an annual output of 200 million square meters of lithium-ion battery coated separator	1,000,000,000.00	2,050,087.72	449,506,414.88			451,556,502.60	51.06%	51.06%	4,239,857.78	4,239,857.78	3.60%	Other
Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project	1,600,000,000.00	485,204.19	334,080.915.06			334,566,119.25	34.69%	36.00%	1,578,635.61	1,578,635.61	3.58%	Other
Jiangxi Enpo New Material Co., Ltd. lithium ion battery dry process separator film construction project	2,000,000,000.00	53,280,407.11	276,509,230.59	8,796,817.91		320,992,819.79	26.57%	8.49%	4,630,436.72	4,630,436.72	4.54%	Other
Microporous membrane project of high performance lithium-ion battery of Chongqing Energy (phase II)	3,000,000,000.00	88,458,440.15	667,767,335.47	472,561,820.59		283,663,955.03	70.00%	70.00%	10,936,383.72	10,936,383.72	3.66%	Other
Jiangsu Energy EV Lithium Battery Separator Industrialization Project	5,200,000,000.00	124,028.69	245,661.329.92			245,785,358.61	14.42%	15.00%	2,208,095.12	2,208,095.12	3.58%	Other
Lithium battery separator project of Jiangxi Tonry (phase I expansion)	1,750,000,000.00	501,329,749.43	838,429,945.98	1,117,590,724.58		222,168,970.83	91.54%	91.35%	14,603,286.12	9,207,675.01	4.17%	Other
American factory	6,379,573,600.00		191,954,593.73		-1,093,770.27	193,048,364.00	3.03%	10.00%				
Jiangxi Energy SRS project	950,000,000.00	102,140,666.17	237,095,069.26	233,189,955.96		106,045,779.47	46.80%	45.00%				Other
All solid state electrolyte coating separator phase I project of Jiangsu Sanhe	650,000,000.00		79,766,481.76			79,766,481.76	13.92%	13.92%				Other
Jiangxi Ruijie No. 1 aluminum laminated film project	500,000,000.00	51,326,164.11	74,911,465.58	61,192,946.34		65,044,683.35	72.65%	63.00%				Other

Hubei Energy EV Lithium Battery Separator Industrialization Project	5,200,000,000.00		57,700,414.85	146,008.59		57,554,406.26	1.11%	1.11%				Other
Wuxi Energy battery separator production base phase II Project	2,800,000,000.00	83,637,399.09	800,803,932.15	834,877,253.28		49,564,077.96	96.60%	93.28%	22,021,338.32	7,849,578.80	4.26%	Other
Microporous membrane project of high performance lithium ion battery of Chongqing Energy (phase III)	200,000,000.00	1,041,549.37	42,154,520.91			43,196,070.28	90.00%	90.00%				Other
Yunnan Hongta Plastic BOPP film with an annual output of 70,000 tons	360,000,000.00	127,669,517.48	117,673,701.18	220,409,319.00		24,933,899.66	84.07%	90.00%	3,582,772.39	2,982,213.03	3.73%	Other
Jiangxi Ruijie Utilities	130,000,000.00	513,625.00	23,437,311.88	51,920.86		23,899,016.02	83.40%	60.00%				Other
Yuxi Energy lithium battery project with an annual output of 1.6 billion square meters	4,500,000,000.00		2,410,889.35			2,410,889.35	3.31%	3.31%				Other
Microporous membrane project of high performance lithium ion battery of Chongqing Energy (phase I)	1,500,000,000.00	150,222,596.38	424,019,221.74	571,841,818.12		2,400,000.00	100.00%	100.00%				Other
Lithium battery separator project of Jiangxi Tonry (phase I)	1,750,000,000.00	77,669,375.53	2,246,661.94	77,594,131.27		2,321,906.20	100.00%	99.65%	10,275,378.94			Other
Jiangsu Hongchuang Packaging Project of 12 billion packaging boxes of liquid beverage	787,000,000.00		1,668,156.38			1,668,156.38	5.20%	0.00%				Other
Yunnan Hongchuang Packaging Project of 1 billion packaging boxes of liquid beverage	75,000,000.00	31,533,066.15	13,929,138.26	45,462,204.41			100.00%	100.00%				Other
Zhuhai Energy battery separator film production base phase II Project	1,400,000,000.00	11,207,414.81	42,107,637.76	53,315,052.57			100.00%	100.00%	30,172,038.88			Other
Wuxi Energy battery separator film production base phase I Project	2,200,000,000.00		25,277,048.23	25,277,048.23			100.00%	100.00%	68,435,716.63			Other
5-7 line base film project of Newmi Tech	750,230,000.00	354,914,748.53		345,595,251.59	9,319,496.94		47.61%	100.00%	15,938,122.29			Other
Plant construction of Jiangxi Ruijie	86,000,000.00		5,515,173.84	5,515,173.84			99.00%	100.00%				Other
Other projects		18,776,009.46	264,436,185.48	212,315,187.86		70,897,007.08						Other
												Other
<b>Total</b>	<b>47,722,117,800.00</b>	<b>1,737,361,549.32</b>	<b>6,108,911,362.66</b>	<b>4,285,732,635.00</b>	<b>435,282.07</b>	<b>3,560,975,559.05</b>			<b>188,622,062.52</b>	<b>43,632,875.79</b>		

**(3) Project materials**

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for	Book value

					impairment	
Engineering materials	11,426,690.84		11,426,690.84	8,384,509.61		8,384,509.61
Equipment not installed	12,152,259.84		12,152,259.84	16,489,156.83		16,489,156.83
Total	23,578,950.68		23,578,950.68	24,873,666.44		24,873,666.44

Other explanations: The increase in the closing balance of construction in progress of the Company as compared with the beginning balance was due to the fact that Shanghai Energy New Material Technology Co., Ltd., a subsidiary of the Company, and its subsidiaries were in the growth stage, and the new production lines increased during the period as the Company increased its construction of production lines accordingly.

## 16. Right-of-use assets

Unit:RMB

Item	Property and buildings	Other	Total
<b>I. Original book value</b>			
1. Opening balance			
2. Increase for the period	3,828,415.83	1,376,146.80	5,204,562.63
Lease	3,828,415.83	1,376,146.80	5,204,562.63
3. Decrease for the period			
4. Closing balance	3,828,415.83	1,376,146.80	5,204,562.63
<b>II. Accumulative depreciation</b>			
1. Opening balance			
2. Increase for the period	1,208,973.42	68,807.31	1,277,780.73
(1)Provision	1,208,973.42	68,807.31	1,277,780.73
3. Decrease for the period			
(1) Disposal			
4. Closing balance	1,208,973.42	68,807.31	1,277,780.73
<b>III. Provision for impairment</b>			
1. Opening balance			
2. Increase for the period			
(1)Provision			
3. Decrease for the period			
(1) Disposal			
4. Closing balance			
<b>IV. Book value</b>			
1. Closing book value	2,619,442.41	1,307,339.49	3,926,781.90
2. Opening book value			

Other explanations:

## 17. Intangible assets

### (1) Intangible assets

Unit: RMB

Item	Land use rights	Patent rights	Non-patent technology	Software	Total
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I. Original book value					
1. Opening balance	574,145,581.24	26,000,000.00	23,338,200.00	29,643,308.39	653,127,089.63
2. Increase for the period	507,473,945.35	4,854,368.93		5,733,298.98	518,061,613.26
(1) Purchase	507,473,945.35	4,854,368.93		5,733,298.98	518,061,613.26
(2) Internal R&D					
(3) Increase in business combination					
3. Decrease for the period					
(1) Disposal					
4. Closing balance	1,081,619,526.59	30,854,368.93	23,338,200.00	35,376,607.37	1,171,188,702.89
II. Accumulative amortization					
1. Opening balance	61,466,357.71	4,766,666.71	19,144,661.64	5,682,727.01	91,060,413.07
2. Increase for the period	16,808,050.12	2,964,077.67	1,548,582.71	3,561,070.45	24,881,780.95
(1) Provision	16,808,050.12	2,964,077.67	1,548,582.71	3,561,070.45	24,881,780.95
3. Decrease for the period					
(1) Disposal					
4. Closing balance	78,274,407.83	7,730,744.38	20,693,244.35	9,243,797.46	115,942,194.02
III. Provision for impairment					
1. Opening balance			1,203,498.45		1,203,498.45

2. Increase for the period					
(1) Provision					
3. Decrease for the period					
(1) Disposal					
4. Closing balance			1,203,498.45		1,203,498.45
IV. Book value					
1. Closing book value	1,003,345,118.76	23,123,624.55	1,441,457.20	26,132,809.91	1,054,043,010.42
2. Opening book value	512,679,223.53	21,233,333.29	2,990,039.91	23,960,581.38	560,863,178.11

The proportion of intangible assets produced through internal research and development of the Company in the balance of intangible assets at the end of the current period.

## (2) Land usage rights not obtaining the title certificate

Item	Book value	Reason for not obtaining the title certificate
Land usage rights	8,335,426.33	being processed

Other details:

(1) The main reasons why the balance of intangible assets at the end of the year increased significantly as compared with the balance at the beginning of the year are as follows: the Company's lithium battery separator business expanded. In the current period, several new production bases were built, and land use rights were purchased.

(2) As of December 31, 2022, the Company obtained comprehensive bank credit and loans by pledging intangible assets with an amount of RMB292,390,109.05.

## 18. Goodwill

### (1) Original book value of goodwill

Unit: RMB

Events that may generate goodwill through investee names	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Generated by business combination		Disposal		
Jiangxi Tonry New Energy Technology Development Co., Ltd.	34,483,188.64					34,483,188.64
Chongqing Energy Newmi Technological Co., Ltd.	15,589,757.32					15,589,757.32
Suzhou GreenPower New Energy Materials Co., Ltd.	470,157,733.69					470,157,733.69
Total	520,230,679.65					520,230,679.65

### (2) Provision for impairment of goodwill: none

Related information on asset groups or combination of asset groups containing goodwill



(1) Goodwill related to Jiangxi Tonry New Energy Technology Development Co., Ltd.

Goodwill calculation process of Jiangxi Tonry merged by enterprises not under common control:

The acquisition cost minus the fair value of the book identifiable net assets of Jiangxi Tonry on the acquisition date multiplied by the proportion of acquired equity equals to goodwill, that is, 200,000,000.00 minus 165,516,811.36 multiplied by 100% equals to RMB34,483,188.64.

The Company identified Jiangxi Tonry as an asset group and conducted goodwill impairment test. The recoverable amount of goodwill is calculated according to the present value of estimated future cash flow. The estimated future cash flow is determined according to the financial budget of the relevant asset group from 2023 to 2027. After 2027, it will be a perpetual period. It is estimated that the annual cash flow will keep unchanged, and the recoverable value of the asset group will be calculated according to the discount rate of 11.35%. The recoverable value exceeds the book value of the asset group including all shareholders goodwill, and there is no goodwill impairment.

(2) Goodwill related to Suzhou GreenPower New Energy Material Co., Ltd.

Goodwill calculation process of Suzhou GreenPower merged by enterprises not under common control:

The acquisition cost minus the fair value of the book identifiable net assets of Suzhou GreenPower on the acquisition date multiplied by the proportion of acquired equity equals to goodwill, that is, 739,219,511.67 minus 269,061,777.98 multiplied by 100% equals to RMB470,157,733.69.

The Company identified Suzhou GreenPower as an asset group and conducted goodwill impairment test. The recoverable amount of goodwill is calculated according to the present value of estimated future cash flow. The estimated future cash flow is determined according to the financial budget of the relevant asset group from 2023 to 2027. After 2027, it will be a perpetual period. It is estimated that the annual growth rate of cash flow will be 1.33%, and the recoverable value of the asset group will be calculated according to the discount rate of 11.33%. The recoverable value exceeds the book value of the asset group including all shareholders goodwill, and there is no goodwill impairment.

(3) Goodwill related to Chongqing Energy Newmi Technological Co., Ltd.

Goodwill calculation process of Newmi Tech merged by enterprises not under common control:

The acquisition cost minus the fair value of the book identifiable net assets of Newmi Tech on the acquisition date multiplied by the proportion of acquired equity equals to goodwill, that is, 68,259,500.00 minus 68,977,915.28 multiplied by 76.3574% equals to RMB15,589,757.32.

The Company identified Newmi Tech as an asset group and conducted goodwill impairment test. The recoverable amount of goodwill is calculated according to the present value of estimated future cash flow. The estimated future cash flow is determined according to the financial budget of the relevant asset group from 2023 to 2027. After 2027, it will be a perpetual period. It is estimated that the annual cash flow will be stable, and the recoverable value of the asset group will be calculated according to the discount rate of 7.96%. The recoverable value exceeds the book value of the asset group including all shareholders goodwill, and there is no goodwill impairment.

## 19. Long-term unamortized expenses

Unit: RMB

Item	Opening balance	Increase for the period	Amortized amount for the period	Decrease in other amounts	Closing balance
Renovation cost	208,200.31	420,000.00	190,417.15		437,783.16
Filling machine	1,504,688.09		1,504,688.09		
Power grid access fee	48,450.16		10,917.82		37,532.34

Software implementation fee	1,061,184.88		568,527.64		492,657.24
Repair and maintenance fee	737,093.73		737,093.73		
Technical service fee		600,000.00	250,000.00		350,000.00
Total	3,559,617.17	1,020,000.00	3,261,644.43		1,317,972.74

Other explanations:

## 20. Deferred income tax assets/Deferred income tax liabilities

### (1) Deferred income tax assets before offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	547,896,879.72	83,770,394.31	530,474,872.66	80,159,045.71
Unrealized profit of internal transaction	277,615,165.77	58,267,096.82	201,315,638.27	30,197,345.73
Deductible losses	174,757,523.83	35,329,320.47	171,941,875.70	31,092,748.22
Government subsidy	811,175,227.79	124,328,538.97	742,702,208.05	111,405,331.20
Stock incentive	91,108,307.69	13,341,111.40		
other	3,346,918.44	502,037.76		
Total	1,905,900,023.24	315,538,499.73	1,646,434,594.68	252,854,470.86

### (2) Deferred income tax liabilities before offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Appraisal and appreciation of assets in mergers of companies not under common control	73,262,048.87	10,989,307.33	82,490,043.84	12,373,506.58
Pre-tax deduction of equipment and instruments at one time	1,442,317,999.00	223,014,994.83	831,888,785.84	127,083,424.85
Other	14,937,672.15	2,755,180.27	11,247,341.96	1,687,101.29
Total	1,530,517,720.02	236,759,482.43	925,626,171.64	141,144,032.72

### (3) Net amount of offset deferred income tax assets or liabilities

Unit: RMB

Item	Offsetting amount of deferred income tax assets and deferred income tax liabilities at the end of the Reporting Period	Closing balance of deferred income tax assets or liabilities after offset	Offsetting amount of deferred income tax assets and deferred income tax liabilities at the beginning of the Reporting Period	Opening balance of deferred income tax assets or liabilities after offset
Deferred income tax assets		315,538,499.73		252,854,470.86
Deferred income tax		236,759,482.43		141,144,032.72

liabilities				
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(3) Details of unrecognized deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible loss	5,494,780.64	52,353,965.57
Provision for asset impairment	71,547.21	972.45
total	5,566,327.85	52,354,938.02

(5) Deductible losses for which deferred income tax assets were unrecognized will expire in the following years

Unit: RMB

Year	Closing amount	Opening amount	notes
2024		19,937,896.63	
2025	155,294.79	32,416,068.94	
2026			
2027	5,339,485.85		
Total	5,494,780.64	52,353,965.57	--

Other explanations:

Description of one-time pre-tax deduction of equipment and instruments in the deferred income tax liabilities before offset:

1. According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Policy of Deducting the Enterprise Income Tax of Equipment and Instruments (Cai Shui [2018] No. 54) and Announcement of the Ministry of Finance and the State Administration of Taxation on Extending the Implementation Period of Some Preferential Tax Policies (Announcement of the Ministry of Finance and the State Administration of Taxation of 2021 No. 6), the Company and its subsidiaries deducted the enterprise income tax of equipment and instruments with the unit value of below RMB5 million purchased from January 1, 2018 to December 31, 2023 in one time when calculating the taxable income. As a result, taxable temporary difference is formed and further turned into deferred income tax liabilities.

2. According to the Announcement of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology on Strengthening the Pre-tax Deduction in Support of Scientific and Technological Innovation (Announcement No. [2022] 28 of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology), the subsidiaries of the Company deducted the enterprise income tax of equipment and instruments purchased during the fourth quarter of 2022 in one time when calculating the taxable income. As a result, taxable temporary difference is formed and further turned into deferred income tax liabilities.

21. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for equipment	2,093,287,184.21		2,093,287,184.21	1,421,784,008.16		1,421,784,008.16
Advance payment for project	682,856,379.07		682,856,379.07	420,103,967.69		420,103,967.69
Quality guarantee (Note 1)	1,350,000.00		1,350,000.00	1,350,000.00		1,350,000.00
Installment for sale of equipment (Note 2)	13,327,609.02		13,327,609.02	8,083,352.22		8,083,352.22
Advance payment for land	200,000,000.00		200,000,000.00	251,500,000.00		251,500,000.00
Prepayment for house				4,353,231.00		4,353,231.00
Time deposits	753,729,154.86		753,729,154.86	461,548,862.25		461,548,862.25

Total	3,744,550,327.16		3,744,550,327.16	2,568,723,421.32		2,568,723,421.32
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Other explanations:

The main reason for the larger increase in the ending balance of the Company's other non-current assets over the opening balance is: several production bases of the Company were under construction during the period; the advance payment for construction and equipment increases accordingly as well as the sub-subsidiary Zhuhai Energy purchase certificates of large deposit which they prepare to hold to maturity.

Note 1: Guizhou Haoyiduo Dairy Co., Ltd. signed an agreement with the Company, and the two parties entered into a long-term strategic partnership. The Company provided Guizhou Haoyiduo Dairy Co., Ltd. with the above money as its quality guarantee. Guizhou Haoyiduo Dairy Co., Ltd. promised to purchase no less than 13 million packaging boxes of products from the Company every year, and return the above money after the termination of the partnership. As long as the cooperation relationship is not terminated, the agreement will automatically continue after expiration. During the reporting period, Guizhou Haoyiduo Dairy Co., Ltd. has a good cooperation relationship with the Company, and the annual order quantity to the Company exceeds the agreed quantity in the above agreement. The Company expects that the above agreement will continue.

Note 2: The Company purchases filling machines and auxiliary equipment and sells them to customers by installment sales. The price of the equipment shall be paid together with the payment for the Company's products purchased by customers. Until the appointed time, all the payments for equipment shall be recovered, invoices shall be issued and the property rights of the equipment shall be transferred to customers.

Note 3: As of December 31, 2022, term deposits of RMB375,031,336.94 were pledged to secure bank borrowings.

## 22. Short-term loans

### (1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledged loan	275,049,783.20	545,992,000.27
Guaranteed loan	9,147,455,802.07	3,487,366,352.00
Credit loan	94,190,000.00	78,000,000.00
Undue interest payables	11,157,849.28	4,789,988.03
Total	9,527,853,434.55	4,116,148,340.30

Explanation for Classification of short-term borrowings:

The main reason for the larger increase in the ending balance of the Company's short-term loans over the opening balance is: The increase of business volume of the Company leads to the increase of capital demand for daily business activities and the increase of bank loans.

Pledged loan: the subsidiary Shanghai Energy New Material Technology Co., Ltd. obtained a loan of RMB90,000,000.00 by pledging its own large deposit certificate of RMB100,000,000.00; the subsidiary Zhuhai Energy New Material Technology Co., Ltd. obtained a loan of Euro24,360,000.00 by pledging its own large deposit certificate of RMB 200,000,000.00 ; the subsidiary Shanghai Energy New Material Technology Co., Ltd. obtained a loan of RMB4,207,939.20 by pledging its own notes receivable of RMB4,207,939.20; the subsidiary Suzhou GreenPower New Energy Materials Co., Ltd. obtained a loan of RMB20,000.00 by pledging its own notes receivable of RMB20,000.00. See note VI -61 assets with restricted ownership or use right for details of pledge.

Guaranteed loans: please refer to XI. Related Parties and Related Party Transactions — (5) Related party transactions — 5. Related party guarantees for details of the loans guaranteed by the Company's actual controllers, the Company and its subsidiaries.

### (2) Overdue and outstanding short-term loans: Nil

## 23. Trading financial liabilities

Unit: RMB

Item	Closing balance	Opening balance
Including:		
Financial liabilities designated as measured at fair value and whose changes are included in other comprehensive income	94,394.79	
Including:		
Derivative financial liabilities	94,394.79	
Total	94,394.79	

Other explanation:

## 24. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Commercial acceptance	4,659,463.30	4,205,536.14
Bank acceptance	604,656,235.72	483,202,292.39
Total	609,315,699.02	487,407,828.53

At the end of the current period, the total amount of notes payable due and unpaid is yuan.

## 25. Accounts payable

### (1) Accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Materials payable	514,269,975.80	337,706,658.17
Engineering equipment payable	1,070,892,790.28	222,569,060.60
Accessories and spare parts payable	37,809,458.76	20,393,593.67
Transportation fee payable	41,599,051.31	42,078,568.47
Other payable	56,015,715.96	27,797,776.37
Total	1,720,586,992.11	650,545,657.28

### (2) Major accounts payable aged over one year

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
Shanghai Suray Information Technology Co., Ltd.	7,117,267.59	Not mature
Chengdu Huicheng Technology Co., Ltd.	4,560,000.00	Not mature
Shenzhen China Progress International Forwarding Co., Ltd.	3,498,949.42	Not mature
Jiangmen Yuxin Paper Products Co., Ltd.	3,468,002.74	Not mature
total	18,644,219.75	

The main reason for the larger increase in the ending balance of the Company's accounts payable over the opening balance is: The Company's business grew rapidly this year, the capacities continued to be expanded and capital expenditure increased significantly, thus the relevant accounts payable

increased accordingly.

## 26. Contractual liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advance receivable for goods	22,179,220.18	761,923,312.38
Rebate	2,416,933.97	
Total	24,596,154.15	761,923,312.38

## 27. Employee benefits payable

### (1) Employee benefits payable

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Short-term remuneration	32,299,256.27	906,448,213.52	890,121,550.59	48,625,919.20
II. Retirement pension program-defined contribution plan	1,030,660.51	71,220,946.34	66,713,384.25	5,538,222.60
III. dismissal benefits		523,574.99	523,574.99	
Total	33,329,916.78	978,192,734.85	957,358,509.83	54,164,141.80

### (2) Short-term benefits

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Wage, bonus, allowance and subsidies	30,694,537.91	780,547,819.99	767,957,477.35	43,284,880.55
2. Employee welfare		50,740,674.52	50,708,670.52	32,004.00
3. Social insurance	665,868.54	39,967,913.06	36,779,798.77	3,853,982.83
Including: medical insurance	655,874.25	36,419,105.49	33,482,216.04	3,592,763.70
Labor injury insurance	9,994.29	2,516,467.12	2,265,242.28	261,219.13
Maternity insurance premium		923,813.65	923,813.65	
Supplementary medical insurance		741,497.48	741,497.48	
4. Housing fund	416,973.01	30,383,252.70	30,194,913.72	605,311.99
5. Labor union budget and staff education fund	521,876.81	4,808,553.25	4,480,690.23	849,739.83
Total	32,299,256.27	906,448,213.52	890,121,550.59	48,625,919.20

### (3) Defined contribution plans

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Basic pension	999,428.38	69,038,412.34	64,666,312.63	5,371,528.09
2. Unemployment insurance	31,232.13	2,182,534.00	2,047,071.62	166,694.51
Total	1,030,660.51	71,220,946.34	66,713,384.25	5,538,222.60

### 28. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	70,699,654.71	21,727,333.15
Corporate income tax	188,809,538.54	160,861,569.98
Personal income tax	1,328,104.94	996,764.35
City maintenance and construction tax	3,176,657.88	1,335,086.63
Property tax	7,997,292.20	2,908,801.04
Land using tax	1,069,578.09	620,797.95
Education surtax	2,720,034.27	1,221,998.41
Vehicle and vessel usage tax	1,378,475.54	
Stamp duty	2,071,485.34	422,660.72
Other	210,909.28	61,525.55
Total	279,461,730.79	190,156,537.78

### 29. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividends payable	9,778,239.09	9,778,239.09
Other payables	199,901,993.77	60,499,183.54
Total	209,680,232.86	70,277,422.63

(1) Interest payables: None

(2) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Common share dividends	9,778,239.09	9,778,239.09
Total	9,778,239.09	9,778,239.09



Other explanations, including important dividends payable that have not been paid for more than one year, shall disclose the reasons for nonpayment: The year-end balance of dividends payable is the dividend payable by the subsidiary Shanghai Energy New Material Technology Co., Ltd. to minority shareholders.

### (3) Other payables

#### 1) Other payables listed by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Restricted stock repurchase obligations	101,753,346.66	
Equity acquisition	42,736,010.00	42,736,010.00
Deposits and guarantees	44,077,111.71	12,209,228.71
Withholding employees' social insurance	3,758,967.93	1,861,074.86
Reimbursement	1,865,087.72	997,002.15
Other	5,711,469.75	2,695,867.82
<b>Total</b>	<b>199,901,993.77</b>	<b>60,499,183.54</b>

#### 2) Major other payables aged over one year

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
Gao'an Kewei investment partnership (limited partnership)	22,380,000.00	Payment terms not been met
DENCOLIMITED	20,356,010.00	Payment terms not been met
<b>Total</b>	<b>42,736,010.00</b>	<b>--</b>

Other explanations:

### 30. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	842,470,783.32	377,299,907.20
lease liabilities due within 1 year	1,375,995.60	
Undue interest payables	14,649,175.87	6,098,084.90

Total	858,495,954.79	383,397,992.10
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Other explanations:

### 31. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output value-added tax payable	2,536,656.79	99,032,756.22
Endorsement of unconfirmed bank acceptance bill	252,146,381.12	130,932,533.60
Endorsement of unconfirmed commercial acceptance bill		634,570.35
Endorsement for transfer of unconfirmed supply chain voucher	20,539,948.43	10,137,864.09
Total	275,222,986.34	240,737,724.26

### 32. Long-term borrowings

#### (1) Long-term borrowings by type

Unit: RMB

Item	Closing balance	Opening balance
Pledged loan	1,175,100,000.00	1,206,100,000.00
Mortgaged loan	833,353,874.05	949,296,159.46
Guaranteed loan	2,707,281,656.13	822,012,580.04
Credit loan	306,000,000.00	203,000,000.00
Undue interest payables	10,668,589.20	3,782,246.30
Long-term loans due within 1 year	-853,139,372.52	-381,082,153.50
Total	4,179,264,746.86	2,803,108,832.30

Description for long-term borrowings by type:

Other explanations, including interest rate range:

The main reason for the larger increase in the ending balance of the Company's long-term borrowings over the opening balance is: the increase in special loan for project construction by the subsidiary Shanghai Energy and its subsidiaries.

Pledged loans: the subsidiary Shanghai Energy New Material Technology Co., Ltd. will pledge its 100% equity in Suzhou GreenPower and 76.3574% equity in Newmi Tech to obtain a loan of RMB 1,175,100,000.00.

Mortgaged loan: the subsidiary Hongta Plastic, the sub- subsidiaries Zhuhai Energy, Wuxi Energy, Jiangxi Tonry and Jiangsu Energy, Chongqing Energy obtained a loan of RMB 833,353,874.05 by pledging their own fixed assets. See "861. Assets with restricted ownership or use right" in VII of this section for details of pledge.

Guaranteed loan: For details of loans obtained through the guarantee provided by actual controllers of the Company, the Company and its subsidiaries, please refer to "(4) Related party guarantees" under "5. Related party transactions" in "XII. Related Parties and Related Party Transactions".

### 33. Bonds payable

#### (1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Convertible corporate bonds	425,795,937.76	413,239,181.29
Total	425,795,937.76	413,239,181.29

#### (2) Changes in bonds payable: (excluding preferred shares classified as financial liabilities, perpetual bonds and other financial instruments)

Unit: RMB

Name of bond	Par value	Issue date	Term	Issue size	Opening balance	Issued in current period	Interest provisioned by par value	Amortization of discounts and premiums	Paid in the current period	Shares converted in the current period	Closing balance
Convertible corporate bonds of Yunnan Energy New Material Co., Ltd.	1,600,000.00	February 11, 2020	6 years	1,600,000.00	413,239,181.29			12,874,556.47		-317,800.00	425,795,937.76
Total				1,600,000.00	413,239,181.29			12,874,556.47		-317,800.00	425,795,937.76

#### (3) Explanation on conversion conditions and conversion time of convertible corporate bonds

According to the Listing Rules of Shares on the Shenzhen Stock Exchange Stock and the Prospectus of Yunnan Energy New Material Co., Ltd. on the Public Issuance of Convertible Corporate Bonds, the debt and share conversion period of Yunnan Energy commences from the first trading day in the six months after the end of the issuance to the maturity date of the convertible corporate bonds, that is, from August 17, 2020 to February 11, 2026, and the initial conversion price is RMB64.61 per share.

On May 21, 2020, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implements the 2019 annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted from RMB64.61 per share to RMB64.49 per share.

On September 3, 2020, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company adopts the non-public issuance of new shares, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB65.09 per share.

As at September 28, 2020, in accordance with the Announcement on the Non-adjustment of Convertible Corporate Bond Conversion Price for the Repurchase and Cancellation of Some Restricted Shares, the Company repurchased and cancelled the Company's restricted shares held by the four incentive objects because the personal assessment grade of the four incentive objects was "good" when the Company's 2017 Restricted Stock Incentive Plan was unlocked for the third time. Due to the small proportion of the repurchased and cancelled shares in the Company's total share capital, after the repurchase and cancellation, the conversion price of debts and shares of Yunnan Energy remained unchanged at RMB65.09 per share.

On April 30, 2021, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implements the 2020 annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.92 per share.

On May 16, 2022, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implemented the 2021 annual equity allocation plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.62 per share.

#### (4) Explanation on other financial instruments classified as financial liabilities

Outstanding preferred shares, perpetual bonds and other financial instruments as at the end of the Reporting Period

Table of changes in outstanding preferred shares, perpetual bonds and other financial instruments as at the end of the Reporting Period

Unit: RMB

Outstanding financial instruments	At the beginning of the period		Increase for the period		Decrease for the period		At the end of the period	
	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value

The basis for classifying other financial instruments as financial liabilities

Other explanations:

### 34. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	1,375,995.60	
1 to 2 years	1,375,995.60	
2 to 3 years	229,332.60	
Unrecognized financing expenses	-273,843.04	
Lease liabilities due within one year	-1,375,995.60	
<b>Total</b>	<b>1,331,485.16</b>	

Other explanations:

In the current period, the interest expense of lease liabilities was RMB29,004.11.

### 35. Deferred income

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason
Government subsidies	754,958,659.55	139,336,447.03	70,827,997.11	823,467,109.47	For details, see the table below
Total	754,958,659.55	139,336,447.03	70,827,997.11	823,467,109.47	--

Items involving government grants:

Unit: RMB

Item related to liabilities	Opening balance	Grants increased for the period	Non-operating income recorded in the period	Other income recorded in the period	Amount that offsets costs and expenses in the current period	Other changes	Closing balance	Related to assets/income
Support and incentive payment of the Xishan Economic and Technological Development Zone	180,301,293.49	83,422,500.00		16,557,514.46			247,166,279.03	Related to assets
Equipment subsidies of the Gao'an Municipal People's Government	270,372,793.38			25,125,178.56			245,247,614.82	Related to assets
Item subsidy for the development of advanced equipment manufacturing industry	162,487,335.02			14,308,295.40			148,179,039.62	Related to assets
Special funds for the development of provincial strategic emerging industries	28,846,153.86			2,307,692.28			26,538,461.58	Related to assets
Subsidies for infrastructure construction	24,130,800.16			1,340,599.92			22,790,200.24	Related to assets
Support fund for imported equipment industry of Gao'an Municipal People's Government		20,095,347.03		1,986,206.32			18,109,140.71	Related to assets
Enterprise support funds allocated by Gao'an New World Industrial City Finance Office	16,098,908.32			692,825.64			15,406,082.68	Related to assets

High-performance lithiumion battery separator project with an output of 90 million square meters	13,531,495.92			2,696,405.76			10,835,090.16	Related to assets
National import discount for Wuxi Energy		11,147,700.00		363,649.22			10,784,050.78	Related to assets
Municipal technological transformation project for high-quality development	10,031,250.00			1,125,000.00			8,906,250.00	Related to assets
Subsidy with interests of Imported equipment for Jiangxi Tonry		9,293,400.00		757,791.35			8,535,608.65	Related to assets
land subsidy for Sanhe village, Jiangsu		8,427,500.00		14,092.81			8,413,407.19	Related to assets
Technological transformation project of the production line of lithium-ion battery separator	9,086,808.46			1,080,781.56			8,006,026.90	Related to assets
Land subsidies granted by the Administrative Committee of Yuxi High-tech Industrial Development Zone for the annual production of 1 billion liquid packing boxes	2,994,871.79	3,950,000.00		178,609.60			6,766,262.19	Related to assets
Technological transformation project of the second batch of industrial transformation in 2020	7,350,000.00			900,000.00			6,450,000.00	Related to assets
Enterprise development support funds (subsidy for plant construction of Jiangxi Enpo)	6,315,328.00						6,315,328.00	Related to assets
Special funds for 70,000-ton BOPP projects	5,300,000.00						5,300,000.00	Related to assets
Technical transformation guidance funds	5,299,515.00						5,299,515.00	Related to assets
Special funds for basic projects	3,391,025.47			307,692.48			3,083,332.99	Related to assets
Special fund for the development of small and medium-sized enterprises at the provincial level in 2021 by Yuxi Municipal Bureau of Industry and Information Technology		2,300,000.00		60,101.79			2,239,898.21	Related to assets
Cable trench subsidy	2,521,667.13			339,999.96			2,181,667.17	Related to assets
Boiler upgrading and reconstruction projects	2,361,969.28			196,830.72			2,165,138.56	Related to assets
Low-nitrogen transformation project subsidy of the Finance Bureau of Changshou	1,000,000.00			71,428.56			928,571.44	Related to assets
Special funds for basic projects	846,154.04			76,922.88			769,231.16	Related to assets
Enterprise development support funds	769,230.77			61,538.52			707,692.25	Related to assets
Key industrial technology innovation project funds of Suzhou		700,000.00					700,000.00	Related to assets

Special funds for the construction of the Yuxi municipal industrial park in 2017	504,260.00			34,977.60			469,282.40	Related to assets
Subsidies of the Yuxi Municipal Bureau of Finance for the first major technical equipment	528,302.00			113,207.52			415,094.48	Related to assets
Reward for Suzhou to build an intelligent demonstration workshop of advanced manufacturing base in 2020	395,604.36			65,934.12			329,670.24	Related to assets
Funds for the preparation of touring inspection activities in Yichun and centralized commencement and completion activities of major projects in Yichun, allocated by Gao'an New World Industrial City Finance Office	277,226.65			14,720.04			262,506.61	Related to assets

Subsidies for the renovation of power supporting projects outside the plants in the Jiulong district of the Yuxi High-Tech Development Zone Management Committee	216,666.45			50,000.04			166,666.41	Related to assets
Total	754,958,659.55	139,336,447.03		70,827,997.11			823,467,109.47	



### 36. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Government support for lithium battery separation film project (Note 1)	455,517,694.55	455,517,694.55
Investment in lithium battery separation film project (Note 2)	86,000,000.00	83,000,000.00
Subsidy for lithium battery separation film R&D project	700,000.00	
Total	542,217,694.55	538,517,694.55

Other explanations:

Note 1: Jiangxi Tonry, a third-level subsidiary of the Company, has built an item production base of lithiumion separator in Gao'an City, Yichun City, Jiangxi Province, with policy support from the local government. According to the relevant provisions of the investment agreement, the government borrows money in advance to pay for the purchase of equipment. When each lithium-ion film production line is put into use, the equipment subsidy shall be recognized in batches according to the corresponding proportion of the value of the imported equipment of the production line that has been put into operation.

Note 2: Chongqing Energy, a third-level subsidiary of the Company, has built a production line base of high-performance lithium-ion battery micropore separator in Changshou Economic and Technological Development Zone, Chongqing City, with policy support from the local government. According to the relevant provisions of the investment agreement, the government grants infrastructure construction industry development funds in the form of a government subsidy, and after the commitment of the investment agreement is fulfilled, the subsidy shall be recognized in batches as the plant and equipment subsidy according to the corresponding proportion of the value of the plant and equipment.

### 37. Share capital

Unit: RMB

	Opening balance	Increase or decrease (+, -)					Closing balance
		New issues	Bonus issuance	Conversion of reserve into share	Others	Subtotal	
Total amount of shares	892,406,822.00				4,868.00	4,868.00	892,411,690.00

Other explanations:

See "III. Basic information of the Company" in this section. The convertible bonds publicly issued by the Company entered the share transfer period on August 17, 2020. As of December 31, 2022, the Company's share capital increased by RMB4,868.00 due to the share transfer.

### 38. Other equity instruments

#### (1) Outstanding preferred shares, perpetual bonds and other financial instruments as at the end of the Reporting Period

Under the Approval of the Issuance of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (Zheng Jian Xu Ke [2019] No. 2701) issued by the China Securities Regulatory Commission, the Company publicly issued 16 million convertible corporate bonds on February 11, 2020, which was calculated as the value of the debt instruments of the convertible corporate bonds was RMB1,408,703,126.08, and the value of the equity instruments was RMB177,419,515.43 by referring to the interest rates of the credit bonds of similar enterprises with AA credit rating and similar maturities in the market and deducting the bond issuance expenses.

#### (2) Table of changes in outstanding preferred shares, perpetual bonds and other financial instruments as at the end of the Reporting Period

Unit: RMB

Outstanding financial instruments	At the beginning of the period		Increase for the period		Decrease for the period		At the end of the period	
	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value

Equity instrument of convertible corporate bonds		50,352,323.80				35,239.96		50,317,083.84
Total		50,352,323.80				35,239.96		50,317,083.84

Explanations on changes in other financial instruments and reasons thereof as at the end of the Reporting Period, and basis for related accounting treatment:

In 2022, the Company's "Energy Convertible Bond" decreased by RMB317,800.00 (3,178.00 bonds) due to the transfer of 4,868.00 shares and reduced the other equity instrument by RMB35,239.96.

Other explanations:

### 39. Capital reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital premium (capital stock premium)	7,635,639,929.52	67,572,702.66	102,690,956.12	7,600,521,676.06
Other capital reserve		84,810,922.74		84,810,922.74
Total	7,635,639,929.52	152,383,625.40	102,690,956.12	7,685,332,598.80

Other explanations, including changes and reasons thereof as at the end of the Reporting Period:

Explanations of capital reserve:

1. The capital premium (capital stock) increased by RMB 67,572,702.66 this year, mainly because:

(1) The convertible bonds publicly issued by the Company entered the share transfer period on August 17, 2020. The Company's capital reserve increased by RMB343,945.88 due to the share transfer.

(2) The minority shareholders of the sub-subsidiary Jiangxi Enpo New Materials Co., Ltd. injected capital in the current year, resulting in an increase of RMB134,217.63 in capital reserve.

(3) The change of minority shareholders of the subsidiary Hongchuang Packaging in the current year resulted in the change of the Company's shareholding ratio and an increase of RMB67,094,539.15 in capital reserve.

2. The capital premium (share capital premium) decreased by RMB102,690,956.12 in this year, mainly due to the restricted shares granted by the Company to employees with the grant price lower than the share repurchase price in this year.

3. The increase of other capital reserves was RMB84,810,922.74 in this year, mainly due to:

(1) The Company implemented equity incentives for employees and confirmed share-based payment related expenses, resulting in an increase of RMB84,649,402.6 in other capital reserves.

(2) The subsidiary Hongchuang Packaging implemented equity incentives for employees and confirmed share-based payment related expenses, resulting in an increase of RMB161,520.14 in other capital reserves.

### 40. Treasury stock

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Equity incentive repurchase	204,444,302.78		204,444,302.78	
Restricted share-based payment		101,753,346.66		101,753,346.66
Total	204,444,302.78	101,753,346.66	204,444,302.78	101,753,346.66

Other explanations, including changes and reasons thereof as at the end of the Reporting Period:

- Please refer to Note XIII. Share-based payment. Because the Company used the repurchased shares for stock incentive, the treasury shares decreased by RMB204,444,302.78;
- The Company shall recognise liabilities for the repurchase obligation of restricted shares issued to employees, and treat them as treasury shares. The amount of treasury shares shall be calculated and determined according to the number of restricted shares issued and the corresponding repurchase prices.

## 41. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount for the current period						Closing balance
		Amount incurred before the income tax in the current period	Less: Amount included into other comprehensive income in the prior period and transferred into the profit and loss in the current period	Less: Amount included into other comprehensive income in the prior period and transferred into the retained earnings in the current period	Less: Income tax expense	After-tax amount attributable to the parent company	After-tax amount attributable to minority shareholders	
I. Other comprehensive income that cannot be reclassified subsequently to profit or loss		1,000,000.00			250,000.00	750,000.00		750,000.00
1. Changes in fair value of investments in other equity instruments		1,000,000.00			250,000.00	750,000.00		750,000.00
II. Other comprehensive income that will be reclassified subsequently to profit or loss	-3,746,198.57	11,170,906.68			-140,214.40	10,770,449.49	540,671.59	7,024,250.92
Exchange differences from translation of statements denominated in foreign currencies	-4,502,767.45	12,105,669.37				11,527,018.37	578,651.00	7,024,250.92
Provision for credit impairment of receivable financing	756,568.88	-934,762.69			-140,214.40	-756,568.88	-37,979.41	
Total other comprehensive income	-3,746,198.57	12,170,906.68			109,785.60	11,520,449.49	540,671.59	7,774,250.92

## 42. Surplus reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	150,822,559.89	18,251,921.33		169,074,481.22
Reserve fund	21,153,681.64			21,153,681.64
Enterprise development fund	1,416,680.73			1,416,680.73
Total	173,392,922.26	18,251,921.33		191,644,843.59

Explanations on surplus reserve, including explanation about the reason of the change: The increase in surplus reserve for the year was due to the provision of 10% of the net profit of the parent company for the year.

### 43. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Undistributed profit before adjustments at the end of the prior period	5,288,265,431.08	2,746,794,868.15
Undistributed profit adjusted at the beginning of the period	5,288,265,431.08	2,746,794,868.15
Add: Net profit attributable to owners of parent company in the current period	4,000,461,964.37	2,717,628,798.01
Less: Withdrawal of statutory surplus reserve	18,251,921.33	25,442,257.68
Common share dividends payable	269,999,722.24	150,715,977.40
Undistributed profits at the end of the period	9,000,475,751.88	5,288,265,431.08

### 44. Operating income and operating cost

Unit: RMB

Item	Amount for current period		Amount for previous period	
	Income	Cost	Income	Cost
Main businesses	12,217,521,522.39	6,360,676,130.43	7,866,428,440.28	3,978,342,250.24
Other businesses	373,404,007.29	207,472,252.22	115,998,370.31	23,681,463.99
Total	12,590,925,529.68	6,568,148,382.65	7,982,426,810.59	4,002,023,714.23

Whether the lower of the audited net profit before and after deduction of non-recurring gains or losses is negative

Yes  No

### 45. Taxes and surcharges

Unit: RMB

Item	Amount for current period	Amount for previous period
City maintenance and construction tax	10,137,102.35	6,203,284.99
Education surcharge	8,928,750.72	7,160,112.90
Property tax	24,477,126.87	15,622,433.54
Land using tax	6,789,704.51	4,370,191.44
Vehicle and vessel usage tax	25,019.80	31,362.50
Stamp duty	6,466,537.77	3,464,406.34
Other	57,680,955.03	37,128,232.84
Total	10,137,102.35	6,203,284.99

Other explanations:

#### 46. Selling expenses

Unit: RMB

Item	Amount for current period	Amount for previous period
Sales commission	15,749,712.52	22,865,150.56
Labor costs	29,479,359.97	25,226,747.02
Sales agency expense	9,528,124.63	8,068,800.98
Depreciation and amortization	5,805,912.99	5,493,116.99
Entertainment expense	3,459,975.18	3,773,186.15
Travel expense	2,899,891.55	3,023,032.85
Share-based payment	2,293,041.47	
Other	5,239,025.16	5,584,967.81
Total	74,455,043.47	74,035,002.36

Other explanations:

#### 47. Administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for previous period
Employee compensation	158,061,912.74	100,006,459.81
Share-based expense	51,022,209.61	18,478,989.45
Depreciation and amortization	43,343,632.86	33,225,957.56
Agencies	14,296,148.37	23,458,610.93
Maintenance costs	4,223,440.57	4,454,582.50
Office expense	7,044,955.89	5,151,563.26
Travel expense	4,088,667.43	3,727,757.41
Entertainment expense	2,531,330.21	3,624,674.68
Environmental protection fee	8,110,686.32	1,082,706.22
Others	30,568,947.01	23,122,637.54
Total	323,291,931.01	216,333,939.36

Other explanations:

#### 48. R&D expenses

Unit: RMB

Item	Amount for the current period	Amount for previous period
Material costs	403,898,381.02	214,385,356.23
Employee compensation	179,390,617.59	117,133,689.98
Depreciation and amortization	44,490,331.35	30,124,498.48
Utility costs	46,238,014.05	20,022,169.55
Others	50,280,355.65	27,513,016.04
Total	724,297,699.66	409,178,730.28

Other explanations:

#### 49. Financial Expenses

Unit: RMB

Item	Amount for the current period	Amount for previous period
Interest expenses	287,498,131.60	221,206,595.88
interest income	-26,258,474.95	-20,299,433.23
Exchange gain/loss	-61,184,128.02	-56,196,216.05
Bank charges and other	11,476,342.34	8,271,108.87
Total	211,531,870.97	152,982,055.47

Other explanations:

#### 50. Other Income

Unit: RMB

Other sources of income	Amount for the current period	Amount for previous period
Government subsidy	155,302,624.29	133,733,928.01
Return of individual income tax service charge	1,131,403.22	345,520.77
Total	156,434,027.51	134,079,448.78

#### 51. Investment income

Unit: RMB

Item	Amount for the current period	Amount for previous period
Gain on long-term equity investments subject to accounting with equity method	1,471,658.10	1,687,090.23
Investment income from disposal of trading financial assets	12,080,580.37	
Proceeds from wealth management products	27,838,099.70	35,378,946.92
Investment income from derecognition of financial assets at amortized cost	-18,658,871.90	-9,956,624.13
Total	22,731,466.27	27,109,413.02

## 52. Gains on fair value change

Unit: RMB

Source of gains on fair value change	Amount for the current period	Amount for previous period
Trading financial assets	9,850,069.59	137,194.34
Including: Income from changes in fair value arising from derivative financial instruments	9,850,069.59	
Trading financial liabilities	-94,394.79	
Total	9,755,674.80	137,194.34

## 53. Credit Impairment Losses

Unit: RMB

Item	Amount for the current period	Amount for previous period
Bad debt losses on other receivables	-649,051.50	193,877.02
Impairment losses on accounts receivable	80,338.10	-24,618,321.53
Impairment loss on notes receivable	-8,690,103.00	-2,109,153.54
Impairment losses on accounts receivable financing	934,762.69	1,687,237.31
Total	-8,324,053.71	-24,846,360.74

## 54. Asset Impairment Losses

Unit: RMB

Item	Amount for the current period	Amount for previous period
Inventory falling price losses and contract performance cost depreciation losses	-42,921,534.91	-10,663,472.55
Total	-42,921,534.91	-10,663,472.55

## 55. Gains on disposal of assets

Unit: RMB

Source	Amount for the current period	Amount for previous period
Disposal of fixed assets	223,345.22	308,957.41

## 56. Non-operating income

Unit: RMB

Item	Amount for the current period	Amount for previous period	Amount of non-recurring gain or loss included in the current period
Accepting donations	111,645.43	33,001.00	111,645.43
Compensation received	249,743.26	293,393.82	249,743.26



Payments that do not need to be made upon approval	614,291.80	4,015,457.76	614,291.80
Others	986,822.77	1,007,722.92	986,822.77
<b>Total</b>	<b>1,962,503.26</b>	<b>5,349,575.50</b>	

## 57. Non-operating Expenses

Unit: RMB

Item	Amount for the current period	Amount for previous period	Amount of non-recurring gain or loss included in the current period
Donation	524,578.80	345,894.96	524,578.80
Abandonment losses of non-current assets	5,093,236.75	1,612,201.57	5,093,236.75
Others	619,138.51	686,933.68	619,138.51
<b>Total</b>	<b>6,236,954.06</b>	<b>2,645,030.21</b>	<b>6,236,954.06</b>

## 58. Income Tax Expense

### (1) Table of income tax expenses

Unit: RMB

Item	Amount for the current period	Amount for previous period
Current income tax	520,107,429.64	342,073,538.57
Deferred income tax	32,902,134.24	-9,352,714.12
<b>Total</b>	<b>553,009,563.88</b>	<b>332,720,824.45</b>

### (2) Adjustment process of accounting profit and income tax expense

Unit: RMB

Item	Amount for the current period
Total profit	4,765,144,121.27
Income tax expenses calculated based on the statutory (or applicable) tax rates	1,191,286,030.31
Impact of different tax rates applied to subsidiaries	-454,993,628.58
Impact of adjusting income tax in previous periods	1,330,765.93
Impact of non-taxable income	-183,762.49
Impact of non-deductible cost, expense and loss	915,701.76

Impact of deductible losses not recognized as deferred income tax assets before utilization	-4,290,790.23
Impact of deductible temporary differences or deductible losses not recognized as deferred income tax assets for the period	1,391,581.97
Impact of R&D expenses plus deduction	-106,848,188.53
Impact of income tax credit for investment in special equipment	-17,722,810.69
Effect of additional deduction for equipment of high-tech enterprises	-42,131,334.43
Impact of tax rate change	-14,680,932.38
Others	-1,063,068.77
Income tax expenses	553,009,563.88

## 59. Cash flow statement

### (1) Cash received relating to other operating activities

Unit: RMB

Item	Amount for the current period	Amount for previous period
Interest Income	27,599,543.01	19,716,676.85
Subsidy income	228,642,477.43	263,436,972.90
Recovered deposit	38,768,179.58	8,148,685.49
Other receivables received	5,656,068.58	3,219,994.43
Others	1,348,211.46	1,679,638.51
Total	302,014,480.06	296,201,968.18

### (2) Cash payments relating to other operating activities

Unit: RMB

Item	Amount for the current period	Amount for previous period
Deposit payment	132,561,185.22	9,001,100.64
Other payable paid	1,217,235.92	737,289.34
Paying employee incentive and dividend personal income tax		46,031,316.80
Administrative expenses and R&D expenses	149,669,000.84	115,193,779.54
Operating expenses	36,248,947.35	42,407,495.96
Service charge	11,476,342.34	8,271,108.87
Donation expenditure	524,578.80	345,894.96
Reserve fund paid	3,101,817.82	1,888,869.92

Others	270,929.34	686,933.68
Total	335,070,037.63	224,563,789.71

**(3) Cash payments relating to other investing activities**

Unit: RMB

Item	Amount for the current period	Amount for previous period
Payment for debt as an agent for acquisitions of subsidiaries		473,586,405.90
Payment for acquisition of minority equity		1,000,000.00
Deposit for letter of credit and bill	150,164,555.53	
Total	150,164,555.53	474,586,405.90

**(4) Cash payments relating to other financing activities**

Unit: RMB

Item	Amount for the current period	Amount for previous period
Payment for equity of minority shareholder		10,000,000.00
Payment for share repurchase		204,444,302.78
Forfeiting Business Deposit	253,459,886.80	139,356,113.20
Lease payment	2,649,939.18	2,019,792.67
Total	256,109,825.98	355,820,208.65

**60. Supplementary information of cash flow statement**

**(1) Supplementary information of cash flow statement**

Unit: RMB

Supplementary information	Amount for the current period	Amount for the previous period
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	4,212,134,557.39	2,886,854,037.15

Plus: impairment provision for assets	42,921,534.91	10,663,472.55
Credit impairment losses	8,324,053.71	24,846,360.74
Depreciation of fixed assets, depreciation of oil and gas assets, and depreciation of productive biological assets	1,043,974,672.99	781,727,096.08
Depreciation of right-of-use assets	1,208,973.42	
Amortization of intangible assets	20,775,544.18	14,814,730.11
Amortization of long-term unamortized expenses	3,261,644.43	4,899,969.37
Losses from disposal of fixed assets, intangible assets, and other long-term assets (gain is indicated with "-")	-223,345.22	-308,957.41
Losses from scrapping of fixed assets (gain is indicated with "-")	5,093,236.75	1,612,201.57
Losses from change of fair value (gain is indicated with "-")	-9,755,674.80	-137,194.34
Financial expenses (gain is indicated with "-")	275,513,745.88	221,206,595.88
Investment losses (gain is indicated with "-")	-22,731,466.27	-27,109,413.02
Decrease in deferred income tax assets (increase is indicated with "-")	-62,684,028.87	-49,950,474.49
Increase in deferred income tax liabilities (decrease is indicated with "-")	95,615,449.71	40,737,974.76
Decrease in inventory (increase is indicated with "-")	-824,963,603.42	-535,080,982.13
Decrease in operating receivables (increase is indicated with "-")	-4,529,233,502.65	-3,462,031,254.35
Increase in operating payables (decrease is indicated with "-")	152,648,586.65	1,487,422,225.90
Others	91,707,219.87	18,478,989.45
Net cash flows from operating activities	503,587,598.66	1,418,645,377.82
2. Significant investment and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	2,972,056,126.01	1,369,299,568.60
Less: opening balance of cash	1,369,299,568.60	2,054,915,784.55
Plus: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,602,756,557.41	-685,616,215.95

## (2) Total cash outflow related to lease

Total cash outflow related to lease for the current period was RMB2,649,939.18.

## (3) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	2,972,056,126.01	1,369,299,568.60
Including: Cash on hand	89,904.57	141,604.43
Cash at bank that can be readily drawn on demand	2,971,966,221.44	1,369,157,964.17
III. Cash and cash equivalents at the end of the Reporting Period	2,972,056,126.01	1,369,299,568.60

Other explanations:

## 61. Assets with Restricted Ownership or Use Rights

Unit: RMB

Item	Closing book value	Reason of restriction
Monetary capital	982,223,348.31	Bank draft margin, letter of credit margin, letter of guarantee margin, performance deposit, security deposits for lock exchange, deposit regulated by banks
Notes receivable	4,227,939.20	Bank loans through pledge
Fixed assets	775,359,141.70	Comprehensive bank credit and loan through mortgage
Intangible assets	292,390,109.05	Comprehensive bank credit and loan through mortgage
Accounts receivable financing	28,105,438.78	Bank loans and bank acceptance through pledge
Other non-current assets	311,247,569.39	Bank loans through pledge
Non-current assets due within one year	53,697,916.67	Bank loans through pledge
Total	2,447,251,463.10	--

Other explanations:

In addition to the items listed in the above table, the Company's subsidiary Shanghai Energy pledged its 76.3574% equity interest in Newmi Tech and 100% equity interest in Suzhou GreenPower to obtain bank loans, which resulted in the above Company's equity interest being restricted assets.

## 62. Monetary items denominated in foreign currencies

### (1) Monetary items denominated in foreign currencies

Unit: RMB

Item	Ending balance of foreign currency	Exchange rate	Ending balance converted into RMB
Monetary capital			443,965,089.46
Including: USD	46,025,719.86	6.9646	320,550,628.58
Euro	19.23	0.8934	17.18

HKD	16,517,652.37	7.4229	122,608,881.81
JPY	3,159,734.00	0.0524	165,437.42
HUF	34,459,757.22	0.0186	640,124.48
Accounts receivable			374,416,804.55
Including: USD	37,466,622.77	6.9646	260,940,040.94
Euro			
HKD			
JPY	2,167,324,259.97	0.0524	113,476,763.60
Long-term borrowings			
Including: USD			
Euro			
HKD			
Short-term borrowings	56,540,000.00		419,690,766.00
Including: Euro	56,540,000.00	7.4229	419,690,766.00
Accounts payable	2,976,023,159.65		811,688,034.57
Including: USD	93,823,622.35	6.9646	653,444,000.22
Euro	995,555.00	7.4229	7,389,905.20
JPY	2,881,203,982.30	0.0524	150,854,129.15
Other payables	191,134.44		1,331,174.92
Including: USD	191,134.44	6.9646	1,331,174.92

**(2) Description of overseas business entities; for material overseas business entities, disclose their major business places overseas, functional currency and the selection criterion thereof; should there be any change in the functional currency, disclose the reason for such change**

Applicable N/A

## 63. Government grant

**(1) Details of government grants**

Unit: RMB

Type	Amount	Presented items	Amount included in current profit and loss
Government subsidies recorded in deferred income	139,336,447.03	See note 35 in Section VII for details	70,827,997.11
Government subsidies recorded in other income	84,474,627.18	See note 50 in Section VII for details	84,474,627.18
Government subsidies offset against costs and expenses	16,693,000.00	See below note (2) for details	16,693,000.00
Total	240,504,074.21		171,995,624.29

**(2) Details of government subsidies offset against costs and expenses**

Grant item	Classification	Recognized in the current period	Recognized in the prior period	Item to be offset against
Interest subsidy of “Ten-Hundred-Thousand” Project	related to income	16,693,000.00	7,154,200.00	Financial expenses

**(3) Return of government subsidies**

Applicable N/A

## VIII. Changes in the Consolidation Scope

**1. Merger of enterprises not under common control:** No business combination not under the same control occurred this year

**2. Merger of enterprises under common control:** No business combination under the same control occurred this year

**3. Reverse purchase:** No reverse purchase occurred this year

**4. Disposal of subsidiaries**

Whether the right of control is lost after a single disposal of investment in subsidiaries

Applicable N/A

Whether the right of control is lost for the current period after disposal of investment in subsidiaries through multiple transactions

Applicable N/A

**5. Changes in the consolidation scope due to other reasons**

Explain the changes in the scope of consolidation caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and relevant information:

During the year, the number of entities included into the consolidated financial statement increased by 10 and decreased by 1, including:

(1) Subsidiaries newly included in the consolidation scope in the current year

Name	Reason for change
Hongchuang Packaging (Jiangsu) Co., Ltd.	New investment
Shanghai Energy New Material Research Co., Ltd.	New investment
Energy (Zhuhai Hengqin) New Materials Technology Co., Ltd.	New investment
Xiamen Energy New Materials Co., Ltd.	New investment
Yuxi Energy New Materials Co., Ltd.	New investment
Shanghai Energy Trading Co., Ltd.	New investment
Jiangsu Energy Trading Co., Ltd.	New investment
SEMCORP Properties Kft.	New investment

SEMCORP America Inc.	New investment
SEMCORP Manufacturing USA LLC	New investment

(2) Subsidiaries not included in the consolidation scope in the current year

Name	Reason for change
Foshan Donghang Opto-Electric Technology Co., Ltd.	De-registration



## IX. Interests in Other Entities

### 1. Interests in subsidiaries

#### (1) Constitution of the enterprise group

Name of subsidiaries	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Method of acquisition
				Direct	Indirect	
Yunnan Dexin Paper Co., Ltd.	Yuxi, Yunnan	Yuxi, Yunnan	Paper production and sales	100.00%		Newly established
Yunnan Hongchuang Packaging Co., Ltd.	Yuxi, Yunnan	Yuxi, Yunnan	Production and sales of aseptic packing box	60.90%		Newly established
Hongchuang Packaging (Jiangsu) Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Production and sales of aseptic packing box		100.00%	Newly established
Yunnan Hongta Plastic Co., Ltd.	Yuxi, Yunnan	Yuxi, Yunnan	Bopp film production and sales	100.00%		Newly established
Hongta Plastic (Chengdu) Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Bopp film production and sales		100.00%	Newly established
Yuxi Feiermu Trading Co., Ltd.	Yuxi, Yunnan	Yuxi, Yunnan	Trading		100.00%	Newly established
Ningbo Energy New Material Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Trading	100.00%		Newly established
Xiamen Energy New Materials Co., Ltd.	Xiamen, Fujian	Xiamen, Fujian	Production and sales of new materials		100.00%	Newly established
Shanghai Energy New Material Research Co., Ltd.	Shanghai	Shanghai	Technical services	100.00%		Newly established
Shanghai Energy New Material Technology Co., Ltd.	Shanghai	Shanghai	Production and sales of lithium battery separator	95.22%		Merger of enterprises under common control
Zhuhai Energy New Material Technology Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Production and sales of lithium battery separator		100.00%	Newly established
Guangdong Energy New Material Institute Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Technical services		100.00%	Newly established
Wuxi Energy New Material Technology Co., Ltd.	Wuxi, Jiangsu	Wuxi, Jiangsu	Production and sales of lithium battery separator		100.00%	Newly established
Jiangxi Tonry New Energy Technology Development Co., Ltd.	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of lithium battery separator		100.00%	Business combination not under the common control

Jiangxi Ruijie New Material Technology Co., Ltd.	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of packaging materials		82.00%	Business combination not under the common control
Suzhou GreenPower New Energy Materials Co., Ltd.	Suzhou, Jiangsu	Suzhou, Jiangsu	Production and sales of lithium battery separator		100.00%	Business combination not under the common control

Chongqing Energy Newmi Technological Co., Ltd.	Chongqing	Chongqing	Production and sales of lithium battery separator		76.36%	Business combination not under the common control
Jiangxi Enpo New Material Co., Ltd.	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of lithium battery separator		51.00%	Newly established
Jiangxi Energy New Material Technology Co., Ltd.	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of lithium battery separator		100.00%	Newly established
Chongqing Energy New Material Technology Co., Ltd.	Chongqing	Chongqing	Production and sales of lithium battery separator		100.00%	Newly established
Hainan Energy Investment Co., Ltd.	Chengmai County, Hainan Province	Chengmai County, Hainan Province	Investment and technology services		100.00%	Newly established

Chuangxin New Material (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Trading		100.00%	Newly established
SEMCORP Global Holdings Kft.	Hungary	Hungary	Investment and technology services		100.00%	Newly established
SEMCORP Hungary Kft.	Hungary	Hungary	Production and sales of lithium battery separator		100.00%	Newly established
SEMCORP Properties Kft.	Hungary	Hungary	sale of self-owned real estate		100.00%	Newly established
SEMCORP America Inc.	USA	USA	Investment and technology services		100.00%	Newly established
SEMCORP Manufacturing USA LLC	USA	USA	Production and sales of lithium battery separator		100.00%	Newly established
Jiangsu Energy New Material Technology Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Production and sales of lithium battery separator		100.00%	Newly established
Jiangsu Ruijie New Material Technology Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Production and sales of packaging materials		100.00%	Newly established
Hunan Energy Frontier New Material Technology Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Production and sales of new materials		65.00%	Newly established
Hubei Energy New Material Technology Co., Ltd.	Jingmen, Hubei	Jingmen, Hubei	Production and sales of new materials		55.00%	Newly established
Jiangsu Sanhe Battery Material Technology Co., Ltd.	Liyang, Jiangsu	Liyang, Jiangsu	Production and sales of new materials		51.00%	Newly established
Energy (Zhuhai Hengqin) New Materials Technology Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Trading		100.00%	Newly established
Yuxi Energy New Materials Co., Ltd.	Yuxi, Yunnan	Yuxi, Yunnan	Production and sales of new materials		100.00%	Newly established
Shanghai Energy Trading Co., Ltd.	Shanghai	Shanghai	Trading		100.00%	Newly established
Jiangsu Energy Trading Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Trading		100.00%	

Explanation of the difference between shareholding ratio in subsidiaries and voting right ratio:

Basis for the control of an investee while holding its half or less than half voting rights, and the non-control of an investee while holding its more than half voting rights:

For important structured entities included in the consolidation scope, the basis for control:

Basis for determining whether the company is an agent or principal:

Other explanations:

## (2) Key non-wholly owned subsidiaries

Unit: RMB

Name of subsidiaries	Percentage of shares held by minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Ending balance of minority interests
Shanghai Energy New Material Technology Co., Ltd.	4.78%	185,159,163.60		513,663,976.40

Explanation of the difference between shareholding ratio in subsidiaries and voting right ratio:

Other explanations:

**(3) Main financial information of key non-wholly owned subsidiaries**

Unit: RMB

Name of subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities

Shanghai Energy	13,502,604,003.27	22,422,407,308.96	35,925,011,312.23	19,133,053,749.43	5,703,845,349.32	24,836,899,098.75	8,002,933,294.88	15,706,203,802.06	23,709,137,096.94	12,800,539,383.27	4,052,008,560.95	16,852,547,944.22
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Unit: RMB

Name of subsidiaries	Amount for current period				Amount for previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shanghai Energy	10,995,549,786.70	3,884,344,520.12	3,895,655,641.20	336,486,281.72	6,437,042,499.54	2,601,194,882.51	2,597,260,626.50	973,247,465.44

## 2. Interests in joint arrangement or associates

### (1) Important joint ventures or associates

Name of joint ventures or associates	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Accounting treatment for Investments in joint ventures or associates
				Direct	Indirect	
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Yuxi, Yunnan	Yuxi, Yunnan	Additive production	40.00%		Equity

Explanation of the difference between shareholding ratio in joint ventures or associates and voting right ratio:

Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but not having significant influence:

### (2) Main financial information of important associates

Unit: RMB

	Closing balance/Amount for the current period	Opening balance/Amount for the previous period
Current assets	15,373,699.64	10,570,401.00
Non-current assets	134,814.50	156,715.06
Total assets	15,508,514.14	10,727,116.06
Current liabilities	2,964,408.36	1,862,155.53
Non-current liabilities		
Total liabilities	2,964,408.36	1,862,155.53
Minority interest		
Shareholders' equity attributable to the parent company	12,544,105.78	8,864,960.53
Pro rata shares of the net assets calculated	5,017,642.31	3,545,984.21
Adjustment		
-- Goodwill		
-- unrealized profits from internal transactions		
-- Other		

Book value of equity investments in associates	5,017,642.31	3,545,984.21
Fair value of equity investment in associates with public quotation		
Operating income	35,018,727.82	34,410,276.56
Net profit	3,679,145.26	4,217,725.58
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	3,679,145.26	4,217,725.58
Dividends received from associates during the year		1,516,314.89

Other explanations:

## X. Risks Related to Financial Instruments

The Company's primary financial instruments include cash and cash equivalents, equity investment, loans, receivables, payables and convertible bonds, etc. In daily business activities, the Company is faced with various risks of financial instruments, mainly including credit risk, liquidity risk and market risk. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described as follows:

The board of directors is responsible for planning and establishing the Company's risk management framework, formulating risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks. These risk management policies clearly stipulated the specific risks, covering market risk, credit risk, liquidity risk management and many other aspects. The Company regularly evaluates the market environment and changes in its business activities to determine whether to update its risk management policies and systems. The Company's risk management is carried out by the risk management committee in accordance with the policies approved by the board of directors. The risk management committee identifies, evaluates and avoids relevant risks through close cooperation with other departments. The internal audit department performs regular audit on risk management controls and procedures, and reports the audit results to the audit committee. The Company disperses the risk of financial instruments through appropriate diversified investment and business portfolio, and reduces the risks of being concentrated on a single industry, specific region or specific counterparty by formulating corresponding risk management policies.

### 1. Credit risk

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to perform its contractual obligations. The management has formulated appropriate credit policies and constantly monitors the exposure of credit risk.

The Company has adopted a policy of trading only with credit worthy counterparties. In addition, the Company assesses the credit qualification of customers and sets corresponding credit period based on their financial status, the possibility of obtaining guarantee from a third party, credit records and other factors such as current market conditions. The Company continuously monitors the balance and recovery of notes and accounts receivable. For customers with poor credit records, the Company will use written dunning, shortening credit period or canceling credit period to

ensure that the Company will not face significant credit loss. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that the relevant financial assets are fully prepared for the expected credit loss.

Other financial assets of the Company include cash and cash equivalents, other receivables, etc. The credit risk of these financial assets comes from the default of the counterparty, and the maximum credit risk exposure is the book amount of each financial asset in the statement of financial position. The company does not provide any other guarantee that may expose company to credit risk, except for the financial guarantees made by the Company as stated in Note XII-5.

The cash and cash equivalents held by the Company are mainly deposited in the state-owned holding banks and other large and medium-sized commercial banks and other financial institutions. The management believes that these commercial banks have high reputation and asset status, there is no significant credit risk, and there will be no significant loss caused by the default of the other party. The company's policy is to control the amount of deposit deposited according to the market reputation, business scale and financial background of each well-known financial institution, so as to limit the amount of credit risk to any single financial institution.

As a part of the Company's credit risk asset management, the Company uses account aging to assess the impairment loss of accounts receivable and other receivables. The accounts receivable and other receivables involve a large number of customers. The aging information can reflect the solvency and bad debt risk of these customers for accounts receivable and other receivables. Based on historical data, the Company calculates the historical actual bad debt rate of different account age periods, and takes into account the forecast of current and future economic conditions, such as national GDP growth, total infrastructure investment, national monetary policy and other forward-looking information to adjust the expected loss rate. For long term receivables, the Company comprehensively considers the settlement period, payment period agreed in the contract, the financial situation of the debtor and the economic situation of the debtor's industry, and reasonably evaluates the expected credit loss after adjusting the aforesaid forward-looking information.

As of December 31, 2022, the book balance and expected credit impairment loss of related assets are as follows:

Aging	Book balance	Provision for impairment
Notes receivable	655,811,056.89	18,055,900.42
Accounts receivable	6,693,895,628.36	134,178,511.00
Other receivables	22,343,834.98	1,747,362.17
Other non-current assets	767,056,763.88	
Receivable financing	692,286,629.08	
Total	8,831,393,913.19	153,981,773.59

As of December 31, 2022, the amount of financial guarantees provided by the Company was 37,298.7553 million. Please refer to XII — 5. Related-party transactions for details of financial guarantee contracts. The management of the Company has assessed whether the guaranteed loans are overdue, the financial positions of borrowers and the economic conditions of the industries which the borrowers are in. It is believed that the relevant credit risks have not increased significantly since the initial recognition of financial guarantee contracts. Therefore, the Company measures its impairment provision at the amount equivalent to the expected credit loss of the above-mentioned financial guarantee contracts in the next 12 months. During the Reporting Period, the Company's assessment methods and major assumptions have not changed. According to the assessment of the Company's management, there are no significant expected impairments of the relevant financial guarantees.

The major clients of the Company have reliable and good reputation. Therefore, the Company does not believe that such customers have significant credit risks. As the Company has a wide range of customers, there is no significant credit concentration risk.

As the risks of the Company's accounts receivable are dispersed among numerous partners and customers, as of December 31, 2022, 44.23% (December 31, 2021: 53.38%) of the Company's accounts receivable came from the top five customers in the balance, and the Company has no significant credit concentration risks.

The maximum credit risk exposure of the Company is the book value of each financial asset in the balance sheet.

In terms of the wealth management products of banks, which are invested in by the Company, the credit rating of the counterparty must be higher than or the same as that of the Company. In view of the good credit rating of the counterparty, the management of the Company does not expect that the counterparty will be unable to perform its obligations.

## 2. Liquidity risk

Liquidity risk refers to the risk of fund shortage when the Company satisfies the obligation of settlement by delivering cash or other financial assets. Each member of the Company is responsible for their own cash flow forecast. Based on the cash flow forecast results of each member enterprise, the subordinate financial department of the Company continuously monitors the short-term and long-term capital demand of the Company at the Company level to ensure that sufficient cash reserves are maintained; at the same time, it continuously monitors whether it conforms to the provisions of the loan agreement and obtains the commitment of providing sufficient reserve funds from the main financial institutions to meet the short-term and long-term capital demand. In addition, the Company entered into a financing line credit agreement with major business banks to provide support for the Company to fulfill its obligations related to commercial bills. As of December 31, 2022, the Company has had a bank credit line of RMB28,950.7553 million granted by several domestic banks, RMB14,492.6448 million of which has been used.

As of December 31, 2022, all the financial liabilities and off-balance sheet guarantees of the Company are presented at undiscounted contractual cash flows by maturity date as follows:

Item	Closing balance
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	Less than 1 year	1-5 years	Total
Non-derivative financial liabilities			
Short-term borrowings	9,527,853,434.55		9,527,853,434.55
Notes payable	609,315,699.02		609,315,699.02
Accounts payable	1,691,457,693.36	29,129,298.75	1,720,586,992.11
Other payables	157,165,983.77	52,514,249.09	209,680,232.86
Long-term borrowings	853,139,372.52	4,179,264,746.86	5,032,404,119.38
Bonds payable	3,980,586.67	425,795,937.76	429,776,524.43
Subtotal of non-derivative financial liabilities	12,842,912,769.89	4,686,704,232.46	17,529,617,002.35
Derivative financial liabilities	94,394.79		94,394.79
Total	12,842,818,375.10	4,686,704,232.46	17,529,522,607.56

### 3. Market risk

#### (1) Exchange rate risk

The Company's major operational activities are carried out in China, and its main business is settled in RMB. However, the recognized assets and liabilities denominated in foreign currencies and future transactions denominated in foreign currencies (the assets and liabilities denominated in foreign currencies and transactions denominated in foreign currencies are mainly denominated in USD, EUR and JPY) still have exchange rate risk. The financial department of the Company is responsible for monitoring the scale of transactions denominated in foreign currencies and assets and liabilities of the Company denominated in foreign currencies to minimize the exchange rate risk; therefore, the Company may sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk.

1) In the current year, any forward exchange contracts or currency swap contracts signed by the Company are as follows:

In order to avoid the exchange rate risk of the depreciation of the JPY, USD and Euro, the Company signed forward foreign exchange contracts with banks. At the end of the period, the outstanding forward foreign exchange contracts amounted to JPY2,480 million, USD570,000 and EUR19.58 million.

2) As of December 31, 2022, the financial assets and the financial liabilities denominated in foreign currencies held by the Company, are expressed in RMB as follows:

Item	Closing balance					
	USD	JPY	EUR	HKD	HUF	Total
Financial assets denominated in foreign currencies:						
Monetary capital	320,550,628.58	165,437.42	122,608,881.81	17.18	640,124.48	443,965,089.46
Accounts receivable	260,940,040.94	113,476,763.60				374,416,804.55
Subtotal	581,490,669.52	113,642,201.02	122,608,881.81	17.18	640,124.48	818,381,894.01
Financial liabilities denominated in foreign currencies:						
Short-term borrowings			419,690,766.00			419,690,766.00
Accounts payable	653,444,000.22	150,854,129.15	7,389,905.20			811,688,034.57
Other payables	1,331,174.92					1,331,174.92
Sub-total	654,775,175.14	150,854,129.15	427,080,671.20			1,232,709,975.49

3) Sensitivity analysis:

As of December 31, 2022, for all kinds of USD, EUR and JPY financial assets and USD, EUR and JPY financial liabilities of the Company, if RMB appreciates or depreciates 10% against USD, EUR and JPY, and other factors remain unchanged, the Company will reduce or increase its net profit by about RMB35.2179 million (about RMB 94.3111 million in 2021).

#### (2) Interest rate risk

The interest rate risk of the Company mainly derives from bank loans. Financial liabilities at floating interest rate expose the Company to the interest rate risk of cash flow, and financial liabilities with fixed interest rate expose the Company to the interest rate risk of fair value. The company determines the relative proportion of fixed rate and floating rate contracts according to the market environment at that time.

The financial department of the Company continuously monitors the interest rate level of company. The rising interest rate will increase the cost of new interest-bearing debt and the interest expense of the outstanding interest-bearing debt at floating interest rate, and have a significant

adverse impact on the financial performance of company. The management will make timely adjustments according to the latest market conditions, which may be interest rate swap arrangements to reduce interest rate risk.

1) The Company had no significant interest rate swap arrangements this year.

2) As of December 31, 2022, the Company's long-term interest-bearing liabilities were the floating rate contract denominated in RMB, amounting to RMB5,021.7355 million, as set out in note VI-32.

3) Sensitivity analysis:

As of December 31, 2022, if the loan interest rate on the floating interest rate borrowings rises or falls by 50 basis points, while other factors remain unchanged, the Company's net profit will decrease or increase by about RMB 29,618,500 (approximately RMB22,941,300 in 2021).

The above sensitivity analysis assumes that the interest rate has changed on the balance sheet date and has been applied to all borrowings obtained by the Company at a floating interest rate.

(3) Price risk

Price risk refers to the risk of fluctuation due to the change of market price other than exchange rate risk and interest rate risk, which mainly comes from the change of commodity price, stock market index, equity instrument price and other risk variables.

## XI. Disclosure of Fair Value

### 1. Fair value of assets and liabilities measured at fair value at the end of the period

Unit: RMB

Item	Closing fair value			
	Fair value measured at the first level	Fair value measured at the second level	Fair value measured at the third level	Total
I. Continuous fair value measurement	--	--	--	--
(1) Financial assets held for trading		9,850,069.59		9,850,069.59
Derivative financial assets		9,850,069.59		9,850,069.59
(2) Receivables financing			692,286,629.08	692,286,629.08
(3) Other equity instrument investment			111,000,000.00	111,000,000.00
Total assets measured at fair value on a continuous basis		9,850,069.59	802,286,629.08	812,136,698.67
(4) Financial liabilities held for trading		94,394.79		94,394.79
Derivative financial liabilities		94,394.79		94,394.79
Total liabilities continuously measured at fair value		94,394.79		94,394.79

### 2. Determination basis of the market price of the item measured using the first-level continuous and noncontinuous fair value measurement

None

### 3. Valuation techniques and qualitative and quantitative information on important parameters adopted for the second-level continuous and noncontinuous fair value measurement

(1) The derivative financial assets held by the Company were forward foreign exchange contracts. The fair value as at December 31, 2022 was determined according to the reference valuation provided by financial institutions.

(2) The derivative financial liabilities held by the Company were forward foreign exchange contracts. The fair value as at December 31, 2022 was determined according to the reference valuation provided by financial institutions.

### 4. Valuation techniques and qualitative and quantitative information on important parameters adopted for the third-level continuous and noncontinuous fair value measurement

The non-trading equity instruments at fair value through other comprehensive income held by the Company, whose fair value is measured at the third level, are mainly the equity investment projects that are not available for verification by data in observable active markets, for which the financial forecast is made using their own information,

The receivables financing held by the Company were the bank acceptance bills held by the Company, whose remaining life is short and book value is close to their fair value.

**5. Continuous third-level fair value measurement items, adjustment information between the opening and closing book values and sensitivity analysis of unobservable parameters**

**6. For the continuous fair value measurement items, if there is a conversion between levels in the current period, describe the reason for the conversion and the policy for determining the time point of the conversion**

**7. Changes in valuation techniques and the cause of changes in the current period**

**8. Fair value of financial assets and financial liabilities that are not measured at fair value**

Financial assets and liabilities not measured at fair value mainly include receivables, short term loans, payables, non-current liabilities maturing within one year and long-term loans.

The difference between book value and fair value of the above financial assets and liabilities not measured at fair value is very small.

**9. Others**

**XI. Related Parties and Related Party Transactions**

**1. Information about Parent Company of the Company**

As of December 31, 2022, the actual controller of the Company was the Paul Xiaoming Lee family. The Paul Xiaoming Lee family held 45.35% of the Company's shares directly and indirectly, and actually controlled the Company. The shareholding of Paul Xiaoming Lee's family is as follows: his family member Paul Xiaoming Lee holds 14.14% of the shares directly, his family member Li Xiaohua holds 7.50% of the shares directly, his family member Sherry Lee holds 7.99% of the shares directly, and his family member Jerry Yang Li holds 1.65% of the shares directly. Paul Xiaoming Lee's family members indirectly hold 14.07% equity of the Company through Yuxi Heyi Investment Co., Ltd, Yuxi Heli Investment Co., Ltd and Shanghai Hengzou Enterprise Management Firm (Limited Partnership).

The ultimate controller of the Company was the Paul Xiaoming Lee family.

**2. Information about subsidiaries of the Company**

Please refer to Note IX-1. Interest in Subsidiaries for details of the subsidiaries of the Company.

**3. Information about joint ventures and associates of the Company**

Please refer to Note IX-2. Equity in Joint Ventures or Associates Enterprises for details of joint ventures and associates of the Company.

Information on other associates or joint ventures which have related-party transactions with the Company in the current period or whose related-party transactions with the Company produced balance in previous years is as follows:

Name of joint venture or associate	Relationship with the Company
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	An associate of the Company

**4. Information about Other Related Parties**

Name of other related party	Relationship with the Company
Yuxi Heli Investment Co., Ltd.	Shareholder

Yuxi Heyi Investment Co., Ltd.	Shareholder
Zhuhai Chenyu New Material Technology Co., Ltd.	Li Xiaohua, vice chairman and general manager, one of the actual controllers of the Company, holds 5% of its equity, and Shanghai Energy New Material Technology Co., Ltd., the holding subsidiary of the Company, holds 8% of its equity
Suzhou Jiasheng Technology Co., Ltd.	Li Xiaohua, vice chairman and general manager, one of the actual controllers of the Company, serves as its executive director and general manager
Suzhou Fuqiang Technology Co., Ltd.	Li Xiaohua, vice chairman and general manager, one of the actual controllers of the Company, serves as its chairperson
Changshu Juxing Machinery Co., Ltd.	Li Xiaohua, vice chairman and general manager, one of the actual controllers of the Company, serves as its executive director and general manager

PAUL XIAOMING LEE	Main member of the ultimate controller family
Li Xiaohua	Main member of the ultimate controller family
YAN MA	Main member of the ultimate controller family
YANYANG HUI	Main member of the ultimate controller family
SHERRY LEE	Main member of the ultimate controller family
JERRY YANG LI	Main member of the ultimate controller family
Industrial and Commercial Bank of China Limited	The spouse of the independent director of the Company serves as its non-executive director

Other explanations:

## 5. Related party transactions

### (1) Related party transactions on purchase and sales of goods and rendering and receiving of services

Statement of purchase of goods/acceptance of services

Unit: RMB

Related party	Particulars of Related party transaction	Amount for the current period	Approved transaction limit	Whether exceeding the transaction limit	Amount for the previous period
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Purchase of additives	35,018,727.82	50,000,000.00	No	34,410,276.56
Zhuhai Chenyu New Material Technology Co., Ltd.	Purchase of materials	93,132,510.82	136,260,000.00	No	
Suzhou Jiesheng Technology Co., Ltd. and its subsidiaries	Purchase of equipment and spare parts	103,670,771.66	200,000,000.00	No	
Total		231,822,010.30			34,410,276.56

Statement of sales of goods/rendering of services

Unit: RMB

Related party	Particulars of related party transaction	Amount for the current period	Amount for the previous period
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Sales of raw materials	10,055,309.73	10,463,008.84
Zhuhai Chenyu New Material Technology Co., Ltd.	Sales of packaging materials	125,486.73	
Total		10,180,796.46	10,463,008.84

Description of related-party transactions on purchase and sales of goods and rendering and receiving of services

### (2) Leases with related parties

The Company as the lessor:

Unit: RMB

Lessee's name	Type of leased assets	Rental income recognized for the period	Rental income recognized in the previous period
Yuxi Heli Investment Co., Ltd.	Office	2,285.72	2,285.72
Yuxi Heyi Investment Co., Ltd.	Office	3,142.84	3,142.84



Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Workshop	22,857.14	22,857.14
Total		28,285.70	28,285.70

**(3) Related party guarantees**

The Company as the guarantor

Secured party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Whether the guarantee has been fully fulfilled
Yunnan Hongta Plastic Co., Ltd.	44,000,000.00	May 18, 2022	May 5, 2023	No
Yunnan Hongta Plastic Co., Ltd.	40,000,000.00	May 17, 2022	May 17, 2025	No
Yunnan Hongta Plastic Co., Ltd.	210,000,000.00	November 10, 2020	December 31, 2025	No
Yunnan Hongta Plastic Co., Ltd.	40,000,000.00	November 09, 2020	October 23, 2025	No
Yunnan Hongta Plastic Co., Ltd.	34,900,000.00	March 18, 2021	March 18, 2023	No
Yunnan Hongta Plastic Co., Ltd.	40,000,000.00	October 29, 2021	October 29, 2023	No
Yunnan Hongta Plastic Co., Ltd.	78,000,000.00	November 29, 2021	November 29, 2024	No
Yunnan Hongta Plastic Co., Ltd.	80,000,000.00	January 12, 2022	January 12, 2023	No
Yunnan Hongta Plastic Co., Ltd.	51,650,000.00	May 5, 2022	May 4, 2025	No
Yunnan Hongta Plastic Co., Ltd., Yunnan Hongchuang Packaging Co., Ltd., Shanghai Energy New Material Technology Co., Ltd.	371,910,000.00	November 30, 2020	June 16, 2027	No
Yunnan Hongta Plastic Co., Ltd.	80,000,000.00	October 24, 2022	October 23, 2023	No
Yunnan Dexin Paper Co., Ltd.	8,000,000.00	March 30, 2021	December 31, 2024	No
Yunnan Dexin Paper Co., Ltd.	20,000,000.00	January 12, 2022	January 12, 2023	No
Yunnan Dexin Paper Co., Ltd.	10,000,000.00	June 7, 2022	December 31, 2024	No
Yunnan Dexin Paper Co., Ltd.	10,000,000.00	October 24, 2022	October 23, 2023	No
Yunnan Dexin Paper Co., Ltd.	20,000,000.00	November 13, 2019	November 13, 2022	No
Yunnan Hongchuang Packaging Co., Ltd.	66,000,000.00	May 18, 2022	May 5, 2023	No
Yunnan Hongchuang Packaging Co., Ltd.	80,000,000.00	January 12, 2022	January 12, 2023	No
Yunnan Hongchuang Packaging Co., Ltd.	50,000,000.00	February 23, 2022	February 23, 2027	No
Yunnan Hongchuang Packaging Co., Ltd.	30,000,000.00	March 1, 2022	March 1, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	56,000,000.00	March 15, 2022	March 15, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	162,000,000.00	March 21, 2022	March 20, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	40,000,000.00	May 1, 2022	April 30, 2024	No
Yunnan Hongchuang Packaging Co., Ltd.	9,305,610.00	June 23, 2022	June 22, 2023	No
Yunnan Hongchuang Packaging Co., Ltd.	100,000,000.00	July 8, 2022	July 8, 2023	No
Yunnan Hongchuang Packaging Co., Ltd.	40,000,000.00	July 21, 2022	July 21, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	12,850,000.00	September 30, 2022	March 30, 2023	No
Yunnan Hongchuang Packaging Co., Ltd.	8,500,000.00	October 21, 2022	October 20, 2023	No
Yunnan Hongchuang Packaging Co., Ltd.	120,000,000.00	October 21, 2022	October 20, 2023	No
Hongta Plastic (Chengdu) Co., Ltd.	75,000,000.00	May 11, 2022	May 10, 2023	No
Shanghai Energy New Material Technology Co., Ltd.	856,000,000.00	September 30, 2020	September 27, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	300,000,000.00	October 23, 2020	October 23, 2023	No
Shanghai Energy New Material Technology Co., Ltd.	280,000,000.00	March 5, 2021	March 5, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	489,000,000.00	March 16, 2021	March 15, 2026	No
Shanghai Energy New Material Technology Co., Ltd.	510,000,000.00	July 14, 2021	July 13, 2026	No

Shanghai Energy New Material Technology Co., Ltd.	110,000,000.00	September 15, 2021	September 15, 2023	No
Shanghai Energy New Material Technology Co., Ltd.	100,000,000.00	January 1, 2022	December 31, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	660,000,000.00	February 7, 2022	February 7, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	300,000,000.00	February 14, 2022	February 13, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	100,000,000.00	February 14, 2022	February 14, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	February 15, 2022	February 14, 2023	No
Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	March 8, 2022	March 7, 2023	No
Shanghai Energy New Material Technology Co., Ltd.	800,000,000.00	March 21, 2022	March 14, 2023	No

Shanghai Energy New Material Technology Co., Ltd.	50,000,000.00	March 17, 2022	February 28, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	110,000,000.00	November 30, 2021	November 30, 2022	No
Shanghai Energy New Material Technology Co., Ltd., Zhuhai Energy New Material Technology Co., Ltd.	335,670,000.00	May 10, 2022	May 10, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	240,000,000.00	June 5, 2022	June 4, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	900,000,000.00	June 9, 2022	June 8, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	April 18, 2022	April 17, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	100,000,000.00	July 21, 2022	July 20, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	July 21, 2022	July 20, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	165,000,000.00	September 2, 2022	September 1, 2023	No
Shanghai Energy New Material Technology Co., Ltd.	600,000,000.00	September 1, 2022	July 5, 2023	No
Shanghai Energy New Material Technology Co., Ltd.	606,000,000.00	September 21, 2022	September 12, 2023	No
Shanghai Energy New Material Technology Co., Ltd.	255,000,000.00	September 16, 2022	September 15, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	800,000,000.00	October 14, 2022	October 13, 2026	No
Shanghai Energy New Material Technology Co., Ltd.	450,000,000.00	March 5, 2021	March 5, 2026	No
Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	October 27, 2022	October 16, 2023	No
Shanghai Energy New Material Technology Co., Ltd.	46,225,860.00	June 10, 2022		No
Shanghai Energy New Material Technology Co., Ltd., Wuxi Energy New Material Technology Co., Ltd.	100,000,000.00	December 28, 2022	June 28, 2024	No
Zhuhai Energy New Material Technology Co., Ltd.	50,000,000.00	December 11, 2019	December 11, 2024	No
Zhuhai Energy New Material Technology Co., Ltd.	200,000,000.00	November 30, 2021	May 08, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	50,000,000.00	May 21, 2021	December 3, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	100,000,000.00	May 18, 2021	May 18, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	30,000,000.00	June 24, 2021	June 24, 2024	No
Zhuhai Energy New Material Technology Co., Ltd.	112,850,000.00	September 1, 2021	August 31, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	220,000,000.00	September 01, 2021	December 31, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	300,000,000.00	January 19, 2022	January 11, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	270,000,000.00	February 7, 2022	February 6, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	55,000,000.00	March 30, 2022	March 29, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	70,000,000.00	May 18, 2022	January 26, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	100,000,000.00	July 8, 2022	July 8, 2026	No
Zhuhai Energy New Material Technology Co., Ltd.	32,000,000.00	September 23, 2022	September 22, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	300,000,000.00	September 7, 2022	August 29, 2023	No

Zhuhai Energy New Material Technology Co., Ltd.	200,000,000.00	October 27, 2022	October 26, 2023	No
Wuxi Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Jiangxi Mingyang New Material Technology Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd.	800,000,000.00	May 1, 2021	May 1, 2023	No
Wuxi Energy New Material Technology Co., Ltd.	100,000,000.00	August 07, 2021	August 07, 2024	No
Wuxi Energy New Material Technology Co., Ltd.	70,000,000.00	January 5, 2022	November 18, 2022	No
Wuxi Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd., Suzhou GreenPower New Energy Materials Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Jiangsu Energy New Materials Technology Co., Ltd., Jiangsu Ruijie New Materials Technology Co., Ltd., Jiangxi Enpo New Materials Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Jiangsu Sanhe Battery Material Technology Co., Ltd., Yuxi Energy New Material Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd.	1,500,000,000.00	April 11, 2022	April 11, 2024	No
Wuxi Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd., Suzhou GreenPower New Energy Materials Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Jiangsu Energy New Materials Technology Co., Ltd., Jiangsu Ruijie New Materials Technology Co., Ltd., Jiangxi Enpo New Materials Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Yuxi Energy New Materials Co., Ltd.	1,800,000,000.00	June 10, 2021	April 9, 2024	No
Wuxi Energy New Material Technology Co., Ltd.	50,000,000.00	May 30, 2022	May 30, 2023	No
Wuxi Energy New Material Technology Co., Ltd.	200,000,000.00	August 12, 2022	June 21, 2023	No
Wuxi Energy New Material Technology Co., Ltd.	100,000,000.00	October 8, 2022	October 7, 2023	No
Wuxi Energy New Material Technology Co., Ltd.	150,000,000.00	November 1, 2022	September 25, 2023	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	135,000,000.00	January 22, 2021	January 21, 2024	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	100,000,000.00	October 17, 2022	October 17, 2023	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	50,000,000.00	October 28, 2022	October 27, 2023	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	250,000,000.00	September 17, 2021	September 17, 2022	No
Suzhou GreenPower New Energy Materials Co., Ltd.	150,000,000.00	July 01, 2020	July 01, 2023	No

Suzhou GreenPower New Energy Materials Co., Ltd.	100,000,000.00	November 30, 2021	November 30, 2026	No
Suzhou GreenPower New Energy Materials Co., Ltd.	100,000,000.00	April 8, 2021	April 8, 2023	No
Suzhou GreenPower New Energy Materials Co., Ltd.	104,000,000.00	March 9, 2022	March 9, 2027	No
Suzhou GreenPower New Energy Materials Co., Ltd.	100,000,000.00	May 30, 2022	May 30, 2023	No
Suzhou GreenPower New Energy Materials Co., Ltd.	100,000,000.00	October 8, 2022	October 7, 2023	No
Chongqing Energy New Material Technology Co., Ltd., Jiangsu Energy New Materials Technology Co., Ltd., Jiangsu Ruijie New Materials Technology Co., Ltd.	1,300,000,000.00	November 01, 2021	December 31, 2022	No
Chongqing Energy New Material Technology Co., Ltd., Jiangsu Energy New Materials Technology Co., Ltd., Jiangsu Ruijie New Materials Technology Co., Ltd., Jiangxi Enpo New Materials Co., Ltd., Yuxi Energy New Materials Co., Ltd.	700,000,000.00	May 6, 2022	May 5, 2024	No
Jiangsu Energy New Materials Technology Co., Ltd., Jiangsu Ruijie New Materials Technology Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Chongqing Energy New Material Technology Co., Ltd.	2,000,000,000.00	May 5, 2022	December 31, 2023	No
SEMCORP HUNGARY LIMITED LIABILITY COMPANY	1,000,000,000.00	July 14, 2021	July 13, 2026	No
SEMCORP HUNGARY LIMITED LIABILITY COMPANY	450,000,000.00	December 27, 2021	December 26, 2025	No
SEMCORP Hungary Korlatolt Felelossegu Tarsasag	213,893,800.00	April 13, 2022	August 26, 2023	No
Jiangsu Energy New Materials Technology Co., Ltd.	1,000,000,000.00	May 17, 2022	May 16, 2023	
Yuxi Energy New Materials Co., Ltd.	500,000,000.00	November 24, 2022	November 23, 2025	
Jiangxi Ruijie New Material Technology Co., Ltd.	200,000,000.00	June 10, 2021	April 09, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	1,000,000,000.00	August 14, 2017	August 13, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	750,000,000.00	August 01, 2019	August 01, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	200,000,000.00	May 08, 2020	August 23, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	200,000,000.00	June 9, 2022	December 31, 2024	No
Wuxi Energy New Material Technology Co., Ltd.	1,160,000,000.00	December 01, 2020	December 01, 2029	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	1,500,000,000.00	September 17, 2019	December 31, 2024	No

Chongqing Energy New Material Technology Co., Ltd.	1,600,000,000.00	April 26, 2022	May 10, 2028	No
Suzhou GreenPower New Energy Materials Co., Ltd.	550,000,000.00	May 24, 2022	May 24, 2027	No

The Company as the secured party

Unit: RMB

Guarantor	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Whether the guarantee has been fully fulfilled
Yunnan Dexin Paper Co., Ltd.	30,000,000.00	May 10, 2022	May 10, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	60,000,000.00	April 21, 2021	April 21, 2024	No

Description of related guarantees

**(4) Remuneration for key management**

Unit: RMB

Item	Amount for current period	Amount for previous period
Remuneration for Key Management Personnel	12,889,745.41	6,618,620.68

**(5) Other related party transactions**

Type of transaction	Name of related party	Amount for the	Amount for the	Pricing method and
---------------------	-----------------------	----------------	----------------	--------------------



		current period	previous period	Procedure for decision-making
Loans with related banks (including application for comprehensive facility, acceptance draft, letter of credit, bank guarantee, etc.)	Industrial and Commercial Bank of China Limited	791,539,307.31	1,067,919,127.56	Market price / as approved at the General Meeting of Shareholders
Deposits with related banks (including demand deposits, time deposits, call deposits, etc.)	Industrial and Commercial Bank of China Limited	165,881,639.38	120,922,571.29	Market price / as approved at the General Meeting of Shareholders
Mutual guarantees between companies within the scope of the company's consolidated financial statements through the related banks	Industrial and Commercial Bank of China Limited	4,016,900,000.00	3,644,900,000.00	Market price / as approved at the General Meeting of Shareholders

## 6. Amounts due to and due from related parties

### (1) Receivable

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Other non-current asset	Changshu Juxing Machinery Co., Ltd.	93,548,000.00			

### (2) Payables

Unit: RMB

Item	Related party	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting
Accounts payable	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	9,291,722.26	7,744,805.24
Accounts payable	Suzhou Fuqiang Technology Co., Ltd.	19,539,555.22	
Accounts payable	Zhuhai Chenyu New Material Technology Co., Ltd.	44,210,584.04	

## XII. Share-based Payment

### 1. General information about share-based payment

√Applicable □N/A

Unit:RMB

Total amount of various equity instruments granted by the Company in the current period	1,585,437.00 stock options; 1,585,437.00 restricted shares
Total amount of various equity instruments exercised by the Company in the current period	0.00
Total amount of various equity instruments expired in the current period	0.00

The range of the exercise prices of the Company's outstanding stock options at the end of the period and the remaining term of the contract	Note 1
The range of the exercise prices of other outstanding equity instruments of the Company at the end of the period and the remaining term of the contract	Note 2

Other details:

Note 1: On March 7, 2022, the 43rd meeting of the fourth Board of Directors and the 37th meeting of the fourth Board of Supervisors of the Company examined and adopted the Proposal on Adjusting the List of Incentive Objects of Stock Options and the Number of Stock Options Granted in the 2022 Stock Option and Restricted Stock Incentive Plan and the Proposal on Granting Stock Options to Incentive Objects of the 2022 Stock Option and Restricted Stock Incentive Plan. According to the above provisions, the Company granted 1,585,437.00 stock options to 877 senior executives, middle managers, core technology and business backbones of the Company, with the grant date of March 7, 2022 and the exercise price of RMB265.36 per share.

The lock-up periods of stock options granted by this incentive plan are 12 months, 24 months and 36 months from the date of registration. During the lock-up periods, the stock options granted to the incentive objects shall not be transferred, used to guarantee or repay debts.

The exercise periods of stock options are as follows:

Arrangements of exercising the stock options	Exercise time	Exercisable proportion
The first period for exercising the stock options	From the first trading day after 12 months from the date of completion of grant registration to the last trading day within 24 months from the date of completion of grant registration	40%
The second period for exercising the stock options	From the first trading day after 24 months from the date of completion of grant registration to the last trading day within 36 months from the date of completion of grant registration	30%
The third period for exercising the stock options	From the first trading day after 36 months from the date of completion of grant registration to the last trading day within 48 months from the date of completion of grant registration	30%

Stock options that have not applied for exercising within the above-mentioned agreed periods or that cannot apply for exercising because of the failure to meet the exercise conditions shall be deregistered by the Company.

Note 2: The second extraordinary general meeting of 2022 held on February 14, 2022 examined and adopted the provisions of the Proposal on the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Draft) and its Abstract, the Proposal on the Development of the Company's 2022 Stock Option and Restricted Stock Incentive Plan Implementation and Evaluation Management Measures, and the Proposal on Submitting the Matter of Authorising the Board of Directors to Handle Matters Related to Stock Incentive to the General Meeting of Shareholders for Approval, the Company granted a total of 1,585,437.00 restricted shares to 1,012 natural persons, including Yu Xue, at a grant price of RMB64.48 per share. The Company held the 2021 annual general meeting on May 5, 2022, and examined and adopted the Proposal on the 2021 Annual Profit Distribution Plan. According to the relevant provisions of the 2022 Stock Option and Restricted Stock Incentive Plan (Draft) of the Company, when the Company declares dividends, the grant price of restricted shares of the incentive plan shall be adjusted accordingly, and the adjusted grant price is RMB64.18 per share. As of May 8, 2022, 186 incentive objects identified in the incentive plan voluntarily gave up all the restricted shares that the Company plans to grant to them for personal reasons, and four incentive objects voluntarily gave up part of the restricted shares that the Company plans to grant to them for personal reasons. The equity abandoned by the above 190 incentive objects shall be distributed and adjusted among other relevant incentive objects except senior executives. The number of incentive objects to whom the restricted shares of this incentive plan shall be granted is changed from 1,012 to 826, and the total number of equity granted remain the same. The source of the restricted stock incentive plan in the current period is the common stocks repurchased by the Company from the secondary market.

The lock-up periods of restricted shares granted by this incentive plan are 12 months, 24 months and 36 months from the date of the registration of the restricted shares granted to the incentive objects.

The shares and dividends obtained by the incentive objects from the conversion of capital reserve into share capital, distribution of stock dividends and stock splits, and other shares and dividends because of the granted restricted shares that are still in the lock-up periods shall be locked in accordance with this incentive plan, and shall not be sold or transferred in the secondary market. The lock-up periods of such shares are the same as those of restricted shares. If the Company repurchases the restricted shares that are still in the lock-up periods, such shares shall be repurchased together.

When the restrictions on sale are lifted, the Company handles the matters of lifting the restrictions on sale for the incentive objects that meet the conditions for lifting the restrictions on sale, and the restricted shares held by the incentive objects that do not meet the conditions for lifting the restrictions on sale shall be repurchased and deregistered by the Company.

The restricted shares granted by this incentive plan are listed in the following table:

Arrangements for lifting the restrictions on sale	Periods for lifting the restrictions on sale	Proportions of shares with restrictions on sale lifted
The first period of lifting the restrictions	From the first trading day after 12 months from the date of completion of the first registration to the last trading day within 24 months from the date of completion of the first registration	40%
The second period of lifting the restrictions	From the first trading day after 24 months from the date of completion of the first registration to the last trading day within 36 months from the date of completion of the first registration	30%
The third period of lifting the restrictions	From the first trading day after 36 months from the date of initial completion of registration to the last trading day within 48 months from the date of initial completion of registration	30%

For the restricted shares that have not applied for lifting the restrictions within the above-mentioned agreed periods or cannot apply for lifting the restrictions because of the failure to meet the conditions for lifting the restrictions, the Company shall repurchase and deregister them according to the principles specified in the incentive plan.

## 2. Information on equity-settled share-based payment

√Applicable □N/A

Unit:RMB

Determination method of the fair value of equity instruments on the grant date	(1) The fair value of restricted shares is recognised at the closing price on the grant date; (2) The fair value of stock options is recognised by Black-Scholes model
Basis for determining the number of vested equity instruments	On each balance sheet date of lock-up periods, the estimation shall be made according to the latest number of people whose stock options are vested, performance indicators and other follow-up information
Reasons for significant differences between the current estimates and the previous estimates	N/A
Accumulated amount of equity-settled share-based payment included in capital reserve	84,649,402.60
Total expenses recognised for equity-settled share-based payment in the current period	91,683,819.28

Other explanations:

The share-based payment of Yunnan Hongchuang Packaging Co., Ltd., a subsidiary of the Company, is as follows:

(1) General information about share-based payment

Item	2022
The total amount of equity instruments granted by the Company during this period	15,000,000 shares

(2) Information on equity-settled share-based payment

Item	2022
Determination method of fair value of equity instruments on the date of grant	Confirmed according to the evaluation value
Equity-settled share-based payments included in the cumulative amount of capital reserve	161,520.14
Total costs of equity-settled share-based settlement recognized during this period	244,653.34

On May 20, 2022, the second extraordinary general meeting of 2022 of the Company's subsidiary Hongchuang Packaging considered and approved the Proposal on the Implementation of Equity Incentive by the Company through Capital Injection, and the Proposal on the Employee Equity Incentive Plan (Draft) and Its Summary of the Company, and agreed that a total of 47 employees of the employee shareholding platform Ningbo Hexi Enterprise Management Partnership (Limited Partnership) ("Ningbo Hexi") could increase their capital at the price of RMB5.50 per share, indirectly hold 15 million shares of Hongchuang Packaging in exchange for services. According to the relevant provisions of "accounting standards for Enterprises No. 11 - share payment", the equity incentive is a share settlement based on equity settlement. The fair value of this share-based payment is determined by reference to the net assets per share of Hongchuang Packaging at RMB5.64/share at April 30, 2022, according to the Evaluation Report (ZLPBZ (2022) No. 2270) issued by China United Assets Appraisal Group Co., Ltd. Therefore, according to the difference between the number of shares subscribed by employees multiplied by the fair value of RMB5.64/share and the subscription value of RMB5.50/share, Hongchuang Packaging recognized it as share-based payment and capital reserve, RMB2,101,832.78 in total. Since Hongchuang Packaging signed a contract with the incentive object to stipulate the service period and exit mechanism, the share-based payment expenses need to be confirmed by stages within the employee's service period. In summary, Hongchuang Packaging confirmed the share-based payment expenses of RMB244,653.34 in the current period, which affected the amount of capital reserve of RMB161,520.14 in the consolidated balance sheet of the current period.

### XIII. Commitments and Contingencies

#### 1. Significant commitments

Significant commitments on the balance sheet date

##### (1) Mortgage of assets

As of December 31, 2022, the Company has obtained the bank's comprehensive credit line with the mortgage of property and plant in fixed assets, machinery and equipment, land use right in intangible assets and construction in progress of RMB1,067,749,300. See note VII-61 for more.

##### (2) Pledge of assets

As of December 31, 2022, the Company obtained bank loans of RMB 1,450,149,800 by pledging certificate of deposit, notes receivable, 76.3574% equity in its second-tier subsidiary Newmi Tech, and 100% equity interest in its second-tier subsidiary Suzhou GreenPower New Energy Materials Co., Ltd. For details, see notes 22, 32 and 61 in this section VII.

As at December 31, 2022, except for the disclosures above, there were no other important commitments that are required to be disclosed.

#### 2. Contingencies

##### (1) Significant contingencies on the balance sheet date

The Company has no important contingencies to disclose.

1) Contingencies arising from external debt guarantee and their financial implications  
See note XII-5. Related party transactions for the guarantee provided by the related party

2) Letter of guarantee and letter of credit

As of December 31, 2022, the balance of letters of credit issued by financial institutions for the Company was RMB1,107,084,864.92, USD4,204,365.92, JPY15,614,250,000.00 and Euro1,513,480.00, and the amount of the L/G was RMB213,371,094.50.

As at 31 December 2022, except for the disclosures above, there were no other major contingencies that are required to be disclosed.

##### (2) Where the Company has no discloseable significant contingencies, relevant explanations should be made:

The Company has no significant contingencies to disclose.

## **XIV. Events Subsequent to the Balance Sheet Date**

### **1. Important non-adjustment matters**

Unit: RMB

Project	Content	Number of impacts on financial status and operating results	Reasons why the number of impacts cannot be estimated
Issuance of shares and bonds	The Company held the 38th meeting of the fourth Board of Directors and the first extraordinary general meeting of shareholders in 2022 on November 21, 2021 and January 17, 2022, respectively, and examined and adopted the relevant proposals for non-public offering of shares. The Company plans to raise not more than RMB12.8 billion of capital by non-public offering of shares, which was approved by the CSRC on June 28, 2022	Impossible to estimate	The issuance is not complete

### **2. Return of goods**

There is not a large number of returns of goods after the balance sheet date of the Company.

### **3. Details of other events after the balance sheet date**

Except for the above events after the balance sheet date, as at the date of approval of the financial statements, the Company has no other significant events after the balance sheet date that need to be disclosed but have not been disclosed.

## **XV. Other Significant Events**

### **1. Segment information**

#### **(1) Determination basis and accounting policy of reporting segments**

The Company determines the business segment based on its internal organizational structure, management requirements and internal reporting system. The operating segments of the Company refer to the components meeting the following conditions at the same time:

- 1) The component can generate income and expenses in daily activities;
- 2) The management can regularly evaluate the operation results of the component to decide to allocate resources to it and evaluate its performance;

3) The relevant accounting information can be obtained from the financial status, operating results and cash flow of the component.

The Company determines the reporting segment based on the operating segment, and the operating segment meeting one of the following conditions is determined as the reporting segment:

- 1) The segment revenue of the business segment accounts for 10% or more of the total revenue of all segments;
- 2) The absolute profit (loss) of the segment accounts for 10% or more of the absolute sum of the total profits of all profit segments or the total losses of all deficit segments.

When the total amount of external transaction revenue of the operating segment of the reporting segment determined according to the above accounting policies does not account for 75% of the total consolidated revenue, increase the number of reporting segments, and include other operating segments not as reporting segments into the scope of reporting segments according to the following provisions until the proportion reaches 75%:

- 1) Determine the operating segment that the management believes the disclosure of the operating segment information is useful to the users of accounting information as the reporting segment;
- 2) The business segment is merged with one or more other business segments which have similar economic characteristics and meet the merger conditions of the business segment as a reporting segment.

The transfer price between segments is determined by referring to the market price, and the assets and related expenses used together with each segment are distributed among different segments according to the income proportion.

## (2) Factors considered in determining the reporting segment, and the types of products and services of the reporting segment:

The report segments of the Company are all business units providing different products and services. As various businesses require different technologies and market strategies, the Company independently manages the production and operation activities of each reporting segment, and separately evaluates its operating results to determine its allocation of resources and evaluate its performance.

The Company has 2 reporting segments: the lithium battery separator business segment and the BOPP film business segment. The lithium battery separator business segment is responsible for the production of lithium battery separator, which is mainly used for the production of EV batteries and 3C product batteries; the BOPP film business segment is responsible for the production of BOPP film, which is mainly used for the outer packaging of cigarette boxes, food and other products.

## (3) Financial information of reporting segments

Unit: RMB '0,000

Item	Lithium battery separator film business segment	BOPP film business segment	Others	Inter-segment elimination	Total
I. Operating income	1,099,554.98	63,610.30	100,193.66	-4,266.39	1,259,092.55
Including: Income from external trade	1,099,554.98	63,610.30	95,927.27		1,259,092.55
Income from inter-segment trade			4,266.39	-4,266.39	
II. Operating cost	671,436.09	57,035.43	69,390.05	-1,920.98	795,940.59
Including: Depreciation and amortization costs	102,354.39	1,518.83	2,427.97	1,106.50	107,407.69
Income from investment in joint ventures and associates		147.17			147.17
Asset impairment losses	419.34	36.92	532.67	-156.52	832.41
Credit impairment losses	3,636.94	26.29	628.92	0.00	4,292.15
III. Total profit	438,521.54	10,059.07	30,122.67	-2,188.87	476,514.41
IV. Income tax expense	50,087.10	967.16	6,262.93	-2,016.23	55,300.96
V. Net profit	388,434.44	9,091.91	23,859.74	-172.64	421,213.45
VI. Total assets	3,566,668.81	115,934.30	1,357,341.23	-1,209,325.04	3,830,619.30

VII. Total liabilities	2,460,262.40	52,555.70	164,471.64	-724,134.87	1,953,154.87
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## XVI. Notes to Major Items of Financial Statements of the Parent Company

### 1. Accounts receivable

#### (1) Disclosure of accounts receivable by type

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Accounts receivable subject to provision for bad debts made on a portfolio basis	33,130,887.42	100.00%	617.05	0.002%	33,130,270.37	11,098,580.96	100.00%	542.76	0.005%	11,098,038.20
Including:										
Aging portfolio	25,100,634.86	75.76%	617.05	0.002%	25,100,017.81	2,087,889.08	18.81%	542.76	0.03%	2,087,346.32
Portfolio of related parties within the scope of consolidation	8,030,252.56	24.24%			8,030,252.56	9,010,691.88	81.19%			9,010,691.88
Total	33,130,887.42	100.00%	617.05	0.002%	33,130,270.37	11,098,580.96	100.00%	542.76	0.005%	11,098,038.20

Provision for bad debts made on a portfolio basis: Aging portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Proportion of provision
Less than 1 year	25,062,153.59		
1-2 years	32,553.90	68.36	0.21%
2-3 years	5,927.37	548.69	0.21%
Total	25,100,634.86	617.05	

Explanation on the basis for determining the portfolio:

Provision for bad debts made on a portfolio basis: Portfolio of related parties within the scope of consolidation

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Proportion of provision
Less than 1 year	8,030,252.56		
Total	8,030,252.56		--

If provision was made for bad debts of accounts receivable in accordance with the general expected credit loss model, please disclose relevant information of provision for bad debts referring to the disclosure of other receivables:

Applicable  N/A

Disclosure by aging

Unit: RMB

Aging	Book balance
Less than 1 year (inclusive)	33,092,406.15
1 to 2 years	32,553.90
2 to 3 years	5,927.37
Total	33,130,887.42

## (2) Provision for bad debts accrued, recovered or reversed during the Reporting Period

Provision for bad debts during the current period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reverse	Write-offs	Others	
Accounts receivable subject to provision for bad debt made on an individual basis						
Accounts receivable subject to provision for bad debt made on a portfolio basis	542.76	74.29				617.05
Related parties portfolio within the scope of consolidation						
Total	542.76	74.29				617.05

Of which, provision for bad debt recovered or reversed in the current period is significant: none

## (3) Actual write-off of accounts receivable in the current period: None

## (4) Top five accounts receivable by closing balance of debtors

Unit: RMB

Company name	Closing balance of accounts receivable	Percentage in total closing balance of accounts receivable	Closing balance of provision for bad debts
Company 1	21,319,883.88	64.35%	
Company 2	7,657,805.12	23.11%	



Company 3	2,415,600.00	7.29%	
Company 4	818,543.75	2.47%	
Company 5	300,600.00	0.91%	
<b>Total</b>	<b>32,512,432.75</b>	<b>98.13%</b>	

## 2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable	211,040,000.00	241,040,000.00
Other receivables	6,620,072,472.90	6,451,123,939.27
<b>Total</b>	<b>6,831,112,472.90</b>	<b>6,692,163,939.27</b>

### (1) Dividends receivable

#### 1) Dividends receivable by type

Unit: RMB

Item (or investee)	Closing balance	Opening balance
Yunnan Dexin Paper Co., Ltd.	70,000,000.00	100,000,000.00
Shanghai Energy New Material Technology Co., Ltd.	141,040,000.00	141,040,000.00
<b>Total</b>	<b>211,040,000.00</b>	<b>241,040,000.00</b>

#### 2) Provision for bad debts

Applicable  N/A

### (2) Other receivables

#### 1) Other receivables by nature

Unit: RMB

Nature of amount	Book balance at the end of the period	Book balance at the beginning of the period
Security deposit and guarantee deposit	486,939.90	91,639.90
Petty cash	1,464,876.46	850,872.89
Advance money	21,686.80	25,276.80
Others	609,566.09	457,829.48
Capital lending	6,617,788,956.75	6,449,947,524.21
Provision for bad debt	-299,553.10	-249,204.01
<b>Total</b>	<b>6,620,072,472.90</b>	<b>6,451,123,939.27</b>

## 2) Provision for bad debts

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance on January 1, 2022	53,087.51	9,100.00	187,016.50	249,204.01
Balance on January 1, 2022 for the current period				
Provision for the period	50,349.09			50,349.09
Balance on December 31, 2022	103,436.60	9,100.00	187,016.50	299,553.10

Changes in book balance with significant changes in loss reserves in the current period

Applicable  N/A

Disclosure by aging

Unit: RMB

Aging	Book balance
Less than 1 year (inclusive)	608,992,319.74
1 to 2 years	4,984,332,772.34
2 to 3 years	1,026,771,717.42
Over 3 years	275,216.50
3 to 4 years	68,200.00
4 to 5 years	20,000.00
Over 5 years	187,016.50
<b>Total</b>	<b>6,620,372,026.00</b>

3) Actual write-off of other receivables in the current period: None

4) Top five other receivable by closing balance of debtors

Unit: RMB

Company name	Nature of amount	Closing balance	Aging	As a percentage of total closing balance of other receivables	Closing balance of provision for bad debts
Wuxi Energy New Material Technology Co., Ltd.	Capital lending	3,653,985,561.86	Less than 1 year, 1-2 years	55.19%	
Jiangxi Tonry New Energy Technology Development Co., Ltd.	Capital lending	2,273,900,585.89	Less than 1 year, 1-2 years	34.35%	
Shanghai Energy New Material Technology Co., Ltd.	Capital lending	668,000,000.00	Less than 1 year	10.09%	
Yunnan Dexin Paper Co., Ltd.	Capital lending	21,902,809.00	Less than 1 year	0.33%	
Gongcheng Management Consulting Co., Ltd.	Guarantee deposit and cash deposit	300,000.00	Less than 1 year	0.005%	13,050.00
Total		6,618,088,956.75		99.97%	13,050.00

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	4,750,066,580.90		4,750,066,580.90	4,658,382,761.62		4,658,382,761.62
Total	4,750,066,580.90		4,750,066,580.90	4,658,382,761.62		4,658,382,761.62

(1) Investments in subsidiaries

Unit: RMB

Name of investee	Opening balance (book value)	Increase/Decrease for the period				Closing balance (book value)	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Provision for impairment	Others		

Yunnan Dexin Paper Co., Ltd.	162,135,598.40					162,135,598.40	
Yunnan Hongta Plastic Co., Ltd.	418,898,313.03					418,898,313.03	
Yunnan Hongchuang Packaging Co., Ltd.	441,809,808.43					441,809,808.43	
Shanghai Energy New Material Technology Co., Ltd.	3,635,539,041.76	36,947,238.31				3,672,486,280.07	
Zhuhai Energy New Material Technology Co., Ltd.		8,155,258.92				8,155,258.92	
Jiangxi Tony New Energy Technology Development Co., Ltd.		7,181,169.11				7,181,169.11	
Jiangxi Enpo New Materials Co., Ltd.		321,122.98				321,122.98	
Energy (Zhuhai Hengqin) New Materials Technology Co., Ltd.		4,852,881.22				4,852,881.22	
Jiangxi Ruijie New Material Technology Co., Ltd.		2,572,109.89				2,572,109.89	
Suzhou GreenPower New Energy Materials Co., Ltd.		9,451,353.93				9,451,353.93	
Wuxi Energy New Material Technology Co., Ltd.		12,792,257.04				12,792,257.04	
Chongqing Energy Newmi Technological Co., Ltd.		9,156,039.27				9,156,039.27	
Chongqing Energy New Material Technology Co., Ltd.		33,135.86				33,135.86	
Jiangsu Energy New Materials Technology Co., Ltd.		221,252.75				221,252.75	
Total	4,658,382,761.62	91,683,819.28				4,750,066,580.90	

#### 4. Operating income and operating cost

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Main businesses	145,520,947.85	82,994,977.23	136,620,927.87	83,962,944.68
Other businesses	4,712,468.20	2,518,851.06	20,878,695.07	19,492,071.07
Total	150,233,416.05	85,513,828.29	157,499,622.94	103,455,015.75

#### 5. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Gain from long-term equity investment under the cost method		38,000,000.00
Interest on finance products		22,270,487.08
Total		60,270,487.08

#### 6. Others

### XVII. Supplementary Information

#### 1. Breakdown of non-recurring gain or loss for the current period

Applicable  N/A

Unit: RMB

Item	Amount	Notes
Gains and losses from the disposal of non-current assets	-4,869,891.53	
Government subsidies recognized in current gains or losses (except for those closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	171,995,624.29	
Gains or losses on entrusted investments or assets management	27,838,099.70	
Gains or losses from changes in fair value arising from the holding of trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, excluding the effective hedging business related to the Company's normal business operations	21,836,255.17	
Reversal of the provisions for impairment of receivables subject to separate impairment test	2,078,410.35	
Non-operating income and expenses other than above-mentioned items	818,785.95	
Other items within the definition of non-recurring gains or losses	5,824,344.40	
Less: effect of the income tax	56,380,407.08	
Effect of minority equities	8,471,379.96	
Total	160,669,841.29	--

Details of other profit or loss items that fall within the meaning of non-recurring gain or loss:

Applicable  N/A

There was no other profit or loss item of the Company that fall within the meaning of non-recurring gain or loss

The reason for the Company to define the non-recurring profit or loss items illustrated in the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 – Non-recurring Profit or Loss as recurring profit or loss items

Applicable  N/A

## 2. Return on equity and earnings per share

Profit during the Reporting Period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profits attributable to common stockholders of the Company	25.39%	4.48	4.46
Net profits attributable to common stockholders of the Company after the deduction of non-recurring gains and loss	24.37%	4.30	4.28

## 3. Accounting data differences under domestic and international accounting standards

(1) Differences in the net profit and in the net assets in the financial statements disclosed in accordance with international accounting standards and in accordance with the PRC GAAP at the same time

Applicable  N/A

**(2) Differences in the net profit and in the net assets in the financial statements disclosed in accordance with overseas accounting standards and in accordance with the PRC GAAP at the same time**

Applicable  N/A

**(3) Descriptions of reasons for accounting data differences occurring under domestic and foreign accounting standards; if adjustment is made for data audited by an overseas audit institution, the name of the institution shall be provided**

#### **4. Others**